

The HEART Education Trust  
(A Company Limited by Guarantee)

Annual Report and Financial Statements  
Year ended 31 August 2015

Company Registration Number: 08286818  
(England and Wales)

Period of account

1 September 2014 to 31 August 2015.

Charity registration numbers

The HEART Education Trust is an exempt charity by virtue of s. 12(2) Academies Act 2010.

## Contents

Reference and Administrative Details	3-5
Trustees' Report	6-25
Governance Statement	26-30
Statement on Regularity, Propriety and Compliance	31
Statement of Trustees' Responsibilities	32
Independent Auditor's Report on the Financial Statements	33-34
Independent Reporting Accountant's Report on Regularity	35-36
Statement of Financial Activities incorporating Income & Expenditure Account	37-38
Balance Sheet	39
Cash Flow Statement	40
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	41-44
Other Notes to the Financial Statements	44-57

## Reference and Administrative Details

### Members

As at 31 August 2015:

- K Cushing (appointed 1 February 2015)
- Canon P Howard (appointed 21 March 2015)
- M Randall (appointed 21 March 2015)

Resigned during the year:

- M Maxwell (resigned 31 January 2015; reappointed 4 February 2015; resigned 15 June 2015)
- R Edwards (resigned 16 June 2015)
- H Cubbage (appointed 4 February 2015; resigned 06 July 2015)
- REAch2 Limited (resigned 20 July 2015)

### Trustees

As at 31 August 2015:

- C Kenna – Chief Executive Officer and Accounting Officer
- S Porter (appointed 1 November 2014) – Staff Trustee
- K Cushing (appointed 1 February 2015) - Chairman
- P Cushing (appointed 1 February 2015) – Chief Financial Officer
- T Newton (appointed 11 June 2015)
- M Randall (appointed 6 July 2015) – Vice Chairman
- D Turner (appointed 20 July 2015)

Resigned during the year:

- I Thynne (resigned 12 February 2015)
- R Edwards (resigned 16 June 2015)
- H Cubbage (resigned 6 July 2015)

### Company Secretary

As at 31 August 2015:

- H Cubbage (appointed 6 July 2015)

Resigned during the year:

- J Storey (resigned 26 May 2015)

## Local Governing Bodies

### *Heartsease Primary Academy*

As at 31 August 2015:

The Board of Trustees resolved to dissolve Heartsease Primary Academy's Local Governing Body on 31 August 2015.

Resigned during the year:

- N Lewis (resigned 1 October 2014)
- G Larkman (resigned 1 November 2014)
- P Howard (resigned 21 January 2015)
- M Maxwell (resigned 15 June 2015)
- M Smith (removed by Local Governing Body 16 June 2015)
- R Edwards (resigned 16 June 2015)
- P Quinn (resigned 1 July 2015)
- I Khan (Body dissolved by Trustees 31 August 2015)
- K Cushing (Body dissolved by Trustees 31 August 2015)
- D Turner (Body dissolved by Trustees 31 August 2015)
- C Kenna (Body dissolved by Trustees 31 August 2015)
- L Kidd (Body dissolved by Trustees 31 August 2015)
- L Myles (appointed 20 January 2015; body dissolved by Trustees 31 August 2015)
- M Merrywest (appointed 16 June; body dissolved by Trustees 31 August 2015)

## Senior Management Team

- C Kenna (Chief Executive Officer and Headteacher of Heartsease Primary Academy)
- H Cabbage (Business and Operations Executive, appointed July 2015)
- S Porter (Assistant Headteacher, Heartsease Primary Academy and promoted to Acting Head of School June 2015)
- L Long (Assistant Headteacher, Heartsease Primary Academy – appointed February 2015)
- J Stafford (Acting Assistant Headteacher, Heartsease Primary Academy – promoted to role June 2015)
- V McConnell (Assistant Headteacher, Heartsease Primary Academy – resigned June 2015)

## Company Name

The HEART Education Trust

## Registered Office

The HEART Education Trust, Heartsease Primary Academy, Rider Haggard Road, Norwich, Norfolk NR7 9UE

Company Registration Number

08286818

Independent Auditors

Larking Gowen

Bankers

Lloyds Bank Plc  
16 Gentleman's Walk  
Norwich  
Norfolk  
NR2 1LZ

Solicitors

Judicium Education  
25 Watling Street  
London  
EC4M 9BR

## Trustees Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates an academy for pupils aged 3 to 11 serving a catchment area in Norfolk. It has a pupil capacity of 496 and had a roll of 478 in the school census for Autumn 2015.

### Structure, Governance and Management

#### Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of The HEART Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The HEART Education Trust.

"Heartsease Primary Academy" (the Trust's academy school) is a trading name of The HEART Education Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

#### 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

None of the Trustees benefit from any qualifying third party indemnity provisions as defined by s. 234(2) Companies Act 2006.

#### Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the Board of Trustees under article 50 of the Trust's Articles of Association. Staff Trustees are appointed by the Board of Trustees under article 50A of the Articles of Association. The Chief Executive Officer is an ex officio trustee under article 57.

The Trustees actively recruit trustees from amongst stakeholders, the community and the professional networks of the existing Trustees and / or members. The Trustees recruit new trustees on the basis of particular skills that they determine the Board of Trustees requires, having regard to any recommendations made by the members, Trust senior leaders, individual Trustees, professional advisors, the DfE or Heartsease Primary Academy's Local Governing Body.

In appointing new trustees, the Board of Trustees votes by a majority resolution at a fully quorate Board meeting. Where it is necessary to appoint a trustee outside of scheduled Board meetings the Chief Executive Officer has delegated authority to appoint a trustee and the appointment is then ratified by the Board of Trustees at the next fully quorate Board meeting. The Board of Trustees resolves to appoint a trustee based on verbal or written "pen portraits" outlined by the proposed

trustee and / or the existing trustee who is recommending him. These pen portraits identify the proposed trustee's background, qualifications, skills and experience and specify what value the proposed trustee can add to the Board.

#### Policies and Procedures Adopted for the Induction and Training of Trustees

Trustees begin their induction by attending a Board meeting. Previously, new trustees would be provided with a copy of the Articles of Association and advised to review the EFA's Academies Financial Handbook. Following the close of this accounting period, the Trust has moved to a fuller induction programme whereby new trustees are provided with copies of the Academies Financial Handbook, as well as the Articles of Association, a copy of the Master Funding Agreement, and the Charity Commission's guidance note "CC3: the essential trustee: what you need to know, what you need to do". They are also encouraged to review the Trust's framework policies.

Decisions as to what training may be required by Trustees are made by the Board with advice from the Chief Executive Officer. In the year to 31 August 2015 the Board resolved to purchase attendance to a series of seminars for multi academy trusts (run by Cambridge Education) and various Trustees attended different seminars based on their roles on the Board and particular skills. The current Company Secretary also attended an external training course prior to appointment.

#### Organisational Structure

The Chief Executive Officer and Business and Operations Executive (appointed July 2015) are responsible for the day-to-day running of the Trust. The Local Governing Body and Headteacher are responsible for the day-to-day running of Heartsease Primary Academy. The Chief Executive Officer is the Headteacher of Heartsease Primary Academy and is thereby responsible for the day-to-day running of the academy. The Chief Executive Officer is also the Accounting Officer of the Trust.

Throughout the year, the Board of Trustees continued to give effect to the Scheme of Delegation dated 1 April 2013, under which the management of the business of Heartsease Primary Academy was delegated by the Board of Trustees to the Local Governing Body, who were entitled to exercise all the powers of the Company in so far as they related to Heartsease Primary Academy, in accordance with the terms of the Scheme of Delegation.

The principal decisions delegated to the Local Governing Body under the Scheme of Delegation included the following:

- Expending funds, entering into contracts and operating the Trust bank account in so far as these related to Heartsease Primary Academy.
- Maintaining the buildings and facilities used in respect of Heartsease Primary Academy.
- Appointment and management of all staff employed at Heartsease Primary Academy except for the Headteacher.
- Setting and reviewing the curriculum and being responsible for the standards achieved by Heartsease Primary Academy.

The Local Governing Board further convened the following committees to deal with the business of Heartsease Primary Academy throughout the year:

- Finance and HR
- Teaching, Learning and Standards

However, the Trustees reviewed the Scheme of Delegation over the course of the year and resolved to dissolve the Local Governing Body on 31 August 2015. A new Local Advisory Board will be

constituted in the next accounting period and a revised Scheme of Delegation will be given effect to delegate certain powers of the Board of Trustees to the Local Advisory Board.

Throughout the year, other key decisions and responsibilities remained with the Board of Trustees, including:

- Plans relating to Trust expansion, business development, marketing and branding.
- Ownership of Trust business plan and model.
- Project management of the conversion of a new joiner academy (due to join the Trust in the next accounting period).
- Opening a private nursery at Heartsease Primary Academy (Bishy Barney Bees).
- Risk management.
- Appointment of new Trustees to the Board.
- Appointment of the Business and Operations Executive.
- Procurement of new finance software (to be implemented in the next accounting period).
- Continuing negotiations with the Local Authority in relation to potential building expansion works at Heartsease Primary Academy.
- Overall pay policy decisions.
- Submission of Companies House and EFA returns (including the Budget Forecast Return submitted to the EFA in July 2015).
- Decisions relating to the Trust's financial reserves.
- Replacement of the Trust's Management Information System with a new system (to be implemented in the next accounting period).
- Determining the mission statement, vision and ethos of the Trust and Heartsease Primary Academy.
- The accounts and overall finance strategy of the Trust and Heartsease Primary Academy.

