
HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

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HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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HEATHLAND WHITEFRIARS FEDERATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2016

Members

L Malzard
M H Saghir
S Maguire

Directors

L E Caswell, Associate Headteacher
S J Deanus, Deputy Headteacher
J S Jaroudi
T Jegatheesan
L Malzard, Chair
D H Mattison
M S Nolan, Vice Chair
M H Saghir
C M Spruce, Executive Headteacher

Company registered number

09066965

Company name

Heathland Whitefriars Federation

Principal and registered office

Heathland School, Eastcote Lane, Harrow, HA2 9AG

Company secretary

A Bowd

Senior leadership team

Chris Spruce, Executive Headteacher
Lucy Caswell, Associate Headteacher
Steve Deanus, Deputy Headteacher
Fiona Hopkins, Deputy Headteacher
Carol Lake, Deputy Headteacher
Jon Watson, Deputy Headteacher
Majella O'Neill, Business Manager

Independent auditor

Hillier Hopkins LLP, Radius House, 51 Clarendon Road, Watford, Herts, WD17 1HP

HEATHLAND WHITEFRIARS FEDERATION
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustee's report, and a Directors' report under company law.

The trust operates two academies in Harrow: Heathland School, a 3-11 primary school with nursery and Whitefriars School which is expanding to be a 3-19 through school with nursery. Its academies will have a combined capacity of 2,264 and had a roll of 1,408 in the school census on 06 October 2016.

Structure, governance and management

CONSTITUTION

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust.

The Directors of Heathland Whitefriars Federation are also the directors of the charitable company for the purpose of company law.

The charitable company is known as Heathland Whitefriars Federation, and its Trustees are known as Directors.

Details of the Directors who served during the year 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 DIRECTORS

Original directors were selected from the members of the governing body of the predecessor schools via a procedure involving a review of competence, skills and experience. The members of the academy trust have the right to appoint directors. The Board of Directors consists of 9 directors in total and includes a representative of the advisory Stakeholder Council and 3 staff directors including the Executive Headteacher / Accounting Officer.

Future directors, with pertinent skills, will be appointed by invitation to key stakeholders, especially parent and community stakeholders.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

All directors attend regular training, have access to the Key for School Governors, a highly regarded online information service, and have received instruction in their duties as company directors and charity directors. Eight of the nine directors who served during the year are experienced school governors and had been governors of the predecessor schools prior to conversion. New directors are inducted via a comprehensive training programme.

The Vice Chair of the Board is a National Leader of Governance and a key proponent of best practice.

ORGANISATIONAL STRUCTURE

The organisational structure of the academy trust for decision making purposes consists of three main levels:

- The Board of Directors
- The Executive Headteacher
- The Senior Leadership Team

The Board of Directors and Senior Leadership Team are as detailed in the Reference and Administrative details.

The Executive Headteacher is the trust's Accounting Officer. The Executive Headteacher and 2 other members of the Senior Leadership Team are also directors. The board meet at least once each term.

The Board of Directors is responsible for strategy and the Executive Headteacher, assisted by the rest of Senior Leadership Team, is responsible for implementing the strategy and all operational decisions. One aim of the structure is to distribute leadership and responsibility and to assist succession planning and professional development.

There are 3 main sub-committees of the Board of Directors which meet at least once each term:
The Resources Committee which oversees the trust's finances, pay and personnel and premises
The Standards Committee which oversees pupil progress and attainment
The Safeguarding Committee which oversees safeguarding and inclusion

The Audit Committee meet once a year to discuss the findings of Internal and External Audits.

The Pay Committee meet once a year to review teachers' pay.

The Exclusion Panel meet whenever a pupil is permanently excluded.

The Pay Appeals Panel meet whenever a pay decision is appealed.

The Board of Directors subscribe to Harrow Council's Admissions Service which deals with the administration and hearing of admission appeals and as a result the trust does not have an Admissions Appeal Committee.

The Terms of Reference for all sub committees are reviewed and agreed annually.

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the trust, directly or indirectly, including directors. Directors of the trust are not paid for their role as directors however 3 directors are also members of the trust's senior leadership team and are paid for these roles. The Board delegates significant responsibility for the day to day running of the trust to the senior leadership team. The pay and remuneration of the trust's key management personnel are set according to prevailing market forces in comparison with similar organisations, contemporary recruitment challenges and taking into account the differentials between roles.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

None of the academy trust's members, directors and senior employees have any business or pecuniary interests in businesses that provide goods or services to the trust. One of the directors is a director of a local charity, Harrow Mencap. The same director was also a co-opted governor of a community primary school in the London Borough of Harrow in which the trust's schools are located but she resigned her position on 8 September 2016.

One of the Trust's members is a Trustee of Hatch End High School and The Harrow Academies Trust, both in the London Borough of Harrow.

Whitefriars Parent Teacher And Support Staff Association (Charity number 1114901) is administered by two members of class based support staff employed by Whitefriars School but they are not involved with the finances or decision making of the academy trust.

DIRECTORS' INDEMNITIES

Directors are covered by Governors' liability insurance, provided by Zurich Municipal, for failings arising from the performance of their duties that may lead to civil liability. The cover under the policy is £5,000,000 and in the period under review the premium was £1,824. There are no other third party indemnity provisions which require disclosure under s236 of the Companies Act 2006.

