

Registered number: 09066965

HEATHLAND WHITEFRIARS FEDERATION

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2017**

Members

L Malzard
S Maguire
H Saghir

Directors

L Malzard, Chair
C Spruce, Executive Headteacher (resigned 4 August 2017)
L Caswell, Associate Headteacher to 30 June 17, Executive Headteacher from 1 July 17
S Deanus, Deputy Headteacher (resigned 4 August 2017)
M S Nolan, Vice Chair
H Saghir
J Jaroudi (resigned 4 August 2017)
D Mattison
T Jegathseesan
F Hopkins (appointed 7 August 2017)
J Watson (appointed 7 August 2017)
A Chalisey (appointed 7 September 2017)

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 management 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
Derek Coghill, Acting Deputy Headteacher, from 1 January 2017
Majella O'Neil, Business Manager

Independent auditor

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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The Annual report serves the purposes of both a Trustees' 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 1,557 in the school census on 04 October 2017.

Structure, governance and management

CONSTITUTION

The academy 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.

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 eleven 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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

From 1 July 2017, the academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to commercial insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

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

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
- continuing community use and access to the new facilities at Whitefriars to deliver a full lettings programme in partnership with a wide range of local groups

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- Continue to raise achievement of pupils in all groups, including the most able, in reading, writing and mathematics
- Ensure nursery provision is adjusted to meet the needs of a higher proportion of younger children due to changes in admission policy
- Develop Key Stage 4 curriculum and qualification pathways in readiness for Year 9 options and 17/18 staffing
- Achieve cost savings compared to budget

PUBLIC BENEFIT

Heathland Whitefriars Federation is a charitable trust which seeks to benefit the public through the pursuit of its stated aims. The Directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

Achievements and performance

GOING CONCERN

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the academy 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

REVIEW OF ACTIVITIES

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

- Pupil progress and attainment outcomes/results
ASP (Analyse School Performance) provisional 2017 data and FFT dashboards show that end of Key Stage 1 attainment is in line with the national average. Key Stage 2 attainment and progress for both

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DIRECTORS' REPORT (continued)
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schools is either in line with or significantly above national average.

- **Pupil recruitment data**
Both Primary schools were oversubscribed in the Primary intake for 2016/17 as well as in 2017/18; applications to date indicate that both schools will be oversubscribed for 2018/19. Secondary intake was on target for 2016/17 but was slightly undersubscribed for 2017/18 – this is in line with the local trend and related to the increase in our PAN from 120 in 2016/17 to 150 in 2017/18. Applications to date indicate that our secondary intake may also be undersubscribed in 2018/19
- **Pupil attendance data**
Pupil attendance in both schools has a rolling average of 96%, with persistent absence of around 10%.
- **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. Whitefriars School had an HMI Safeguarding visit in July 2017 which found that safeguarding at the school was excellent.
- **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. In Autumn 2017, both schools were named on the Mayor of London's "Schools for Success" scheme, which recognises excellence in London schools, due to outstanding pupil progress measures including for disadvantaged pupils.

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 2017

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 Senior Leadership Team 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:

- Introduction of the National Funding Formula, Higher Needs Funding Formula and other changes in school funding.
- 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 2017, an actuarial valuation shows that the trust's LGPS liabilities exceeded its assets by £3,112,000. 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 year the majority of the trust's reserves will be required to fund the expansion at Whitefriars School.

At 31 August 2017 the value of free reserves held in unrestricted funds that are freely available for general purposes is £341,447.

Restricted fixed asset funds total £22,642,809 these funds can only be realised by disposing of tangible fixed assets.

The pension reserve is in £3,112,000 deficit.

The total of unrestricted funds and restricted general funds is £527,018.

