

REGISTERED COMPANY NUMBER: 07614421 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018
FOR
THE HEATH FAMILY (NORTH WEST)**

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

THE HEATH FAMILY (NORTH WEST)
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FOR THE YEAR ENDED 31 AUGUST 2018

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THE HEATH FAMILY (NORTH WEST)
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

MEMBERS

Mrs P Cain
Mr T P Cook
Mr S J Dewhurst

TRUSTEES

Mr T P Cook (Company Director) (resigned 31/3/18)
Mrs S T Galbraith (Business Consultant) (resigned 31/12/17)
Mr K P Billington (Chartered Accountant) (resigned 31/3/18)
Mr J D Barnes
Mrs R Hall (resigned 20/9/18)
Ms M Davies (appointed 15/3/18)
Ms H Stevenson (appointed 15/3/18)
Mr A K Subramanayam (appointed 15/3/18)
Mr K Smith (appointed 24/5/18)
Ms L Williams (appointed 1/9/18)
Mr E Vitalis (appointed 14/9/18)
Mr D Donnelly (appointed 1/9/17) (resigned 31/8/18)

COMPANY SECRETARY

Mrs P A Roberts

REGISTERED OFFICE

Badger Close
Palace Fields
Runcorn
Cheshire
WA7 2QW

REGISTERED COMPANY NUMBER

07614421 (England and Wales)

SENIOR STATUTORY AUDITOR

Fran Johnson BSc FCA

INDEPENDENT AUDITORS

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

THE HEATH FAMILY (NORTH WEST)
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

SOLICITORS

Hill Dickinson
1 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

SENIOR MANAGEMENT TEAM

Mr D Donnelly, Chief Executive Officer
Mr C Parkinson, Chief Operating Officer
Mrs J McConville, Trust Financial Controller

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 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 Multi Academy Trust operates academies for pupils aged 3 - 19 serving catchment areas in Cheshire East, Halton, Knowsley and Sefton. It has a pupil capacity of 5,399 and had a roll of 4,172 at the end of the 2017/2018 academic year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Heath Family (North West) is a company limited by guarantee and an exempt registered charity. The Charitable Company's memorandum and articles of association dated 17 February 2015 are the primary governing documents of The Heath Family (North West) Multi Academy Trust.

The Directors act as the Trustees for the charitable activities of The Heath Family (North West) Multi Academy Trust and were also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Heath Family (North West).

Members' Liability

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

Trustees' Indemnities

Qualifying third party indemnity provision has been obtained by the Trust for the benefit of Trustees.

Method of Recruitment and Appointment or Election of Trustees

Appointment of Directors

The Members may appoint up to 16 Directors

The Members may appoint Staff Directors through such processes as they may determine, provided that the total number of Directors who are employees of the Company does not exceed one third of the total number of Directors.

Parent Directors

As the Trust has appointed Local Governing Bodies as per Article 100a, and these LGB's include a minimum of 2 parent governors, there is no requirement for the Trust to appoint any Parent Directors.

Chief Executive Officer

As at the 31st August 2018 The Chief Executive Officer held the position of Director. In line with DfE guidance and to ensure an appropriate separation of responsibilities and accountability the CEO resigned as an ex officio Trustee with effect from 31st August 2018.

Co-opted Directors

The Directors may appoint up to 3 Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed.

The Directors may not co-opt an employee of the Company as a Co-opted Director if thereby the number of Directors who are employees of the Company would exceed one third of the total number of Directors including the Chief Executive Officer.

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FOR THE YEAR ENDED 31 AUGUST 2018

Policies and Procedures Adopted for the Induction and Training of Trustees

New governors are, upon appointment, issued with a welcome pack and inducted by the Chair of Governors. The Trust schools have access to e-learning modules and a central training programme via, amongst others, the National Governors Association.

Organisational Structure

The Heath School was a company limited by guarantee and an exempt registered charity which was set up to provide outstanding educational opportunities for students of different abilities between the ages of 11-16. It relied on government funding to finance and to carry out its statutory obligations.

The Heath School converted from a single academy to a multi academy trust. Initially the Heath was the sole member of The Heath Family (NW) Multi Academy Trust but on 1 September 2013 Sir William Stanier School, a Sponsored Secondary Academy, joined the trust. On 1 March 2014, The Park Primary, a Sponsored Primary Academy, also joined, renaming to Bridgewater Park Primary School. On the 1st March 2015, Litherland High School, a Sponsored Academy joined the trust, followed by Knowsley Park Centre for Learning on 1 August 2016 (which was renamed The Prescott School). Palace Fields Primary Academy was re-brokered and joined the Trust on 1st September 2016, Daresbury Primary School joined on 1st November 2016 and Halshead became the latest Trust school on 1st June 2017. The Trust is not seeking to expand significantly in the future with the exception of Litherland Moss Primary School which is due to join the Trust in September 2018..

The Heath Family (North West) Management Structure has three tiers: the Members, Directors and the Senior Management Team (SMT). Directors are responsible for the setting of general policy, approval of a framework for development and adopting an annual budget plan. During the financial year significant recruitment of new directors has taken place to strengthen the financial and operational governance of the Trust and increase the professional expertise available to achieve delivery of Trust objectives.

The SMT consists of the Chief Executive Officer, Chief Operating Officer and Trust Financial Controller. The SMT control the trust at an executive level implementing the policies laid down by Directors and reporting back to them. The SMT is responsible for the authorisation of spending within agreed budgets and up to a level detailed in the scheme of delegation.

Arrangements for setting pay and remuneration of key management personnel

It is essential that in order to uphold business stability the trust retain the best talent, and that the pay and remuneration is proportionate to the role the individual plays in promoting the long term success of the trust.

Whilst The Heath Family (North West) has a responsibility to compare similar roles within the region, there is no currently agreed mechanism to adjust the pay of the Trust's chief officers and therefore no salary increases have been awarded during the financial year.

Related parties and other Connected Charities and Organisation

The Heath Tennis Club is a community tennis club located on The Heath School site and uses the school facilities.

Trade union facilities time

During the year there were a total of 13 employees engaged in trade union activities. 1 employee spent 20% of their total time on trade union activities at a cost of £7,211, 12 employees spent up to 5% of their time on trade union affairs at a total cost of £25,036. The percentage of trade union facilities time as a total of payroll costs was 0.16%.

