
HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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HEATHLAND WHITEFRIARS FEDERATION
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2018

Members	L Malzard S Maguire H Saghir
Directors	L Malzard, Chair L Caswell, Executive Headteacher M S Nolan, Vice Chair H Saghir (resigned 31 August 2018) D Mattison T Jegathseesan F Hopkins J Watson A Chalisey (appointed 7 September 2017) R Chandarana (appointed 1 November 2018)
Company registered number	09066965
Company name	Heathland Whitefriars Federation
Principal and registered office	Heathland School Eastcote Lane Harrow HA2 9AG
Company secretary	A Bowd
Senior Leadership Team	L Caswell, Executive Headteacher F Hopkins, Deputy Headteacher C Lake, Deputy Headteacher J Watson, Deputy Headteacher Derek Coghill, Deputy Headteacher M O'Neil, Business Manager
Independent auditor	Hillier Hopkins LLP Chartered Accountants Radius House 51 Clarendon Road Watford Herts WD17 1HP

HEATHLAND WHITEFRIARS FEDERATION
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. 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 1717 in the school census on 04 October 2018.

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 trustees. The majority of 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 training programme.

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 five times a year.

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/personnel, premises and audit functions
The Standards Committee which oversees pupil progress and attainment
The Safeguarding Committee which oversees safeguarding and inclusion

The Pay Committee meets once a year to review leadership pay.

The Exclusion Panel meets whenever a pupil is permanently excluded.

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

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

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

PAY POLICY FOR KEY MANAGEMENT PERSONNEL

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

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

TRADE UNION FACILITY TIME

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time	£	%
Total cost of facility time	-	
Total pay bill	7,311,582	
Percentage of total pay bill spent on facility time	-	

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

None of the academy trust's members, Directors and Senior Leadership Team employees has 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, a governor of Welldon Park Primary School, a community primary school and a director of The Pegasus Partnership Trust, an academy trust, both in the London Borough of Harrow.

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

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

DIRECTORS' INDEMNITIES

From 1 July 2017, the academy trust 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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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:

- Maintain and build on exceptionally high standards of attainment and progress for all pupils
- Raise end of KS2 attainment in Reading at Heathland
- Further improve end of KS2 attainment in Writing at Whitefriars
- Review and improve lunch provision at Heathland
- Review and align After School Club and Breakfast Club provision across the Federation
- Implement a free-flow / key worker structure in Reception classes at Whitefriars
- Reorganise faculty structures across the Federation
- Develop Key Stage 4 curriculum and qualification pathways in readiness for GCSEs
- Fully embed UNICEF Rights Respecting practice in both schools; achieve Gold standard at Whitefriars
- Achieve Eco-Schools Green Flag at Whitefriars
- Manage 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 new facilities
- Continue 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
- Ensure nursery provision is adjusted to meet the needs of a higher proportion of younger children due to changes in admission policy
- Achieve cost savings compared to budget
- Establish Place2Be provision at Whitefriars
- Source improved/effective SIP support for both schools in readiness for the academic year 2018/19
- Achieve an Outstanding judgement at Whitefriars on inspection

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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, including outcomes of teaching and learning reviews
- 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) and FFT dashboards provisional 2018 data shows that end of Key Stage 1 attainment is in line with or slightly above national average.
Key Stage 2 attainment in both schools is either in line with or slightly above national average in Reading, Writing and Maths.
Key Stage 2 progress at Whitefriars is in line with national average and Heathland is significantly above the national average in Reading Writing and Maths.
- **Pupil recruitment data**
Heathland School was oversubscribed in both 2017/18 and 2018/19.
Whitefriars School primary section was oversubscribed in 2017/18 but is slightly undersubscribed in 2018/19, in line with predictions and the local trend.