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DIRECTORS' REPORT (continued)
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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, breakfast and after school clubs 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 2017/18 and 2018/19

- 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 facilitating community use.
- Achieve new Arts Mark and Arts Award at Heathland School by improving the visual and performing arts provision using new facilities on the Whitefriars site and continue to extend the specialist and extra-curricular music provision at Whitefriars School
- to implement free-flow/key worker structures in Reception classes at Whitefriars School
- Continue to raise achievement of pupils in all groups, including highest prior attainers in Reading, Writing and Maths
- Raise end of KS2 attainment in Reading at Heathland
- Improve Lunch provision at Heathland, with a new on site kitchen and new catering providers
- Review and align After School Club and Breakfast club provision
- Reorganise Faculty groups across Federation to enhance links within STEM curriculum
- Develop Key Stage 4 curriculum and qualification pathways in readiness for year 9 options and future staffing

FUNDS HELD AS CUSTODIAN

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITOR

Insofar as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- Directors have 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.

AUDITOR

Hillier Hopkins were reappointed as the trust's external auditors at the Annual General Meeting of members held on 2 October 2017.

The Directors' report was approved by order of the Board of Directors, as the company directors, on 13.12.17 and signed on its behalf by:



L Malzard
Chair of Board of Directors

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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 are 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 Malzard, Chair	5	5
C Spruce, Executive Headteacher	5	5
L Caswell, Associate Headteacher	4	5
S Deanus, Deputy Headteacher	5	5
M S Nolan, Vice Chair	5	5
H Saghir	3	5
J Jaroudi	5	5
D Mattison	5	5
T Jegathseesan	4	5
F Hopkins	0	0
J Watson	0	0
A Chalisey	0	0

The composition of the Board of Directors changed only at the very end of the year.

During the year, 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, Procurement 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 other 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.

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GOVERNANCE STATEMENT (continued)

Particular issues dealt with in the year include refinement of the academy trust's accounting systems and decisions relating to the continuing expansion of the secondary section of Whitefriars all-through school.

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	3	6
M H Saghir	5	6

The Audit Committee is also a sub-committee of the Resources Committee. 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 Trust's code of conduct for Directors 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	1	1
D H Mattison	1	1
L Malzard	0	1

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the academy delivers good value for money 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 continued to deliver 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 including; 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
- Expanding the lettings programme at Whitefriars School

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GOVERNANCE STATEMENT (continued)

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
- 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 free 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. 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 the continuing 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 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 2016 to 31 August 2017 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 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's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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'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 approved annual budget and periodic financial reports and returns which are reviewed 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

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GOVERNANCE STATEMENT (continued)

appoint an internal auditor. However, the Directors have appointed Hillier Hopkins LLP, the external auditor, to perform additional checks.

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

- i. Bank and cash
- ii. VAT
- iii. Income
- iv. Contracts/Purchasing/payroll
- vi. Follow up of prior findings
- vii. General governance compliance

On a termly basis, the internal auditor reports to the Board of Directors through the audit committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

The internal auditor checks were carried out as planned over the year and findings from these visits resulted in some minor recommendations being made, none of which were deemed to be significant.

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;
- the work of the executive managers within the academy 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 13 December 2017 and signed on their behalf, by:



L Malzard
Chair of Trustees



L Caswell, Headteacher
Accounting Officer

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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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2016.

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 2016.

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 ESFA.



L Caswell, Headteacher
Accounting Officer

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STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills 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 2016 to 2017;
- 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 ESFA/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 13.12.17 and signed on its behalf by:



L Malzard
Chair of Directors

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

OPINION

We have audited the financial statements of Heathland Whitefriars Federation for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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 academy trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Directors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Directors' responsibilities, the trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

concern basis of accounting unless the Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



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:

19th December 2017

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 24 July 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Heathland Whitefriars Federation and the ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

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.
- 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 2016 to 31 August 2017 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: 19th December 2017