Objectives & activities

Vision

The Heath Family Multi Academy Trust is centred on raising standards of achievement and aspirations for all students to the highest standard by developing and nurturing both primary and secondary academies.

We will be part of a local strategy to increase choice and diversity in education, encompassing innovative approaches to curriculum, teaching and learning, leadership and management. We will place an emphasis on talent management, developing leaders and enhanced professional development for all staff.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

We will extend our impact in terms of raising standards of education for more young people and help break the cycle of underachievement and low aspirations, which is a feature of significant parts of the Merseyside and Cheshire area.

Our values:

- We recognise that everyone is of equal worth and has a valuable contribution to make;
- We work collaboratively, sharing good ideas and best practice;
- We are concerned at all times for our own health and safety and that of others;
- We always seek ways to remain positive, enthusiastic and optimistic about our work and to promote all that we do well within our local community;
- We recognise staff and students as individual learners whom we shall support to develop high levels of skill and understanding and to keep abreast of leading edge practice;
- We consider the welfare of students to be paramount.

Aims:

Our students will:

- have high expectations and make maximum progress;
- understand and celebrate the diversity of their community;
- develop resilience and a love of learning;
- take an important role in being a positive impact on their community;
- feel safe and secure.

Our staff will:

- dedicate themselves to achieving the best outcomes for all students;
- have a clear understanding of their roles and responsibilities and be accountable for their impact;
- develop their skills and knowledge in pursuit of the highest standards;
- work together to develop outstanding practice;
- be committed to lifelong learning;
- deploy their resources to secure best value and high outcomes for students;
- adopt robust ways of tracking the progress of students;
- be committed to achieving sustainable improvement;
- set high expectations for learning and expect all students to achieve challenging targets;
- be committed to safeguarding and promoting the welfare of all students.

Objectives, Strategies and Activities

The principal object and activity of the charitable company is the operation of the Heath Family (North West), to provide outstanding educational opportunities for students of different abilities between the ages of 3 - 19.

The main objectives of the Trust during the period ending 31st August 2018 are summarised below:

- To ensure that every student experiences the same high quality education in terms of resources, tuition and care;
- To raise the standard of educational achievement and progress for all students;
- To improve the effectiveness of the Trust schools by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To maintain existing and develop new links with the community, industry & commerce;
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness;
- To support vulnerable schools outside of the Trust.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2017

Significant activities

The core purpose of the Trust is teaching and learning. The deployment and effectiveness of staff and resources are constantly measured by their contribution to the overall quality of teaching and learning, and therefore the standards achieved by its students. Moreover the emphasis of everyone's work is 'learning'.

Key actions which support the main purpose of the organisation are:

- A robust quality assurance process for the observation of teaching and learning;
- A secure use and understanding of data to track and measure the progress of students and inform intervention;
- Targeted CPD and training opportunities to ensure maximum effectiveness and value for money.

Public benefit

In setting our objectives and planning our activities, the directors and governors have given careful consideration to the Charity Commission's general guidance on public benefit. Students are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Students are admitted from a wide range of backgrounds and the curriculum offered is broad and balanced.

STRATEGIC REPORT

Achievement and Performance

Internal and external factors

The Trust has deliberately slowed its rate of expansion this year to develop more robust processes for school improvement, governance and finance. To this end no new schools joined the Trust in 2017/18, however due diligence has taken place to enable Litherland Moss Primary School to join the Trust in September 2018. In addition, after detailed discussions with the leadership and governors of Sir William Stanier School in Crewe it has been decided that it is not in the best interests of the school to re-broker it to another Trust and have agreed that the good progress being made by the school can continue and accelerate within the Trust.

The building work at the Heath School was completed in December 2017 and the school moved into the new building in January 2018.

The Trust continues to review Leadership and Management structures, which has included clarification of roles, clear lines of responsibility and accountability and expansion of both the finance and business team and school improvement team.

Several schools have had changes in leadership during the year including Bridgewater Park and Palace Fields, with a new principal due to take up post at Halsnead in September 2018. In addition, following restructure at The Prescott School the positions of Principal and Vice Principal were made redundant. A new Head of School has been appointed and the Principal of the Heath School has taken up the role of Executive Principal across both The Heath School and the Prescott School.

THE HEATH FAMILY (NORTH WEST)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

Overall attainment across the Trust at both KS2 and KS4 during the year improved, however, performance at Halsnead and the Prescott School is concerning. The Trust will continue to work with all schools to achieve ongoing rapid and sustainable improvement, however, this process is hampered by the financial constraints within which the schools and the Trust are operating.

Three schools were inspected by Ofsted during the year. The Heath School was judged as a good school and both Sir William Stanier and Litherland High were judged as requiring improvement. All three schools have put in place plans to address the issues identified.

Primary KS2 outcomes

Reading, writing and mathematics combined (national)	2017 (61%)	2018 Expected standard (64%)	2017 Greater Depth (9%)	2018 Greater Depth (10%)
Bridgewater Park	35%	60%	0%	0%
Daresbury	78%	71%	22%	18%
Halsnead	43%	24%	4%	3%
Palace Fields	10%	52%	0%	0%

Secondary KS4 Outcomes

	Attainment 8		Basics 4+		Basics 5+	
	2017	2018	2017	2018	2017	2018
The Heath School	47	51	55	65	28	39
Sir William Stanier	33	33	31	39	17	17
Litherland High School	42	43	47	59	24	28
The Prescott School	36	32	40	37	16	17

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The fundraising activities of the Trust are undertaken using internal resources without the need to involve professional external fundraisers.

There have been no fundraising complaints received during the year.

Plans for future periods

As referenced within the Strategic Report (page 5), the emphasis for the forthcoming year will be on the requirements for both operational and financial stability. By August 2019 the remodelled Trust will consist of 4 Secondary Schools and 5 Primary Schools. We will continue to embed our structure of having two Strategic Academy Improvement Leads; one primary, one secondary, who will lead the work of the Primary & Secondary Principals and AIPs and other school improvement leads, i.e. Closing the Gap, Attendance, EYFS Transition, Mathematics and English. They will meet with the teams each half term, evaluate success and identify gaps and put in place collaborative work streams to address the gaps. They will report to the Executive Principal every half term.