Whitefriars School was slightly undersubscribed in secondary in both 2017/18 and 2018/19 – this is in line with revised predictions regarding the school population and the local trend. Applications received to date indicate that our secondary intake may increase in 2019/20.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- **Pupil attendance data**

Pupil attendance at HL for 2017/18 was 96% with a persistent absence of 5%
Pupil attendance at WF for 2017/18 was 95% with a persistent absence of 11%

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
Whitefriars School had an HMI Safeguarding visit in July 2017 which found that safeguarding at the school was excellent.
Whitefriars was inspected (section 5) in April 2018 and was judged to be Outstanding

- **National and International awards and accreditation**

Heathland School was awarded UNICEF Rights Respecting School (RRSA) Level 2 in June 2015.
Whitefriars School was awarded RRSA Level 1 in June 2015 and achieved Level 2 (Gold) 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; Heathland School received its Green Flag award in Summer 2016 and Whitefriars in 2018
Whitefriars is accredited in recognition of the excellent performance of its disadvantaged students in the Mayor of London's "Schools for Success" scheme.

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. To ensure that sufficient working capital is available as required cash which is not required immediately has been invested in short notice deposits.

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.

A notable addition to the risk register this year has been the risk around GDPR compliance, demonstration thereof and the possibility of fines and/or other sanctions as well as reputational damage.

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Other financial risks and uncertainties facing the academy trust are:

- Impact of changes in 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 medium risk in the primary and nursery sections given the schools' popularity and a medium risk in the secondary section subject to concerns re the accuracy of short term predicted population growth and affected by the capacity and 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 2018, an actuarial valuation shows that the trust's LGPS liabilities exceeded its assets by £2,898,000. 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 currently on target; in the next year a significant proportion of the trust's reserves will be required to support the ongoing expansion at Whitefriars School and beyond that to provide a buffer against the uncertain economic environment in terms of both funding and staffing costs.

At 31 August 2018 the value of free reserves held in unrestricted funds that are freely available for general purposes is £241,200.

Restricted fixed asset funds total £22,020,281 these funds can only be realised by disposing of tangible fixed assets.

The pension reserve is in £2,898,000 deficit.

The total of unrestricted funds and restricted general funds is £851,391.

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.

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The trust's fundraising activities are very low key and not materially significant. The total amount raised via fundraising in the year was £2,942. Of this £2,866 was donated towards charities selected by the schools' pupil councils.

The majority of the money raised from fundraising comes from parents and carers of our pupils. The trust's fundraising activities conform to recognised standards. The trust does not work with any commercial participators or professional fundraisers and the schools make every effort to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.

Plans for future periods

FUTURE DEVELOPMENTS

Aims and Objectives for academic years 2018/2019 and 2019/2020

- Improve outcomes in reading and writing in reception at Heathland
- Improve attainment of year 1 boys in reading and writing at Heathland
- 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.
- Increase the proportion of pupils achieving at greater depth (KS2 SATs) across the Federation
- Improve outdoor provision at Heathland including play and sport equipment
- Continue to develop KS4 provision – inclusion and access arrangements for GCSEs
- Review and improve Primary curriculum coverage of Science
- Raise the profile of strategies for supporting staff well-being
- Raise the profile of children and young people's mental health and emotional well-being; embed Place2Be provision at Whitefriars
- Replace Pupil Asset for Primary Assessment (2019/20)
- Prepare for 6th Form provision at Whitefriars, including the appointment of a Head of 6th form
- Work with new School Improvement Partner on some key areas for improvement, including planning for new 6th Form

FUNDS HELD AS CUSTODIAN

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

DISCLOSURE OF INFORMATION TO AUDITOR

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.

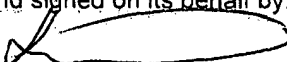
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

AUDITOR

Hillier Hopkins were reappointed as the trust's external auditors at the Annual General Meeting of members.

