

**HEARTLANDS COMMUNITY TRUST**  
(A Company Limited by Guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**Members**

Ms M McCarthy, Chair of Trustees<sup>1</sup>  
Prof E Rouse OBE<sup>2</sup>  
Mr M Rosen<sup>1</sup>  
Dr H Hingley-Jones

**Trustees**

Ms L Langley (resigned 11 November 2014)  
Ms A Gibson<sup>2</sup>  
Ms R Powell  
Ms K Alexander<sup>2</sup>  
Ms E Holder  
Mr S Garrill, Head Teacher and Accounting Officer<sup>1</sup>  
Mr J Jaulim<sup>1,2</sup>  
Ms C McCluskey  
Ms J Jarrett (resigned 16 July 2014)<sup>1</sup>  
Mr J Arthur (resigned 16 July 2014)<sup>2</sup>  
Ms T O'Meara (resigned 19 October 2014)<sup>2</sup>  
Mr A Latchana  
Mr T Castle<sup>1</sup>

<sup>1</sup> Member of Finance Committee

<sup>2</sup> Member of Audit Committee

**Company registered number**

08482398

(Registered in England and Wales)

**Principal and registered office**

Heartlands Community Trust  
Station Road  
Wood Green  
London  
N22 7ST

**Company secretary**

Mr G Cooper

**Senior management team**

Mr S Garrill, Headteacher  
Ms A Clay, Deputy Headteacher  
Ms E Emmerson, Deputy Headteacher  
Mr J Nagle, Deputy Headteacher  
Ms E Roberts, Deputy Headteacher  
Mr A Greenwood, Assistant Headteacher  
Ms H Denny, Assistant Headteacher

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**Administrative details (continued)**

**Independent auditors**

MHA MacIntyre Hudson  
Chartered Accountants  
Euro House  
1394 High Road  
London  
N20 9YZ

**Bankers**

NatWest Bank PLC  
London  
W1B 3PB

**Solicitors**

Stone King LLP  
16 St John's Lane  
London  
EC1M 4BS

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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The Trustees present their Annual Report together with the financial statements and Auditors' reports of the charitable company for the period to 31 August 2014. 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 11 to 16 serving a catchment area in Wood Green, North London. It has a pupil capacity of 1080 and had a roll of 955 on the school census in October 2014. Our PAN is 945. We have also the 22 students in a resourced Autism Provision.

**Structure, governance and management**

**CONSTITUTION**

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as the Trustees for the charitable activities of the Academy and are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Heartlands Community Trust.

Details of the Governors who served throughout the year except as noted, are included in the Reference and Administrative Details on page 1.

Heartlands Community Trust is a charitable company limited by guarantee constituted under a memorandum of association as a multi-academy trust. As of 31 August 2014 there was no constituent academy of the multi-academy trust. No central services were provided by the Trust to other academies during the period and no central charges arose.

**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**

Governors benefit from indemnity insurance to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the period was £1,082 supplied by Zurich Municipal.

**METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

Directors are appointed as follows:

- Up to 8 Governors appointed by the Members
- A minimum of 2 Parent Governors elected
- 3 Staff Governors appointed or elected
- 1 Governor appointed by the Local Authority
- The Headteacher (ex-officio)

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**HEARTLANDS COMMUNITY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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The term of office for any Governor is four years (save that this time limit does not apply to the Headteacher), at the end of which Governors are eligible for reappointment/re-election.

There were no new individuals appointed to the role of Governor/Trustee who were not Governors of the predecessor school. Most recent Governor recruitment prior to the period was through the services of SGOSS, the independent charity dedicated to recruiting volunteers to serve on school Governing Bodies across England. A detailed skills audit ensured that the Governing Body has the right balance of skills.

**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

New Governors are provided with induction briefings by the Chair, the Headteacher and the Clerk, and are provided with copies of key School documents and an opportunity for a tour of the School and the chance to meet students and staff and observe lessons. Governor development and training workshops are held periodically, in addition to which Governors are provided with details of training delivered by the Local Authority, and are encouraged to attend.