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Donated asset	2	-	-	-	-	15,389,900
Other donations and capital grants	2	3,927	-	121,123	125,050	24,452
Charitable activities	3	170,394	7,278,556	-	7,448,950	6,965,069
Other trading activities	4	126,056	-	-	126,056	73,932
Investments	5	728	-	-	728	1,343
TOTAL INCOME		301,105	7,278,556	121,123	7,700,784	22,454,696
EXPENDITURE ON:						
Raising funds	6	81,908	-	-	81,908	74,215
Charitable activities		222,484	7,814,460	663,621	8,700,565	7,324,558
TOTAL EXPENDITURE	9	304,392	7,814,460	663,621	8,782,473	7,398,773
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	20	(3,287) (32,241)	(535,904) (12,168)	(542,498) 44,409	(1,081,689) -	15,055,923 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(35,528)	(548,072)	(498,089)	(1,081,689)	15,055,923
Actuarial gains/(losses) on defined benefit pension schemes	24	-	1,103,000	-	1,103,000	(1,271,000)
NET MOVEMENT IN FUNDS		(35,528)	554,928	(498,089)	21,311	13,784,923
RECONCILIATION OF FUNDS:						
Total funds brought forward		376,975	(3,481,357)	23,140,898	20,036,516	6,251,593
TOTAL FUNDS CARRIED FORWARD		341,447	(2,926,429)	22,642,809	20,057,827	20,036,516

The notes on pages 24 to 49 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 2017**

	Note	£	2017 £	2016 £
FIXED ASSETS				
Tangible assets	16		22,644,890	23,140,898
CURRENT ASSETS				
Debtors	17	356,224	279,097	
Cash at bank and in hand		688,879	943,078	
		<u>1,045,103</u>	<u>1,222,175</u>	
CREDITORS: amounts falling due within one year	18	<u>(515,499)</u>	<u>(561,853)</u>	
NET CURRENT ASSETS			529,604	660,322
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,174,494</u>	<u>23,801,220</u>
CREDITORS: amounts falling due after more than one year	19		<u>(4,667)</u>	<u>(5,704)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			23,169,827	23,795,516
Defined benefit pension scheme liability	24		<u>(3,112,000)</u>	<u>(3,759,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>20,057,827</u>	<u>20,036,516</u>
FUNDS OF THE ACADEMY				
Restricted income funds:				
Restricted income funds	20	185,571	277,643	
Restricted fixed asset funds	20	<u>22,642,809</u>	<u>23,140,898</u>	
Restricted income funds excluding pension liability		<u>22,828,380</u>	<u>23,418,541</u>	
Pension reserve		<u>(3,112,000)</u>	<u>(3,759,000)</u>	
Total restricted income funds			19,716,380	19,659,541
Unrestricted income funds	20		<u>341,447</u>	<u>376,975</u>
TOTAL FUNDS			<u>20,057,827</u>	<u>20,036,516</u>

The financial statements on pages 21 to 49 were approved by the Directors, and authorised for issue, on 13.12.17 and are signed on their behalf, by:

L Malzard
Chair of Board of Directors

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	<u>(206,362)</u>	<u>15,751,086</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		728	1,343
Purchase of tangible fixed assets		(167,613)	(242,367)
Capital grants from DfE/ESFA		121,123	20,908
Donation of building		-	(15,389,900)
Net cash used in investing activities		<u>(45,762)</u>	<u>(15,610,016)</u>
Cash flows from financing activities:			
Repayments of borrowings		(1,037)	(1,037)
Net cash used in financing activities		<u>(1,037)</u>	<u>(1,037)</u>
Change in cash and cash equivalents in the year		(253,161)	140,033
Cash and cash equivalents brought forward		<u>936,336</u>	<u>796,303</u>
Cash and cash equivalents carried forward	23	<u><u>683,175</u></u>	<u><u>936,336</u></u>

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Company status

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

1.3 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 2017**

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the academy 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.

Donations are recognised on a receivable basis where receipt is probable 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.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

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 and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these 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

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.

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; 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 2017**

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

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.

HEATHLAND WHITEFRIARS FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 24, 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.

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

Estimates and judgments 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 judgment:

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donated asset	-	-	-	-	15,389,900
Subtotal	-	-	-	-	15,389,900
Donations	3,927	-	-	3,927	3,544
Government capital grants	-	-	121,123	121,123	20,908
Subtotal	3,927	-	121,123	125,050	24,452
	3,927	-	121,123	125,050	15,414,352
<i>Total 2016</i>	3,544	-	15,410,808	15,414,352	