The Directors' report was approved by order of the Board of Directors, as the company Directors, on 12.12.18 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 that we have overall responsibility for ensuring that Heathland Whitefriars Federation has effective and appropriate systems of control, financial and otherwise. However such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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

GOVERNANCE

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

Director	Meetings attended	Out of a possible
L Malzard, Chair	5	5
L Caswell, Executive Headteacher	5	5
M S Nolan, Vice Chair	5	5
H Saghir	1	5
D Mattison	4	5
T Jegathseesan	5	5
F Hopkins, Associate Headteacher	4	5
J Watson, Associate Headteacher	5	5
A Chalisey	3	5

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 Executive Headteacher (Accounting Officer), School Business Manager (Chief Financial Officer) 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.
- 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

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GOVERNANCE STATEMENT (continued)

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.

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 School. Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
D H Mattison	4	5
L Caswell, Executive Headteacher	5	5
J Watson	3	5
H Saghir	5	5

REVIEW OF VALUE FOR MONEY

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

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

- Deploying specialist staff and professionals across both our schools e.g. inclusion, child protection, and a range of curriculum specialists providing one to one support for pupils who need it, for low achieving pupils and higher achievers who need to be challenged more
- Providing a range of extra curricular activities to enhance achievement/attainment including clubs and breakfast & after school provision
- Sharing staff and resources across our federation 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

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

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GOVERNANCE STATEMENT (continued)

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

THE RISK AND CONTROL FRAMEWORK

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

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

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

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

Twice a year, the auditor reports to the Board of Directors through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.

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GOVERNANCE STATEMENT (continued)

The internal audit 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 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 12.12.18 and signed on their behalf, by:


.....
L Malzard
Chair of Directors


.....
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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

The Directors (who 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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 12.12.2018 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 (the 'academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

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 2018 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 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of 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 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. This description forms part of our Auditor's report.

USE OF OUR REPORT

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



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 2016

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 24 July 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 & 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 2017 to 31 August 2018 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

Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: *19th December 2018*

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	1,760	-	24,237	25,997	125,050
Charitable activities	3	202,799	8,298,706	-	8,501,505	7,448,950
Other trading activities	4	135,696	-	-	135,696	126,056
Investments	5	2,558	-	-	2,558	728
TOTAL INCOME		342,813	8,298,706	24,237	8,665,756	7,700,784
EXPENDITURE ON:						
Raising funds	6	89,758	-	-	89,758	81,908
Charitable activities		353,150	8,260,670	662,333	9,276,153	8,700,565
TOTAL EXPENDITURE	7	442,908	8,260,670	662,333	9,365,911	8,782,473
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(100,095)	38,036	(638,096)	(700,155)	(1,081,689)
Transfers between Funds	19	(152)	(15,416)	15,568	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(100,247)	22,620	(622,528)	(700,155)	(1,081,689)
Actuarial gains on defined benefit pension schemes	23	-	616,000	-	616,000	1,103,000
NET MOVEMENT IN FUNDS		(100,247)	638,620	(622,528)	(84,155)	21,311
RECONCILIATION OF FUNDS:						
Total funds brought forward		341,447	(2,926,429)	22,642,809	20,057,827	20,036,516
TOTAL FUNDS CARRIED FORWARD		241,200	(2,287,809)	22,020,281	19,973,672	20,057,827

The notes on pages 25 to 48 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 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	15		22,008,874		22,644,893
CURRENT ASSETS					
Debtors	16	308,615		356,224	
Cash at bank and in hand		1,031,531		688,879	
		<u>1,340,146</u>		<u>1,045,103</u>	
CREDITORS: amounts falling due within one year	17	<u>(473,718)</u>		<u>(515,502)</u>	
NET CURRENT ASSETS			<u>866,428</u>		<u>529,601</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,875,302</u>		<u>23,174,494</u>
CREDITORS: amounts falling due after more than one year	18		<u>(3,630)</u>		<u>(4,667)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>22,871,672</u>		<u>23,169,827</u>
Defined benefit pension scheme liability	23		<u>(2,898,000)</u>		<u>(3,112,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>19,973,672</u></u>		<u><u>20,057,827</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	610,191		185,571	
Restricted fixed asset funds	19	<u>22,020,281</u>		<u>22,642,809</u>	
Restricted income funds excluding pension liability		<u>22,630,472</u>		<u>22,828,380</u>	
Pension reserve		<u>(2,898,000)</u>		<u>(3,112,000)</u>	
Total restricted income funds			<u>19,732,472</u>		<u>19,716,380</u>
Unrestricted income funds	19		<u>241,200</u>		<u>341,447</u>
TOTAL FUNDS			<u><u>19,973,672</u></u>		<u><u>20,057,827</u></u>