**ORGANISATIONAL STRUCTURE**

The Governing Body is responsible for the conduct of the School and for promoting high standards of educational achievement. As such, it:

- provides a strategic direction for the School by establishing a vision and setting the purpose and aims of the School;
- agrees the School's improvement strategy, which includes setting targets with supporting budgets and staffing structures;
- monitors and evaluates the work of the School by reviewing progress towards the achievement of targets, the effectiveness of the School's improvement strategy, the implementation of agreed policies and the performance of the Headteacher; and
- ensures that parents are involved, consulted and informed appropriately.

The Governing Body is not responsible for the day-to-day management and organisation of the School. That responsibility lies with the Headteacher and the Senior Leadership Team. It is the responsibility of the Governing Body to hold the Headteacher to account for the performance of the School and the implementation of the strategic framework established by the Governing Body.

In order to fulfill its responsibilities effectively, the Governing Body has established a number of sub-committees, each of which has terms of reference approved by the Governing Body. These Committees were; the Audit Committee, Chair's Committee, Finance & General Purposes Committee, Standards & Achievement Committee and Pay and Performance Committee.

The Governing Body has delegated the responsibility for the day-to-day running of the Academy to the Senior Leadership Team. The team consists of a Headteacher, 4 Deputy Headteachers and 3 Assistant Headteachers. The Headteacher is the Accounting Officer.

The Headteacher, the School Business Manager and the Resources Committee are responsible for the authorisation of spending within agreed budgets as summarised in the Scheme of Delegation approved by the Governing Body. Some spending control is devolved to budget holders in line with the scheme of delegation. The Headteacher is responsible for the appointment of staff.

**CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

There are no connected organisations or related party relationships.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**Objectives and Activities**

**OBJECTS AND AIMS**

Our principal aim is to create a strong commitment to learning. We articulate how we achieve this aim throughout the School's Strategic Plan. Our Strategic Objectives for 2013-2016 are:

- Move teaching to consistently good and beyond to outstanding;
- Ensure outstanding behaviour;
- Ensure outstanding communication with parents;
- Ensure all students make outstanding progress;
- Ensure a culture of leadership through students;
- Develop community links further;
- Accelerate the improvement of students' skills in Literacy and in Numeracy;
- Develop our competency-based curriculum;
- Develop links that benefit our students and lead to school improvement;
- Ensure that the curriculum accelerates the progress of all learners;
- Ensure outstanding vertical tutoring to support learning;
- Promote health and wellbeing for staff and students.

**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Governing Body's overall aim is to ensure it delivers its charitable objects as set out in its Articles of Association, in the context of its shared values. Its shared values are as follows:

- A school that is passionate about creating a commitment to learning in its students and in expanding their development beyond that which can be achieved through tests. We encourage all students to SEARCH for SUCCESS and enjoy their learning.
- A school with a strong moral purpose; committed to equality and diversity. We will ensure that all students can achieve their potential.
- An outward-facing school that actively seeks partnerships with those looking to enhance the life chances of young people.
- A school that embraces innovation in teaching and learning, in curriculum design and in all areas that seek to ensure that life chances of our young people are improved.
- A school that helps its students to act responsibly within its walls and beyond to ensure they understand their role as citizens in a larger community and act accordingly.
- A school that nurtures leadership in its students, staff and governors, ensuring accountability, a clear vision, transparency and fairness.
- A school that is committed to the study and practice of the Performing Arts to develop its students as creative thinkers and to enrich their lives through an understanding and appreciation of our common cultural heritage.

**PUBLIC BENEFIT**

The Governors of the Academy Trust have complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy Trust's purpose for the Public Benefit include: setting up, maintaining, and carrying on managing and developing a school offering a broad and balanced curriculum.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**Strategic Report**

**Achievements and performance**

**REVIEW OF ACTIVITIES**

The Academy teaches young people from the age of 11-16. In 2013-2014, the Academy's KS3 results showed improved attainment in English and Maths, with a notable improvement in the outcomes for FSM students and Caribbean boys. Achievement of boys, FSM students and Caribbean boys is now in line with overall achievement in the core subjects, indicating a successful drive to 'close the gaps' for these key groups. This cohort entered the school with levels well below national averages and have made outstanding progress towards targets in English (L5+ 86%), Maths (L5+ 83%) and Science (L5+87%). The percentage of pupils achieving L5+ across the English Baccalaureate subjects remains high in KS3 at 74%, providing a platform for outstanding achievement at KS4.