HEATHLAND WHITEFRIARS FEDERATION
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3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,958,721	5,958,721	5,264,633
Pupil Premium	-	487,513	487,513	520,472
Rates Relief	-	16,545	16,545	16,293
Other ESFA income	-	25,395	25,395	40,362
Universal Infant Free School Meals	-	167,809	167,809	158,631
	-	6,655,983	6,655,983	6,000,391
Other government grants				
Other government grants	-	503,719	503,719	734,466
SEN funding	-	105,355	105,355	95,219
	-	609,074	609,074	829,685
Other funding				
Trip income	34,749	-	34,749	31,340
Catering income	117,888	-	117,888	49,959
Music Income	17,757	-	17,757	19,875
Other Income	-	13,499	13,499	33,819
	170,394	13,499	183,893	134,993
	170,394	7,278,556	7,448,950	6,965,069
Total 2016	101,173	6,863,896	6,965,069	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings income	36,911	-	36,911	4,127
Sale of other goods and services	89,145	-	89,145	69,805
	126,056	-	126,056	73,932
Total 2016	73,932	-	73,932	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest income	728	-	728	1,343
<i>Total 2016</i>	<i>1,343</i>	<i>-</i>	<i>1,343</i>	

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Cost of trading activities	7,904	-	7,904	9,626
Other costs	6,447	-	6,447	2,028
Trading activities staff costs	67,557	-	67,557	62,561
	81,908	-	81,908	74,215
<i>Total 2016</i>	<i>74,215</i>	<i>-</i>	<i>74,215</i>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

7. DIRECT COSTS

	Educational Activities £	Total 2017 £	Total 2016 £
Educational Supplies	110,581	110,581	90,801
Music Service Costs	70,076	70,076	72,177
Staff Development	22,947	22,947	46,315
Technology Costs	116,211	116,211	85,665
Transport	11,862	11,862	10,798
Legal and Professional	114,046	114,046	96,761
Insurance	30,780	30,780	26,261
Trip Costs (includes swimming)	65,417	65,417	63,597
Catering	221,210	221,210	212,036
Printing, Postage and Stationery	23,935	23,935	28,644
Other costs	1,527	1,527	3,078
Wages and salaries	4,079,529	4,079,529	3,574,722
National insurance	337,310	337,310	254,336
Pension cost	593,441	593,441	507,604
	<u>5,798,872</u>	<u>5,798,872</u>	<u>5,072,795</u>
<i>At 31 August 2016</i>	<u>5,072,795</u>	<u>5,072,795</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

8. SUPPORT COSTS

	Educational Activities £	Total 2017 £	Total 2016 £
FRS102 Pension Costs	79,000	79,000	87,000
Technology Costs	5,498	5,498	12,244
Travel and Subsistence	2,373	2,373	3,143
Legal and Professional	113,170	113,170	170,865
Maintenance of premises	29,104	29,104	86,169
Maintenance of equipment	33,405	33,405	4,970
Cleaning	12,664	12,664	19,715
Rent and Rates	16,545	16,545	23,334
Energy	84,930	84,930	69,910
Insurance	42,584	42,584	35,913
Bank interest and charges	852	852	929
Printing, Postage and Stationery	3,586	3,586	7,475
Other costs	38,594	38,594	43,116
Governance costs	15,300	15,300	18,050
Wages and salaries	1,056,044	1,056,044	933,269
National insurance	69,729	69,729	54,634
Pension cost	634,694	634,694	347,969
Depreciation	663,621	663,621	333,057
	<u>2,901,693</u>	<u>2,901,693</u>	<u>2,251,762</u>
<i>At 31 August 2016</i>	<u>2,251,762</u>	<u>2,251,762</u>	

During the year ended 31 August 2017, the academy trust incurred governance costs of £15,300 (2016: £18,050) relating to Educational Activities.

9. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	67,557	-	14,351	81,908	74,215
Educational Activities:					
Direct costs	5,010,280	-	788,592	5,798,872	5,072,795
Support costs	1,760,467	692,766	448,460	2,901,693	2,251,762
	<u>6,838,304</u>	<u>692,766</u>	<u>1,251,403</u>	<u>8,782,473</u>	<u>7,398,772</u>
<i>Total 2016</i>	<u>5,735,096</u>	<u>355,924</u>	<u>1,307,753</u>	<u>7,398,773</u>	

HEATHLAND WHITEFRIARS FEDERATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the Trust	663,621	333,057
Auditor's remuneration - audit	7,750	7,500
Auditor's remuneration - other services	7,550	10,550
	<u>678,921</u>	<u>351,107</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	4,650,926	4,084,834
Social security costs	410,585	311,142
Operating costs of defined benefit pension schemes	1,237,285	864,330
	<u>6,298,796</u>	<u>5,260,306</u>
Apprenticeship levy	2,942	-
Supply teacher costs	536,566	474,790
	<u><u>6,838,304</u></u>	<u><u>5,735,096</u></u>

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

	2017 No.	2016 No.
Teaching	59	55
Administration & support	157	147
Management	8	7
	<u>224</u>	<u>209</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	4	5
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	1
In the band £120,001 - £130,000	1	1

6 (2016: 6) of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2017 employer pension contributions for these staff amounted to £78,445 (2016: £76,758). 1 (2016: 1) of the above employees participated in the Local Government Pension Scheme. Employer pension contributions for this member of staff amounted to £12,404 (2016: £12,050).

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 contributions) received by key management personnel for their services to the academy trust was £668,146 (2016: £615,875).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. 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 Executive Headteacher 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:

		2017 £	2016 £
C M Spruce	Remuneration	125,000-130,000	125,000-130,000
	Pension contributions paid	20,000-25,000	20,000-25,000
L E Caswell	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
S J Deanus	Remuneration	70,000-75,000	65,000-70,000
	Pension contributions paid	10,000-15,000	10,000-15,000
J Watson	Remuneration	60,000-65,000	n/a
	Pension contributions paid	10,000-15,000	n/a
F Hopkins	Remuneration	30,000-35,000	n/a
	Pension contributions paid	5,000-10,000	n/a

During the year ended 31 August 2017, no Directors received any reimbursement of expenses (2016 - £Nil).

13. CENTRAL SERVICES

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

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

The academy 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 year.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Heathland	410,204	504,699
Whitefriars	460,006	452,084
Total	<u>870,210</u>	<u>956,783</u>

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14. OTHER FINANCE INCOME

	2017 £	2016 £
Interest income on pension scheme assets	53,000	65,000
Interest on pension scheme liabilities	(132,000)	(152,000)
	<u>(79,000)</u>	<u>(87,000)</u>

15. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £5,000,000 on any one claim and the cost for the period to 30 June 2017 was £1,287 (2016 - £1,823).

From 1 July 2017, the academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to commercial insurance where UK government funds cover losses that arise. This scheme protects directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme.

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2016	21,635,900	1,991,915	100,661	23,728,476
Additions	-	122,679	44,934	167,613
At 31 August 2017	<u>21,635,900</u>	<u>2,114,594</u>	<u>145,595</u>	<u>23,896,089</u>
Depreciation				
At 1 September 2016	325,095	214,426	48,057	587,578
Charge for the year	395,098	224,573	43,950	663,621
At 31 August 2017	<u>720,193</u>	<u>438,999</u>	<u>92,007</u>	<u>1,251,199</u>
Net book value				
At 31 August 2017	<u>20,915,707</u>	<u>1,675,595</u>	<u>53,588</u>	<u>22,644,890</u>
At 31 August 2016	<u>21,310,805</u>	<u>1,777,489</u>	<u>52,604</u>	<u>23,140,898</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. DEBTORS

	2017 £	2016 £
Trade debtors	12,346	20
Other debtors	728	243
Prepayments and accrued income	290,390	247,314
Tax recoverable	52,760	31,520
	<u>356,224</u>	<u>279,097</u>

18. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Other loans	1,036	1,037
Trade creditors	88,556	65,491
Other taxation and social security	108,991	94,266
Other creditors	108,877	88,623
Accruals and deferred income	208,039	312,436
	<u>515,499</u>	<u>561,853</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	204,539	164,026
Resources deferred during the year	161,281	204,539
Amounts released from previous years	(204,539)	(164,026)
Deferred income at 31 August 2017	<u>161,281</u>	<u>204,539</u>

At the balance sheet date, the academy trust was holding funds received in advance relating to UIFSM, SEN funding, rates relief, pre and after school care, music, catering and trip income relating to the 2017/18 financial period.