The financial statements on pages 22 to 48 were approved by the Directors, and authorised for issue, on 12.12.18 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 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	<u>344,299</u>	<u>(206,362)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		2,504	728
Purchase of tangible fixed assets		(26,314)	(167,613)
Capital grants from DfE Group		<u>24,237</u>	<u>121,123</u>
Net cash provided by/(used in) investing activities		<u>427</u>	<u>(45,762)</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		343,689	(253,161)
Cash and cash equivalents brought forward		<u>683,175</u>	<u>936,336</u>
Cash and cash equivalents carried forward	22	<u><u>1,026,864</u></u>	<u><u>683,175</u></u>

HEATHLAND WHITEFRIARS FEDERATION
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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 funders where the asset acquired or created is held for a specific purpose.

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

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 2018

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 apportioned 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 2018

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	-	3-5 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 2018**

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 16. 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 17 and 18. 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
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 23, 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
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

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 23, 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 2018. 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:

Directors 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 judgment 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	1,760	-	-	1,760	3,927
Government capital grants	-	-	24,237	24,237	121,123
	<u>1,760</u>	<u>-</u>	<u>24,237</u>	<u>25,997</u>	<u>125,050</u>
<i>Total 2017</i>	<u>3,927</u>	<u>-</u>	<u>121,123</u>	<u>125,050</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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3. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	6,860,924	6,860,924	5,958,721
Pupil Premium	-	479,524	479,524	487,513
Rates Relief	-	18,020	18,020	16,545
Other ESFA income	-	57,618	57,618	25,395
Universal Infant Free School Meals	-	174,363	174,363	167,809
	-	7,590,449	7,590,449	6,655,983
Other government grants				
Other government grants	-	509,305	509,305	503,719
SEN funding	-	193,260	193,260	105,355
	-	702,565	702,565	609,074
Other funding				
Trip income	47,208	-	47,208	34,749
Catering income	137,887	-	137,887	117,888
Music Income	17,704	-	17,704	17,757
Other Income	-	5,692	5,692	13,499
	202,799	5,692	208,491	183,893
	202,799	8,298,706	8,501,505	7,448,950
<i>Total 2017</i>	170,394	7,278,556	7,448,950	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	27,903	-	27,903	36,911
Sale of other goods and services	107,793	-	107,793	89,145
	135,696	-	135,696	126,056
<i>Total 2017</i>	126,056	-	126,056	

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5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest income	2,558	-	2,558	728
<i>Total 2017</i>	728	-	728	

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Cost of trading activities	10,638	-	10,638	7,904
Other costs	6,066	-	6,066	6,447
Trading activities staff costs	73,054	-	73,054	67,557
	89,758	-	89,758	81,908
<i>Total 2017</i>	81,908	-	81,908	

7. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising voluntary income					
Direct costs	73,054	-	16,704	89,758	81,908
Support costs	-	-	-	-	-
Educational Activities:					
Direct costs	5,432,159	-	841,617	6,273,776	5,798,872
Support costs	1,806,369	604,810	591,198	3,002,377	2,901,693
	7,311,582	604,810	1,449,519	9,365,911	8,782,473
<i>Total 2017</i>	6,838,304	692,766	1,251,403	8,782,473	

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**NOTES TO THE FINANCIAL STATEMENTS
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8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total 2017 £
Educational Activities	6,273,776	3,002,377	9,276,153	8,700,565
<i>Total 2017</i>	5,798,872	2,901,693	8,700,565	