Objectives and Activities

OBJECTS AND AIMS

The trust's main aims as set out in its Articles of Association are:

- to advance, for the public benefit, education in the United Kingdom, offering a broad and balanced curriculum
- to provide childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children in such a way that they are better able to identify and help meet the needs of children
- to promote in Harrow and Wealdstone the physical, intellectual and social development of children especially those who are socially and economically disadvantaged
- to develop the capacity and skills of those inhabitants of the area who are socially and economically disadvantaged in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society
- to provide recreational and leisure time facilities in the interests of social welfare for the inhabitants of the area especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

OBJECTIVES, STRATEGIES AND ACTIVITIES

The trust's main objectives and activities for the year were:

- maintaining and building on exceptionally high standards of attainment and progress for all pupils
- continuing to embed the new National Curriculum and adopt new assessment arrangements to enable all learners to continue achieving outstanding progress and outcomes by re-planning syllabi and launching new assessment software
- managing the continuing expansion of Whitefriars School, ameliorating the inherent diseconomies of scale, thus equipping the trust to deliver the full provision of specialist subject teaching to secondary students, while creating a viable business model in which the primary pupils also benefit from specialist subject teaching in newly-built facilities
- embedding UNICEF Rights Respecting School practice, for which the schools have been accredited, across all aspects of the trust's offer
- planning for community use and access to the new facilities at Whitefriars, ready to deliver a full lettings programme in partnership with a wide range of local groups

STRATEGIC REPORT

Achievements and performance

GOING CONCERN

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

KEY PERFORMANCE INDICATORS

Directors monitor Key Performance Indicators/Key Dials, including the following, at least once per term to ensure that performance remains outstanding in all areas:

- Financial indicators – approved balanced budget, reserves, approved financial plan
- OFSTED outcomes
- School attainment/standards data
- SATs results
- EYFS Assessments
- Phonics Test outcomes
- Pupil attendance data
- Pupil recruitment data
- Staffing data
- Governance data
- Safeguarding data
- Premises spending

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

REVIEW OF ACTIVITIES

The trust measures the performance of its two schools against the following key performance indicators:

- Pupil progress and attainment outcomes/results
RAISE on line data and dashboards show end of key stage 1 and 2 progress and attainment in both schools have risen consistently over the last four years to 2016 and are significantly above national results, meeting the criteria for outstanding learning and achievement in the OFSTED framework.
- Pupil recruitment data
Both schools were oversubscribed in the current period as well as in 2015/16; applications indicate both will be oversubscribed for 2017/18.
- Pupil attendance data
Pupil attendance in both schools has a rolling average of 95%, with a persistent absence of 4%.
- OFSTED inspection outcomes
Heathland School was inspected in February 2014 and judged to be outstanding for the second time. Whitefriars School was inspected in October 2012 and judged to be good with outstanding leadership. A new framework HMI interim visit is due in which the trust is confident the data and self evaluation will support a conversion to Section 5 in order to make a judgement of outstanding.
- National and International awards and accreditation
Heathland School was awarded UNICEF Rights Respecting School (RRSA) Level 2 in June 2015. Whitefriars School was awarded RRSA Level 1 in June 2015 and is working towards Level 2 in 2017. Heathland and Whitefriars are Royal Horticultural Society Partnership Schools. Both schools were fully accredited 'Thinking Schools' by University of Exeter in 2015 recognising the extent to which cognitive education practice is embedded in all classrooms. Both schools are recognised Eco-Schools and Heathland School received its Green Flag award in Summer 2016.

INVESTMENT POLICY AND PERFORMANCE

In carrying out its operations, the trust holds sizeable cash balances and it is thereby responsible for investment decisions. The trust's principal investment objective is to minimise risk; therefore its policy is to invest in low risk bank deposits. Since incorporation the trust's priority has been to embed appropriate financial systems and controls and to ensure that sufficient working capital is available as required so to date all cash has been held in instantly accessible accounts.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

PRINCIPAL RISKS AND UNCERTAINTIES

The trust's risk register was compiled by the Resources Committee assisted by the Senior Leadership Team and is reviewed regularly by the Resources Committee and the Board of Directors. The register includes an assessment of the major risks to which the trust is exposed and details any controls in place to manage these risks. The Board acknowledges its overall responsibility for ensuring that the trust has effective systems of financial and other controls and is of the opinion that the trust's systems and procedures include effective controls which allow the risks identified to be managed or mitigated to an acceptable level.

The trust's exposure to financial risks including credit, cash flow and liquidity risks is not considered material for an assessment of its assets, liabilities, financial position and results; the financial instruments that the trust deals with are largely bank balances, cash and trade creditors, with limited trade or other debtors.

Other financial risks and uncertainties facing the academy trust are:

- Changes in school funding/ the method for calculating school budgets.
- The risk of falling pupil numbers or lower than expected intake in the additional classes (a low risk in the primary and nursery sections given the schools' levels of oversubscription but a medium risk in the secondary section subject to accuracy of predicted population growth and affected by the expansion of neighbouring high schools).
- A reduction in the number of pupils eligible and registering for free school meals causing a decrease in Pupil Premium income which is a significant proportion of the trust's budget.
- There is a deficit on the Local Government Pension Scheme (LGPS), a defined benefit pension scheme, for which there is no repayment plan. As at 31 August 2016, an actuarial valuation shows that the trust's LGPS liabilities exceeded its assets by £3,759,000. This shortfall is treated as a provision in the financial statements even though there is no firm repayment date; payments are made in line with agreed contribution rates and supplementary monetary amount.

RESERVES POLICY

The trust's policy is to maintain a level of revenue reserves that will be sufficient, but not excessive, to allow its continued operation whilst providing for possible fluctuations as a result of identified risks. Large fluctuations in pupil numbers are not anticipated at Heathland School. However, Whitefriars School is continuing to expand its Published Admission Number in the 3-11 age range as well as by extension of its age range, so the likelihood of achieving its predicted intake is less certain.

