

Company Registration No. 07614421 (England and Wales)

THE HEATH FAMILY (NORTH WEST)
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2022

THE HEATH FAMILY (NORTH WEST)

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THE HEATH FAMILY (NORTH WEST)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

P Cain
L Driscoll
S Yeoman

Trustees

C R Davis
M J Davies (Resigned 15 March 2022)
A J Duckworth
A S Gundersen
J M Inglis
K Smith
M Stanton (Resigned 11 July 2022)
H C Stevenson (Chair)
T E Vitalis (Vice Chair)
K E Whittlesey (Resigned 26 April 2022)
A S Williams

Senior management team

- Chief Executive Officer D Donnelly
- Chief Operating Officer C Parkinson
- Trust Financial Controller J McConville
- Director of Teaching and Learning S Black

Company secretary

P A Roberts

Company registration number

07614421 (England and Wales)

Principal and registered office

c/o Palace Fields Primary School
Badger Close
Palace Fields
Runcorn
Cheshire
WA7 2QW

Academies operated

Litherland Moss
The Heath Academy
Bridgewater Park Academy
Litherland Academy
The Prescott School
Palace Fields Primary
Daresbury Primary
Halsnead Primary

Location

Litherland, Merseyside
Runcorn, Cheshire
Runcorn, Cheshire
Litherland, Merseyside
Prescot, Merseyside
Runcorn, Cheshire
Warrington, Cheshire
Prescot, Merseyside

Principal

J Gibbons
J Jardine (Exec Principal)
K Murphy
D Yates
J Jardine (Exec Principal)
P Holloway
C J Roberts
D Catt

THE HEATH FAMILY (NORTH WEST)

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Mitchell Charlesworth (Audit) Limited
3rd Floor
5 Temple Square
Temple Street
Liverpool
Merseyside
L2 5RH

Solicitors

Hill Dickinson LLP
No.1 St. Pauls Square
Liverpool
Merseyside
L3 9SJ

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The academy trust operates academies for pupils aged 3-16 serving catchment areas in Halton, Knowsley and Sefton. It has a pupil capacity of 4,260 and had a roll of 3,584 in the school census on 1 October 2021.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association dated 13 June 2022 are the primary governing documents of the academy trust.

The trustees of The Heath Family (North West) are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

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

The members may appoint up to sixteen directors.

The members may appoint staff directors through such processes as they 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 LGBs include a minimum of two parent governors, there is no requirement for the trust to appoint any parent directors.

Co-opted Directors

The directors may appoint up to five 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.

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.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 1 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 1 September 2016, Daresbury Primary School joined on 1 November 2016, Halsnead was acquired on 1 June 2017 and Litherland Moss Primary School became the latest Trust school on 1 September 2018. Sir William Stanier was rebrokered as of 31 March 2020.

The Heath Family (North West) management structure has three tiers: the Members, Trustees 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. Since 2018 we have undertaken significant recruitment of new directors to strengthen the financial and operational governance of the Trust and increase the professional expertise available to achieve delivery of Trust objectives. To maintain this position we have, since year end, appointed an additional member and are also in the process of finalising the recruitment of an additional trustee.

The SMT consists of the Chief Executive Officer, Director of Teaching and Learning, Chief Operating Officer and Trust Financial Controller. The SMT control the Trust at an executive level implementing the policies laid down by Trustees 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 pay and remuneration is proportionate to the role the individual plays in promoting the long term success of the Trust.

The Trust commissioned the Local Government Association (LGA) to undertake a review of the salaries of those in the central team who were not subject to national pay scales, to ensure salaries were appropriate and commensurate for the role. As a result, the Trust implemented a pay scale for those members of staff in June 2020. The LGA recommendations were accepted in full. Salary points and scales for Central Staff equate to the leadership pay range and reflect the ranges included within the STPCD, with the CEO salary capped at a maximum ratio of 8 times the rate of the lowest paid member of staff in the Trust.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	8
Full-time equivalent employee number	7.80

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	8
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	15,533
Total pay bill	18,447,991
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	22%
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Engagement with employees

The Governance structure of the Trust includes a minimum of two Staff Representatives on all Local Governing Bodies. Staff representatives are elected for all staff members and are charged with representing the views of their colleagues as well as ensuring colleagues are informed on relevant matters.

The Trust also engages with Unions and Professional Associations through a Joint Consultation and Negotiation Committee (JCNC) on at least a termly basis. The Trust consults through the JCNC on all relevant policies and provides a forum for discussion of any issues of mutual interest.

All schools hold staff briefings on at least a weekly basis to inform staff of developments and seek views where appropriate.

The Trust ensures that all policies, procedures and practice, including recruitment processes take into account the needs of disabled employees and applicants. Where appropriate adaptations are put in place.

Engagement with suppliers, customers and others in a business relationship with the academy trust

The Trust endeavours to carry out its purchasing and procurement activities with equity and impartiality, whilst maintaining best value for the Trust. The Trust endeavours to support local businesses, with schools able to procure goods and services from them, building positive relationships and supporting the local economy.

Policies and procedures are in place to ensure that all goods and services are purchased with a consistent and fair process. The Trust is mindful of agreed payment terms, and in particular endeavours to ensure that small local businesses are not impacted by late payment.

The majority of the Trust's customers are either parents or members of the local community. They can access, where available, sporting and drama facilities, wraparound and nursery care, with Trust schools offering competitive rates for these services.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities

Our Mission

To provide an exceptional education for our young people, ensuring that every member of our community achieves strong academic outcomes and experiences a range of opportunities that enable them to develop the character, aspirations, and resilience to unlock the doors to their future.

Through collaboration and a relentless commitment to excellence: Together, we put individuals first.