**KS4 3 Level Imp English (Based on predicted)**

Tar	Agg	Low	Middle	High
100	89	83	94	87

**KS4 3 Level Imp Maths (Based on Predicted)**

Agg	Low	Middle	High
74	50	74	98

In KS4, the Academy has yet to return its first set of GCSE results. However, 70% of students are predicted to achieve 5A\*-C against a school target of 82% and 64% are predicted to achieve 5A\*-C EM against the school target of 77%. We expect the gap between predictions and targets to close as the year progresses and we are sharply focused on identifying and addressing underperformance promptly, to ensure that all students achieve outstanding results in summer 2015. Early entry in English Literature delivered 63% A\*-C and provided students and teachers with a useful insight into the examination process. With another year of teaching to go, the potential for this year group to achieve excellent results is evident.

Attendance has been above National Averages since the inception of the school and in 2013/2014 it was 94.3%. Exclusions are broadly in line with National Averages.

The most recent Ofsted Inspection for the school was returned in March 2012. The Inspection stated that the school was 'good'.

The Academy remains oversubscribed and popular within the local community. It receives over 1000 applications for its 216 places.

**GOING CONCERN**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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.

**KEY FINANCIAL PERFORMANCE INDICATORS**

- Students achieving 3 Levels of progress from KS2-KS4 were well above the national average.
- Students achieving 4 levels of progress from KS2-KS4 were well above national averages.
- \*5A\*-C including English and Maths 77%.
- Attendance 95%.
- Exclusions below national average.



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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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Other financial KPI's of income and expenditure per pupil.

- Total General Annual Grant income per pupil / Average number of students over 16 months  
 $\text{£5,467,615} / 685 \text{ students} = \text{£7,981}$  per pupil of the General Annual Grant
- Teaching Staff Costs per pupil = £5,529  
 $\text{£3,787,596 Teaching Staff Costs} / 685 \text{ pupils (average pupil over 16 months)}$
- Support Staff Costs per pupil = £2,957  
 $\text{£2,025,630 Support Staff Costs} / 685 \text{ pupils (average pupil over 16 months)}$
- Total Staff Costs per pupil = £8,486  
 $\text{£5,813,226 Total Staff costs} / 685 \text{ pupils (average pupil over 16 months)}$
- Teaching Staff Costs as percentage of Total Income:  
 $\text{£3,787,596} / \text{£8,198,662} = 46\%$
- Support Staff Costs as percentage of Total Income:  
 $\text{£2,025,630} / \text{£8,198,662} = 24\%$

**Financial review**

**REVIEW OF PERIOD**

Most of the Academy Trust's recurrent income is obtained from the EFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Governing Body has reviewed the key risks to which the Academy Trust is exposed together with the operation, finance and compliance controls that have been implemented to mitigate those risks.

The principal risks facing the Academy are:

- Reputational risk – mitigated by marketing strategy, active and experienced trustees and a clear strategic plan.
- Performance risk – mitigated by clear strategic plan, robust self-evaluation and KP analysis at Board level, strong reporting systems and an experienced leadership group.
- Financial risk – the principal financial risks are a reduction in pupil numbers, reduction in central government funding, unbudgeted increase in teaching or support staff costs, or unbudgeted major capital repairs.

The risks presented here are mitigated by having a clear marketing strategy for the school ensuring that it remains oversubscribed on preferences. In addition, robust financial regulations and a strong process of budget monitoring ensures appropriate scrutiny of accounts. There effective external and internal controls in place.

- Risks associated with Personnel – mitigated by clear succession planning for leadership and governance roles.