The company members passed several resolutions throughout the year to appoint other members and to amend the Company Articles of Association. These resolutions were duly recorded at Companies House.

#### Related Parties and other Connected Charities and Organisations

The Trust is not part of a wider network although its existing academy does continue to work within its cluster (as allocated by the Local Authority prior to conversion).

The following relationships with related parties exist:

NAME	POSITION IN TRUST	TYPE OF INTEREST	DESCRIPTION OF INTEREST	DATE INTEREST AROSE	DATE INTEREST CEASED
C Kenna	Trustee	Direct relationship with Trust	Trust Employee under a contract of employment	01/04/2013	
L Kidd	Member of the HPA Local Governing Body	Direct relationship with Trust	Trust Employee under a contract of employment	01/04/2013	31/08/2015
I Khan	Member of the HPA Local Governing Body	Direct relationship with Trust	Trust Employee under a contract of employment	14/10/2013	31/08/2015

S Porter	Trustee	Direct relationship with Trust	Trust Employee under a contract of employment	01/01/2014	
K Cushing	Trustee	Connected Party's relationship with Trust (individual)	Spouse of Company Director (P Cushing)	01/02/2015	
P Cushing	Trustee	Connected Party's relationship with Trust (individual)	Spouse of Company Director (K Cushing)	01/02/2015	
S Porter	Trustee	Connected Party's relationship with Trust (individual)	S Porter's daughter undertook some paid work as a nursery assistant at the Trust's private nursery, Bishy Barney Bees.	1 June 2015	22 July 2015
C Kenna	Trustee	Connected Party's relationship with Trust (individual)	C Kenna's daughter (H Cubbage) is the Business and Operations Executive of the Trust under a contract of employment.	06/07/2015	

On appointing H Cubbage as Business and Operations Executive the Board of Trustees ensured that a full and fair recruitment process was carried out. The Board gave consideration to, and was satisfied that the appointment did not constitute a "contentious transaction" within the meaning of paragraph 3.3.1 of the Academies Financial Handbook 2015. The documentation relating to the appointment was subsequently shared directly with the DfE. In the interests of transparency, further details on the remuneration in respect of this role are provided in note 23 to the financial statements.

REAch2 Ltd, a company limited by guarantee and registered under charity number 1149000 (company registration number 08040828) was a corporate company member and trustee (corporate director) at the commencement of the accounting period, but has since resigned. REAch2 Ltd was one of the founding members and trustees of the Trust, but the Trust has always been an entirely separate entity to REAch2 Ltd and the Trustees have never therefore considered REAch2 Ltd to be a connected charity under para. 28 (1) of schedule 3 of the Charities Act.

The Trust was engaged by another local multi academy trust, Evolution Academy Trust (company number 08158619), on a consultancy basis on 1 February 2015 to advise and assist on academy improvement at Wensum Junior School in Norwich. The consultancy fee charge by the Trust was £400 per day. The contractual relationship terminated in June 2015 and Evolution Academy Trust is no longer considered by the Board of Trustees to be a connected party.

The Board of Trustees always ensures that relationships with connected parties are properly managed in order to avoid both real and perceived conflicts of interest, promoting integrity and openness in accordance with its duties under paragraph 3.1.13 of the Academies Financial Handbook 2015.

## Objectives and Activities

### Objects and Aims

The Trust's object is set out in Article 4 of the Company's Articles of Association:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies");
- b) to promote for the benefit of the inhabitants of the areas served by the Academies, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The Trust's aims are set out in its mission statement, vision and key values, which are as follows:

#### Mission

The Trust is committed to improving the life-chances of children and young people through excellence in education, encouraging pupils to challenge themselves and hold high aspirations in their academic learning, personal and social development. Our aim is to achieve our Vision through adherence to, and the practical implementation of, our Key Values. We encourage pupils within our family of Academies to challenge self and externally imposed restrictions, hold high aspirations for their futures and develop a thirst for learning. We understand that the way to achieve this is through ensuring consistently high standards of teaching and broad opportunities for learning via a rich and relevant curriculum. Our Academies will ensure that our pupils are well prepared to make the most of future opportunities as citizens within an ever changing world.

The purpose of the Trust is to support its Academies by building upon their strengths so that they can work together to achieve rapid educational transformation. We strive for each of our Academies to become a centre of excellence and believe that they can achieve this through collaboration in closely linked small groups within the Trust's structure to share support, resources and talents. We believe that it is essential these small hubs are led and mentored by successful professional leaders in education who are grounded in the day-to-day reality of effective school improvement. These Leaders constitute part of the Trust's executive

function that exists to regulate the performance of our Academies and our standards of teaching and curriculum.

### Vision

Our vision is for every pupil to leave our Academies having identified and developed their knowledge, a range of skills and talents and a sense of their own uniqueness. We believe that by the end of their time at a Trust Academy, each one of our pupils should be confident in themselves and know that through hard work, dedication and perseverance, they are capable of achieving anything they aspire to.

### Key Values

Passion — Working in education, we have the ability to profoundly change children's lives. With such high stakes, our Academies must always be prepared to provide our pupils with the same standards that each member of staff would want for their own children.

Urgency — The time children spend in education is finite. We have a responsibility to ensure that every moment a child spends in one of our Academies is spent productively. Once wasted, a pupil's time is irretrievable.

Positive Attitude — Every member of staff in our Academies has a personal responsibility to be positive and supportive of each other. This leads to high expectation and a culture where excuses are not tolerated. Everyone is accountable. Everyone must take responsibility.

Aspiration — As conveyed by the Trust's motto, "High Educational Aspiration Realises Talent", every person within our Academies, whether staff or pupil, should consistently aim for excellence in their individual roles.

Commitment — Staff must be prepared to go the extra mile to provide the best possible education for our Academies' pupils. The interests of children are always placed ahead of those of staff.

Innovation and Development – We believe that children's learning will be enhanced when leaders and staff evaluate their own performance and are committed to the professional development of themselves and others. This will include Academies keeping abreast of educational research into effective teaching and learning, and continually improving the educational experience of their pupils.

## Objectives, Strategies and Activities

The Trust's main objectives for the year were as follows:

- Raising and Sustaining Pupil Progress and Standards

The Trust's primary aim is to raise the academic standards of its academies to at least "good" and then to sustain that progress. This is crucial to the Trust achieving its object of advancing education in the United Kingdom as it achieves its expansion strategy of taking on more academies. With specific reference to Heartsease Primary Academy, which is the Sponsor academy of the Trust and is already Ofsted "good", the Trust's aim for the year was to sustain the academy's progress and ensure that the academy was in a position that it would to be judged at least "good" at its next Ofsted inspection, in order that the academy will remain in a strong enough position to support other academies that join the Trust in the next accounting period without

compromising its own pupil outcomes. The Trust intended to achieve this objective by ensuring the following:

- that the number of pupils making two levels progress in reading writing and maths from KS1 to KS2, were in line with the National Standards, as a minimum;
- that Heartsease Primary pupils were at least in line with National Expectations, as a minimum, by the end KS2, even though pupils begin their schooling with the academy at a standard well below national standards (particularly in communication and language)
- that the academy closed the gap between 'groups' of children so that pupils would achieve at least as well as the same groups nationally;
- that the academy demonstrably adds value and is consistently good, and well on the way to being outstanding.

The Trust's strategy for achieving the above was set out in the Academy's development plan, and focussed on the following key actions:

- Ensuring a system of high quality formative and summative assessment was in place that teachers understood and could use to identify next steps and necessary short term interventions.
- Requiring the Academy's Senior Leadership Team to regularly monitor progress of individual pupils through pupil progress meetings and analyse impact of interventions on progress and standards.
- Focussing on Quality First Teaching to ensure that all lessons are good or better;
- Implementing and evaluating a rigorous Performance Management programme focused on pupil outcomes and improving teaching supported by high quality CPD.
- Developing a curriculum that encompassed national changes, but is broad, balanced and focused on basics and skills as well as opportunities to problem solve, rationalise and develop mastery in subjects.
- Focussing on EYFS including establishing 2 year old provision.
- Developing leadership at all levels to ensure the Academy has capacity to support and build capacity across the Trusts schools from September 2015, with no adverse effect on the pupils at Heartsease.

#### • Commencement of the Trust's Expansion Plans

The Trustees had made a conscious and strategic decision in the two preceding accounting periods to not commence the Trust's expansion plans by taking on new academies until the Trust was properly established and the Headteacher of the sponsor academy (Heartsease Primary Academy) had ensured that the academy would be able to sustain its levels of pupil progress. In this accounting period, the Board of Trustees resolved to begin the expansion project and commence the conversion process of its first new joiner academy.

The Trust's strategy for achieving this objective during this accounting period was to facilitate and develop its relationship with the DfE, Regional Schools Commissioner and the Local Authority and obtain their support for the Trust to sponsor the conversion on new joiner academies.

#### • Improvement of existing Trust Governance Structure

The Trust business model that was developed at the start of the accounting period anticipates the Trust operating with ten academies. In order to be ready for these academies to join the Trust,

the Board of Trustees required a rigorous governance structure to be in place at the commencement of the expansion project.