Our Principles

- By working together, within and across our schools, we are united in our pledge to:
- Provide an inclusive education that recognises the uniqueness of every child and has high expectations for all
- Offer an ambitious curriculum, designed to enable our young people to achieve success and overcome disadvantage, ensuring that they are exposed to the best that has been thought and said
- Invest in the professional development of our staff, grounded in evidence-based research, so that teaching ensures long-term retention of knowledge and the use of metacognitive strategies that enable our young people to learn and achieve well
- Embed a values-driven culture and ethos that underpins every aspect of school and trust life and is evident in policy and practice
- Instil in our young people a sense of self-belief and social responsibility, through character education, that enables them to flourish as individuals and make a positive contribution to society
- Promote and enhance the wellbeing of staff by prioritising mental health, providing access to resources to support wellbeing and regularly seeking their views.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Our Values

Collaboration	We will work together, sharing resources and expertise to improve outcomes for all.
Kindness	We will treat one another with kindness – intentionally extending good to others, showing each other compassion and warmth.
Respect	We will treat each other with courtesy, encourage the expression of opinions and ideas and value the contribution of all.
Resilience	We will be open and reflective when faced with challenge and will persevere to pursue our goals.
Aspiration	We will hold the highest expectations for all members of our community and will empower others to believe in themselves.
Integrity	We will be open, honest, dependable and hold ourselves and each other to account.



Many of our schools have already incorporated these values into their work, particularly within PHSE and will continue to develop this work over the coming years.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 trustees have carefully considered the Charity Commission's general guidance on public benefit.

Strategic report

Promoting the success of the Heath Family (NW)

The Trustees have acted with due regard to their obligations set out in s172 of the Companies Act 2006 to promote the success of the Heath Family (NW) to achieve its charitable purpose. Trustees, LGBs, the CEO and SMT recognise that good governance is key to the success of the Trust, its employees, the community and the achievements of its pupils.

The Trustees have had due regard to compliance with both the law and relevant regulations, promoting a culture where the Trust is constantly working towards its visions and values. As evidenced throughout this report, the Trustees have had the ultimate oversight and responsibility to approve the strategic vision of the Trust, its long term academic and business plans, and to ensure that these meet the interests of all stakeholders.

Achievements and performance

The impact of the Coronavirus pandemic continued to have a significant impact on the operation of our schools during the year as children returned to school following significant disruption to their welfare and learning.

Key performance indicators

Ofsted recommended inspections during the year and Prescott and Litherland were subject to full section 5 inspections whilst Bridgewater Park received an ungraded inspection.

The current Ofsted grade of our schools is as follows:

Name	Ofsted grade	Inspection Date
The Heath, Halton	Good	2017
Bridgewater Park, Halton	Good	2021
Litherland High School, Sefton	Requires Improvement	2021
The Prescott School, Knowsley	Requires Improvement	2021
Palace Fields, Halton	Good	2019
Daresbury Primary, Halton	Outstanding	2008
Halsnead, Knowsley	Requires Improvement	2019
Litherland Moss, Sefton	Good	2017

Externally verified KS2 and KS4 assessments recommenced in 2022 following two years of adjusted arrangements during the Covid campaign.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

KS2	Trust		BWP		DPS		HPS		LMPS		PFPS	
	2019	2022	2019	2022	2019	2022	2019	2022	2019	2022	2019	2022
RWM Expected Standard	54%	53%	50%	11%	67%	67%	40%	49%	83%	68%	38%	65%
RWM GD	3%	4%	0%	0%	5%	5%	0%	6%	4%	0%	7%	6%
Reading Expected Standard	63%	70%	58%	25%	71%	81%	56%	64%	83%	90%	48%	88%
Reading GD	22%	22%	25%	0%	29%	19%	12%	17%	35%	38%	21%	35%
Writing Expected Standard	69%	68%	66%	50%	86%	76%	56%	70%	83%	68%	69%	71%
Writing GD	11%	11%	25%	0%	14%	14%	0%	6%	9%	7%	24%	41%
Maths Expected Standard	66%	60%	83%	17%	76%	67%	54%	57%	83%	82%	55%	65%
Maths GD	13%	13%	8%	0%	24%	14%	7%	19%	22%	14%	7%	6%
SPAG Expected Standard	63%	58%	83%	25%	81%	81%	40%	45%	83%	76%	59%	71%
SPAG GD	21%	11%	50%	0%	29%	29%	5%	0%	39%	14%	10%	24%

KS4	LHS		THS		TPS	
	2019	2022	2019	2022	2019	2022
Attainment 8	39.7	42.7	48.3	47.5	34.3	35.4
% Basics 4+	44	50	66	62	34	42
%Basics 5+	29	30	43	44	18	23

Whilst it is not possible to make direct comparisons in performance it is useful to consider 2022 outcomes against the pre-Covid outcomes of 2019 as shown above. It should be noted that nationally, outcomes suffered significantly over this period whilst the results for both KS2 and KS4 either improved or dipped less than the national levels over this period. Therefore, the Trust closed the gap on national levels at six of our eight schools, which is a solid achievement given the high levels of deprivation faced by many schools and families in the Trust. Nevertheless, not all schools demonstrated this improvement and these are being supported to identify and implement the necessary improvements.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The Trust continues to review its support for schools and, in collaboration with them, has introduced a range of standardised processes including a rigorous self-evaluation framework and strategic planning methodology. The Trust has worked with governors to develop a new risk-based governance model to ensure LGBs are able to offer the challenge and support necessary to bring about rapid improvement. In addition secondary schools have worked with the Trust to develop a standardised assessment model as well as a QA model. Primary schools continue to develop the common curriculum. Network groups have continued to work together on collaborative process and are having increasing impact.

Going concern

The Trust Board assesses whether the going concern status of the Trust is appropriate, ie. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue in operation as a going concern. The Trust Board makes this assessment for a period of at least one year from the date of authorisation for 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 31 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 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 included repayable financial support from the ESFA of £1.42 million. This led to the issuing of an FNTI to the Trust.