The policy is to maintain revenue reserves equivalent to one month's running costs. Reserves are on target but in the next two years the majority of the trust's reserves will be required to fund the expansion at Whitefriars School.

At 31 August 2016 the value of free reserves held in unrestricted funds that are freely available for general purposes is £376,976.

Restricted fixed asset funds total £23,140,897 these funds can only be realised by disposing of tangible fixed assets.

The pension reserve is in £3,759,000 deficit.

The total of unrestricted funds and restricted general funds is £654,619.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL FUNDING

In order of magnitude, the trust's principal sources of funding were:

The Department for Education: General Annual Grant, Pupil Premium, Universal Infant Free School Meals funding and Education Services Grant;

Harrow Council: Grants to assist the expansion of Whitefriars school, Early Years Funding and SEN funding.

Modest additional funds were generated from activities including school trips, catering and music lessons, income from which went towards the cost of these activities which were provided by the trust at cost or less.

Plans for future periods

FUTURE DEVELOPMENTS

Aims and Objectives for 2016/17 and 2017/18

- Sustain outstanding pupil progress and attainment in all subjects by continuing to support teaching focus on "next steps" learning and high expectations within the new curriculum, ensuring that learning is central to all activity.
- Achieve an OFSTED judgement of outstanding at Whitefriars School by ensuring that the school continues to meet all the criteria with clearly evidenced self-evaluation.
- Make full use of facilities in newly built space at Whitefriars for trust pupils and the local community by timetabling pupils from both schools to experience specialist subject teaching and scheduling community use.
- Increase CPD activity and bespoke support provided through our training arm, Heathland Learning Trust, which operates on both sites and works with a range of partners to deliver our planned programme effectively and ensure that the offer is based closely on client needs analysis.
- Achieve new Arts Mark and Arts Award at Heathland School and Arts Mark at Whitefriars School by 2017 by improving the visual and performing arts provision using new facilities on the Whitefriars site and extending the specialist and extra-curricular music provision at Heathland School to include Whitefriars School.
- Adjust the EYFS curriculum offer to take account of the changed age profile of pupils as a result of changes to admission criteria.
- Develop, resource, staff and launch the curriculum offer for Key Stages 3 and 4 at Whitefriars School.

FUNDS HELD AS CUSTODIAN

Neither the trust nor any of its directors hold any assets as custodian Trustee on behalf of other charities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

AUDITOR

Hillier Hopkins were reappointed as the trust's external auditors at the Annual General Meeting of members held on 3 October 2016.

This report was approved by order of the Board of Directors as the company directors, on 7.12.16 and signed on its behalf by:



L Malzard
Chair of Board of Directors

HEATHLAND WHITEFRIARS FEDERATION
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that Heathland Whitefriars Federation 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 Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Heathland Whitefriars Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
L E Caswell, Associate Headteacher	5	5
S J Deanus, Deputy Headteacher	3	5
J S Jaroudi	1	5
T Jegatheesan	4	5
L Malzard, Chair	5	5
D H Mattison	5	5
M S Nolan, Vice Chair	4	5
M H Saghir	2	5
C M Spruce, Executive Headteacher	5	5

The composition of the Board of Directors has not changed in the year.

During the period, the board has continued to deal with the challenges presented by the expansion in age range at Whitefriars School.

The Resources Committee is a sub-committee of the main Board of Directors. Its purpose, taking professional advice where necessary, is to oversee matters of finance, premises, and staffing including:

providing guidance and assistance to the School Business Manager and Board of Directors on all financial matters including: Accounting Policies, Audit & Controls, Financial Monitoring, Purchasing of goods and services, Payroll, Assets, Insurance.

to advise the Board of Directors on priorities, including health and safety, for the maintenance and development of the Federation's premises including: repairs and maintenance, premises-related expenditure and funding bids, establishment and review of Building Development and Accessibility Plans.

providing guidance and assistance to the Board of Directors on all staffing matters including: staffing structure, Pay Policy including operation of the Pay Committee and Pay Appeals Panel, appointments and personnel related expenditure, system of appraisal, overseeing processes for staff reductions, staff work/life balance, working conditions and well-being, including the monitoring of absence, monitoring PPA time for all teachers.

Particular issues dealt with in the year include refinement of the academy trust's accounting systems and decisions relating to the new build at Whitefriars School and its interaction with the existing building, planning staffing for the continuing expansion of the secondary section of Whitefriars all-through school.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
D H Mattison	6	6
C M Spruce	6	6
S J Deanus	5	6
J S Jaroudi	5	6
M H Saghir	2	6

The Audit Committee is also a sub-committee of the main board of directors. Its purpose is:

to review the Academy's internal and external financial statements and reports to ensure that they reflect best practice, consider all relevant reports and management letters by the appointed auditors and recommend to the Board action as appropriate in response to audit findings, review the effectiveness of the Academy's internal control systems, review the operation of the Academy's code of practice for board members and code of conduct for staff, establish and maintain effective whistleblowing procedures, develop, review and monitor the academy trust's risk register and to recommend to the members the appointment or reappointment of the external auditors.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
M H Saghir	0	1
D H Mattison	1	1
L Malzard	1	1