The Trust's strategy for achieving this objective in this accounting period was to review the existing governance structure in terms of the Local Governing Body, the Scheme of Delegation, the Trust's Framework Policies and that skills and abilities of all key governance personnel (including Members, Trustees, Members of the Local Governing Body and the Trust's Senior Management Team).

- Improvement of the Trust's Finance Function

The Board of Trustees aimed to develop a more sophisticated finance function to ensure compliance with the Academies Financial Handbook and improve efficiency within the Trust. This is required to ensure that the Trust continues to comply with its obligations to the Secretary of State for Education under its Funding Agreement as new academies join the Trust, as part of the Trust's wider expansion strategy.

The Trust's strategy for achieving this objective this year was to look at appointing a new employee to have responsibility for finance (in addition to the non-executive Chief Financial Officer). The Trustees identified issues in the previous accounting period when analysing the Trust's finance function, as a result of the Trust not having a fully joined up approach between its school business manager (responsible for the finance work) and the Trust's financial advisors. The Board of Trustees therefore resolved to appoint a person to oversee the finance functions being carried out and ensure that financial advice is accurately applied. The Board of Trustees also decided that it would need to review its Financial Scheme of Delegation and Finance Policy. The final part of the Trust's strategy for achieving this objective was to improve its accounting processes which included investigating the implementation of a more sophisticated finance software package.

During the course of the year, the Trust also undertook the following significant activities linking to the charitable activities:

- Opening of Private Nursery – The Trust opened its first private nursery, Bishy Barney Bees, at Heartsease Primary Academy. This was opened to two year olds following the close of the accounting period and links to the Trust's charitable activities in two ways: (1) it furthers the Trust's object to advance education as the Trust is providing an additional educational facility. Furthermore, as Heartsease Primary pupils start in Reception classes at below national standards, by offering this additional nursery provision the Trust is contributing to the improvement in standards of the pupils at Heartsease Primary Academy, who have a greater chance of starting Reception at national standards having attended Bishy Barney Bees. (2) It furthers the Trust's object by providing a facility for the leisure time occupation of young children in the community that improves the condition of life for those children.
- Continuing to run the swimming pool at Heartsease Primary Academy – When Heartsease Primary Academy converted in 2013, the Trust agreed with the Local Authority to continue running the swimming pool at the academy (at a cost to the Trust) for the benefit of the academy's pupils and the local community. The Trust has continued to run the pool throughout the year, and has provided swimming sessions for parent and toddler groups as part of its object to promote the provision of facilities for recreation or other leisure time occupation for the inhabitants of the areas served by the academy.

- Breakfast and After School clubs – throughout the year the Trust has provided a breakfast club and an after school club as part of achieving its object to promote the provision of facilities for recreation or other leisure time occupation for the inhabitants of the areas served by the academy.
- Consultancy work for Evolution Academy Trust – The Trust undertook a period of consultancy work for another local multi academy Trust in order to facilitate school improvement at a new academy to that Trust. Wensum Junior School converted on 1 February 2015, and the Trust commenced its engagement in respect of its programme of school support at this date for a period of four months. This work linked to the Trust’s charitable activities by furthering education at Wensum Junior School and by generating additional funds to the Trust to further education for the Trust’s pupils at Heartsease Primary Academy.

## Public Benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

## Strategic Report

### Achievements and Performance

During this accounting period, the Trust has achieved its objectives as follows:

- Raising and Sustaining Pupil Progress and Standards

The success of the Trust in achieving this objective at Heartsease Primary Academy can be assessed in two ways: how successful the Trust has been in meeting its key objectives and how successful it has been in achieving improvement in academic standards since the academy’s conversion in April 2013.

The Trust followed its strategy as set out in the school development plan and successfully achieved the objectives, aims and actions. Pupils begin their schooling at Heartsease Primary Academy well below the national expectations and the school holds data to corroborate these low levels. However, by the end of the EYFS, pupils are well on the way to achieving a good level of development and make substantial and sustained progress in the next two key stages. A large amount of training and resources has been directed into EYFS resulting in the following measurable achievements this year:

- Training a specialist teaching assistant to provide one to one speech and language support.
- All staff trained in Talk Boost.
- Two year old provision opened from April 2015 – Bishy Barney Bees provides places for 16 two year olds and 36 additional places for three and four year olds in addition to the established 52 place maintained nursery.
- The Academy has applied to pilot 30 hour provision from September 2016.
- EYFS GLD 62 just below national expectations (66).
- EYFS showing an upward trend in all areas on 2014 results.
- Employment of an Assistant Headteacher to lead EYFS.

In Key Stage 1, the following achievements have been made this year:

- The proportion of Year 1 pupils that met the expected standard in phonics was above the national figure, at 85%.
- Average point score for reading writing and maths at KS1 was at national expectation (16.0) and for disadvantaged pupils was above national expectation, 15.7 (National APS 14.8)

By the end of Key Stage 2 in 2015, the following achievements had been made:

- KS2 value added was broadly average or above in all subjects.
- From at least 5 out of every 6 starting points, the proportions of KS2 pupils making and exceeding expected progress in reading, writing and mathematics were close to or above national figures.
- From at least 5 out of every 6 starting points, the proportion of disadvantaged KS2 pupils making and exceeding expected progress in reading, writing and mathematics was similar to that of other pupils nationally.
- The proportion of pupils attaining Level 4 and Level 5 combined maths, reading and writing exceeded national.

- Commencement of the Trust's Expansion Plans

In the Trustees' Report to 31 August 2014, the Trustees identified that their plans for the current accounting period (1 September 2014 – 31 August 2015) in relation to implementing the Trust's expansion policy would include:

- Formally ratifying the Trust's business model
- Appointing a Business Development Director
- Facilitating the conversion of two schools to academy status

At its first meeting of the accounting period, the Board considered whether the Trust had the capacity and resources to cope with Trust expansion and concluded that it did and to proceed with the intended expansion. The Board therefore completed each of the target steps above in order to commence its expansion plans this year. Work was undertaken of the Trust's business plan and model, which was then formally presented to the DfE in February 2015, as part of its bid to secure a second academy. Following the Board's meeting with the DfE in February 2015, the DfE supported and subsequently granted the Trust's sponsorship of Lingwood Primary School, which joined the Trust shortly after the year end (1 October 2015).

Following receipt of the Academy Order for Lingwood Primary on 30 March 2015, the Trust commenced the conversion project. The Trust followed the strategy it has devised for its expansion by continuing negotiations with the DfE in respect of a further potential joiner academy throughout the course of the year.

The Business Development Director role referred to in step 2 above was incorporated in the job description for the Business and Operations Executive, appointed in July 2015. The Trust commenced a comprehensive rebranding project that will continue in the next accounting period, and revised the Trust's mission / vision as part of its overall business development strategy, devised to support the Trust's expansion. Following the close of the accounting

period, new logos were finalised for the Trust, Heartsease Primary Academy, Lingwood Primary Academy and Bishy Barney Bees, as part of this rebranding project.

In addition to the anticipated steps to expansion noted in the Trustees' Report to 31 August 2014, the Trust also expanded into the Early Years sector by opening a private nursery at Heartsease Primary Academy (Bishy Barney Bees) in April 2015, which further expanded to providing two year old places following year end (September 2015).

- Improvement of existing Trust Governance Structure

Throughout the accounting period, the Board of Trustees reviewed the existing Scheme of Delegation and resolved to redraft this. The Board also reviewed the constitution of the Local Governing Body and considered various options in relation to this, including Local Governing Bodies per triad of Trust academies or individual Local Governing Bodies for individual academies. After much consideration, the Board resolved to revise the existing Local Governing Body structure in the next accounting period, establishing smaller and more focused committees for each academy (no more than six or seven members). The Trustees resolved to rename the Local Governing Body as the "Local Advisory Board" to distinguish clearly between the function of the new board as compared to a maintained school's Governing Body. Consequently, the Local Governing Body was dissolved on 31 August 2015 and the Board instructed the Business and Operations Executive to redraft the Scheme of Delegation for implementation in the next accounting period. The Board actively refrained from making changes to the Local Governing Body prior to the end of the academic year 2014/15, in order to take account of any changes in DfE policy resulting from the national elections that occurred in May 2015.

The Trust also adopted a skills based recruitment policy for its members and Trustees, ensuring that new appointments to the Board of Trustees or Board of Members would add to the collective skillset of that body.

Following a meeting with the DfE in February 2015, the Trust commenced work on revising its Articles of Association to reflect then DfE policy in relation to governance. The DfE has advised the Trust that it would only support the Trust's sponsorship application of another academy if amendments were made to affect a separation in layers between the Trust's Members and Trustees. The existing Articles provided that the Chair of the Local Governing Body of Heartsease Primary Academy would be a Trustee and Member by virtue of his / her post and the Vice Chair would also be a Member. Therefore the Articles were amended to facilitate the required separation in layers, and the Members resolved to adopt these revised Articles in July 2015.

To further the Chief Executive Officer's governance capacity, the Trust Board also resolved to appoint a Head of School at Heartsease Primary Academy. Following the close of the accounting period, the Trust amended this resolution to appoint a Headteacher at Heartsease Primary Academy. This will be carried out in the next accounting period (1 September 2015 – 31 August 2016) once the Trust has expanded beyond a single academy.