All repayments were met on time and as of August 2021 the Trust moved to an overall surplus position re. its ordinary activities of £1,031,985. The ESFA were satisfied that all terms of the FNTI had been successfully applied and in February 2022 the FNTI was removed. This position has been considerably strengthened by the 2021-22 in year operational surplus of £588,782. Robust long term financial plans which have been subject to the scrutiny of SRMA advisors, show a consistent growth in revenue reserves over the next 5 years. A reserves policy incorporating a central reserve, over and above school level reserves, has been adopted to further underpin the financial security of the Trust. In addition, in September 2022 a revised budget was produced to assess the impact of the unfunded salary increases as well as the impact of inflation, particularly energy price volatility. Although this indicates a reduction of £255k re. in year surplus, the Trust is not expected to move to an in year deficit and is therefore in a solid position to withstand the ongoing financial pressures.

The Trust Board therefore has a reasonable expectation that the Trust will have adequate resources to continue in operational existence for the foreseeable future. The Trust Board has 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 relevant accounting policies note.

Financial review

Summary position for the year ending 31st August 2022.

The Trust held fund balances at 31 August 2022 of £52,040,940 (2021: £38,509,441) comprising a restricted revenue funds surplus of £1,146,656 (2021: £274,522), unrestricted funds of £Nil (2021: £Nil), a pension deficit of £3,778,000 (2021: £16,139,000) and restricted fixed asset funds of £54,672,284 (2021: £54,373,919).

Based on the audited financial statements, the Trust's total reserves increased by an amount of £13,589,999 (2021: £2,095,109 reduction) during the year. This total movement on funds is shown in the Statement of Financial Activities.

Excluding movements on tangible fixed assets, the LGPS defined benefit pension liability, and other non-recurring items, the Trust's 'operational' surplus on revenue funds for the year was £588,782 (2021: £1,031,985).

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Management Reporting and Review

Financial performance is monitored monthly against budget and established expenditure profiles. The expected outturn is closely monitored with forecast updates produced for the Trustees on a regular basis to highlight risks and opportunities and take appropriate and timely action. In addition any changes are reflected in the 3 year plan and incorporated into 'school action plans' which outline the financial initiatives undertaken at each school.

Internally, monthly reports are produced and distributed to a range of recipients and the CEO holds a monthly finance review at which MAT finance staff present the latest outturn and discuss financial performance. Principals and school finance staff receive a detailed operational report underpinned by monthly review meetings.

In addition, the Trust has continued to engage collaboratively with a Schools Resource Management Advisor (SRMA) to ensure that financial efficiencies are maximised and that longer term plans are consistent with the strengthened financial resilience of the Trust.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Reserves policy

The purpose of the reserves policy is to ensure the stability of the Trust's operations, and to assist in the delivery of the Trust's strategic plan.

Its application should:

- assist in strategic planning by considering how new projects or activities will be funded;
- inform the budget process at both a school and at Trust level by considering whether reserves need to be used during the financial year or built up for future projects;
- enable investment decisions to be made at a Trust level, where necessary utilising reserves across the Trust; and
- inform the budget and risk management process by identifying any uncertainty in future income streams.

When considering an appropriate level of reserves, the Trust Board will consider:

- the risk of an unforeseen emergency or other unexpected need for funds;
- a fall or rise in sources of income;
- planned commitments, or designations, that cannot be met by future income alone, for example, plans for a major capital project;
- the need to fund potential deficits in a cash budget, for example, money may need to be spent before funding is received; and
- the full range of financial risks identified.

The Trust Board considers that 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.

The Trust has determined that an appropriate level of free reserves should be equal to 5% of GAG funding.

The free reserves will be held centrally at MAT level for the benefit of all schools within the Trust.

School budgets are set and agreed with the Principals to meet their curriculum requirements, to meet the needs of the Trust strategic plan, and to enable the Trust to hold sufficient reserves to meet this policy. The contribution amount and the rate at which the reserves are built will be considered during the budget setting process. This will be transferred from the schools via the retention and will be deducted from the schools' funds on a monthly basis.

The free reserves sit at Trust level. However, the Trust recognises that there will be circumstances where the rewards and responsibilities are designated to a specific school. In this situation it is the school's responsibility to fund the asset/project from its own budget. Each designated reserve should be held separately and contributions agreed annually first with Trust SLT and then approved by Trust Board. Such designated reserves will be held at school level, and should only be used for the purposes for which they were created.

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

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Investment policy

The Trust Board through the Business, Finance and Audit Committee, has a duty to maximise income by the use of high-interest or deposit accounts and to keep to a minimum, funds held in non-interest bearing accounts. When considering an investment due regard will be taken to ensure it is ethical, compatible with the charitable status of the Trust, and of low risk. All investments will be considered within the framework of the Charity Commission's guidance: CC14 Charities and investment matters: A guide for trustees.

Only those funds surplus to immediate cash requirements will be subject to investment and for a period of no more than three months and in risk free and accessible deposit accounts.

Principal risks and uncertainties

The Trust maintains a robust approach to the identification and management of risk through both its executive and governance structures. The Trust Board maintains a risk register which is reviewed at each Board meeting. This includes specific risks allocated to committees.

Financial and risk management objectives and policies

The majority of income is received 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.

Fundraising

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

No fundraising complaints were received during the year.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Streamlined energy and carbon reporting

Energy consumption

Aggregate of energy consumption in the year

kWh
4,016,334

Emissions of CO2 equivalent

Scope 1 - direct emissions

- Gas combustion

446.61

- Fuel consumed for owned transport

0.82

447.43

Scope 2 - indirect emissions

- Electricity purchased

346.70

Scope 3 - other indirect emissions

- Fuel consumed for transport not owned by the academy trust

2.77

Total gross emissions

796.90

Intensity ratio

Tonnes CO2e per pupil

0.20

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2 equivalent per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

- The Trust has progressed its LED lighting replacement programme, concentrating in the financial year on Palacefields Primary and Litherland High School.
- There is a Renewable Heat Incentive in operation at 2 schools e.g. ground source heat pumps for The Prescott School.
- Decarbonisation plans are in the process of completion for the Primary estate, with anticipated introduction for 2021-22.
- Review of heating and lighting timeframes to minimise wastage and to increase the efficient use of energy across the schools.
- Embedding of TEAMS to reduce travel between schools and to third party sites.