The roles of Chief Operating Officer, Financial Controller and Company Secretary (HR Lead) will continue to be embedded. The work of the Business & Finance Committee will be to hold to account the Chief Operating Officer and Financial Controller.

Formulaic School Condition Allowance will allow us to improve learning environments, particularly in Primary schools and to roll out a cross-MAT ICT strategy.

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Heath Family (North West) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of the Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 The Heath Family (North West) and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Going concern

The Trust Board assesses 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 Trust to continue as a going concern. The Trust Board makes this assessment for a period of at least one year from the date of authorisation for the issue of the accounts.

The financial statements have been prepared on the going concern basis which assumes that the Trust will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued provision of adequate funding. The financial statements do not include any adjustments that would result if the funds were not made available.

As at 31st August 2017 the Trust Board recognised that the year-end position placed the Trust at risk of not having adequate resources to maintain its operational existence without external intervention. Steps were taken to identify areas of weakness and instigate measures to mitigate this risk and the Trust has agreed a recovery plan with the Education and Skills Funding Agency (ESFA) to ensure that the Trust is both financially efficient and effective. The Recovery Plan includes repayable financial support from the ESFA of £1.5m (£0.75m as at August 31st 2018)

Whilst there is nothing to suggest that the ESFA will cease this arrangement, withdrawal of support would result in material changes to the future financial position of the Trust, and this would represent an uncertainty that the Trust would be able to continue as a going concern.

Nevertheless, given that there are no expectations that the ESFA is likely to withdraw its assistance the Trust Board has a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the annual accounts and return. Details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Financial position

Financial performance is monitored monthly against budget and established expenditure profiles, and is subject to the external scrutiny of the ESFA which requires the Trust to submit monthly expenditure reports against an agreed recovery plan to ensure compliance with the Financial Notice to Improve (FNTI).

Income and cash flow are also monitored by the ESFA on a monthly basis to ensure funding is received in line with agreements and that the financial liquidity of the Trust is maintained.

The Trust held fund balances at 31 August 2018 of £61,132K (2017: £48,524K) comprising an £889K revenue funds deficit (2017: £216K surplus), a pension deficit of £9,883K (2017 £10,746K) and fixed asset restricted funds of £71,904K (2017 £59,095K).

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

It is prudent and sound financial practice to establish an adequate level of reserves for the following reasons:

- To build up a contingency for unforeseen events.
- To allow for delays in funding and allow the finances to cope with short term cash flow problems.
- To establish a provision to allow funding for lifecycle costs which will increase as the building, plant and equipment ages. The fund will also be required to refresh the ICT resources which have a relatively short lifespan.

As funding for the Trust will not increase to allow for increased costs resulting from ageing as detailed above, it is necessary to make allowance from budgets available and carry the reserve forwards.

This will help achieve the objectives set above; however the level of reserves will need to be revisited if additional use of reserves is required to ensure that the finances of the Trust are managed on a long term sustainable basis.

At 31 August 2018 there was a deficit on revenue funds of £889K.

The board is taking action to return the funds to surplus by working closely with the ESFA during the implementation of the recovery plan. Further details are given in the going concern accounting policy in note 1.

The pension deficit noted above would generally result in a cash flow effect for the Trust in the form of an increase in employers' pension contributions over a period of years. This presents a significant risk to the Trust and will be monitored closely.

Investment policy and objectives

The Chief Operating Officer liaises with the Commercial Account Manager at Lloyds Bank to explore the best available rate of return on any reserves.

The Trust is funded directly from the ESFA funding streams and as such these are considered to be reasonably safe and secure. The main risk likely to be encountered is a change in government policy and subsequent possible cuts in funding levels. Falling numbers is considered the next most serious risk to any school within the Trust.

Financial and Risk Management Objectives and Policies

The majority of income is from the Education and Skills Funding Agency in the form of GAG. The objective is to spend the GAG resources efficiently and to build up reserves through other activities.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2018

AUDITORS

Insofar as the trustees are aware:

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

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 December 2018 and signed on the board's behalf by:



.....
Mr E Vitalis - Trustee

THE HEATH FAMILY (NORTH WEST)
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Heath Family (North West) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of the Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 The Heath Family (North West) and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Board Member	Meetings attended	Out of a possible
Mr T P Cook	4	4
Mr J Barnes	3	5
Mrs R Hall	0	5
Mr K P Billington	0	4
Mrs S T Galbraith	1	2
Mr D Donnelly	5	5
Ms M Davies	2	2
Ms H Stevenson	2	2
Mr A Subramanayam	1	2
Mr K Smith	0	1

The board has been through a period of transition, with new directors/trustees during the last 12 months, the skills of those who have joined the board will be invaluable in providing sufficient challenge to the operations of the Trust.

The Business and Finance Committee has met throughout the year and has built up a timetable of key activities to report back to the board on. In 2017/18, a standards committee will be formed to allow for greater challenge of the key function of the Trust, the provision of high quality education for the young people within our schools.

THE HEATH FAMILY (NORTH WEST)
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

Review of Value for Money

I accept that as accounting officer of The Heath Family (NW) I am responsible and accountable for ensuring that the academy trust delivers good value in the use of public resources. I am aware of the guide to academy value for money statements published by the ESFA and understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

I set out below how I have ensured that the academy trust's use of its resources has provided good value for money during the academic year by:

- Improving Educational Results
- Financial Governance and Oversight
- Cost Effect Purchasing
- Reviewing Controls and Managing Risks
- Future Objectives

Howard Worth have been appointed to conduct a review of internal controls & processes at all of our schools and centrally within the Trust. The reports of these visits are received by the Trust Board and Local Governing Bodies as appropriate. The reviewer's reports comment on the operation of the systems of control and on the discharge of the financial responsibilities of each school's appropriate staff and Governing Bodies.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable, and not absolute assurance, of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of charitable company 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 The Heath Family (North West) for the period 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 Trustees has reviewed the key risks to which the charitable company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the charitable company's significant risks that has been in place for the period 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 Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- Regular reviews by the Finance 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 HEATH FAMILY (NORTH WEST)
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

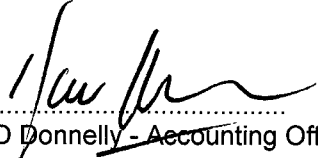
Review of Effectiveness

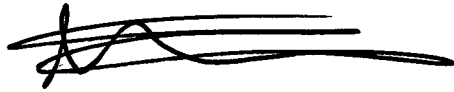
As accounting officer, Mr D Donnelly has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:-

- The work of the external reviewer;
- The work of the external auditor;
- The financial management and governance self assessment process;
- The work of the senior leaders and managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control and a plan to address areas for improvement and ensure continuous improvement of the system is in place.