REVIEW OF VALUE FOR MONEY

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

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

- Deploying specialist staff and professionals across both our schools e.g. inclusion, child protection, and a range of curriculum specialists
- Providing one-to-one support for pupils who need it - for low achieving pupils and higher achievers who need to be challenged more
- Providing a range of extra-curricular activities to enhance achievement/attainment including clubs and breakfast & after school provision
- Sharing staff and resources across our federation
Holding joint INSET and CPD sessions and encouraging collaboration and sharing of expertise across our two schools especially among SLT, year group and faculty leaders
- Operating a Learning Trust for the wider school community which provides additional opportunities for our own staff and generates a modest income

The Accounting Officer also adhered to the following procedures to achieve Value for Money and Best Value in our procurement:

- Overseeing all ordering and staffing decisions and reviewing them for best value

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GOVERNANCE STATEMENT (continued)

- Regularly reminding budget holders of the need to achieve best value
- Constantly reviewing the need for spending and the suppliers and contractors used
- Employing dedicated Resources Co-ordinators who negotiate discounts whenever possible and renegotiate deals before they expire
- Seeking alternative quotes/options whenever possible
- Promoting joint purchasing by our two schools to allow us to benefit from economies of scale and/or to negotiate better prices and/or service

All of these initiatives freed up budget for teaching and learning as demonstrated by consistently excellent and improving educational outcomes; our curriculum also addressed/addresses our wider societal responsibilities with a focus on values based education. However, we need to continue to look at new ways to generate additional income and to manage any surplus funds more effectively in order to counteract diseconomies of scale inherent in the expansion of Whitefriars School.

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 ongoing 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 Heathland Whitefriars Federation for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors 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 Directors 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 year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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 Directors;
- regular reviews by the resources 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.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Directors have appointed Hillier Hopkins LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy

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GOVERNANCE STATEMENT (continued)

trust's financial systems. On a termly basis, the auditor reports to the Board of Directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The auditors have delivered their schedule of work as planned; remedial action has been taken to address all issues raised and no material control issues have been identified

REVIEW OF EFFECTIVENESS

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

- the work of the external auditor; including additional checks performed on the risk and control framework
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 7 December 2016 and signed on their behalf, by:



L Malzard
Chair of Trustees



C M Spruce
Accounting Officer

HEATHLAND WHITEFRIARS FEDERATION
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Heathland Whitefriars Federation I have considered my responsibility to notify the academy trust board of directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of directors 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 Academies Financial Handbook 2015.

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 directors and EFA.



C M Spruce
Accounting Officer

7.12.16

HEATHLAND WHITEFRIARS FEDERATION
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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who act as governors of Heathland Whitefriars Federation and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Directors on 7.12.16 and signed on its behalf by:



L Malzard
Chair of Directors

HEATHLAND WHITEFRIARS FEDERATION
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEATHLAND WHITEFRIARS FEDERATION**

We have audited the financial statements of Heathland Whitefriars Federation for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEATHLAND WHITEFRIARS FEDERATION**

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date:

14th December 2016

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEATHLAND
WHITEFRIARS FEDERATION AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 24 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heathland Whitefriars Federation during the year 1 September 2015 to 31 August 2016 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 Heathland Whitefriars Federation and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heathland Whitefriars Federation and the EFA 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 Heathland Whitefriars Federation and the EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HEATHLAND WHITEFRIARS FEDERATION'S ACCOUNTING
OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Heathland Whitefriars Federation's funding agreement with the Secretary of State for Education dated 27 June 2014, and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 2016. 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity regime.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEATHLAND
WHITEFRIARS FEDERATION AND THE EDUCATION FUNDING AGENCY (continued)**

- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 14th June 2016

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Donated assets	2	-	-	15,389,900	15,389,900	6,745,684
Other donations and capital grants	2	3,544	-	20,908	24,452	43,813
Charitable activities	3	101,174	6,863,895	-	6,965,069	7,006,234
Other trading activities	4	73,932	-	-	73,932	97,129
Investments	5	1,343	-	-	1,343	1,092
TOTAL INCOME		179,993	6,863,895	15,410,808	22,454,696	13,893,952
EXPENDITURE ON:						
Raising funds	6	72,188	-	-	72,188	79,739
Charitable activities		151,935	6,841,593	333,057	7,326,585	7,450,620
TOTAL EXPENDITURE	9	224,123	6,841,593	333,057	7,398,773	7,530,359
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(44,130)	22,302	15,077,751	15,055,923	6,363,593
Transfers between Funds	20	(174,914)	(46,544)	221,458	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(219,044)	(24,242)	15,299,209	15,055,923	6,363,593
Actuarial losses on defined benefit pension schemes	25	-	(1,271,000)	-	(1,271,000)	(112,000)
NET MOVEMENT IN FUNDS		(219,044)	(1,295,242)	15,299,209	13,784,923	6,251,593
RECONCILIATION OF FUNDS:						
Total funds brought forward		596,020	(2,186,115)	7,841,688	6,251,593	-
TOTAL FUNDS CARRIED FORWARD		376,976	(3,481,357)	23,140,897	20,036,516	6,251,593

The notes on pages 23 to 47 form part of these financial statements.

The statement of Financial Activities includes all gains and losses recognised in the period.