Plans for future periods

The Trust’s internal view of its schools and performance indicate the growing strength of the Trust. It is possible, therefore, that the Trust may consider some judicious expansion in the coming years to provide greater support for our schools though the addition of schools that share our values and outlook and have good practice to share with us and who wish to learn from us and be part of a collaborative and developing group of schools.

The Trust continues to prioritise strengthening the performance of all schools with intention of all schools being classified as at least good by the end of the 23/24 academic year and a further closing of the gap to national levels of performance for all groups.

THE HEATH FAMILY (NORTH WEST)

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- 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.

A resolution proposing that Mitchell Charlesworth (Audit) Limited be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 15 December 2022 and signed on its behalf by:

T E Vitalis

Vice Chair

THE HEATH FAMILY (NORTH WEST)

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

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 trustees has delegated the day-to-day responsibility to the CEO, 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 seven times during the year. Given the structure of sub-committees in place, the trustees are satisfied that the number of full board meetings is sufficient to discharge their responsibilities. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
C R Davis	2	7
M J Davies (Resigned 15 March 2022)	4	4
A J Duckworth	1	7
A S Gundersen	5	7
J M Inglis	4	7
K Smith	7	7
M Stanton (Resigned 11 July 2022)	4	7
H C Stevenson (Chair)	7	7
T E Vitalis (Vice Chair)	6	7
K E Whittlesey (Resigned 26 April 2022)	3	4
A S Williams	6	7

THE HEATH FAMILY (NORTH WEST)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Conflicts of interest

A conflict of interest occurs when a person's personal interests conflict with their responsibility to act in the best interests of the Trust. Personal interests include direct interests as well as those of family, friends, or other organisations a person may be involved with or have an interest in. A conflict of interest may be actual, potential or perceived and may be financial or non-financial.

In order to provide transparent and open governance, the Trust seeks to avoid and manage not just conflicts of interest but the perception of them. The overall approach taken by the Trust is to avoid conflicts of interest wherever possible and, where it is not possible, to manage and declare them.

This rationale is underpinned by the Trust's Conflicts of Interest and Related Party Transactions' Policy which outlines procedures and protocols in place as well as actions required should such a potential conflict arise.

The Heath Family (NW) will manage conflicts of interest by requiring all aforementioned parties to:

- avoid conflicts of interest where possible
- Identify and disclose any conflicts of interest
- carefully manage any conflicts of interest, and
- follow the policy and respond to any breaches

A Register of Business interests is maintained for all parties who are involved in the operation of the Trust including Trustees, Governors, Members, Accounting Officers and staff. The Register is reviewed prior to and at every Governing Body meeting and is included as a standing agenda item.

The board has been through a period of transition, with new directors appointed during the last two years. The skills of those who have joined the board will be invaluable in improving the operations of the Trust.

The Business, Finance and Audit Committee has met throughout the year and has built up a timetable of key activities to be reported back to the board. A Standards Committee has also been 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 Business, Finance and Audit Committee is a sub-committee of the main board of trustees. Its purpose is to monitor the financial performance of the Trust and to ensure compliance with the Academies Trust Handbook.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
M J Davies (Resigned 15 March 2022)	2	3
A J Duckworth	3	6
A S Gundersen	5	6
J M Inglis	5	6
T E Vitalis (Vice Chair)	5	6

Review of value for money

I accept that the Principals at individual schools have responsibility for ensuring that the academies deliver good value in the use of public resources. I understand that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

THE HEATH FAMILY (NORTH WEST)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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:

- Implementing cost effective structures to maximise resources for schools.
- Financial governance and oversight.
- Cost effective purchasing.
- Reviewing controls and managing risks.
- Future objectives identified and incorporated in action plan to develop the above strategies.

Beever Struthers conduct a review of internal controls and 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.

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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

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 Trust Board;
- 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 Trust has engaged Beever Struthers to provide internal scrutiny. An outline 3 year plan has been agreed which will be reviewed annually to allow for emerging risks/control issues to be addressed. The plan consists of 3 scheduled visits each year, plus an annual review of the key financial controls which is undertaken prior to the external audit. All visits have been completed relating to the 2021-22 financial year. Any actions and recommendations arising from the reports are included in an action log which is reviewed at each Business Finance and Audit Committee.

THE HEATH FAMILY (NORTH WEST)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 board of trustees on 15 December 2022 and signed on its behalf by:

T E Vitalis
Vice Chair

THE HEATH FAMILY (NORTH WEST)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of The Heath Family (North West), I have considered my responsibility to notify the academy trust 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 academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2021.

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

15 December 2022

THE HEATH FAMILY (NORTH WEST)

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who are also the directors of The Heath Family (North West) for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2021 to 2022 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on 15 December 2022 and signed on its behalf by:

Mr T E Vitalis FCCA
Vice Chair

THE HEATH FAMILY (NORTH WEST)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST)

FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the accounts of The Heath Family (North West) for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

THE HEATH FAMILY (NORTH WEST)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of 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 are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

THE HEATH FAMILY (NORTH WEST)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- the academy trust's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of management and members of the board of governors of their own identification and assessment of the risks of irregularities;
- any matters identified having obtained and reviewed the academy trust's documentation of their policies and procedures relating to:
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

(i) The presentation of the academy trust's Statement of Financial Activities, (ii) the academy trust's accounting policy for revenue recognition (iii) the overstatement of salary and other costs (iv) the assumptions used in the calculation of the valuation of the surplus or deficit on the defined benefit pension scheme and the movements for the year. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and the Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued by the joint SORP making body, along with the Academies Financial Handbook and Accounts Direction.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the academy trust's ability to operate or to avoid a material penalty. This includes regulations concerning Data Protection and Safeguarding.