Approved by order of the Members of the Board of Trustees on 20 December 2018 and signed on its behalf by:


.....
Mr D Donnelly - Accounting Officer


.....
Mr E Vitalis - Trustee

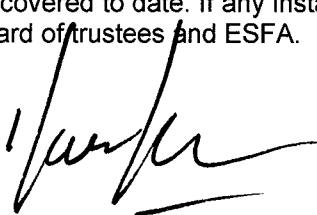
THE HEATH FAMILY (NORTH WEST)

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2018**

As accounting officer of The Heath Family (North West) I have considered my responsibility to notify the charitable company board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the charitable company, under the funding agreement in place between the charitable company 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 charitable company board of trustees are able to identify any material irregular or improper use of all funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company'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 trustees and ESFA.



Mr D Donnelly - Accounting Officer

20 December 2018

THE HEATH FAMILY (NORTH WEST)
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who act as governors of The Heath Family (North West) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

In so far as the trustees are aware:

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

Approved by order of the board of trustees on 20 December 2018 and signed on its behalf by:



Mr E Vitalis - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST)

Opinion

We have audited the financial statements of The Heath Family (North West) (the 'charitable company') for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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) and the Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's 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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company 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 trustees 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 trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

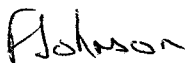
Our responsibilities for the audit of the financial statements

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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

Use of our report

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



Fran Johnson BSc FCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

20 December 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HEATH FAMILY (NORTH WEST) AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement and further to the requirements of the Education and 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 The Heath Family (North West) during the period 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 The Heath Family (North West) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Heath Family (North West) 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 The Heath Family (North West) and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Heath Family (North West)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Heath Family (North West)'s funding agreement with the Secretary of State for Education 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 period 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.

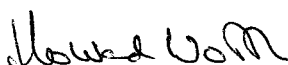
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

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

Conclusion

In the course of our work, except for the matters noted below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1: An up to date register of pecuniary interests was not available on the Trust's website when requested. The register has since been updated.



Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

20 December 2018

THE HEATH FAMILY (NORTH WEST)
(Including the Income & Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018

					31/8/18	31/8/17
	Note	Unrestricted fund £	Restricted funds £	Fixed Assets Restricted Funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	4,044	-	22,982,828	22,986,872	3,998,619
Transfer from Local Authority on conversion		-	(547,000)	(1,911,000)	(2,458,000)	5,297,492
Charitable activities	6					
Funding for the academy's educational operations	3	-	25,248,208	-	25,248,208	24,918,149
Teaching School		-	75,410	-	75,410	195,335
Other trading activities	4	60,200	88,846	-	149,046	141,370
Investment income	5	805	-	-	805	1,055
Total		65,049	24,865,464	21,071,828	46,002,341	34,552,020
EXPENDITURE ON Charitable activities						
Academy's educational operations	9	-	27,368,264	8,222,352	35,590,616	28,459,574
Teaching School		-	70,453	-	70,453	195,335
Total	7	-	27,438,717	8,222,352	35,661,069	28,654,909
NET INCOME/(EXPENDITURE)		65,049	(2,573,253)	12,849,476	10,341,272	5,897,111
Transfers between funds	21	(280,558)	280,558	-	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	2,267,000	-	2,267,000	3,049,000
Net movement in funds		(215,509)	(25,695)	12,849,476	12,608,272	8,946,111
RECONCILIATION OF FUNDS						
Total funds brought forward		215,509	(10,746,000)	59,054,566	48,524,075	39,577,964
TOTAL FUNDS CARRIED FORWARD		-	(10,771,695)	71,904,042	61,132,347	48,524,075

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
REGISTERED COMPANY NUMBER: 07614421 (England and Wales)
BALANCE SHEET
AT 31 AUGUST 2018

				31/8/18	31/8/17
		Unrestricted fund	Restricted funds	Fixed Assets Restricted Funds	Total funds
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	15	-	-	71,171,496	58,780,770
CURRENT ASSETS					
Debtors	16	-	864,933	-	1,229,708
Cash at bank and in hand		-	258,180	732,546	822,705
		-	1,123,113	732,546	2,052,413
CREDITORS					
Amounts falling due within one year	17	-	(1,261,808)	-	(1,563,108)
NET CURRENT ASSETS		-	(138,695)	732,546	489,305
TOTAL ASSETS LESS CURRENT LIABILITIES		-	(138,695)	71,904,042	59,270,075
CREDITORS					
Amounts falling due after more than one year	18	-	(750,000)	-	-
PENSION LIABILITY	22	-	(9,883,000)	-	(10,746,000)
NET ASSETS		-	(10,771,695)	71,904,042	48,524,075
FUNDS	21				
Unrestricted funds:					
General fund				-	215,509
Restricted funds:					
DfE/EFA Capital Grants				71,904,042	59,054,566
General Annual Grant				(888,695)	-
Pension Reserve				(9,883,000)	(10,746,000)
				61,132,347	48,308,566
TOTAL FUNDS				61,132,347	48,524,075

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
REGISTERED COMPANY NUMBER: 07614421 (England and Wales)
BALANCE SHEET - CONTINUED
AT 31 AUGUST 2018

The financial statements were approved by the Board of Trustees on 20 December 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'E Vitalis', with a long horizontal stroke extending to the right.