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

	2017 £	2016 £
Other loans	<u>4,667</u>	<u>5,704</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. CREDITORS: Amounts falling due after more than one year (continued)

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

	2017	2016
	£	£
Repayable by instalments	519	1,556

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

20. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	376,975	301,105	(304,392)	(32,241)	-	341,447
Restricted funds						
General Annual Grant (GAG)	277,643	5,958,721	(6,038,625)	(12,168)	-	185,571
Pupil Premium	-	487,513	(487,513)	-	-	-
Universal Infant Free School Meals	-	167,809	(167,809)	-	-	-
Other ESFA grants	-	41,940	(41,940)	-	-	-
Other government grants	-	609,074	(609,074)	-	-	-
Other restricted income	-	13,499	(13,499)	-	-	-
Pension reserve	(3,759,000)	-	(456,000)	-	1,103,000	(3,112,000)
	<u>(3,481,357)</u>	<u>7,278,556</u>	<u>(7,814,460)</u>	<u>(12,168)</u>	<u>1,103,000</u>	<u>(2,926,429)</u>
Restricted fixed asset funds						
Fixed Asset Fund	23,140,898	-	(663,621)	165,532	-	22,642,809
Fixed asset donations	-	121,123	-	(121,123)	-	-
	<u>23,140,898</u>	<u>121,123</u>	<u>(663,621)</u>	<u>44,409</u>	<u>-</u>	<u>22,642,809</u>
Total restricted funds	<u>19,659,541</u>	<u>7,399,679</u>	<u>(8,478,081)</u>	<u>32,241</u>	<u>1,103,000</u>	<u>19,716,380</u>
Total of funds	<u>20,036,516</u>	<u>7,700,784</u>	<u>(8,782,473)</u>	<u>-</u>	<u>1,103,000</u>	<u>20,057,827</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	596,020	179,992	(224,123)	(174,914)	-	376,975
	<u>596,020</u>	<u>179,992</u>	<u>(224,123)</u>	<u>(174,914)</u>	<u>-</u>	<u>376,975</u>
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 ESFA 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						
Fixed Asset Fund	7,841,688	20,909	(333,057)	221,458	-	7,750,998
Fixed asset donations	-	15,389,900	-	-	-	15,389,900
	<u>7,841,688</u>	<u>15,410,809</u>	<u>(333,057)</u>	<u>221,458</u>	<u>-</u>	<u>23,140,898</u>
Total restricted funds	<u>5,655,573</u>	<u>22,274,704</u>	<u>(7,174,650)</u>	<u>174,914</u>	<u>(1,271,000)</u>	<u>19,659,541</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 & Skills 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
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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 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	<i>Total 2016 £</i>
Heathland School	914,425	<i>654,618</i>
Whitefriars School	(387,407)	<i>-</i>
Total before fixed asset fund and pension reserve	527,018	<i>654,618</i>
Restricted fixed asset fund	22,642,809	<i>23,140,898</i>
Pension reserve	(3,112,000)	<i>(3,759,000)</i>
Total	20,057,827	<i>20,036,516</i>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
Whitefriars School	(387,407)

The deficit fund relates to the academy's Restricted Fund, sub-fund, General Annual Grant.

The deficit has arisen because of the academy's extension of its age range, taking it from a primary to an all through school. The academy has had 2 years of diseconomies of scale during the establishment and expansion of its secondary section, staffing and resourcing a secondary curriculum on funding for a small number of secondary pupils; taking possession of a new building in May 2016 brought additional capital and running costs.

To return the academy to surplus, academy staff are working hard to ensure that its pupil intake is maximised and costs minimised and expects to be able to set an in year surplus budget in 2018/19 and succeeding years to return the academy to overall surplus.

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20. STATEMENT OF FUNDS (continued)

The Multi-Academy Trust has a GAG Pooling Policy which allows temporary relocation/loan of funds from one academy to another within the Trust where there is a surplus in one academy and a deficit in another. This relocation of funds is for the lesser of the period required for the deficit to return to surplus or as deemed appropriate by the Board.