THE HEATH FAMILY (NORTH WEST)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Audit response to risks identified

As a result of performing the above, we identified the presentation of the academy trust's Statement of Financial Activities, revenue recognition and overstatement of wages and other costs as the key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations described above as having a direct effect on the financial statements;
- enquiring of management and members of the board concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with relevant authorities where matters identified were significant;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

THE HEATH FAMILY (NORTH WEST)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HEATH FAMILY (NORTH WEST) (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Use of our report

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

Philip Griffiths (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth (Audit) Limited

15 December 2022

Accountants
Statutory Auditor

3rd Floor
5 Temple Square
Temple Street
Liverpool
Merseyside
L2 5RH

THE HEATH FAMILY (NORTH WEST)

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

FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 7 September 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Heath Family (North West) and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Heath Family (North West) and 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 dated 29 November 2018 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing the activities to ensure they are in keeping with the charitable objectives and framework.
- Reviewing declarations of interest and seeking further representations.
- Reviewing the control environment and considering potential weaknesses.
- Reviewing minutes of various committees, management accounts and holding discussions with key personnel.

THE HEATH FAMILY (NORTH WEST)

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

FOR THE YEAR ENDED 31 AUGUST 2022

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Mitchell Charlesworth (Audit) Limited
3rd Floor
5 Temple Square
Temple Street
Liverpool
Merseyside
L2 5RH

Dated: 15 December 2022

THE HEATH FAMILY (NORTH WEST)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2022 £	Total 2021 £
Income and endowments from:						
Donations and capital grants	3	3,214	-	669,178	672,392	780,501
Charitable activities:						
- Funding for educational operations	4	62,627	26,579,703	-	26,642,330	25,022,667
Other trading activities	5	117,089	-	-	117,089	55,376
Investments	6	323	-	-	323	255
Total		<u>183,253</u>	<u>26,579,703</u>	<u>669,178</u>	<u>27,432,134</u>	<u>25,858,799</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	183,253	26,660,099	701,283	27,544,635	25,570,908
Total	7	<u>183,253</u>	<u>26,660,099</u>	<u>701,283</u>	<u>27,544,635</u>	<u>25,570,908</u>
Net income/(expenditure)		-	(80,396)	(32,105)	(112,501)	287,891
Transfers between funds	17	-	(330,470)	330,470	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	19	-	13,644,000	-	13,644,000	(2,383,000)
Net movement in funds		-	13,233,134	298,365	13,531,499	(2,095,109)
Reconciliation of funds						
Total funds brought forward		-	(15,864,479)	54,373,920	38,509,441	40,604,551
Total funds carried forward		-	(2,631,345)	54,672,285	52,040,940	38,509,442

THE HEATH FAMILY (NORTH WEST)

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2022

Comparative year information Year ended 31 August 2021	Notes	Unrestricted	Restricted funds:		Total
		funds £	General £	Fixed asset £	2021 £
Income and endowments from:					
Donations and capital grants	3	4,565	40,000	735,936	780,501
Charitable activities:					
- Funding for educational operations	4	13,790	25,008,877	-	25,022,667
Other trading activities	5	55,376	-	-	55,376
Investments	6	255	-	-	255
Total		<u>73,986</u>	<u>25,048,877</u>	<u>735,936</u>	<u>25,858,799</u>
Expenditure on:					
Charitable activities:					
- Educational operations	9	73,986	24,746,678	750,244	25,570,908
Total	7	<u>73,986</u>	<u>24,746,678</u>	<u>750,244</u>	<u>25,570,908</u>
Net income/(expenditure)		-	302,199	(14,308)	287,891
Transfers between funds	17	-	(194,556)	194,556	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	19	-	(2,383,000)	-	(2,383,000)
Net movement in funds		-	(2,275,357)	180,248	(2,095,109)
Reconciliation of funds					
Total funds brought forward		-	(13,589,123)	54,193,674	40,604,551
Total funds carried forward		-	(15,864,480)	54,373,922	38,509,442

THE HEATH FAMILY (NORTH WEST)

BALANCE SHEET

AS AT 31 AUGUST 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		54,672,284		53,178,510
Current assets					
Debtors	14	1,108,829		629,676	
Cash at bank and in hand		2,762,025		2,291,768	
		<u>3,870,854</u>		<u>2,921,444</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(2,724,198)		(1,451,513)	
Net current assets			1,146,656		1,469,931
Net assets excluding pension liability			55,818,940		54,648,441
Defined benefit pension scheme liability	19		(3,778,000)		(16,139,000)
Total net assets			<u>52,040,940</u>		<u>38,509,441</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			54,672,284		54,373,919
- Restricted income funds			1,146,656		274,522
- Pension reserve			(3,778,000)		(16,139,000)
Total restricted funds			<u>52,040,940</u>		<u>38,509,441</u>
Unrestricted income funds	17		-		-
Total funds			<u>52,040,940</u>		<u>38,509,441</u>

The accounts on pages 29 to 53 were approved by the trustees and authorised for issue on 15 December 2022 and are signed on their behalf by:

T E Vitalis
Vice Chair

Company registration number 07614421

THE HEATH FAMILY (NORTH WEST)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		1,995,813		48,101
Cash flows from investing activities					
Dividends, interest and rents from investments		323		255	
Capital grants from DfE Group		669,178		735,936	
Purchase of tangible fixed assets		(2,195,057)		(875,800)	
Net cash used in investing activities			(1,525,556)		(139,609)
Net increase/(decrease) in cash and cash equivalents in the reporting period			470,257		(91,508)
Cash and cash equivalents at beginning of the year			2,291,768		2,383,276
Cash and cash equivalents at end of the year			2,762,025		2,291,768

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

The Heath Family (North West) is a charitable company incorporated in England and Wales. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 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.

The financial statements are presented in sterling which is also the functional currency of the multi academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts.

The financial statements have been prepared on the going concern basis which assumes that the Trust will continue in operation 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.

1.3 Conversion to an academy trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. Income equal to the net assets transferred is recognised within donations and capital grant income.

1.4 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

The long leasehold property of the academy trust 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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Land and buildings	Over the duration of the lease / 20% on cost / 10% on cost
Computer equipment	33% on cost / 20% on cost
Fixtures, fittings & equipment	20% on cost / 10% on cost
Motor vehicles	25% on cost

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

1.7 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 of services it must provide.

1.8 Leased assets

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

1.9 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. Prepayments are not financial instruments.