- Improvement of the Trust's Finance Function

In order to achieve this objective, the Board of Trustees resolved to implement two key changes to its existing finance function: (1) to employ a person to manage the Trust's finance function at executive level (2) to review and, if appropriate, revise the Trust's finance software.

The Trust appointed a Business and Operations Executive on 6 July 2015 to co-ordinate the Trust's finance programme. It was decided that this appointment was needed to ensure good communication between academy-based finance staff and external financial advisors as well as giving the Trust the capacity to be able to implement any new finance software. The Business and Operations Executive provides a link between the Board of Trustees and the day-to-day finance operations. The Trust's Chief Financial Officer devised a finance programme and passed ownership of this to the Business and Operations Executive on her appointment. The Business and Operations Executive has oversight of financial data entry and co-ordinating the advice from the Trust's financial advisors, overseeing the preparation of budgets and audit. The Business and Operations Executive is responsible for ensuring the completion of all financial returns to the EFA and Companies House and works closely with the Chief Finance Officer and Accounting Officer to ensure good financial governance. This appointment has greatly strengthened the Trust's financial governance structure, which will be fundamental as more academies join the Trust in the next accounting period.

Throughout the accounting period the Trust analysed its current finance software package and the Chief Executive Officer, Chief Finance Officer and previous Company Secretary commenced a procurement exercise in respect of this. In April 2015 the Chief Financial Officer updated the Board on the progress of this exercise to date, and the Board resolved to investigate the available options further, including carrying out further research into the Trust's existing software system. Following this further research by the Chief Financial Officer, the Board concluded that the existing system would not be fit for purpose once the Trust expanded beyond a single academy. The Board did not have capacity amongst its staff to implement a new finance package at that time and in May 2015 resolved to postpone the project to the next accounting period. However, following the Board's decision to appoint a Business and Operations Executive in July 2015, the Board revisited the need for a new finance software package and resolved to proceed with the implementation of PS Financials at the commencement of the next accounting period. The new system was successfully implemented following year end and will ensure that key financial risks are mitigated as well as improving financial governance and oversight.

### Key Performance Indicators

In this accounting period, the Trust has used the following KPIs to assess its performance:

- Achievement
  1. Key Stage results at Heartsease Primary Academy
  2. Pupil attendance data at Heartsease Primary Academy
- Financial
  1. Positive net cash inflow from operations
  2. Total pay as a percentage of GAG
  3. Total pay as a percentage of total income
- Teacher Performance
  1. Formal lesson observations

2. Pupil outcomes as a measure of teaching standards
3. Incidents of career progression

The following analysis is presented by the Trustees in respect of the KPIs identified above:

### Achievement

#### 1. Key Stage Results at Heartsease Primary Academy

Percentage achieving Level 4 or above in reading, writing and maths	2012	2013	2014	2015
Heartsease Primary Academy	83%	78%	78%	86%
Local Authority	69%	71%	74%	75%
England - All Schools	75%	75%	78%	80%

86% of Heartsease Primary Academy pupils achieved Level 4 or above in reading, writing and maths, showing an improvement of the 78% achieved in academic year 2013/14 and 78% in academic year 2012/13. This was well above the Local Authority average of 75% in academic year 2014/15 and above the national average of 80% in the same year.

#### 2. Pupil attendance data at Heartsease Primary Academy

	Heartsease Primary Academy	England - national (primary state-funded)
Overall absence: percentage	4.0%	3.9%
Persistent absence: around 15% +	0.8%	1.9%

Although overall absence is marginally above national average, persistent absence is well below. The Trust maintains a robust absence management policy and the Trustees are confident that the lower than average persistent absences are a direct result of this proactive action at Heartsease Primary Academy.

### Financial

#### 1. Positive net cash inflow from operations

The Trust has managed net cash inflow over the course of the accounting period to ensure that this remains positive month on month. The net cash inflow from operations as at 31 August 2015 was £254,521 (as compared to £124,914 at 31 August 2014).

## 2. Total pay as a percentage of GAG

The Total pay as a percentage of GAG for the year to 31 August 2015 was 90% which showed an increase of 4% as compared to the year to 31 August 2014. However the Trustees are confident that this represents the change in operations when compared to the total pay as a percentage of total income (below). In the year to 31 August 2015 the Trust opened its private nursery provision in April 2015 (Bishy Barney Bees) whose revenue streams come from the Local Authority and self-generated funding. The increased staff costs in respect of this nursery provision were therefore expected to give a higher percentage in relation to this KPI.

## 3. Total pay as a percentage of total income

Total pay as a percentage of total income remained at 61% for the year to 31 August 2015. The analysis of this KPI in conjunction with the above KPI confirms Trustee expectation in respect of the Bishy Barney Bees provision.

### Teacher Performance

#### 1. Formal lesson observations

All teachers at Heartsease Primary Academy underwent a rigorous performance management programme during the year to 31 August 2015, through which they were formally observed a minimum of three times. Teachers took part in a number of teaching audits and lesson drop ins by senior leaders. Teaching was consistently good or outstanding in the majority of lessons. Where teaching was judged less than good, follow up observations, support and action plans were instigated resulting in improvement for all but one teacher (who no longer works at the academy). Teachers have received training in "assessment without levels" and the Challenge Curriculum in addition to subject training, Pupil Premium, Safeguarding and Prevent training.

#### 2. Pupil outcomes as a measure of teaching standards

The Trustees are satisfied that pupil outcomes are in line with consistently good teaching as a minimum at Heartsease Primary Academy.

#### 3. Incidents of career progression

Two teachers successfully crossed threshold in the year to 31 August 2015. An Assistant Head (V McConnell) was released to Wensum Junior School for a four month period to undertake the Head of School role as part of the Trust's consultancy support to Evolution Academy Trust. Another Assistant Head (S Porter) was promoted to Acting Head of School at Heartsease Primary Academy, enabling the Headteacher to further the Trust's aims and objectives and to provide capacity for academy improvement at Lingwood Primary in anticipation of its conversion following year end.

### Going Concern

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

## Financial Review

From 1 September 2014 the Trust received funding directly from the Secretary of State for Education on a monthly basis in the form of the General Annual Grant, in consideration for the Trust undertaking to establish and maintain, and carry on or provide for the carrying on of a number of academies. Total GAG received for the period was £1,680,363.

The Trust also receives funding from the Local Authority and additional EFA funding. The Trust generated a further £112,965 during the period, of which £52,693 was income generated from services provided.

The total expenditure for the year to 31 August 2015 was £2,310,041 which was covered by incoming resources and resulted in a surplus of £182,509 before transfers.

At 31 August 2015 the netbook value of fixed assets was £826,769 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for the furthering of the Trust's object as defined in Article 4 of the Articles of Association.

In accordance with FRS17 the Trust received an actuarial assessment of pension scheme deficit. The deficit balance is included in the Balance Sheet as at 31 August 2015 and note 21 to the financial statements.

The principal financial management policies adopted by the Trustees in this accounting period include (1) the continuous monitoring of cashflow to ensure the Trust can meet its debts as they fall due; (2) annual budget preparation (of a balanced budget) and termly revisions; (3) annual auditing; (4) bank reconciliations; (5) the recording of all financial transactions within the Trust's computerising accounting system; (6) financial monitoring and review by the Board of Trustees and Local Governing Body. In accordance with the Trust's finance policy in place throughout this accounting period, the Trust operates a procurement policy requiring 3 written tenders for contracts between £5,000 - £25,000 and formal tendering procedures for contracts over £25,000 that comply with EU procurement laws. The Trust's capitalisation policy continues to be the capitalisation of all single items over £2,000. The Trust also holds a central register of business and pecuniary interests relating to the members, Trustees and members of the Local Governing Body in accordance with its duties under the Academies Financial Handbook.

## Reserves Policy

The Trust's reserves policy requires the Trustees to carry forward a prudent level of the General Annual Grant for medium to long term requirements of the Trust's academy and in relation to the Trust's contingency fund (e.g. in relation to unplanned repair costs at its academy). The Trustees provisionally resolved to hold c. £150,000 per academy as a contingency sum in this accounting period in anticipation of its plans to expand to a further two academies (a total contingency fund of £450,000). The restricted funds held as at 31 August 2015 were £158,058 which includes the Local Government Pension Scheme Deficit of £215,000, GAG funds carried forward of £304,659 and funds relating to the conversion of Lingwood Primary School (due to complete in the next accounting period) of £68,399. The unrestricted funds held by the Trust as at 31 August 2015 were £822,444 and the restricted fixed asset funds as at 31 August 2015 were £826,769. Excluding the fixed asset funds, the total restricted and unrestricted funds held at 31 August 2015 was therefore £980,502. Of this, £450,000 was the afore mentioned agreed contingency fund and £111,663 was the capital grants funds previously accounted for within the Trust's restricted funds in the audited accounts to 31 August 2014 (which the Trust resolved to move to unrestricted funds during the audit exercise at year end -

see note 17 to the financial statements). The resulting net reserves of just under £420,000 represent the funds that had been earmarked by the Trustees throughout the accounting period for building expansion project in relation to Heartsease Primary Academy. Subsequent to the close of the accounting period, negotiations with the Local Authority have revealed that this earmarked building expansion fund is now unlikely to be required, and the Trustees will be revising their policy in relation to the current level of reserves in the next accounting period.