The Academy Trust practices through its Board, namely the Governing Body and the constituted sub-

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**TRUSTEES' REPORT (continued)**  
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committees, risk management principles. Any major risks highlighted at any sub-committee are brought to the main Board with proposed mitigating actions and they continue to be reported until the risk is adequately mitigated.

The Governing Body accepts managed risk as an inevitable part of its operations but maintains an objective not to run unacceptable levels of risk in any area. The subjective nature of this process requires major risks to be resolved by the Governing Body collectively, whilst more minor risks are dealt with by senior Executive Officers.

**RESERVES POLICY**

Heartlands has a policy that state the trust's policy for building and maintaining reserves. This policy assists the school in its strategic planning on either long-term or short-term goals.

Trustees can review the reserves amount at any time and why they are held. It should identify the value of free reserves held (being the income funds that are freely available for general purposes which, under the SORP, would generally be unrestricted funds) and may also disclose information on the policy and level of other reserves (eg restricted general funds).

Disclosure of funds in deficit is also included in the Funds Note in the financial statements (note 17 in the Heartlands Community Trust Model).

At 31 August 2014 the total funds comprised:

Unrestricted	6,404
Restricted: Fixed asset funds	28,071,921
General Annual income	0
Pension reserve	(271,000)
Other	<u>559,235</u>
	<u>28,366,560</u>

The deficit on the pension reserve relates to the non-teaching staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 25. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy, at the discretion of the Governors. The aim of the Governors is to increase this reserve to meet future working capital requirements.

**INVESTMENT POLICY**

The Trust currently only invests in the low-risk bank deposit accounts, which offers the flexibility to invest across a range of accounts' terms in order to balance liquidity and return. We will draft an in-depth Investment policy when the need is there and when the Trust is a position to do so.

**Plans for future periods**

**FUTURE DEVELOPMENTS**

The priorities based on our most recent self-evaluation and revised strategic plan are;

- Achievement of all students, including the most able, Caribbean boys and students with SEND reflects our high expectations;

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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- Intervention to secure rapid progress of all students (KS3/4);
- Whole-school assessment systems to support target setting and monitoring of pupil progress;
- Students to acquire high levels of literacy and mathematical skills and knowledge appropriate to their age.
- Ensure teaching is consistently good or outstanding, leading to exceptional growth in pupils' knowledge;
- Outstanding behaviour, leads to excellent attitudes to learning, attendance and punctuality;
- A culture of student leadership promotes a cohesive learning community;
- A competency-based curriculum, fostering students spiritual, moral, social and cultural (SMSC) development;
- Outstanding vertical tutoring to support students' literacy, spiritual, moral, cultural and social development;
- Ensure outstanding communication with parents, leading to high levels of parental engagement;
- Sharp monitoring of teaching, leading to a drive for continuous improvement and sharing of best practice;
- Further development of community links which will benefit our students and lead to school improvement;
- The curriculum reflects our core values and provides excellent educational experiences;
- Robust self-evaluation and internal review, leading to effective actions for school improvement;
- All students are very well equipped for the next stage of their education;
- Promote health and wellbeing for staff and students.

In addition the Trust has applied to open a new school for Autism as a Free School in September 2016.

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**DISCLOSURE OF INFORMATION TO AUDITORS**

In so far as the Trustees are aware:

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

**AUDITORS**

The Auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the Auditors at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the Governing Body, as the company directors, on 17-12-14 and signed on the board's behalf by:

**Ms M McCarthy**  
**Chair of Trustees**

M.T. McCarthy

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**HEARTLANDS COMMUNITY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As Trustees, we acknowledge we have overall responsibility for ensuring that Heartlands Community 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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Heartlands Community 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 School is committed to exhibiting best practice in all aspects of governance practice and its practices are consistent with the Academies Financial Handbook and the Academies Accounts Direction 2013-14. The Audit Committee of the Governing Body is responsible for the system of internal control operating within the School and for reviewing its effectiveness. Such a system can only provide reasonable, and not absolute assurance against any material misstatement or loss, and cannot eliminate business risk. The Audit Committee may identify areas for improvement in the system of internal control, based upon reports and views from its own and other committees.