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

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.10 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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

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

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2022. 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.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Capital grants	-	669,178	669,178	735,936
Other donations	3,214	-	3,214	44,565
	<u>3,214</u>	<u>669,178</u>	<u>672,392</u>	<u>780,501</u>

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

4 Funding for the academy trust's charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
DfE/ESFA grants				
General annual grant (GAG)	-	22,533,268	22,533,268	20,496,062
Other DfE/ESFA grants:				
- UIFSM	-	89,196	89,196	99,606
- Pupil premium	-	1,931,736	1,931,736	1,615,439
- Others	-	814,749	814,749	1,213,454
	-	25,368,949	25,368,949	23,424,561
Other government grants				
Local authority grants	-	662,230	662,230	778,823
COVID-19 additional funding				
DfE/ESFA				
Catch-up premium	-	-	-	258,065
Other DfE/ESFA COVID-19 funding	-	30,623	30,623	131,488
Non-DfE/ESFA				
Other COVID-19 funding	-	11,940	11,940	-
	-	42,563	42,563	389,553
Other incoming resources	62,627	505,961	568,588	429,730
Total funding	62,627	26,579,703	26,642,330	25,022,667

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Hire of facilities	66,028	-	66,028	24,865
Catering income	51,061	-	51,061	30,511
	117,089	-	117,089	55,376

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

6	Investment income	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
	Short term deposits	323	-	323	255

7	Expenditure	Staff costs £	Non-pay expenditure		Total 2022 £	Total 2021 £
			Premises £	Other £		
	Academy's educational operations					
	- Direct costs	16,225,477	-	2,011,846	18,237,323	16,780,349
	- Allocated support costs	3,835,468	3,473,093	1,998,751	9,307,312	8,790,559
		<u>20,060,945</u>	<u>3,473,093</u>	<u>4,010,597</u>	<u>27,544,635</u>	<u>25,570,908</u>

Net income/(expenditure) for the year includes:	2022 £	2021 £
Fees payable to auditor for:		
- Audit	15,750	15,000
- Other services	1,950	1,850
Depreciation of tangible fixed assets	698,557	744,094
Loss on disposal of fixed assets	2,726	6,150
Net interest on defined benefit pension liability	271,000	228,000

8 Central services

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

- financial services
- educational support

The academy trust charges for these services at a flat rate, being 8% of the GAG income (excluding PFI funding) received by each academy.

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

8 Central services (Continued)

The amounts charged during the year were as follows:

	2022	2021
	£	£
Litherland Moss	89,000	83,000
The Heath Academy	593,000	537,000
Bridgewater Park Academy	53,000	53,000
Litherland Academy	331,000	288,000
The Prescott School	462,000	405,000
Palace Fields Primary	77,000	73,000
Daresbury Primary	63,000	56,000
Halsnead Primary	120,000	115,000
Sir William Stanier Academy (no longer held)	-	-
	1,788,000	1,610,000
	1,788,000	1,610,000

9 Charitable activities

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Direct costs				
Educational operations	183,253	18,054,070	18,237,323	16,780,349
Support costs				
Educational operations	-	9,307,312	9,307,312	8,790,559
	183,253	27,361,382	27,544,635	25,570,908
	183,253	27,361,382	27,544,635	25,570,908

	2022	2021
	£	£
Analysis of support costs		
Support staff costs	3,835,468	3,464,885
Depreciation	701,283	750,244
Technology costs	358,703	332,737
Premises costs	2,771,810	2,534,736
Legal costs	55,530	64,457
Other support costs	1,546,324	1,601,654
Governance costs	38,194	41,846
	9,307,312	8,790,559
	9,307,312	8,790,559

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

Staff costs

Staff costs during the year were:

	2022	2021
	£	£
Wages and salaries	14,116,863	13,488,641
Social security costs	1,407,481	1,293,902
Pension costs	3,926,410	3,759,799
	<hr/>	<hr/>
Staff costs - employees	19,450,754	18,542,342
Agency staff costs	610,191	385,904
Staff restructuring costs	-	2,948
	<hr/>	<hr/>
	20,060,945	18,931,194
Staff development and other staff costs	307,213	43,363
	<hr/>	<hr/>
Total staff expenditure	20,368,158	18,974,557
	<hr/> <hr/>	<hr/> <hr/>
Staff restructuring costs comprise:		
Redundancy payments	-	2,948
	<hr/> <hr/>	<hr/> <hr/>

Staff numbers

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

	2022	2021
	Number	Number
Teachers	282	283
Administration and support	149	156
Management	37	36
	<hr/>	<hr/>
	468	475
	<hr/> <hr/>	<hr/> <hr/>

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

(Continued)

Higher paid staff

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

	2022 Number	2021 Number
£60,001 - £70,000	13	12
£70,001 - £80,000	2	2
£80,001 - £90,000	2	4
£90,001 - £100,000	2	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
	<u> </u>	<u> </u>

Key management personnel

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 £419,895 (2021: £417,702).

11 Trustees' remuneration and expenses

No trustees were paid remuneration or received other benefits from an employment with the academy trust.

Trustees' expenses

No expenses were paid to trustees in the current year (2021: £Nil).