Mr E Vitalis -Trustee

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	31/8/18 £	31/8/17 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>22,108,466</u>	<u>(535,582)</u>
Net cash provided by (used in) operating activities		<u>22,108,466</u>	<u>(535,582)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(22,524,078)	(160,323)
Capital grants from DfE/ESFA		582,828	434,118
Interest received		<u>805</u>	<u>1,055</u>
Net cash provided by (used in) investing activities		<u>(21,940,445)</u>	<u>274,850</u>
Cash transferred on conversion to an academy		<u>-</u>	<u>81,492</u>
Change in cash and cash equivalents in the reporting period		168,021	(179,240)
Cash and cash equivalents at the beginning of the reporting period		<u>822,705</u>	<u>1,001,945</u>
Cash and cash equivalents at the end of the reporting period		<u><u>990,726</u></u>	<u><u>822,705</u></u>

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31/8/18 £	31/8/17 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	10,341,272	5,897,111
Adjustments for:		
Depreciation	1,049,722	1,149,795
Capital grants from DfE/ESFA	(582,828)	(434,118)
Transfer from Local Authority on conversion	1,911,000	(5,297,492)
Loss on disposal of fixed assets	7,172,630	-
Interest received	(805)	(1,055)
Existing academy joining the Trust	-	(3,541,468)
Decrease in debtors	364,775	740,936
Increase in creditors	448,700	186,709
Difference between pension charge and cash contributions	<u>1,404,000</u>	<u>764,000</u>
Net cash provided by (used in) operating activities	<u><u>22,108,466</u></u>	<u><u>(535,582)</u></u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

Basis of preparing the 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.

The Heath Family (North West) meets the definition of a public benefit entity under FRS 102.

Going concern

The Trust Board assesses 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 Trust to continue as a going concern. The Trust Board makes this assessment for a period of at least one year from the date of authorisation for the issue of the accounts.

The financial statements have been prepared on the going concern basis which assumes that the Trust will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued provision of adequate funding. The financial statements do not include any adjustments that would result if the funds were not made available.

As at 31st August 2017 the Trust Board recognised that the year end position placed the Trust at risk of not having adequate resources to maintain its operational existence without external intervention. Steps were taken to identify areas of weakness and instigate measures to mitigate this risk and the Trust has agreed a recovery plan with the Education and Skills Funding Agency (ESFA) to ensure that the Trust is both financially efficient and effective. The Recovery Plan includes repayable financial support from the ESFA of £1.5m (£0.75m as at August 31st 2018)

Whilst there is nothing to suggest that the ESFA will cease this arrangement, withdrawal of support would result in material changes to the future financial position of the Trust, and this would represent an uncertainty that the Trust would be able to continue as a going concern.

Nevertheless, given that there are no expectations that the ESFA is likely to withdraw its assistance the Trust Board has a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future and have therefore adopted the going concern basis in preparing the annual accounts and return.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

THE HEATH FAMILY (NORTH WEST)

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

1. ACCOUNTING POLICIES - continued

Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

THE HEATH FAMILY (NORTH WEST)

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

1. ACCOUNTING POLICIES - continued

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

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

Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

THE HEATH FAMILY (NORTH WEST)

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

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Long leasehold	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Included within the value of freehold property is a land value of £2,003,000 which is not depreciated.

The long leasehold property of the Heath is being depreciated over the lease term of 125 years.

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost 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 instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

THE HEATH FAMILY (NORTH WEST)

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

1. ACCOUNTING POLICIES - continued

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 part 11, chapter 3 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.

Fund accounting

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

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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 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.

THE HEATH FAMILY (NORTH WEST)

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

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

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

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 22, 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.

2. DONATIONS AND CAPITAL GRANTS

	31/8/18	31/8/17
	£	£
Donations	22,404,044	3,564,501
Grants	<u>582,828</u>	<u>434,118</u>
	<u><u>22,986,872</u></u>	<u><u>3,998,619</u></u>

Grants received, included in the above, are as follows:

	31/8/18	31/8/17
	£	£
ESFA Capital Grant	<u><u>582,828</u></u>	<u><u>434,118</u></u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31/8/18 Total funds £	31/8/17 Total funds £
Other educational income	-	878,354	878,354	1,089,457
Grants	<u>-</u>	<u>24,369,854</u>	<u>24,369,854</u>	<u>23,828,692</u>
	<u><u>-</u></u>	<u><u>25,248,208</u></u>	<u><u>25,248,208</u></u>	<u><u>24,918,149</u></u>

THE HEATH FAMILY (NORTH WEST)

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

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31/8/18 Total funds £	31/8/17 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	21,876,517	21,876,517	21,303,579
Other DfE/ESFA Grants	-	<u>2,130,052</u>	<u>2,130,052</u>	<u>2,274,525</u>
	-	24,006,569	24,006,569	23,578,104
Other government grant				
Local Authority Grant	-	354,205	354,205	250,588
Other Restricted Funds				
Other Restricted Funds	-	<u>9,080</u>	<u>9,080</u>	-
	-	<u>24,369,854</u>	<u>24,369,854</u>	<u>23,828,692</u>

4. OTHER TRADING ACTIVITIES

	31/8/18 £	31/8/17 £
Sale of goods and services	-	1,717
Hire of facilities	60,200	57,185
Catering income	<u>88,846</u>	<u>82,468</u>
	<u>149,046</u>	<u>141,370</u>

5. INVESTMENT INCOME

	31/8/18 £	31/8/17 £
Deposit account interest	<u>805</u>	<u>1,055</u>

6. INCOME FROM CHARITABLE ACTIVITIES

	Activity	31/8/18 £	31/8/17 £
Teaching school income	Teaching School	<u>75,410</u>	<u>195,335</u>

THE HEATH FAMILY (NORTH WEST)

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

6. INCOME FROM CHARITABLE ACTIVITIES - continued

Grants received, included in the above, are as follows:

	31/8/18	31/8/17
	£	£
General Annual Grant(GAG)	21,876,517	21,303,579
Other DfE/ESFA Grants	2,130,052	2,274,525
Other Restricted Funds	9,080	-
Local Authority Grant	354,205	250,588
	<u>24,369,854</u>	<u>23,828,692</u>

7. EXPENDITURE

	31/8/18	31/8/17
	Total	Total
	£	£
Charitable activities		
Academies educational operations		
Direct costs	16,086,494	19,422,600
Allocated support costs	4,637,660	9,036,974
	<u>20,724,154</u>	<u>28,459,574</u>

Net income/(expenditure) is stated after charging/(crediting):