HEATHLAND WHITEFRIARS FEDERATION

(A company limited by guarantee)

REGISTERED NUMBER: 09066965

**BALANCE SHEET
AS AT 31 AUGUST 2016**

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	16		23,140,898		7,841,688
CURRENT ASSETS					
Debtors	17	279,097		542,391	
Cash at bank and in hand		943,078		804,081	
		<u>1,222,175</u>		<u>1,346,472</u>	
CREDITORS: amounts falling due within one year	18	<u>(561,853)</u>		<u>(633,826)</u>	
NET CURRENT ASSETS			<u>660,322</u>		<u>712,646</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,801,220</u>		<u>8,554,334</u>
CREDITORS: amounts falling due after more than one year	19		<u>(5,704)</u>		<u>(6,741)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>23,795,516</u>		<u>8,547,593</u>
Defined benefit pension scheme liability	25		<u>(3,759,000)</u>		<u>(2,296,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>20,036,516</u></u>		<u><u>6,251,593</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	277,643		109,885	
Restricted fixed asset funds	20	23,140,897		7,841,688	
Restricted income funds excluding pension liability		<u>23,418,540</u>		<u>7,951,573</u>	
Pension reserve		<u>(3,759,000)</u>		<u>(2,296,000)</u>	
Total restricted income funds			<u>19,659,540</u>		<u>5,655,573</u>
Unrestricted income funds	20		<u>376,976</u>		<u>596,020</u>
TOTAL FUNDS			<u><u>20,036,516</u></u>		<u><u>6,251,593</u></u>

The financial statements were approved by the Directors, and authorised for issue, on 7.12.16 and are signed on their behalf, by:

L Malzard
Chair of Board of Directors

The notes on pages 23 to 47 form part of these financial statements.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

		12 months ended 31 August 2016 £	<i>14 months ended 31 August 2015 £</i>
	Note		
Cash flows from operating activities			
Net cash provided by operating activities	22	<u>15,751,086</u>	<u>8,129,727</u>
Cash flows from investing activities:			
Interest received		1,343	1,092
Donated assets on conversion to an academy		-	(8,022,788)
Purchase of tangible fixed assets		(242,367)	(73,421)
Capital grants from DfE/EFA		20,908	41,796
Donation of building		(15,389,900)	-
Net cash used in investing activities		<u>(15,610,016)</u>	<u>(8,053,321)</u>
Cash flows from financing activities:			
Repayments of borrowings		(1,037)	-
Net cash used in financing activities		<u>(1,037)</u>	<u>-</u>
Change in cash and cash equivalents in the year		140,033	76,406
Cash and cash equivalents brought forward		<u>796,303</u>	<u>719,897</u>
Cash and cash equivalents carried forward	23	<u><u>936,336</u></u>	<u><u>796,303</u></u>

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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 of financial statements

The financial statements 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Heathland Whitefriars Federation constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Heathland Whitefriars Federation prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Heathland Whitefriars Federation for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

1.2 Company status

The academy trust is a company limited by guarantee. The members of the company are named on page 1. In the event of the academy trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy trust.

1.3 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 Directors.

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

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

Investment income, gains and losses are allocated to the appropriate fund.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs 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.

All resources expended are inclusive of irrecoverable VAT.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 Going concern

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

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,000 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property - buildings	-	50 years straight line
Leasehold property - land	-	In line with period of agreement
Fixtures, fittings and equipment	-	5-10 years straight line
ICT equipment	-	3 years straight line

1.8 Interest receivable

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

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.13 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.

1.14 Pensions

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 so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

Valuation of tangible fixed assets:

Trustees have considered the value of tangible fixed assets. Changes in the circumstances of expectations of future performance of an individual asset may be an indicator that the asset is impaired, which would require the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Due to their nature, evaluating whether an asset is impaired requires a significant degree of judgement and may to a large extent depend on the assumptions made in its evaluation. The directors have concluded that the valuation of the tangible fixed assets at the year end are appropriate.

Depreciation and residual values

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Assets transferred on conversion	-	-	-	-	6,745,684
Donated asset	-	-	15,389,900	15,389,900	-
Subtotal detailed disclosure	-	-	15,389,900	15,389,900	6,745,684
Donations	3,544	-	-	3,544	2,017
Government capital grants	-	-	20,908	20,908	41,796
Subtotal	3,544	-	20,908	24,452	43,813
Total donations and capital grants	3,544	-	15,410,808	15,414,352	6,789,497

In 2015, of the total income from donations and capital grants, £601,165 was to unrestricted funds and £6,188,332 was to restricted funds.

HEATHLAND WHITEFRIARS FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	5,264,633	5,264,633	5,707,932
Pupil Premium	-	520,472	520,472	597,294
Rates Relief	-	16,293	16,293	15,601
Other EFA grants	-	40,362	40,362	21,510
Universal Infant Free School Meals	-	158,631	158,631	77,297
	-	6,000,391	6,000,391	6,419,634
Other government grants				
Other government grants	-	734,466	734,466	350,750
SEN Funding	-	95,219	95,219	64,582
Universal Infant Free School Meals	-	-	-	77,401
	-	829,685	829,685	492,733
Other funding				
Trip income	31,340	-	31,340	28,985
Catering income	49,958	-	49,958	36,746
Music Income	19,876	-	19,876	14,945
Other Income	-	33,819	33,819	13,191
	101,174	33,819	134,993	93,867
	101,174	6,863,895	6,965,069	7,006,234

In 2015, of the total income from charitable activities, £80,676 was to unrestricted funds and £6,925,558 was to restricted funds.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Lettings income	4,127	-	4,127	2,307
Sale of other goods and services	69,805	-	69,805	94,822
	<u>73,932</u>	<u>-</u>	<u>73,932</u>	<u>97,129</u>

In 2015, of the total income from other trading activities, £97,129 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Bank interest income	1,343	-	1,343	1,092

In 2015, of the total investment income, £1,092 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Cost of trading activities	9,627	-	9,627	11,085
Trading activities staff costs	62,561	-	62,561	68,654
	<u>72,188</u>	<u>-</u>	<u>72,188</u>	<u>79,739</u>

In 2015, of the total voluntary income, £79,739 was to unrestricted funds and £ NIL was to restricted funds.