Analysis of support costs

	Educational Activities £	Total 2018 £	Total 2017 £
Pension expense	82,000	82,000	79,000
Staff costs	1,806,369	1,806,369	1,760,467
Depreciation	662,333	662,333	663,621
Technology costs	1,109	1,109	5,498
Premises costs	209,709	209,709	176,061
Other support costs	227,532	227,532	201,746
Governance costs	13,325	13,325	15,300
	<u>3,002,377</u>	<u>3,002,377</u>	<u>2,901,693</u>
<i>At 31 August 2017</i>	<u>2,901,693</u>	<u>2,901,693</u>	

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the Trust	662,333	663,621
Auditor's remuneration - audit	8,250	7,750
Auditor's remuneration - other services	5,075	7,550
	<u>675,658</u>	<u>738,921</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	4,864,318	4,653,912
Social security costs	432,611	410,585
Operating costs of defined benefit pension schemes	1,207,913	1,237,241
	<u>6,504,842</u>	<u>6,301,738</u>
Agency staff costs	806,740	536,566
	<u><u>7,311,582</u></u>	<u><u>6,838,304</u></u>

b. Staff numbers

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

	2018 No.	2017 No.
Teaching	64	59
Administration & support	154	157
Management	6	8
	<u>224</u>	<u>224</u>

c. Higher paid staff

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	4	4
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	1
In the band £100,000 - £110,000	1	0
In the band £120,001 - £130,000	0	1

d. Key management personnel

The key management personnel of the academy trust comprise the directors and Senior Leadership 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 £537,256 (2017: £668,146).

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

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

		2018 £	2017 £
C M Spruce	Remuneration	N/A	125,000-130,000
	Pension contributions paid	N/A	20,000-25,000
L E Caswell	Remuneration	100,000-105,000	85,000-90,000
	Pension contributions paid	15,000-20,000	10,000-15,000
S J Deanus	Remuneration	N/A	70,000-75,000
	Pension contributions paid	N/A	10,000-15,000
J Watson	Remuneration	85,000-90,000	60,000-65,000
	Pension contributions paid	10,000-15,000	10,000-15,000
F Hopkins	Remuneration	65,000-70,000	30,000-35,000
	Pension contributions paid	10,000-15,000	5,000-10,000

During the year ended 31 August 2018, no Directors received any reimbursement of expenses (2017 - £Nil).

12. 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:

	2018 £	2017 £
Heathland	346,394	410,204
Whitefriars	522,994	460,006
Total	<u>869,388</u>	<u>870,210</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. OTHER FINANCE EXPENSE

	2018 £	2017 £
Interest income on pension scheme assets	(90,000)	(53,000)
Interest expense on pension scheme liabilities	172,000	132,000
	<u>82,000</u>	<u>79,000</u>

14. DIRECTORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy 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.

15. TANGIBLE FIXED ASSETS

	Leasehold property £	Fixtures, fittings and equipment £	ICT equipment £	Total £
Cost				
At 1 September 2017	21,635,900	2,114,594	145,595	23,896,089
Additions	-	10,459	15,855	26,314
At 31 August 2018	<u>21,635,900</u>	<u>2,125,053</u>	<u>161,450</u>	<u>23,922,403</u>
Depreciation				
At 1 September 2017	720,190	438,999	92,007	1,251,196
Charge for the year	395,101	222,563	44,669	662,333
At 31 August 2018	<u>1,115,291</u>	<u>661,562</u>	<u>136,676</u>	<u>1,913,529</u>
Net book value				
At 31 August 2018	<u>20,520,609</u>	<u>1,463,491</u>	<u>24,774</u>	<u>22,008,874</u>
At 31 August 2017	<u>20,915,710</u>	<u>1,675,595</u>	<u>53,588</u>	<u>22,644,893</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. DEBTORS