## Investment Policy

As the trustees of a charity and an academy trust, the Trustees may make investments to further the Trust's charitable aims, but must ensure that investment risk is properly managed. In order to achieve this, the Trustees follow an investments policy when making and reviewing Trust investments. The Trustees regularly monitor the Trust's cashflow and bank accounts to ensure that adequate cash balances are maintained across its current accounts to cover the Trust's day-to-day working capital requirements without becoming overdrawn. The Trustees shall only consider the investment of funds that are surplus to these working capital requirements. The Trustees shall only make an investment where they are persuaded that there is no risk of loss in the capital value of any of the cash funds invested.

When considering making an investment, the Trustees:

- act within their powers to invest as set out in Article 5 of the Trust's Articles of Association;
- exercise care and skill in all investment decisions, taking advice as appropriate from a professional adviser or someone experienced in investment matters (unless there is a good reason not to);
- ensure that all investment decisions are in the best interests of the Trust and command broad public support;
- ensure that the investment will achieve value for money for the Trust (within the context of the risk appetite set out in this Investment Policy);
- ensure that the decision follows the Charity Commission's guidance "CC14 Charities and investment matters: A guide for trustees" and the EFA's Academies Financial Handbook.

The Trustees shall always seek the EFA's prior approval for any investment transactions which are novel and/or contentious.

The Trustees did not make any investments in the current accounting period but following year end, have resolved to make investments in the next accounting period (in accordance with the Trust's investment policy) following sign off of these audited accounts to 31 August 2015.

## Principal Risks and Uncertainties

The Trust maintains a Risk Register to identify the principal risks and uncertainties to which the Trust is exposed, which is regularly reviewed by the Board of Trustees as part of the Trust's ongoing risk management strategy.

In the current accounting period the following principal risks and uncertainties were identified by the Trustees and the following actions were taken to mitigate these:

- *Current rating not achieved by Heartsease Primary Academy at next Ofsted, so putting Trust expansion at risk*

The Chief Executive Officer / Headteacher of Heartsease Primary Academy has spent the majority of her time concentrating on Ofsted preparation over the course of the year. Consultants have been brought in to health check the academy and the academy's Local Governing Body has supported the preparation. The Trust aims to employ a new Headteacher or Head of School at Heartsease Primary Academy in the next accounting period, following the expansion beyond a single academy, enabling the current Headteacher to move into an Executive Headteacher function and ensure that both Heartsease and any other Trust academies achieve expected Ofsted results in the coming accounting period.

- *Excessive funds committed on the development of the Trust but additional schools do not join Trust or funds are committed before budgets of joining schools or grants have cleared*

The Trustees and Chief Executive Officer have liaised closely with the DfE over the course of the accounting period in relation to Government policy and DfE support of the Trust's expansion, ensuring that the Trustees are confident that they have a realistic expectation of the political feasibility of expansion. The 2015/16 Trust Budget was prepared by the Trust in July 2015 to ensure the Trustees expectations also reflect the financial feasibility of expansion and that the Trust will be able to maintain sufficient cashflow during any periods of expansion. In addition, the Trust has applied to the DfE for the sponsor capacity grant to better enable its expansion without posing a risk to the financial health of its existing academy.

- *Local Authority does not go ahead with plans for classroom expansion at Heartsease Primary Academy to allow for nursery expansion and January 2016 intake.*

The Trustees have continued to negotiate with the Local Authority and the Trust has made an application to pilot 30 hours free childcare from September 2016. Temporary expansion strategies have also been considered.

- *Adverse findings by Auditors of Trust audit for year ended 31 August 2015 or a failure to provide sufficient information for audit window resulting in failure to complete end of year accounts and returns on time resulting in a Financial Notice to Improve and all its consequences*

Work was carried out with the auditors in relation to the opening balances for the year prior to the commencement of the audit fieldwork and additional financial support was purchased from the Local Authority to provide the auditors with the required information to carry out the audit. Successful completion of the audit process for the year to 31 August 2015 has resulted in this risk being closed by the Trustees and replaced with the risk that adverse finding by the auditors arise in the year ending 31 August 2016. Appropriate steps to mitigate this risk are being put in place in relation to the Trust's future plans to conclude the Trust's finance programme, including the implementation of the Trust's new finance software.

- *Finance and governance systems do not keep pace with the growth of the Trust*

Throughout the accounting period the Trust has worked to improve the Trust's finance function as detailed in the "Achievements and Performance" section of this report, in order to mitigate this risk.

- *Speed of implementation of branding at Trust and school level is not sufficient to make the Trust attractive to potential candidate schools in 2015/16*

The Trust has put resources into ensuring finalisation of its new logo designs and following year end, it commissioned the design of a new website as part of the Trust's overall branding exercise which is a subset of the expansion strategy devised by the Trustees and Trust Executive function.

- *Scheme of financial delegation for each school not in place*

Revision of the Trust's financial scheme of delegation forms part of the Trust's finance programme which the Trustees intend to complete during the course of the next accounting period.

- *Mistakes made in finance due to limited space at Heartsease Primary Academy leading to interruptions of finance staff during inputting*

The Trust is considering various options to mitigate this, including the possibility of designated Trust office space either within or outside of Heartsease Primary Academy.

- *Risk of PAN being reduced if Council does not carry out building expansion for 4-11 and mobile classrooms are removed by Kier*

Following year end, this uncertainty has been clarified and the Trustees are taking appropriate action to respond. As such, it is no longer considered an uncertainty by the Trustees.

In order to mitigate further additional risks that the Trust and its academy may be exposed to from time to time, the Trustees have required the Local Governing Body to carry out self-assessments or report principal risks and uncertainties that it identifies to the Trustees. The Trustees have also scheduled a SWOT analysis to be carried out by the Board of Trustees in the next accounting period (January 2016) and appropriate action will be taken in response.

## Plans for Future Periods

Over the course of the next accounting period, the Board of Trustees intends to achieve the following objectives:

- **Raise and Maintain Educational Standards across the Trust's Academies**

The Trustees intend to raise and maintain standards at each new academy that joins the Trust over the course of the next accounting period, and to continue to raise and / or maintain standards at the Trust's existing academy. The key strategy for this will be in appointing a Headteacher at Heartsease Primary Academy to enable the current Headteacher and Chief Executive Officer to step into an Executive Headteacher role to lead and manage the academy improvement strategy. This strategy is expected to encompass the following principal steps:

- All pupils at Heartsease Primary Academy to continue to make at least good progress with most exceeding expectation
- Shared teaching expertise across Trust academies to ensure consistency of expectations, outcomes and provision
- Increase the number of high achieving pupils per academy

- Ensure consistent performance management of teaching and non-teaching staff across the Trust academies
  - Continue to develop the assessment system and roll this out across all Trust academies to ensure consistency in standards
  - Continue to develop and implement a broad and balanced curriculum at each academy that meets the needs of that academy's pupils, having regard to developments and opportunities arising in the wider educational context (e.g. the challenge curriculum).
- Completion of the Trust's Finance Programme

The Trust has devised a finance programme identifying key areas of focus. Over the course of the next accounting period, the Trust aims to have completed this finance programme, which includes

- Completion of the implementation of the new finance software (PS Financials);
  - Full review of the Trust's financial policies including the Financial Scheme of Delegation (to be applicable to all Trust academies);
  - Training for finance personnel;
  - Undertaking financial modelling to support Trust growth plans and strategy;
  - Conducting EFA benchmarking exercise;
  - Improving monthly financial management information.
- Continuation of Trust's Expansion Plans

The Trust will be sponsoring 2 further academies in the next accounting period, including Lingwood Primary School (for which the conversion project was begun in this accounting period and completed on 1 October 2015) and Henderson Green Primary School (target completion date 1 April 2016). The Trust then intends to expand to an additional 2-3 academies over the rest of the next accounting period.

The business development strategy will be furthered throughout the course of the next accounting period, with completion of the rebranding exercise and the examination of other business development opportunities. This will include the design of a new Trust website and new websites for each of the Trust's academies (due to launch c. January 2016). The Trust will also be collaborating with law firm, Howes Percival to host a seminar in early 2016 as part of its recruitment drive to bring other schools into the Trust. The seminar will be hosted in association with Larking Gowen and Lloyds Bank, and all maintained schools and existing single academy trusts in Suffolk and Norfolk have been invited. It will be a key networking event for stakeholders in the sector and an important step in the Trust's business development strategy.

- Consolidation of Trust Infrastructure

A programme to fully establish and consolidate the Trust's infrastructure will be commenced in the next accounting period. This will involve the review and implementation of Trust framework policies, including HR, Finance, Health and Safety and Risk. The Trust will conduct a cost / benefit analysis in respect of centralising certain functions (such as finance) and will decide how best to proceed at that time and in the future, having regard to the new academies

joining or likely to be joining the Trust. The Trust will continue to review its systems and operations and make appropriate changes over the course of the next accounting period and beyond, including implementation of a new management information system to ensure consistent academic reporting across the Trust's academies.

### **Funds Held as Custodian Trustee on Behalf of Others**

The Trust does not currently hold any funds on behalf of any others as a custodian trustee.