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FOR THE YEAR ENDED 31 AUGUST 2016**

7. DIRECT COSTS

	Educational Activities £	Total 2016 £	Total 2015 £
Educational Supplies	90,801	90,801	123,655
Music Service Costs	72,177	72,177	57,492
Staff Development	46,315	46,315	35,950
Technology Costs	85,525	85,525	94,917
Transport	10,798	10,798	10,854
Legal and Professional	96,431	96,431	81,347
Insurance	26,261	26,261	7,038
Trip Costs (includes swimming)	63,597	63,597	58,231
Catering	212,753	212,753	229,406
Printing, Postage and Stationery	23,817	23,817	43,664
Other costs	3,079	3,079	1,414
Wages and salaries	3,574,722	3,574,722	3,720,984
National insurance	254,336	254,336	256,180
Pension cost	507,604	507,604	522,013
	<u>5,068,216</u>	<u>5,068,216</u>	<u>5,243,145</u>

In 2015, the academy trust incurred the following Direct costs:

£5,243,145 in respect of Educational Activities

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**NOTES TO THE FINANCIAL STATEMENTS
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8. SUPPORT COSTS

	Educational Activities £	Total 2016 £	Total 2015 £
FRS102 Pension Costs	87,000	87,000	97,000
Technology Costs	12,244	12,244	6,033
Travel and Subsistence	3,143	3,143	2,522
Legal and Professional	170,865	170,865	156,200
Maintenance of premises	50,661	50,661	138,108
Maintenance of equipment	35,509	35,509	29,090
Cleaning	19,910	19,910	23,653
Rent and Rates	23,334	23,334	29,410
Energy	69,910	69,910	55,393
Insurance	35,913	35,913	33,244
Security	4,774	4,774	12,550
Bank interest and charges	929	929	1,255
Printing, Postage and Stationery	11,724	11,724	15,621
Other costs	45,473	45,473	55,685
Governance costs	18,050	18,050	15,500
Wages and salaries	933,270	933,270	906,813
National insurance	54,634	54,634	43,489
Pension cost	347,969	347,969	331,388
Depreciation	333,057	333,057	254,521
	<u>2,258,369</u>	<u>2,258,369</u>	<u>2,207,475</u>

During the year ended 31 August 2016, the academy trust incurred the following Governance costs:

£18,050 (2015 - £15,500) included within the table above in respect of Educational Activities.

In 2015, the academy trust incurred the following Support costs:

£2,191,975 in respect of Educational Activities

9. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising voluntary income	62,561	-	9,627	72,188	11,085
Educational Activities:					
Direct costs	4,336,662	-	731,554	5,068,216	5,311,799
Support costs	1,335,873	355,924	566,572	2,258,369	2,180,475
	<u>5,735,096</u>	<u>355,924</u>	<u>1,307,753</u>	<u>7,398,773</u>	<u>7,503,359</u>

In 2016, of the total expenditure, £18,050 (2015 - £208,941) was to unrestricted funds and £7,145,595 (2015 - £7,294,418) was to restricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Depreciation of tangible fixed assets:		
- owned by the Trust	333,057	254,521
Auditor's remuneration - audit	7,500	7,500
Auditor's remuneration - other services	10,550	8,000
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. STAFF COSTS

Staff costs were as follows:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Wages and salaries	4,084,834	4,450,331
Social security costs	311,142	301,806
Operating costs of defined benefit pension schemes	864,330	863,526
	<u>5,260,306</u>	<u>5,615,663</u>
Supply teacher costs	474,790	233,858
	<u><u>5,735,096</u></u>	<u><u>5,849,521</u></u>

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

	12 months ended 31 August 2016 No.	14 months ended 31 August 2015 No.
Teaching	55	47
Administration & support	147	135
Management	7	7
	<u>209</u>	<u>189</u>

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

	12 months ended 31 August 2016 No.	14 months ended 31 August 2015 No.
In the band £60,001 - £70,000	5	2
In the band £70,001 - £80,000	0	3
In the band £80,001 - £90,000	1	0
In the band £90,001 - £100,000	0	2
In the band £100,001 - £200,000	1	1

6 (2015: 7) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2016 employer pension contributions for these staff amounted to £76,758 (2015: £87,116). 1 (2015: 1) of the above employees participated in the Local Government Pension Scheme. Employer pension contributions for this member of staff amounted to £12,050 (2015: £13,932).

The key management personnel of the academy trust comprise the directors and senior management team as listed on page 1. The total amount of employees benefits (including employer pension

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contributions) received by key management personnel for their services to the academy trust was £615,875 (2015: £855,922).

12. CENTRAL SERVICES

The majority of the trust's leadership, management and administration functions are centralised. The two schools share a senior leadership team as well as other personnel responsible for the following areas:

- Special educational needs, safeguarding and inclusion
- Pupil and assessment data
- IT
- Finance and HR
- Publicity and communications
- Premises

Additionally, the costs of the trust's governance, accounting, finance and budgeting systems and internal and external audit are shared, as are Heathland Learning Trust costs and the costs of shared projects including joint school trips.

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

The net cost of central services, including shared staff costs, provided to each of the academies are recharged in proportion to their GAG funding for the period.