	31/8/18	31/8/17
	£	£
Auditors' remuneration	16,500	17,850
Auditors' remuneration for non-audit work	11,544	6,000
Depreciation - owned assets	1,049,722	1,149,795
Deficit on disposal of fixed asset	7,172,630	-
Other operating lease	36,412	35,952
Unitary PFI charge	<u>1,036,265</u>	<u>1,014,304</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	31/8/18	31/8/17
	Total	Total
	funds	funds
	£	£
Direct costs	-	19,422,600
Support costs	18,563,777	9,036,974
	<u>17,026,839</u>	<u>9,036,974</u>
	<u>35,590,616</u>	<u>28,459,574</u>

THE HEATH FAMILY (NORTH WEST)

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

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31/8/18 Total £	31/8/17 Total £
Analysis of support costs		
Support staff costs	4,637,660	4,123,610
Depreciation	7,714,014	409,963
Technology costs	340,878	288,887
Premises costs	2,222,480	1,880,930
Other support costs	2,067,084	2,243,465
Governance costs	<u>44,723</u>	<u>90,119</u>
Total support costs	<u><u>17,026,839</u></u>	<u><u>9,036,974</u></u>

9. CHARITABLE ACTIVITIES COSTS

	Direct costs £	Support costs £	Totals £
Teaching School	70,453	-	70,453
Academy's educational operations	<u>18,563,777</u>	<u>17,026,839</u>	<u>35,590,616</u>
	<u><u>18,634,230</u></u>	<u><u>17,026,839</u></u>	<u><u>35,661,069</u></u>

10. TRUSTEES' REMUNERATION AND BENEFITS

Related party transactions - Trustees' remuneration and expenses.

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

D Donnelly - Chief Executive Officer & Trustee

Remuneration £110,001 - £115,000 (2017: nil)

Employers pension contribution £25,001 - £30,000 (2017: nil)

Other related party transactions involving the trustees are set out in note 19.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2018 nor for the year ended 31 August 2017.

THE HEATH FAMILY (NORTH WEST)

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

11. STAFF COSTS

	31/8/18	31/8/17
	£	£
Wages and salaries	15,120,396	15,567,243
Social security costs	1,413,080	1,488,857
Operating costs of defined benefit pension schemes	<u>3,313,702</u>	<u>3,300,956</u>
	19,847,178	20,357,056
Supply teacher costs	623,422	577,062
Compensation payments	230,948	121,985
Staff absence insurance	27,611	36,865
Apprenticeship levy	<u>54,305</u>	<u>14,517</u>
	<u><u>20,783,464</u></u>	<u><u>21,107,485</u></u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31/8/18	31/8/17
Teachers & teaching support	410	395
Administration and support	143	139
Management	<u>32</u>	<u>33</u>
	<u><u>585</u></u>	<u><u>567</u></u>

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

	31/8/18	31/8/17
£60,001 - £70,000	9	9
£70,001 - £80,000	4	3
£80,001 - £90,000	2	2
£90,001 - £100,000	1	1
£110,001 - £120,000	<u>1</u>	<u>1</u>
	<u><u>17</u></u>	<u><u>16</u></u>

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £300,000 (2017: £318,000).

12. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company 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 trustees and officers indemnity element from the overall cost of the RPA scheme.

THE HEATH FAMILY (NORTH WEST)

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

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Fixed Assets Restricted Funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	22,652	(513,619)	4,489,586	3,998,619
Transfer from Local Authority on conversion	-	(557,508)	5,855,000	5,297,492
Charitable activities				
Funding for the academy's educational operations	-	24,918,149	-	24,918,149
Teaching School	-	195,335	-	195,335
Other trading activities	58,902	82,468	-	141,370
Investment income	1,055	-	-	1,055
Total	82,609	24,124,825	10,344,586	34,552,020
EXPENDITURE ON Charitable activities				
Academy's educational operations	-	27,309,779	1,149,795	28,459,574
Teaching School	-	195,335	-	195,335
Total	-	27,505,114	1,149,795	28,654,909
NET INCOME/(EXPENDITURE)	82,609	(3,380,289)	9,194,791	5,897,111
Transfers between funds	(868,907)	868,907	-	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	3,049,000	-	3,049,000
Net movement in funds	(786,298)	537,618	9,194,791	8,946,111
RECONCILIATION OF FUNDS				
Total funds brought forward	1,001,807	(11,283,618)	49,859,775	39,577,964
TOTAL FUNDS CARRIED FORWARD	215,509	(10,746,000)	59,054,566	48,524,075

THE HEATH FAMILY (NORTH WEST)

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

14. TEACHING SCHOOL TRADING ACCOUNT

	2018	2018	2017	2017
	£'000	£'000	£'000	£'000
Income				
Direct Income		75		195
Expenditure				
Direct costs				
Direct staff costs	61		158	
Staff development	2		9	
Other direct costs	<u>7</u>		<u>27</u>	
		(70)		(194)
Other costs				
Support staff costs	-		-	
Technology costs	-		-	
Share of governance costs	<u>-</u>		<u>1</u>	
		<u>-</u>		<u>(1)</u>
Surplus for the year		5		-
Teaching school balance at 1 September 2017		<u>-</u>		<u>-</u>
Teaching school balance at 31 August 2017		<u><u>5</u></u>		<u><u>-</u></u>

THE HEATH FAMILY (NORTH WEST)

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

15. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Improvement s to property £
COST			
At 1 September 2017	19,300,000	40,350,987	432,504
Additions	-	22,400,000	56,511
Disposals	-	(7,616,845)	-
Transfer on conversion	-	(1,911,000)	-
At 31 August 2018	<u>19,300,000</u>	<u>53,223,142</u>	<u>489,015</u>
DEPRECIATION			
At 1 September 2017	897,000	1,784,244	133,460
Charge for year	154,400	282,283	79,617
Eliminated on disposal	-	(444,215)	-
At 31 August 2018	<u>1,051,400</u>	<u>1,622,312</u>	<u>213,077</u>
NET BOOK VALUE			
At 31 August 2018	<u>18,248,600</u>	<u>51,600,830</u>	<u>275,938</u>
At 31 August 2017	<u>18,403,000</u>	<u>38,566,743</u>	<u>299,044</u>

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2017	706,820	66,812	1,793,122	62,650,245
Additions	35,187	-	32,380	22,524,078
Disposals	-	-	-	(7,616,845)
Transfer on conversion	-	-	-	(1,911,000)
At 31 August 2018	<u>742,007</u>	<u>66,812</u>	<u>1,825,502</u>	<u>75,646,478</u>
DEPRECIATION				
At 1 September 2017	250,443	48,629	755,699	3,869,475
Charge for year	148,815	16,854	367,753	1,049,722
Eliminated on disposal	-	-	-	(444,215)
At 31 August 2018	<u>399,258</u>	<u>65,483</u>	<u>1,123,452</u>	<u>4,474,982</u>
NET BOOK VALUE				
At 31 August 2018	<u>342,749</u>	<u>1,329</u>	<u>702,050</u>	<u>71,171,496</u>
At 31 August 2017	<u>456,377</u>	<u>18,183</u>	<u>1,037,423</u>	<u>58,780,770</u>

Included in cost or valuation of land and buildings is freehold land of £2,670,000 (2017 - £2,003,000) which is not depreciated.