### **Auditor**

Insofar as the trustees are aware:

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

**Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2015 and signed on the Board's behalf by:**



**Peter Cushing**

**Chief Financial Officer / Trustee**

**16 December 2015**

## Governance Statement

### Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that The HEART Education Trust 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 Chief Executive Officer as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The HEART Education Trust 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 ten times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
I Thyne (resigned)	0	1
R Edwards (resigned, former Chair)	6	6
C Kenna (CEO)	10	10
H Cubbage (resigned)	5	7
S Porter (staff trustee)	10	10
K Cushing (current Chair)	9	9
P Cushing (CFO)	9	9
T Newton	3	3
M Randall (Vice Chair)	1	3
D Turner (LAAP)	1	2

There were some changes to the constitution of the Board this year. A number of new appointments to the Board were made in-year: H Cubbage (3 December 2014), S Porter (1 November 2014), K Cushing (1 February 2015), P Cushing (1 February 2015), T Newton (11 June 2015), M Randall (6 July 2015) and D Turner (20 July 2015). The following resignations occurred during the year: I Thyne (12 February 2015), R Edwards (16 June 2015), H Cubbage (6 July 2015).

The Local Governing Body of Heartsease Primary Academy is a committee of the Board of Trustees established under Article 100 of the Articles of Association. The Local Governing Body has formally met four times during the year. Attendance during the year at meetings of the Local Governing Body was as follows:

<b>LGB Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
N Lewis (resigned, parent member)	0	1
R Edwards (resigned, former chair)	2	3
P Howard (resigned)	2	2
M Maxwell (resigned, LAAP)	2	3
C Kenna (Headteacher)	4	4
K Cushing (chair)	2	4
M Smith (removed, parent member)	0	3
G Larkman (resigned, parent member)	1	1
P Quinn (resigned)	1	2
L Myles (resigned)	3	3
M Merrywest	1	1
I Khan (staff member)	4	4
L Kidd (staff member)	4	4
D Turner (LAAP)	3	4

There were changes to the constitution of the Local Governing Body this year. The following persons resigned from the Local Governing Body: N Lewis (1 October 2015), P Howard (21 January 2015), M Maxwell (15 June 2015), G Larkman (1 November 2014) and P Quinn (1 July 2015). M Smith was removed by a resolution of the Local Governing Body following non-attendance at meetings throughout the year (16 June 2015). L Myles and M Merrywest were appointed during the course of the year (20 January 2015 and 16 June 2015 respectively). The Board of Trustees dissolved the entire Local Governing Body on 31 August 2015 to be replaced by a new committee in the next accounting period.

The Trust has reviewed its governance structure in depth this year, and the actions that were taken as a result are detailed in the Strategic Report above. The Board of Trustees has resolved to conduct its next self-evaluation of governance in January 2016.

The Finance and HR Committee was a sub-committee of the Local Governing Body. Its purpose was to provide guidance and assistance to the Headteacher and Local Governing Body in all matters relating to budgeting and finance at Heartsease Primary Academy. The Finance and HR Committee met twice during the year and attendance was as follows:

<b>Committee Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
R Edwards	2	2
K Cushing	2	2

M Maxwell (LAAP)	1	2
P Howard (resigned 21 January 2015)	0	1

The Teaching, Learning and Standards Committee was a sub-committee of the Local Governing Body. Its purpose was to provide guidance and assistance to the Headteacher and Local Governing Body in all matters relating to teaching, learning and educational standards at Heartsease Primary Academy. The Teaching, Learning and Standards Committee met twice during the year and attendance was as follows:

Committee Member	Meetings attended	Out of a possible
M Smith (parent member)	0	2
L Kidd (staff member)	2	2
D Turner (LAAP)	2	2
G Larkman (parent member, resigned 1 Nov 2014)	0	1
I Khan (staff member)	2	2
L Myles (appointed 20 January 2015)	1	1

#### Review of Value for Money

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

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

- Appointing a Business and Operations Executive, part of whose job description is to project manage academy conversions and reducing expenditure in relation to these to preserve more of the conversion grant for academy improvement. The project management of the Lingwood Primary conversion during this accounting period enabled the Chief Executive Officer / Headteacher of Heartsease Primary and the Headteacher of Lingwood Primary to continue to focus on educational standards. Moreover, the Trust was able to make a cost saving of £800 plus VAT in respect of legal conversion fees due to the work of the Business and Operations Executive.
- Carrying out rigorous procurement exercises for all major contracts to ensure value for money. This year, the Trust has carried out procurement exercises in relation to the legal advisors appointed for the Lingwood Primary conversion work, the new finance software and the new management information system and has started to use its economies of scale to deliver cost savings to contracts due to commence in the next accounting period. The Trust

promotes fair competition through securing efficient and effective services through securing quotations and tenders to ensure that goods and services are the most economic and of appropriate quality.

- Utilising employed teaching staff and cover supervisors to cover the lessons of teaching staff on sick leave (wherever possible), to reduce additional spend on agency staff.
- Holding the Local Governing Body to account in respect of (1) Heartsease Primary Academy's PFI contract, to ensure that it is delivered and (2) spend on utilities, premises, resources and staff salaries, using KPIs and benchmarking reports to ensure that these are broadly in line with similar local schools.

## 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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at The HEART Education Trust for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

## Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust 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 Trust's significant risks that has been in place for the period 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## The Risk and Control Framework

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

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

The Board of Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor but instead to purchase an external review service from the Local Authority (financial management assurance) through which additional checks were performed. In particular the checks carried out in the current period included testing and review of:

- Payroll
- Expenditure
- Income
- Accounting system
- Asset management
- Charge cards

On a termly basis the Assessment Officer reports to the Trust on the operation of the systems of control and on the discharge of the Board's financial responsibilities. In addition the Trust purchased a financial advisory service from Judicium Education to advise the Board and the Trust's finance team in relation to financial matters and systems. The Trust bought in further finance support services from the Local Authority over the course of the accounting period.

The Assessment Officer has delivered the schedule of work as planned with the exception of a missed visit in the Autumn term 2014 due to limited availability. No material control issues have arisen as a result of the assessments carried out. The July assessment did flag some areas for Trustee's attention and the Trustees have or are in the process of resolving these in advance of the next assessment.

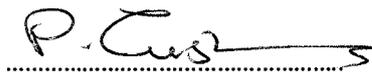
### Review of Effectiveness

As Accounting Officer the Chief Executive Officer 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 Assessment Officer (financial management assurance) service purchased from the Local Authority;
- the work of the Trust's appointed external auditor;
- the advice of the Trust's Chief Financial Officer;
- the advice of the Trust's financial advisors, Judicium Education;
- the financial advisory services purchased from the Local Authority;
- the work of the Trust's Business and Operations Executive who has responsibility for the development and maintenance of the internal control framework and finance programme.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Chief Financial Officer and Business and Operations Executive, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 16 December 2015 and signed on its behalf by:



**P Cushing**  
Chief Financial Officer / Trustee



**C Kenna**  
Accounting Officer / Trustee

## Statement on Regularity, Propriety and Compliance

As Accounting Officer of The HEART Education Trust I have considered my responsibility to notify the Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook.

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 EFA.



C Kenna

Accounting Officer

16 December 2015

## Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the charitable company, The HEART Education Trust, for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2005
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The 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 financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/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 financial statements may differ from legislation in other jurisdictions.

Approved by order the Board of Trustees on 16 December 2015 and signed on its behalf by:



**P Cushing**

**Chief Financial Officer / Trustee**

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART EDUCATION TRUST**

---

We have audited the financial statements of The Heart Education Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

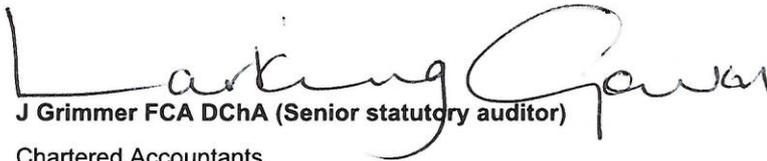
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEART EDUCATION TRUST**

---

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the academy has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



**J Grimmer FCA DChA (Senior statutory auditor)**

Chartered Accountants  
Statutory Auditors

King Street House  
15 Upper King Street  
Norwich  
NR3 1RB  
17 December 2015

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HEART  
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY**

---

In accordance with the terms of our engagement letter dated 7 October 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Heart Education Trust during the year 1 September 2014 to 31 August 2015 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 Heart Education Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Heart Education Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Heart Education Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF THE HEART EDUCATION TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Heart Education Trust's funding agreement with the Secretary of State for Education dated 27 March 2013, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE HEART  
EDUCATION TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

---

In planning and conducting our work we had due regard to professional guidance, including the Academies Accounts Direction 2013 and the ICAEW Assurance Sourcebook. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the Academy's Governors.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Larking Gowen**

Chartered Accountants  
Statutory Auditors

King Street House  
15 Upper King Street  
Norwich  
NR3 1RB

17 December 2015

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of total recognised gains and losses)  
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
<b>INCOMING RESOURCES</b>						
Incoming resources from generated funds:						
Voluntary income	2	-	9,675	-	9,675	12,564
Activities for generating funds	3	105,701	7,264	-	112,965	114,507
Investment income	4	1,203	-	-	1,203	1,021
Incoming resources from charitable activities	5	-	2,359,719	8,988	2,368,707	2,111,779
<b>TOTAL INCOMING RESOURCES</b>		<b>106,904</b>	<b>2,376,658</b>	<b>8,988</b>	<b>2,492,550</b>	<b>2,239,871</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating funds:						
Fundraising expenses and other costs		33,200	-	-	33,200	31,065
Charitable activities	7,8	-	2,200,832	50,535	2,251,367	1,932,979
Governance costs	6	-	25,474	-	25,474	14,818
<b>TOTAL RESOURCES EXPENDED</b>		<b>33,200</b>	<b>2,226,306</b>	<b>50,535</b>	<b>2,310,041</b>	<b>1,978,862</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>73,704</b>	<b>150,352</b>	<b>(41,547)</b>	<b>182,509</b>	<b>261,009</b>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers between Funds	17	111,663	(137,249)	25,586	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>185,367</b>	<b>13,103</b>	<b>(15,961)</b>	<b>182,509</b>	<b>261,009</b>
Actuarial gains and losses on defined benefit pension schemes		-	4,000	-	4,000	(2,000)
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>185,367</b>	<b>17,103</b>	<b>(15,961)</b>	<b>186,509</b>	<b>259,009</b>
<i>Total funds at 1 September 2014</i>		<i>637,077</i>	<i>140,955</i>	<i>842,730</i>	<i>1,620,762</i>	<i>1,361,753</i>
<b>TOTAL FUNDS AT 31 AUGUST 2015</b>		<b>822,444</b>	<b>158,058</b>	<b>826,769</b>	<b>1,807,271</b>	<b>1,620,762</b>

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 41 to 57 form part of these financial statements.