12 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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 2022

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2021	55,782,878	2,212,863	809,705	66,910	58,872,356
Additions	1,721,505	392,998	80,554	-	2,195,057
Disposals	(27,200)	(1,160,083)	(77,595)	-	(1,264,878)
At 31 August 2022	57,477,183	1,445,778	812,664	66,910	59,802,535
Depreciation					
At 1 September 2021	2,977,121	1,928,598	721,217	66,910	5,693,846
On disposals	(27,200)	(1,160,083)	(74,869)	-	(1,262,152)
Charge for the year	527,137	136,357	35,063	-	698,557
At 31 August 2022	3,477,058	904,872	681,411	66,910	5,130,251
Net book value					
At 31 August 2022	54,000,125	540,906	131,253	-	54,672,284
At 31 August 2021	52,805,757	284,265	88,488	-	53,178,510

14 Debtors

	2022 £	2021 £
Trade debtors	21,403	7,245
VAT recoverable	474,095	128,014
Other debtors	51,721	28,828
Prepayments and accrued income	561,610	465,589
	1,108,829	629,676

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	1,128,464	676,471
Other taxation and social security	351,056	83,104
Other creditors	560,990	201,111
Accruals and deferred income	683,688	490,827
	<u>2,724,198</u>	<u>1,451,513</u>

16 Deferred income

	2022	2021
	£	£
Deferred income is included within:		
Creditors due within one year	97,783	63,261
	<u>97,783</u>	<u>63,261</u>
Deferred income at 1 September 2021	63,261	65,150
Released from previous years	(63,261)	(65,150)
Resources deferred in the year	97,783	63,261
	<u>97,783</u>	<u>63,261</u>
Deferred income at 31 August 2022	<u>97,783</u>	<u>63,261</u>

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2022 £
Restricted general funds					
General Annual Grant (GAG)	154,888	22,533,268	(21,211,030)	(330,470)	1,146,656
UIFSM	-	89,196	(89,196)	-	-
Pupil premium	-	1,931,736	(1,931,736)	-	-
Catch-up premium	108,408	-	(108,408)	-	-
Other DfE/ESFA COVID-19 funding	-	30,623	(30,623)	-	-
Other Coronavirus funding	-	11,940	(11,940)	-	-
Other DfE/ESFA grants	-	814,749	(814,749)	-	-
Other government grants	-	662,230	(662,230)	-	-
Other restricted funds	11,226	505,961	(517,187)	-	-
Pension reserve	(16,139,000)	-	(1,283,000)	13,644,000	(3,778,000)
	<u>(15,864,478)</u>	<u>26,579,703</u>	<u>(26,660,099)</u>	<u>13,313,530</u>	<u>(2,631,344)</u>
Restricted fixed asset funds					
Inherited on conversion	51,590,137	-	(437,036)	-	51,153,101
DfE group capital grants	2,589,226	669,178	(214,753)	-	3,043,651
Capital expenditure from GAG	194,556	-	(49,494)	330,470	475,532
	<u>54,373,919</u>	<u>669,178</u>	<u>(701,283)</u>	<u>330,470</u>	<u>54,672,284</u>
Total restricted funds	<u>38,509,441</u>	<u>27,248,881</u>	<u>(27,361,382)</u>	<u>13,644,000</u>	<u>52,040,940</u>
Unrestricted funds					
General funds	-	183,253	(183,253)	-	-
	<u>-</u>	<u>183,253</u>	<u>(183,253)</u>	<u>-</u>	<u>-</u>
Total funds	<u>38,509,441</u>	<u>27,432,134</u>	<u>(27,544,635)</u>	<u>13,644,000</u>	<u>52,040,940</u>

General Annual Grant includes the Pupil Premium and must be used for the normal running costs of the schools within the trust.

Other DfE Group Grants - these have been received for specific purposes throughout the year and include looked after children (LAC) income, all of which was fully spent in the year.

Local Authority Grants consist of various support grants received. All of this income has been spent.

The Pension Reserve represents the pension fund determined in accordance with FRS102 as detailed in note 20.

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

(Continued)

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

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	(681,155)	20,496,062	(19,465,463)	(194,556)	154,888
UIFSM	-	99,606	(99,606)	-	-
Pupil premium	-	1,615,439	(1,615,439)	-	-
Catch-up premium	-	258,065	(149,657)	-	108,408
Other DfE/ESFA COVID-19 funding	-	131,488	(131,488)	-	-
Other DfE/ESFA grants	-	1,213,454	(1,213,454)	-	-
Other government grants	-	778,823	(778,823)	-	-
Other restricted funds	13,034	455,940	(457,748)	-	11,226
Pension reserve	(12,921,000)	-	(835,000)	(2,383,000)	(16,139,000)
	<u>(13,589,121)</u>	<u>25,048,877</u>	<u>(24,746,678)</u>	<u>(2,577,556)</u>	<u>(15,864,478)</u>
Restricted fixed asset funds					
Inherited on conversion	52,107,656	-	(517,519)	-	51,590,137
DfE group capital grants	2,086,015	735,936	(232,725)	-	2,589,226
Capital expenditure from GAG	-	-	-	194,556	194,556
	<u>54,193,671</u>	<u>735,936</u>	<u>(750,244)</u>	<u>194,556</u>	<u>54,373,919</u>
Total restricted funds	<u>40,604,550</u>	<u>25,784,813</u>	<u>(25,496,922)</u>	<u>(2,383,000)</u>	<u>38,509,441</u>
Unrestricted funds					
General funds	-	73,986	(73,986)	-	-
Total funds	<u>40,604,550</u>	<u>25,858,799</u>	<u>(25,570,908)</u>	<u>(2,383,000)</u>	<u>38,509,441</u>

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds	(Continued)	
Total funds analysis by academy		
	2022	2021
Fund balances at 31 August 2022 were allocated as follows:	£	£
Litherland Moss	78,527	85,954
The Heath Academy	225,181	93,917
Bridgewater Park Academy	154,976	130,057
Litherland Academy	(898,096)	(754,946)
The Prescot School	709,896	417,270
Palace Fields Primary	384,556	349,926
Daresbury Primary	(47,705)	(81,665)
Halsnead Primary	318,653	286,175
Sir William Stanier Academy (no longer held)	-	-
Central services	220,668	(252,166)
Total before fixed assets fund and pension reserve	1,146,656	274,522
Restricted fixed asset fund	54,672,284	54,373,919
Pension reserve	(3,778,000)	(16,139,000)
Total funds	52,040,940	38,509,441