	2018 £	2017 £
Trade debtors	4,521	12,346
Other debtors	-	728
Prepayments and accrued income	257,932	290,390
Tax recoverable	46,162	52,760
	<u>308,615</u>	<u>356,224</u>

17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Other loans	1,037	1,036
Trade creditors	147,774	88,556
Other taxation and social security	104,498	108,991
Other creditors	7,317	108,877
Accruals and deferred income	213,092	208,042
	<u>473,718</u>	<u>515,502</u>

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	161,281	204,539
Resources deferred during the year	184,174	161,281
Amounts released from previous years	(161,281)	(204,539)
Deferred income at 31 August 2018	<u>184,174</u>	<u>161,281</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 2018/19 financial period.

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

	2018 £	2017 £
Other loans	<u>3,630</u>	<u>4,667</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. CREDITORS: Amounts falling due after more than one year (continued)

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

	2018 £	2017 £
Repayable by instalments	-	519

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
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19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	341,447	342,813	(442,908)	(152)	-	241,200
Restricted funds						
General Annual Grant (GAG)	185,571	6,860,924	(6,420,888)	(15,416)	-	610,191
Pupil Premium	-	479,524	(479,524)	-	-	-
Universal Infant Free School Meals	-	174,363	(174,363)	-	-	-
Other ESFA grants	-	75,638	(75,638)	-	-	-
Other government grants	-	702,565	(702,565)	-	-	-
Other restricted income	-	5,692	(5,692)	-	-	-
Pension reserve	(3,112,000)	-	(402,000)	-	616,000	(2,898,000)
	<u>(2,926,429)</u>	<u>8,298,706</u>	<u>(8,260,670)</u>	<u>(15,416)</u>	<u>616,000</u>	<u>(2,287,809)</u>
Restricted fixed asset funds						
Fixed Asset Fund	22,642,809	12,832	(662,333)	15,568	-	22,008,876
Fixed asset donations	-	11,405	-	-	-	11,405
	<u>22,642,809</u>	<u>24,237</u>	<u>(662,333)</u>	<u>15,568</u>	<u>-</u>	<u>22,020,281</u>
Total restricted funds	<u>19,716,380</u>	<u>8,322,943</u>	<u>(8,923,003)</u>	<u>152</u>	<u>616,000</u>	<u>19,732,472</u>
Total of funds	<u>20,057,827</u>	<u>8,665,756</u>	<u>(9,365,911)</u>	<u>-</u>	<u>616,000</u>	<u>19,973,672</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.

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. STATEMENT OF FUNDS (continued)

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 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Heathland School	1,151,877	914,425
Whitefriars School	(300,486)	(387,407)
Total before fixed asset fund and pension reserve	851,391	527,018
Restricted fixed asset fund	22,020,281	22,642,809
Pension reserve	(2,898,000)	(3,112,000)
Total	19,973,672	20,057,827

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

Name of academy	Amount of deficit £
Whitefriars School	(300,486)

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 3 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.

The academy trust is taking the following action to return the academies 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.