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08286818**

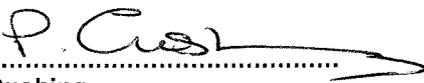
**BALANCE SHEET**  
**AS AT 31 AUGUST 2015**

	Note	£	2015 £	£	2014 £
<b>FIXED ASSETS</b>					
Tangible assets	14		826,769		842,730
<b>CURRENT ASSETS</b>					
Debtors	15	21,301		32,315	
Cash at bank		1,286,988		1,087,041	
			1,308,289		1,119,356
<b>CREDITORS: amounts falling due within one year</b>	16	(112,787)		(144,324)	
<b>NET CURRENT ASSETS</b>			1,195,502		975,032
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2,022,271		1,817,762
Defined benefit pension scheme liability	21		(215,000)		(197,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			1,807,271		1,620,762
<b>FUNDS OF THE ACADEMY</b>					
Restricted funds:					
Restricted funds	17	373,058		337,955	
Restricted fixed asset funds	17	826,769		842,730	
			1,199,827		1,180,685
Restricted funds excluding pension liability					
Pension reserve		(215,000)		(197,000)	
			984,827		983,685
Total restricted funds			984,827		983,685
Unrestricted funds	17		822,444		637,077
<b>TOTAL FUNDS</b>			1,807,271		1,620,762

The Trustees consider that the academy is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the academy to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees, and authorised for issue, on 16 December 2015 and are signed on their behalf, by:

  
 .....  
**P Cushing**  
**Chief Financial Officer**

The notes on pages 41 to 57 form part of these financial statements.

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	19	<b>234,521</b>	124,914
Capital expenditure and financial investment	20	<b>(34,574)</b>	(5,819)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>199,947</b>	119,095

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	<b>199,947</b>	119,095
<b>MOVEMENT IN NET FUNDS IN THE YEAR</b>	<b>199,947</b>	119,095
Net funds at 1 September 2014	<b>1,087,041</b>	967,946
<b>NET FUNDS AT 31 AUGUST 2015</b>	<b>1,286,988</b>	1,087,041

The notes on pages 41 to 57 form part of these financial statements.

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the 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 and include grants from the Department for Education.

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

**1.3 Incoming resources**

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

---

**1. ACCOUNTING POLICIES (continued)**

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

**1.4 Resources expended**

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

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

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.5 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

**1.6 Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

---

**1. ACCOUNTING POLICIES (continued)**

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

Leasehold property	-	2% straight line
Fixtures and fittings	-	20% straight line
Equipment	-	25% straight line
Computer equipment	-	33% straight line

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.8 Taxation**

The academy 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 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.

**1.9 Pensions**

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**1. ACCOUNTING POLICIES (continued)**

**1.10 Private Finance Initiative (PFI) Schemes**

PFI contracts are agreements to receive services, where responsibility for making available property, plant and equipment needed to provide the services passes to the PFI contractor. As the academy is not deemed to control the services that are provided under its PFI schemes as the academy does not have the significant risks and benefits of the assets, the assets and liabilities of the PFI are not included within the Balance Sheet.

The annual payments to Norfolk County Council in relation to the PFI contract and services are recorded on an accruals basis within the Statement of Financial Activities.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Donations	-	-	-	2,939
Grants	-	9,675	9,675	9,625
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	-	9,675	9,675	12,564
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Lettings and hire income	17,074	-	17,074	27,154
Academy trips and visits	26,672	-	26,672	25,032
Catering sales	16,526	-	16,526	22,597
Income from services provided	45,429	7,264	52,693	39,724
	<hr/>	<hr/>	<hr/>	<hr/>
	105,701	7,264	112,965	114,507
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**4. INVESTMENT INCOME**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Investment income	1,203	-	1,203	1,021
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Educational Operations	-	2,368,707	2,368,707	2,111,779
	<u>-</u>	<u>2,368,707</u>	<u>2,368,707</u>	<u>2,111,779</u>

**FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
<b>DfE/EFA revenue grants</b>				
General Annual Grant	-	1,680,363	1,680,363	1,581,825
Pupil premium	-	233,903	233,903	182,624
Other DfE/EFA	-	104,334	104,334	28,116
Local authority	-	216,815	216,815	269,686
SEN Funding	-	119,996	119,996	41,833
Other funding	-	13,296	13,296	7,695
	<u>-</u>	<u>2,368,707</u>	<u>2,368,707</u>	<u>2,111,779</u>

Further details are provided in note 21.

**6. GOVERNANCE COSTS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	<i>Total funds 2014 £</i>
Governance Auditors' remuneration	-	4,720	4,720	4,580
Finance Support	-	16,445	16,445	10,050
Legal Fees	-	4,309	4,309	188
	<u>-</u>	<u>25,474</u>	<u>25,474</u>	<u>14,818</u>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**7. DIRECT COSTS**

	<b>Total 2015 £</b>	<i>Total 2014 £</i>
Pension income	-	5,000
Educational support	106,434	98,989
Staff development	41,412	21,196
Books, stationery & materials	43,554	20,002
ICT costs	8,938	37,072
Recruitment costs	3,463	120
Wages and salaries	1,181,323	1,025,475
National insurance	70,718	63,771
Pension cost	173,597	151,011
	<u>1,629,439</u>	<u>1,422,636</u>

**8. SUPPORT COSTS**

	<b>Total 2015 £</b>	<i>Total 2014 £</i>
Administration	21,461	7,833
Premises maintenance	150,018	123,048
Cleaning	55,409	42,713
Water rates	14,509	17,025
Light & heat	33,682	36,731
Insurance	22,329	24,959
Transport & travel	3,847	2,701
Catering	116,301	75,201
Other educational supplies	18,269	37,438
Other professional fees	8,727	4,226
PFI management fee & affordability gap	55,410	33,824
Wages and salaries	59,662	57,930
National insurance	3,093	1,865
Pension cost	8,676	4,787
Depreciation	50,535	40,062
	<u>621,928</u>	<u>510,343</u>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**9. NET INCOMING RESOURCES**

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets: - owned by the charity	50,535	40,061
Auditors' remuneration	4,720	4,580
	55,255	44,641

**10. STAFF**

**a. Staff costs**

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	1,240,985	1,083,406
Social security costs	73,811	65,636
Other pension costs (Note 21)	182,273	155,798
	1,497,069	1,304,840

**b. Staff numbers**

The average number of persons employed by the academy during the year expressed as full time equivalents was as follows:

	2015	2014
	No.	No.
Teachers	20	23
Support & Administration	23	19
Management	3	3
	46	45

**c. Higher paid staff**

During the year, C Kenna (Chief Executive Officer) was the only employee to receive remuneration amounting to more than £60,000.

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

During the year, one Trustee received reimbursement of expenses of £55 (2014 - £NIL).

	<b>2015</b>	<b>2015</b>	<i>2014</i>	<i>2014</i>
	<b>Remuneration</b>	<b>Pension</b>	<i>Remuneration</i>	<i>Pension</i>
	<b>£'000</b>	<b>Contributions</b>	<i>£'000</i>	<i>Contributions</i>
		<b>£'000</b>		<i>£'000</i>
C Kenna (Chief Executive Officer and Accounting Officer)	<b>70 - 75</b>	<b>10 - 15</b>	<i>70 - 75</i>	<i>10 - 15</i>
L Kidd (Staff Member of Local Governing Body)	<b>10 - 15</b>	<b>0 - 5</b>	<i>10 - 15</i>	<i>0 - 5</i>
I Khan (Staff Member of Local Governing Body)	<b>25 - 30</b>	<b>0 - 5</b>	<i>20 - 25</i>	<i>0 - 5</i>
S Porter (Staff Trustee) Appointed 01/11/2014	<b>35 - 40</b>	<b>0 - 5</b>	<i>-</i>	<i>-</i>

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £2,100 (2014 - £2,100). The cost of this insurance is included in the total insurance cost.