THE HEATH FAMILY (NORTH WEST)

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

15. TANGIBLE FIXED ASSETS - continued

The trust's transactions relating to land and buildings included:

- Completion of the new school building at The Heath and vacation for demolition of the old building. The new-build was funded by the ESFA and has been valued at £22,400,000. The old school building has been disposed of at its net book value of £7,172,630.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/18	31/8/17
	£	£
Trade debtors	79,434	44,664
Other debtors	2,511	42,322
VAT	365,999	384,042
Prepayments and accrued income	<u>416,989</u>	<u>758,680</u>
	<u><u>864,933</u></u>	<u><u>1,229,708</u></u>

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/18	31/8/17
	£	£
Trade creditors	563,786	1,097,247
Social security and other taxes	128,262	145,047
Other creditors	165,717	210,124
Accruals and deferred income	<u>404,043</u>	<u>110,690</u>
	<u><u>1,261,808</u></u>	<u><u>1,563,108</u></u>

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/8/18	31/8/17
	£	£
Other creditors	<u><u>750,000</u></u>	<u><u>-</u></u>

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31/8/18	31/8/17
	£	£
Within one year	1,310,528	1,279,471
Between one and five years	5,139,492	5,079,385
In more than five years	<u><u>13,678,704</u></u>	<u><u>14,923,134</u></u>
	<u><u>20,128,724</u></u>	<u><u>21,281,990</u></u>

The leasing commitments include the unitary charges payable under the PFI contract at The Prescott School.

THE HEATH FAMILY (NORTH WEST)

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

20. 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.

21. MOVEMENT IN FUNDS

	At 1/9/17 £	Net movement in funds £	Transfers between funds £	At 31/8/18 £
Unrestricted funds				
General fund	215,509	65,049	(280,558)	-
Restricted funds				
DfE/EFA Capital Grants	59,054,566	12,849,476	-	71,904,042
General Annual Grant	-	(1,169,253)	280,558	(888,695)
Pension Reserve	(10,746,000)	863,000	-	(9,883,000)
	48,308,566	12,543,223	280,558	61,132,347
TOTAL FUNDS	<u>48,524,075</u>	<u>12,608,272</u>	<u>-</u>	<u>61,132,347</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	65,049	-	-	65,049
Restricted funds				
DfE/EFA Capital Grants	21,071,828	(8,222,352)	-	12,849,476
General Annual Grant	21,876,517	(23,045,770)	-	(1,169,253)
Pension Reserve	(547,000)	(857,000)	2,267,000	863,000
Other restricted fund	1,837,600	(1,837,600)	-	-
Pupil premium	1,698,347	(1,698,347)	-	-
	45,937,292	(35,661,069)	2,267,000	12,543,223
TOTAL FUNDS	<u>46,002,341</u>	<u>(35,661,069)</u>	<u>2,267,000</u>	<u>12,608,272</u>

THE HEATH FAMILY (NORTH WEST)

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

21. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/9/16 £	Net movement in funds £	Transfers between funds £	At 31/8/17 £
Unrestricted Funds				
General fund	1,001,807	82,609	(868,907)	215,509
Restricted Funds				
DfE/EFA Capital Grants	49,859,775	9,194,791	-	59,054,566
General Annual Grant	51,656	(51,656)	-	-
Pension Reserve	(11,878,000)	1,132,000	-	(10,746,000)
Other restricted fund	542,726	(1,411,633)	868,907	-
	38,576,157	8,863,502	868,907	48,308,566
TOTAL FUNDS	<u>39,577,964</u>	<u>8,946,111</u>	<u>-</u>	<u>48,524,075</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	82,609	-	-	82,609
Restricted funds				
DfE/EFA Capital Grants	10,344,586	(1,149,795)	-	9,194,791
General Annual Grant	21,303,577	(21,355,233)	-	(51,656)
Pension Reserve	(1,153,000)	(764,000)	3,049,000	1,132,000
Other restricted fund	2,282,824	(3,694,457)	-	(1,411,633)
Pupil premium	1,691,424	(1,691,424)	-	-
	34,469,411	(28,654,909)	3,049,000	8,863,502
TOTAL FUNDS	<u>34,552,020</u>	<u>(28,654,909)</u>	<u>3,049,000</u>	<u>8,946,111</u>

THE HEATH FAMILY (NORTH WEST)

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

21. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/9/16 £	Net movement in funds £	Transfers between funds £	At 31/8/18 £
Unrestricted funds				
General fund	1,001,807	147,658	(1,149,465)	-
Restricted funds				
DfE/EFA Capital Grants	49,859,775	22,044,267	-	71,904,042
General Annual Grant	51,656	(1,220,909)	280,558	(888,695)
Pension Reserve	(11,878,000)	1,995,000	-	(9,883,000)
Other restricted fund	542,726	(1,411,633)	868,907	-
	<u>38,576,157</u>	<u>21,406,725</u>	<u>1,149,465</u>	<u>61,132,347</u>
TOTAL FUNDS	<u>39,577,964</u>	<u>21,554,383</u>	<u>-</u>	<u>61,132,347</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	147,658	-	-	147,658
Restricted funds				
DfE/EFA Capital Grants	31,416,414	(9,372,147)	-	22,044,267
General Annual Grant	43,180,094	(44,401,003)	-	(1,220,909)
Pension Reserve	(1,700,000)	(1,621,000)	5,316,000	1,995,000
Other restricted fund	4,120,424	(5,532,057)	-	(1,411,633)
Pupil premium	3,389,771	(3,389,771)	-	-
	<u>80,406,703</u>	<u>(64,315,978)</u>	<u>5,316,000</u>	<u>21,406,725</u>
TOTAL FUNDS	<u>80,554,361</u>	<u>(64,315,978)</u>	<u>5,316,000</u>	<u>21,554,383</u>