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2022	Total 2021
	£	£	£	£	£	£
Litherland Moss	1,008,297	173,932	48,102	265,176	1,495,507	1,399,822
The Heath Academy	5,556,459	1,548,685	456,784	837,256	8,399,184	7,009,908
Bridgewater Park Academy	509,001	129,533	52,342	126,075	816,951	743,643
Litherland Academy	3,038,448	722,834	289,299	688,106	4,738,687	4,088,547
The Prescot School	3,858,052	676,265	542,986	1,910,865	6,988,168	6,729,492
Palace Fields Primary	763,964	128,990	47,623	222,668	1,163,245	1,114,398
Daresbury Primary	574,133	111,026	35,309	130,600	851,068	783,320
Halsnead Primary	1,190,351	252,923	107,620	283,778	1,834,672	1,838,574
Sir William Stanier Academy (no longer held)	-	-	-	-	-	-
Central services	129,688	232,342	22,432	171,407	555,869	1,112,960
	16,628,393	3,976,530	1,602,497	4,635,931	26,843,351	24,820,664

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	-	-	54,672,284	54,672,284
Current assets	-	3,870,854	-	3,870,854
Current liabilities	-	(2,724,198)	-	(2,724,198)
Pension scheme liability	-	(3,778,000)	-	(3,778,000)
Total net assets	-	(2,631,344)	54,672,284	52,040,940

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	53,178,510	53,178,510
Current assets	-	1,726,035	1,195,409	2,921,444
Current liabilities	-	(1,451,513)	-	(1,451,513)
Pension scheme liability	-	(16,139,000)	-	(16,139,000)
Total net assets	-	(15,864,478)	54,373,919	38,509,441

19 Pension and similar obligations

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

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

Contributions amounting to £357,315 (2021: £83,784) were payable to the schemes at 31 August 2022 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academy trusts. All teachers have the option to opt out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to the TPS in the period amounted to £1,870,000 (2021: £2,133,000).

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % 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.

Total contributions made	2022	2021
	£	£
Employer's contributions	1,044,000	977,000
Employees' contributions	256,000	239,000
Total contributions	1,300,000	1,216,000

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Pension and similar obligations (Continued)

Principal actuarial assumptions	2022	2021
	%	%
Rate of increase in salaries	4.0	3.9
Rate of increase for pensions in payment/inflation	3.0	2.9
Discount rate for scheme liabilities	4.3	1.7
Inflation assumption (CPI)	2.9	2.8
	<u> </u>	<u> </u>

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

	2022	2021
	Years	Years
Retiring today		
- Males	21.05	21.20
- Females	23.90	24.05
Retiring in 20 years		
- Males	22.25	22.50
- Females	25.70	25.85
	<u> </u>	<u> </u>

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

	2022	2021
	£'000	£'000
Discount rate + 0.1%	-58	-94
Discount rate - 0.1%	58	95
Mortality assumption + 1 year	75	148
Mortality assumption - 1 year	-75	-146
CPI rate + 0.1%	55	89
CPI rate - 0.1%	-55	-88
	<u> </u>	<u> </u>

The academy trust's share of the assets in the scheme	2022	2021
	Fair value	Fair value
	£	£
Equities	8,130,810	8,148,940
Corporate bonds	3,427,080	5,136,380
Gilts	627,000	92,000
Cash and other liquid assets	747,140	366,460
Other assets	3,775,970	3,199,220
	<u> </u>	<u> </u>
Total market value of assets	16,708,000	16,943,000
	<u> </u>	<u> </u>

The actual return on scheme assets was £(1,090,000) (2021: £2,167,000).

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Pension and similar obligations	(Continued)	
Amount recognised in the statement of financial activities	2022	2021
	£	£
Current service cost	2,055,000	1,584,000
Past service cost	1,000	-
Interest income	(289,000)	(248,000)
Interest cost	560,000	476,000
	<hr/>	<hr/>
Total operating charge	2,327,000	1,812,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations	2022	2021
	£	£
At 1 September 2021	33,082,000	26,731,000
Current service cost	2,044,000	1,574,000
Interest cost	560,000	476,000
Employee contributions	256,000	239,000
Actuarial (gain)/loss	(15,023,000)	4,302,000
Benefits paid	(434,000)	(240,000)
Past service cost	1,000	-
	<hr/>	<hr/>
At 31 August 2022	20,486,000	33,082,000
	<hr/> <hr/>	<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets	2022	2021
	£	£
At 1 September 2021	16,943,000	13,810,000
Interest income	289,000	248,000
Actuarial loss/(gain)	(1,379,000)	1,919,000
Employer contributions	1,044,000	977,000
Employee contributions	256,000	239,000
Benefits paid	(434,000)	(240,000)
Effect of non-routine settlements and administration expenses	(11,000)	(10,000)
	<hr/>	<hr/>
At 31 August 2022	16,708,000	16,943,000
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THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

20 Reconciliation of net (expenditure)/income to net cash flow from operating activities	Notes	2022 £	2021 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		(112,501)	287,891
Adjusted for:			
Capital grants from DfE and other capital income		(669,178)	(735,936)
Investment income receivable	6	(323)	(255)
Defined benefit pension costs less contributions payable	19	1,012,000	607,000
Defined benefit pension scheme finance cost	19	271,000	228,000
Depreciation of tangible fixed assets		698,557	744,094
Loss on disposal of fixed assets		2,726	6,150
(Increase)/decrease in debtors		(479,153)	255,699
Increase/(decrease) in creditors		1,272,685	(1,344,542)
Net cash provided by operating activities		<u>1,995,813</u>	<u>48,101</u>

21 Analysis of changes in net funds	1 September 2021 £	Cash flows £	31 August 2022 £
Cash	2,291,768	470,257	2,762,025

22 Long-term commitments

Operating leases

At 31 August 2022 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £	2021 £
Amounts due within one year	5,011,233	1,294,804
Amounts due in two and five years	4,990,303	5,011,461
Amounts due after five years	4,974,074	9,964,149
	<u>14,975,610</u>	<u>16,270,414</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 2022

23 Related party transactions

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

The MAT purchased services from Satis Education Limited for £6,249 during the year (2021: £9,900). A Trustee of the MAT, Helen Stevenson, also serves as a director of Satis Education Limited.

In entering into these transactions, the academy trust has complied with the requirements of the Academy Trust Handbook 2021.

24 Members' liability

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