**13. OTHER FINANCE INCOME**

	<b>2015</b>	<i>2014</i>
	<b>£</b>	<i>£</i>
Expected return on pension scheme assets	<b>23,000</b>	<i>19,000</i>
Interest on pension scheme liabilities	<b>(23,000)</b>	<i>(24,000)</i>
	<b>-</b>	<i>(5,000)</i>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**14. TANGIBLE FIXED ASSETS**

	Leasehold property £	Fixtures and fittings £	Equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2014	815,000	10,407	68,511	15,173	909,091
Additions	-	214	18,330	16,030	34,574
At 31 August 2015	<u>815,000</u>	<u>10,621</u>	<u>86,841</u>	<u>31,203</u>	<u>943,665</u>
<b>Depreciation</b>					
At 1 September 2014	32,600	2,921	23,027	7,813	66,361
Charge for the year	16,300	2,124	21,711	10,400	50,535
At 31 August 2015	<u>48,900</u>	<u>5,045</u>	<u>44,738</u>	<u>18,213</u>	<u>116,896</u>
<b>Net book value</b>					
At 31 August 2015	<u>766,100</u>	<u>5,576</u>	<u>42,103</u>	<u>12,990</u>	<u>826,769</u>
At 31 August 2014	<u>782,400</u>	<u>7,486</u>	<u>45,484</u>	<u>7,360</u>	<u>842,730</u>

**15. DEBTORS**

	2015 £	2014 £
Trade debtors	2,510	14,394
Tax recoverable	18,791	17,921
	<u>21,301</u>	<u>32,315</u>

**16. CREDITORS:**  
**Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	69,824	88,218
Other taxation and social security	23,457	21,381
Accruals and deferred income	19,506	34,725
	<u>112,787</u>	<u>144,324</u>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	637,077	106,904	(33,200)	111,663	-	822,444
<b>Restricted funds</b>						
General Annual Grant (GAG)	226,292	1,680,363	(1,576,410)	(25,586)	-	304,659
Other income and government grants	-	626,295	(626,295)	-	-	-
Capital grants	111,663	-	-	(111,663)	-	-
Funds for conversion of Lingwood Primary	-	70,000	(1,601)	-	-	68,399
Pension reserve	(197,000)	-	(22,000)	-	4,000	(215,000)
	<u>140,955</u>	<u>2,376,658</u>	<u>(2,226,306)</u>	<u>(137,249)</u>	<u>4,000</u>	<u>158,058</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	842,730	8,988	(50,535)	25,586	-	826,769
Total restricted funds	<u>983,685</u>	<u>2,385,646</u>	<u>(2,276,841)</u>	<u>(111,663)</u>	<u>4,000</u>	<u>984,827</u>
Total of funds	<u><u>1,620,762</u></u>	<u><u>2,492,550</u></u>	<u><u>(2,310,041)</u></u>	<u><u>-</u></u>	<u><u>4,000</u></u>	<u><u>1,807,271</u></u>

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

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

The pension reserve has been created separately to identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The other government grants fund has been created to recognise the restricted grant funding received from the local authority to be used for the purpose of specific projects and assisting with the educational operations.

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**17. STATEMENT OF FUNDS (continued)**

The Capital Grants fund, held within Restricted Funds, has been transferred to unrestricted funds. The Trustees believe this reflects the true nature of these funds, being funds received from the Local Authority prior to conversion as an Academy, for the normal running costs of the school. The original restriction placed on these funds has been re-visited and agreed with the Local Authority that they are now unrestricted.

The restricted fixed assets fund has been set up to recognise the tangible fixed assets gifted to the academy upon conversion by the local authority and also those purchased by the academy following conversion that have been funded from GAG and other capital grants. Depreciation charged on those tangible assets is allocated to the fund.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	637,077	106,904	(33,200)	111,663	-	822,444
Restricted funds	140,955	2,376,658	(2,226,306)	(137,249)	4,000	158,058
Restricted fixed asset funds	842,730	8,988	(50,535)	25,586	-	826,769
	<u>1,620,762</u>	<u>2,492,550</u>	<u>(2,310,041)</u>	<u>-</u>	<u>4,000</u>	<u>1,807,271</u>

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	826,769	826,769	842,730
Current assets	935,231	373,058	-	1,308,289	1,119,359
Creditors due within one year	(112,787)	-	-	(112,787)	(144,327)
Provisions for liabilities and charges	-	(215,000)	-	(215,000)	(197,000)
	<u>822,444</u>	<u>158,058</u>	<u>826,769</u>	<u>1,807,271</u>	<u>1,620,762</u>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015	2014
	£	£
Net incoming resources before revaluations	182,509	261,009
Depreciation of tangible fixed assets	50,535	40,061
Decrease in debtors	11,014	6,205
Decrease in creditors	(31,537)	(200,361)
Increase in provisions - opening FRS17 liability	18,000	20,000
FRS17 - Actuarial Losses	4,000	(2,000)
	<b>234,521</b>	<b>124,914</b>
<b>Net cash inflow from operations</b>	<b>234,521</b>	<b>124,914</b>

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2015	2014
	£	£
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(34,574)	(5,819)
	<b>(34,574)</b>	<b>(5,819)</b>

**21. PENSION COMMITMENTS**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Norfolk County Council. Both are 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 2004 and of the LGPS 31 March 2010.

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

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

---

**21. PENSION COMMITMENTS (continued)**

**Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £111,520 (2014: £105,303).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £61,000, of which employer's contributions totalled £46,000 and employees' contributions totalled £15,000. The agreed contribution rates for future years are 17% for employers and tiered% 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.

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**21. PENSION COMMITMENTS (continued)**

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	<b>Expected return at 31 August 2015 %</b>	<b>Fair value at 31 August 2015 £</b>	<i>Expected return at 31 August 2014 %</i>	<i>Fair value at 31 August 2014 £</i>
Equities	3.80	275,000	6.30	257,000
Bonds	3.80	124,000	3.40	83,000
Property	3.80	62,000	4.50	44,000
Cash	3.80	14,000	3.30	12,000
		<u>475,000</u>		<u>396,000</u>
Total market value of assets		<u>475,000</u>		<u>396,000</u>
Present value of scheme liabilities		(690,000)		(593,000)
		<u>(215,000)</u>		<u>(197,000)</u>
(Deficit)/surplus in the scheme		<u>(215,000)</u>		<u>(197,000)</u>

The amounts recognised in the Balance sheet are as follows:

	<b>2015 £</b>	<b>2014 £</b>
Present value of funded obligations	(690,000)	(593,000)
Fair value of scheme assets	475,000	396,000
	<u>(215,000)</u>	<u>(197,000)</u>
Net liability	<u>(215,000)</u>	<u>(197,000)</u>

The amounts recognised in the Statement of financial activities are as follows:

	<b>2015 £</b>	<b>2014 £</b>
Current service cost	(68,000)	(51,000)
Interest on obligation	(23,000)	(24,000)
Expected return on scheme assets	23,000	19,000
	<u>(68,000)</u>	<u>(56,000)</u>
Total	<u>(68,000)</u>	<u>(56,000)</u>

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**21. PENSION COMMITMENTS (continued)**

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

	2015 £	2014 £
Opening defined benefit obligation	593,000	484,000
Current service cost	68,000	51,000
Interest cost	23,000	24,000
Contributions by scheme participants	15,000	13,000
Actuarial (Gains)/losses	(9,000)	21,000
	<u>690,000</u>	<u>593,000</u>

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

	2015 £	2014 £
Opening fair value of scheme assets	396,000	307,000
Expected return on assets	23,000	19,000
Actuarial gains and (losses)	(5,000)	19,000
Contributions by employer	46,000	38,000
Contributions by employees	15,000	13,000
	<u>475,000</u>	<u>396,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £15,000 gains (2014 - £11,000 gains).

The academy expects to contribute £52,000 to its Defined benefit pension scheme in 2016.

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.70 %
Expected return on scheme assets at 31 August	3.80 %	5.40 %
Rate of increase in salaries	3.60 %	3.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %

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

	2015	2014
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	24.5	24.5
Females	26.9	26.9

**THE HEART EDUCATION TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

**21. PENSION COMMITMENTS (continued)**

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(690,000)	(593,000)
Scheme assets	475,000	396,000
Deficit	<u>(215,000)</u>	<u>(197,000)</u>
Experience adjustments on scheme liabilities	9,000	(21,000)
Experience adjustments on scheme assets	<u>(5,000)</u>	<u>19,000</u>

**22. OPERATING LEASE COMMITMENTS**

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2015 £	2014 £	2015 £	2014 £
<b>Expiry date:</b>				
Between 2 and 5 years	-	-	6,929	3,700

**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. There were no such transactions during the period.

On the 6th July 2015 H Cabbage resigned as a Trustee and was appointed as Business and Operations Executive for the Trust. H Cabbage is the daughter of C Kenna (Chief Executive officer and Accounting Officer). In the year ending 31 August 2015, for her role as Business and Operations Executive H Cabbage received remuneration of £5,000 to £10,000 (2014: £Nil) and pension contributions of £0 to £5,000 (2014: £Nil).

---

**THE HEART EDUCATION TRUST**  
**(A company limited by guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2015**

---

**24. POST BALANCE SHEET EVENTS**

On 1 October 2015 Lingwood Primary, a 4 - 11 co-educational primary school with approximately 180 pupils, became a sponsored academy of the Trust. The school's name is now Lingwood Primary Academy.