The actual amounts charged during the year were as follows:

	12 months ended 31 August 2016 £	<i>14 months ended 31 August 2015 £</i>
Heathland	504,699	663,178
Whitefriars	452,084	432,260
Total	<u><u>956,783</u></u>	<u><u>1,095,438</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. DIRECTORS' REMUNERATION AND EXPENSES

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Headteacher and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
C M Spruce	Remuneration	125,000-130,000	145,000-150,000
	Pension contributions paid	20,000-25,000	20,000-25,000
L E Caswell	Remuneration	80,000-85,000	95,000-100,000
	Pension contributions paid	10,000-15,000	10,000-15,000
K Matthews	Remuneration	n/a	80,000-85,000
	Pension contributions paid	n/a	10,000-15,000
S J Deanus	Remuneration	65,000-70,000	20,000-25,000
	Pension contributions paid	10,000-15,000	0-5,000

During the year, no Directors received any reimbursement of expenses (2015 - £NIL).

14. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,823 (2015 - £1,643).

15. OTHER FINANCE INCOME

	31 August 2016 £	As restated 31 August 2015 £
Interest income on pension scheme assets	65,000	57,000
Interest on pension scheme liabilities	(152,000)	(154,000)
	<u>(87,000)</u>	<u>(97,000)</u>

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FOR THE YEAR ENDED 31 AUGUST 2016**

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2015	7,785,000	282,772	28,437	8,096,209
Additions	13,850,900	1,709,143	72,224	15,632,267
At 31 August 2016	<u>21,635,900</u>	<u>1,991,915</u>	<u>100,661</u>	<u>23,728,476</u>
Depreciation				
At 1 September 2015	137,760	99,683	17,078	254,521
Charge for the year	187,335	114,743	30,979	333,057
At 31 August 2016	<u>325,095</u>	<u>214,426</u>	<u>48,057</u>	<u>587,578</u>
Net book value				
At 31 August 2016	<u>21,310,805</u>	<u>1,777,489</u>	<u>52,604</u>	<u>23,140,898</u>
At 31 August 2015	<u>7,647,240</u>	<u>183,089</u>	<u>11,359</u>	<u>7,841,688</u>

Included in long-term leasehold is additions of £13,850,900 which relates to the cost of a new building at Whitefriars School and included in fixtures and fittings is £1,539,000, which were donated to the Trust by the Local Authority upon its completion.

17. DEBTORS

	2016 £	2015 £
Trade debtors	20	13,541
Other debtors	243	733
Prepayments and accrued income	247,314	280,612
Tax recoverable	31,520	247,505
	<u>279,097</u>	<u>542,391</u>

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18. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Other loans	1,037	1,037
Trade creditors	65,491	247,771
Other taxation and social security	94,266	74,886
Other creditors	88,623	75,251
Accruals and deferred income	312,436	234,881
	<u>561,853</u>	<u>633,826</u>

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	164,026	-
Resources deferred during the year	204,539	164,026
Amounts released from previous years	(164,026)	-
Deferred income at 31 August 2016	<u>204,539</u>	<u>164,026</u>

At the balance sheet date, the academy trust was holding funds received in advance relating to UIFSM, government capital grants, pre and after school care, music, catering and trip income relating to the 2016/17 financial period.

**19. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other loans	<u>5,704</u>	<u>6,741</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2016 £	2015 £
Repayable by instalments	<u>1,556</u>	<u>2,593</u>

The loan relates to a SALIX loan granted by the EFA and is interest free. Loan repayments commenced on 1 June 2015.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds - all funds	596,020	179,993	(224,123)	(174,914)	-	376,976
Restricted funds						
General Annual Grant (GAG)	-	5,264,633	(4,940,446)	(46,544)	-	277,643
Pupil Premium	-	520,472	(520,472)	-	-	-
Universal Infant Free School Meals	-	158,631	(158,631)	-	-	-
Other EFA grants	-	56,655	(56,655)	-	-	-
Other government grants	-	829,686	(829,686)	-	-	-
Other restricted income	109,885	33,818	(143,703)	-	-	-
Pension reserve	(2,296,000)	-	(192,000)	-	(1,271,000)	(3,759,000)
	<u>(2,186,115)</u>	<u>6,863,895</u>	<u>(6,841,593)</u>	<u>(46,544)</u>	<u>(1,271,000)</u>	<u>(3,481,357)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	7,841,688	20,908	(333,057)	221,458	-	7,750,997
Fixed asset donations	-	15,389,900	-	-	-	15,389,900
	<u>7,841,688</u>	<u>15,410,808</u>	<u>(333,057)</u>	<u>221,458</u>	<u>-</u>	<u>23,140,897</u>
Total restricted funds	<u>5,655,573</u>	<u>22,274,703</u>	<u>(7,174,650)</u>	<u>174,914</u>	<u>(1,271,000)</u>	<u>19,659,540</u>
Total of funds	<u>6,251,593</u>	<u>22,454,696</u>	<u>(7,398,773)</u>	<u>-</u>	<u>(1,271,000)</u>	<u>20,036,516</u>

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

The pension reserve represents the net deficit on the LGPS defined benefit pension scheme which arose from the pension deficit inherited upon conversion.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy Trust via the Education Funding Agency by the Department for Education. The General Annual Grant Fund has been set up because the GAG must be used for the normal running costs of the academy.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

20. STATEMENT OF FUNDS (continued)

The other material restricted general funds represent incoming resources for the following specific purposes:

Pupil premium grant allocated for students known to have been eligible for free school meals in any of the previous 6 years. The funding is provided to raise the attainment of disadvantaged pupils and to close the gap between them and their peers.