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The Board of Trustees has formally met 7 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms M McCarthy, Chair of Trustees	7	7
Prof E Rouse OBE	5	7
Mr M Rosen	6	7
Dr H Hingley-Jones	6	7
Ms L Langley	6	7
Ms A Gibson	5	7
Ms R Powell	5	7
Ms K Alexander	4	7
Ms E Holder	6	7
Mr S Garrill, Head Teacher and Accounting Officer	7	7
Mr J Jaulim	6	7
Ms C McCluskey	4	7
Ms J Jarrett	3	7
Mr J Arthur	4	6
Ms T O'Meara	5	7
Mr A Latchana	6	7
Mr T Castle	5	7

The Trustees are committed to a process on continuous improvement in their effectiveness. During the period, at a development day, the Trustees self-evaluated their effectiveness as a Governing Body and agreed and implemented a Governance Improvement Plan. Additionally, a skills audit of the Board of Trustees was completed in order to help inform future Governor recruitment and training.

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees. Its purpose is to advise and support the Board of Trustees on matters relating to the strategic oversight of:

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**HEARTLANDS COMMUNITY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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- the School's financial management, financial strategy and financial policies, and the use and safeguarding of its resources and assets;
- ensuring that the School operates within the law and regulatory environment in relation to its finances;
- management's implementation of staffing policies, procedures, guidance and support;
- management of, and improvements to, the School's buildings;
- compliance with legislation relating to Health & Safety management; and
- matters referred to the Committee (by the Board of Trustees or the Headteacher) that arise from time to time, that are not specifically within the purview of other Board of Trustees' Committees

During the period, Mr M Rosen joined the Committee.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Rosen	3	4
Mr T Castle	2	5
Mr S Garrill	5	5
Ms J Jarrett	5	5
Mr J Jaulim	5	5
Ms M McCarthy	5	5

The Audit Committee is also a sub-committee of the main Board of Trustees and is responsible for:

- advising the Board of Trustees on the adequacy and effectiveness of the School's systems of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money);
- advising the Board of Trustees in relation to the terms of engagement, scope of work and audit findings of the financial statements Auditor and the internal audit service,
- ensuring that all allegations of fraud and irregularity are appropriately investigated and control weaknesses are addressed.

During the year, the Committee provided guidance to the Board of Trustees on the appointment of Auditors and oversight of the development of the Academy's Risk Register.

During the period, Ms K Alexander, Mr J Arthur, Ms A Gibson, Mr J Jaulim and Ms T O'Meara joined the Committee.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Prof E Rouse OBE	4	4
Ms K Alexander	2	2
Mr J Arthur	1	4
Ms A Gibson	2	3
Mr J Jaulim	1	2
Ms T O'Meara	0	2

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Heartlands Community Trust for the period 1

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**GOVERNANCE STATEMENT (continued)**

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May 2013 to 31 August 2014 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 Academy 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 ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 May 2013 to 31 August 2014 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

The Academy'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 Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint MHA MacInyre Hudson as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the Internal Auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. During the period, a system has been developed whereby the Internal Auditor reports to the Board of Trustees, through the Audit Committee, on a termly basis on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

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**HEARTLANDS COMMUNITY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the Internal Auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the Executive Managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17-12-14 and signed on its behalf, by:

Ms M McCarthy  
Chair of Trustees



Mr S Garrill  
Accounting Officer



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**HEARTLANDS COMMUNITY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Heartlands Community Trust I have considered my responsibility to notify the Academy 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 Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

**Mr S Garrill**  
**Accounting Officer**



Date:

17.12.14.



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**HEARTLANDS COMMUNITY TRUST**  
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**TRUSTEES' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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The Trustees (who act as Governors of Heartlands Community Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued 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 financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of 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 of the Charities SORP;
- 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 of the members of the Board of Trustees and signed on its behalf by:

**Ms M McCarthy**  
**Chair of Trustees**



**Date:** 17-12-14

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF HEARTLANDS COMMUNITY TRUST**

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We have audited the financial statements of Heartlands Community Trust for the period ended 31 August 2014 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 2013 to 2014 issued by the Education Funding Agency.