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 2017 £	Total 2016 £
Heathland	2,031,376	388,584	37,954	525,787	2,983,701	2,964,608
Whitefriars	2,568,645	636,426	59,290	544,580	3,808,941	2,937,601
Central	410,259	803,014	-	112,937	1,326,210	1,163,507
	<u>5,010,280</u>	<u>1,828,024</u>	<u>97,244</u>	<u>1,183,304</u>	<u>8,118,852</u>	<u>7,065,716</u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	22,644,890	22,644,890
Current assets	359,953	685,150	-	1,045,103
Creditors due within one year	(18,506)	(494,912)	(2,081)	(515,499)
Creditors due in more than one year	-	(4,667)	-	(4,667)
Provisions for liabilities and charges	-	(3,112,000)	-	(3,112,000)
	<u>341,447</u>	<u>(2,926,429)</u>	<u>22,642,809</u>	<u>20,057,827</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	23,140,897	23,140,897
Current assets	388,201	833,974	-	1,222,175
Creditors due within one year	(11,225)	(550,627)	-	(561,852)
Creditors due in more than one year	-	(5,704)	-	(5,704)
Provisions for liabilities and charges	-	(3,759,000)	-	(3,759,000)
	<u>376,976</u>	<u>(3,481,357)</u>	<u>23,140,897</u>	<u>20,036,516</u>

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,081,689)	15,055,923
Adjustment for:		
Depreciation charges	663,621	333,057
Interest received	(728)	(1,343)
(Increase)/decrease in debtors	(77,128)	263,294
Decrease in creditors	(45,315)	(70,937)
Capital grants from DfE and other capital income	(121,123)	(20,908)
Defined benefit pension scheme cost less contributions payable	377,000	105,000
Defined benefit pension scheme finance cost	79,000	87,000
Net cash (used in)/provided by operating activities	<u>(206,362)</u>	<u>15,751,086</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	688,879	943,077
Salix loan	(5,704)	(6,741)
Total	<u>683,175</u>	<u>936,336</u>

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for teachers; 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 2016.

Contributions amounting to £102,705 were payable to the schemes at 31 August 2017 (2016 - £88,256) 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

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 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
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer 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 £407,416 (2016 - £353,343).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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 2017 was £570,000 (2016 - £508,000), of which employer's contributions totalled £453,000 (2016 - £406,000) and employees' contributions totalled £117,000 (2016 - £102,000). The agreed contribution rates for future years are 22.4% for employers increasing by 1% annually until the next valuation in 2019 and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	3.60 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.2	22.1
Females	24.4	24.4
Retiring in 20 years		
Males	24.4	24.5
Females	26.4	26.9

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,538,400	1,876,680
Debt instruments	400,800	336,840
Property	267,200	168,420
Cash	133,600	24,060
Total market value of assets	<u>3,340,000</u>	<u>2,406,000</u>

The actual return on scheme assets was £401,000 (2016 - £382,000).

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

	2017 £	2016 £
Current service cost	(830,000)	(511,000)
Interest income	53,000	65,000
Interest cost	(132,000)	(152,000)
Total	<u>(909,000)</u>	<u>(598,000)</u>
Actual return on scheme assets	<u>401,000</u>	<u>382,000</u>

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

	2017 £	2016 £
Opening defined benefit obligation	6,165,000	3,812,000
Current service cost	830,000	511,000
Interest cost	132,000	152,000
Employee contributions	117,000	102,000
Actuarial (gains)/losses	(755,000)	1,588,000
Benefits paid	(37,000)	-
Closing defined benefit obligation	<u>6,452,000</u>	<u>6,165,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

Movements in the fair value of the academy trust's share of scheme assets:

	2017 £	2016 £
Opening fair value of scheme assets	2,406,000	1,516,000
Interest income	53,000	65,000
Actuarial losses	348,000	317,000
Employer contributions	453,000	406,000
Employee contributions	117,000	102,000
Benefits paid	(37,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>3,340,000</u>	<u>2,406,000</u>

25. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	79,284	30,546
Between 1 and 5 years	121,252	35,110
	<hr/>	<hr/>
Total	<u>200,536</u>	<u>65,656</u>

26. 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.

27. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain directors' remuneration and expenses already disclosed in note 12.