The restricted fixed asset fund includes the leasehold land and buildings and all material items of fixtures, fittings and equipment. Depreciation charged on assets is allocated to the fund. Transfers from the GAG fund and unrestricted reserves represents the use of these funds for fixed asset expenditure in the year, as permitted by the terms of the GAG and unrestricted funds.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Heathland School	654,619	616,485
Whitefriars School	-	89,420
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	654,619	705,905
Restricted fixed asset fund	23,140,897	7,841,688
Pension reserve	(3,759,000)	(2,296,000)
	<hr/>	<hr/>
Total	20,036,516	6,251,593
	<hr/>	<hr/>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Heathland	2,034,140	308,692	42,418	579,358	2,964,608	3,331,250
Whitefriars	1,909,998	386,593	48,383	592,627	2,937,601	2,629,115
Central	392,526	640,588	-	130,393	1,163,507	1,095,438
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,336,664	1,335,873	90,801	1,302,378	7,065,716	7,055,803
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	12 months ended Total funds 2016 £	14 months ended Total funds 2015 £
Tangible fixed assets	-	-	23,140,897	23,140,897	7,841,689
Current assets	388,201	833,974	-	1,222,175	1,346,472
Creditors due within one year	(11,225)	(550,627)	-	(561,852)	(633,827)
Creditors due in more than one year	-	(5,704)	-	(5,704)	(6,741)
Provisions for liabilities and charges	-	(3,759,000)	-	(3,759,000)	(2,296,000)
	<u>376,976</u>	<u>(3,481,357)</u>	<u>23,140,897</u>	<u>20,036,516</u>	<u>6,251,593</u>

**22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Net income for the year (as per Statement of financial activities)	15,055,923	6,363,593
Adjustment for:		
Depreciation charges	333,057	254,521
Interest received	(1,343)	(1,092)
Decrease/(increase) in debtors	263,294	(542,393)
(Decrease)/increase in creditors	(70,937)	632,790
Capital grants from DfE and other capital income	(20,908)	(41,796)
Defined benefit pension scheme obligation inherited	-	1,997,000
Defined benefit pension scheme cost less contributions payable	192,000	187,000
Cash transferred on conversion	-	(719,896)
Net cash provided by operating activities	<u>15,751,086</u>	<u>8,129,727</u>

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23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	12 months ended 31 August 2016 £	<i>14 months ended 31 August 2015 £</i>
Cash in hand	943,077	804,081
Salix loan	(6,741)	(7,778)
Total	<u>936,336</u>	<u>796,303</u>

24. CAPITAL COMMITMENTS

At 31 August 2016 the academy trust had capital commitments as follows:

	2016 £	<i>2015 £</i>
Contracted for but not provided in these financial statements	<u>-</u>	<u>50,920</u>

25. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Harrow Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £88,256 were payable to the schemes at 31 August 2016 (2015 - £74,722) 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' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value

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25. PENSION COMMITMENTS (continued)

of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (2015 - 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £353,343 (2015 - £339,890).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £508,000 (2015 - £526,000), of which employer's contributions totalled £406,000 (2015 - £424,000) and employees' contributions totalled £102,000 (2015 - £102,000). The agreed contribution rate for the trust is currently 19.8% for the employer and 5.5% - 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.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.00 %	3.70 %
Rate of increase in salaries	3.60 %	4.00 %
Rate of increase for pensions in payment / inflation	2.10 %	2.60 %

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25. PENSION COMMITMENTS (continued)

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

	2016	2015
Retiring today		
Males	22.1	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,876,680	1,182,480
Debt instruments	336,840	197,080
Property	168,420	121,280
Cash	24,060	15,160
Total market value of assets	<u>2,406,000</u>	<u>1,516,000</u>

The actual return on scheme assets was £382,000 (2015 - £72,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Current service cost	(511,000)	(514,000)
Net interest cost	(87,000)	(97,000)
Past service cost	(8,757)	(10,125)
Total	<u>(606,757)</u>	<u>(621,125)</u>

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25. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Opening defined benefit obligation	3,812,000	2,915,000
Current service cost	511,000	514,000
Interest cost	152,000	154,000
Contributions by employees	102,000	102,000
Changes in financial assumptions	1,588,000	127,000
Closing defined benefit obligation	<u>6,165,000</u>	<u>3,812,000</u>

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

	12 months ended 31 August 2016 £	14 months ended 31 August 2015 £
Opening fair value of scheme assets	1,516,000	918,000
Interest income	65,000	57,000
Return on assets (excluding amounts included in net interest)	317,000	15,000
Contributions by employer	406,000	424,000
Contributions by employees	102,000	102,000
Closing fair value of scheme assets	<u>2,406,000</u>	<u>1,516,000</u>

26. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts payable:		
Within 1 year	30,546	31,546
Between 1 and 5 years	35,110	28,362
Total	<u>65,656</u>	<u>59,908</u>

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

27. MEMBERS' LIABILITY

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

28. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the period 1 July 2014 to 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 July 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 July 2014 £	31 August 2015 £
Total funds under previous UK GAAP		-	6,251,594
Total funds reported under FRS 102		-	6,251,594

Reconciliation of net income	Notes	14 months ended 31 August 2015 £
Net income previously reported under UK GAAP		6,390,593
Change in recognition of LGPS interest cost	A	(27,000)
Net movement in funds reported under FRS 102		6,363,593

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability either at 1 September 2014 or 31 August 2015. The effect of the change has been the debit to expense by £27,000 and decrease the debit in other recognised gains and losses in the SOFA by the equivalent amount.
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