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

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

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 2018 £	Total 2017 £
Heathland	1,890,128	379,336	34,366	522,500	2,826,330	2,983,701
Whitefriars	3,155,043	732,072	66,799	651,945	4,605,859	3,808,941
Central	386,988	768,015	-	116,385	1,271,388	1,326,210
	<u>5,432,159</u>	<u>1,879,423</u>	<u>101,165</u>	<u>1,290,830</u>	<u>8,703,577</u>	<u>8,118,852</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	376,975	301,105	(304,392)	(32,241)	-	341,447
Restricted funds						
General Annual Grant (GAG)	277,642	5,958,722	(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>(3,481,358)</u>	<u>7,278,557</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)	-	-
Total restricted funds	<u>19,659,540</u>	<u>7,399,680</u>	<u>(8,478,081)</u>	<u>32,241</u>	<u>1,103,000</u>	<u>19,716,380</u>
Total of funds	<u>20,036,515</u>	<u>7,700,785</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. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	22,008,874	22,008,874
Current assets	260,549	1,068,190	11,407	1,340,146
Creditors due within one year	(19,349)	(454,369)	-	(473,718)
Creditors due in more than one year	-	(3,630)	-	(3,630)
Provisions for liabilities and charges	-	(2,898,000)	-	(2,898,000)
	<u>241,200</u>	<u>(2,287,809)</u>	<u>22,020,281</u>	<u>19,973,672</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(700,155)	(1,081,689)
Adjustment for:		
Depreciation charges	662,333	663,621
Interest received	(2,504)	(728)
Decrease/(increase) in debtors	47,610	(77,128)
Decrease in creditors	(40,748)	(45,315)
Capital grants from DfE and other capital income	(24,237)	(121,123)
Defined benefit pension scheme cost less contributions payable	320,000	377,000
Defined benefit pension scheme finance cost	82,000	79,000
Net cash provided by/(used in) operating activities	<u>344,299</u>	<u>(206,362)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	1,031,531	688,879
Salix loan	(4,667)	(5,704)
Total	<u>1,026,864</u>	<u>683,175</u>

23. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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

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23. PENSION COMMITMENTS (continued)

- 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 September 2019.

The employer's pension costs paid to TPS in the period amounted to £427,916 (2017 - £407,416).

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 an unfunded 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 2018 was £580,000 (2017 - £570,000), of which employer's contributions totalled £460,000 (2017 - £453,000) and employees' contributions totalled £120,000 (2017 - £117,000). The agreed contribution rates for future years are 22.4% for employers and 5.5 to 12.5% for employees.

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

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.70 %	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.2	22.2
Females	24.4	24.4
Retiring in 20 years		
Males	24.0	24.4
Females	26.0	26.4

HEATHLAND WHITEFRIARS FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	3,197,920	2,538,400
Debt instruments	485,760	400,800
Property	323,840	267,200
Cash	40,480	133,600
Total market value of assets	<u>4,048,000</u>	<u>3,340,000</u>

The actual return on scheme assets was £185,000 (2017 - £401,000).

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

	2018 £	2017 £
Current service cost	(780,000)	(830,000)
Interest income	90,000	53,000
Interest cost	(172,000)	(132,000)
Total	<u>(862,000)</u>	<u>(909,000)</u>
Actual return on scheme assets	<u>185,000</u>	<u>401,000</u>

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

	2018 £	2017 £
Opening defined benefit obligation	6,452,000	6,165,000
Current service cost	780,000	830,000
Interest cost	172,000	132,000
Employee contributions	120,000	117,000
Actuarial gains	(521,000)	(755,000)
Benefits paid	(57,000)	(37,000)
Closing defined benefit obligation	<u>6,946,000</u>	<u>6,452,000</u>

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

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

	2018 £	2017 £
Opening fair value of scheme assets	3,340,000	2,406,000
Interest income	90,000	53,000
Actuarial losses	95,000	348,000
Employer contributions	460,000	453,000
Employee contributions	120,000	117,000
Benefits paid	(57,000)	(37,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	4,048,000	3,340,000
	<hr/>	<hr/>

24. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	107,296	79,284
Between 1 and 5 years	165,728	121,252
	<hr/>	<hr/>
Total	273,024	200,536
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25. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

A member of, Director, J Watson's close family is employed by the Academy Trust as a Assistant Headteacher. The appointment was made in open competition and J Watson was not involved in the decision making process regarding the appointment. The individual concerned is paid within the normal pay scale for their roles and they receive no special treatment as a result of their relationship to a Director.

A member of Director F Hopkin's close family was employed by the Academy Trust as a Teaching Assistant during the year ended 31 August 2018 and has subsequently been appointed as a trainee teacher on a School Direct training programme. The appointments were made in open competition and F Hopkins was not involved in the decision making process regarding the appointments. The individual concerned is paid within the normal pay scale for their roles and they receive no special treatment as a result of their relationship to a Director.