THE HEATH FAMILY (NORTH WEST)

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

21. MOVEMENT IN FUNDS - continued

Analysis of academies funds balance

Fund balances at 31 August 2018 were allocated as follows:

	2018	2017
	£'000	£'000
The Heath Academy	(344)	352
Bridgewater Park Academy	29	48
Sir William Stanier Academy	(151)	(117)
Litherland Academy	(149)	(134)
The Prescott School	(173)	(9)
Palace Fields Primary	125	(9)
Daresbury Primary	(59)	4
Halsnead Primary	63	102
Central Services	<u>(230)</u>	<u>(21)</u>
Total revenue funds	(889)	216
Fixed assets restricted	71,904	59,054
Pension reserves	<u>(9,883)</u>	<u>(10,746)</u>
	<u><u>61,132</u></u>	<u><u>48,524</u></u>

The Trust has taken steps to identify areas of weakness and has agreed a recovery plan with the Education and Skills Funding Agency (ESFA) to ensure that the Trust is both financially efficient and effective in order to return the funds to surplus.

Analysis of academies by cost

	Teaching & Educational Support Staff costs	Other Support Staff Costs	Educational Supplies	Other Costs(Excl uding Depr- eciation)	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
The Heath Academy	4,592	1,420	889	689	7,590	7,450
Bridgewater Park Academy	446	96	59	93	694	755
Sir William Stanier	2,958	831	204	751	4,743	5,388
Litherland Academy	2,758	527	259	1,607	5,152	4,834
The Prescott School	3,053	612	262	207	4,134	5,992
Palace Fields Primary	705	211	85	640	1,641	1,397
Daresbury Primary	466	67	63	162	756	539
Halsnead Primary	1,169	190	110	318	1,787	373
Central Services	<u>-</u>	<u>683</u>	<u>34</u>	<u>224</u>	<u>941</u>	<u>777</u>
	<u><u>16,146</u></u>	<u><u>4,638</u></u>	<u><u>1,964</u></u>	<u><u>4,692</u></u>	<u><u>27,439</u></u>	<u><u>7,505</u></u>

THE HEATH FAMILY (NORTH WEST)

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

22. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside pensions and Cheshire pensions. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £106,860 were payable to the schemes at 31 August 2018 (2017: £120,587) and are included within creditors.

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,583,000 (2017: £1,752,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

THE HEATH FAMILY (NORTH WEST)

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

22. PENSION COMMITMENTS
- continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,449,000 (2017: £1,209,000), of which employer's contributions totalled £1,170,000 (2017: £987,000) and employees' contributions totalled £279,000 (2017: £242,000). The agreed contribution rates for future years are 11% to 25% per cent for employers and 5.5% to 12.5% per cent 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	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.0%	3.1%
Rate of increase in pensions in payment/inflation	2.3%	2.4%
Discount rate for scheme liabilities	2.8%	2.7%
Inflation assumption (CPI)	2.3%	2.1%
Commutation of pensions to lump sums	50%	50%

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

	At 31 August 2018	At 31 August 2017
<u>Retiring today</u>		
Males	22.19	19.5
Females	24.61	21.6
<u>Retiring in 20 years</u>		
Males	24.31	21.2
Females	26.99	23.6

Sensitivity analysis	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	(550)	(502)
Discount rate -0.1%	550	502
Mortality assumption - 1 year increase	705	667
Mortality assumption - 1 year decrease	(705)	(667)
CPI rate +0.1%	425	413
CPI rate -0.1%	(425)	(413)

THE HEATH FAMILY (NORTH WEST)

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

22. PENSION COMMITMENTS
- continued

Local government pension scheme

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

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	6,541	6,083
Gifts	100	63
Corporate bonds	4,159	3,423
Property	1,075	753
Cash and other liquid assets	188	288
Other	-	360
Total market value of assets	<u>10,970</u>	<u>8,516</u>

The actual return on scheme assets was £542,000 (2017: £189,000).

Amount recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost	1,731	1,492
Interest income	(290)	(189)
Interest cost	578	448
Admin expenses	<u>8</u>	<u>7</u>
Total amount recognised in the SOFA	<u>2,027</u>	<u>1,758</u>

THE HEATH FAMILY (NORTH WEST)

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

22. PENSION COMMITMENTS
- continued

Local government pension scheme

Changes in the present value of defined benefit obligations were as follows:

	2018	2017
	£000	£000
At 1 September	21,716	20,870
Conversion of academy trusts	547	1,115
Transfer of existing academy	-	-
Current service cost	1,731	1,492
Interest cost	578	448
Employee contributions	279	242
Actuarial (gain)/loss	(2,043)	(2,348)
Gain on curtailments	-	-
Benefits paid	<u>(238)</u>	<u>(103)</u>
At 31 August	<u>22,570</u>	<u>21,716</u>

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

	2018	2017
	£000	£000
At 1 September	10,970	7,526
Conversion of academy trusts	-	350
Interest income	290	189
Expected return on assets	-	-
Actuarial gain/(loss)	224	1,779
Employer contributions	1,170	987
Employee contributions	279	242
Administrative expenses	(8)	-
Benefits paid	<u>(238)</u>	<u>(103)</u>
At 31 August	<u>12,687</u>	<u>10,970</u>

23. RELATED PARTY DISCLOSURES

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

Other than the Trustees' remuneration disclosed in note 10, there were no related party transactions during the year.

THE HEATH FAMILY (NORTH WEST)

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

24. CENTRAL SERVICES

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

The following services are provided:-

Financial services
Educational support

The trust charges for these services at a flat rate, being 3.5% of the GAG income (excluding PFI funding) received by each academy.

The actual amounts charged during the year were as follows:-

	2018 £'000	2017 £'000
The Heath School	172	167
Sir William Stanier School	144	163
Litherland High School	133	141
Bridgewater Park Primary	19	19
The Prescott School	129	135
Palace Fields Primary	32	34
Daresbury Primary	18	15
Halsnead Primary	44	11
	<u>691</u>	<u>685</u>