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

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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period 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 2013 to 2014 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Trustees' Report, incorporating the Strategic Report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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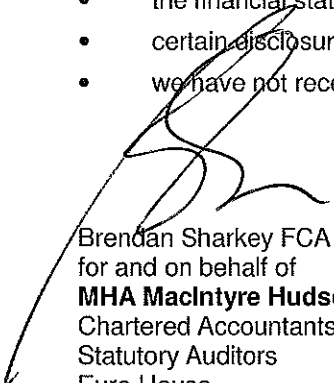
**INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF HEARTLANDS COMMUNITY TRUST**

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

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

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



Brendan Sharkey FCA (Senior Statutory Auditor)  
for and on behalf of

**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors  
Euro House  
1394 High Road  
London  
N20 9YZ

Date:

18<sup>th</sup> December 2014

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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

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In accordance with the terms of our engagement letter dated 14 March 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heartlands Community Trust during the period 1 May 2013 to 31 August 2014 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 Heartlands Community Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heartlands Community 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 Heartlands Community Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF HEARTLANDS COMMUNITY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Heartlands Community Trust's funding agreement with the Secretary of State for Education dated 30 March 2012, and the Academies Financial Handbook extant from 1 September 2012 and the Academies Financial Handbook extant from 1 September 2013, updated October 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 May 2013 to 31 August 2014 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 2013 to 2014 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.

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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


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The work undertaken to draw to our conclusion includes:

- reviewing the Minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy
- testing of a sample of payroll payments to staff
- testing of a sample of payments to suppliers and other third parties
- testing of a sample of grants received and other income streams
- evaluating the internal control procedures and reporting lines, testing as appropriate and making appropriate enquiries of the Accounting Officer.

**CONCLUSION**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 May 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors  
Euro House  
1394 High Road  
London  
N20 9YZ

Date: 18<sup>th</sup> December 2014

**HEARTLANDS COMMUNITY 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 PERIOD ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 16 months to 31 August 2014 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	3,820	424,010	28,617,188	29,045,018
Activities for generating funds	3	123,844	69,245	-	193,089
Investment income	4	3,151	-	-	3,151
Incoming resources from charitable activities	5	54,953	8,156,103	12,606	8,223,662
<b>TOTAL INCOMING RESOURCES</b>		<b>185,768</b>	<b>8,649,358</b>	<b>28,629,794</b>	<b>37,464,920</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	8	179,363	7,874,920	754,696	8,808,979
Governance costs	9	-	16,381	-	16,381
Pension scheme liability transferred on conversion	6	-	154,000	-	154,000
<b>TOTAL RESOURCES EXPENDED</b>	<b>7</b>	<b>179,363</b>	<b>8,045,301</b>	<b>754,696</b>	<b>8,979,360</b>
<b>NET INCOMING RESOURCES BEFORE TRANSFERS</b>		<b>6,405</b>	<b>604,057</b>	<b>27,875,098</b>	<b>28,485,560</b>
Transfers between funds	18	-	(196,823)	196,823	-
<b>NET INCOME FOR THE PERIOD</b>		<b>6,405</b>	<b>407,234</b>	<b>28,071,921</b>	<b>28,485,560</b>
Actuarial gains and losses on defined benefit pension schemes		-	(119,000)	-	(119,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>6,405</b>	<b>288,234</b>	<b>28,071,921</b>	<b>28,366,560</b>
Total funds at 1 May 2013		-	-	-	-
<b>TOTAL FUNDS AT 31 AUGUST 2014</b>		<b>6,405</b>	<b>288,234</b>	<b>28,071,921</b>	<b>28,366,560</b>

All activities relate to continuing operations.

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

The notes on pages 23 to 45 form part of these financial statements.

**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08482398**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2014**

	Note	£	2014 £
<b>FIXED ASSETS</b>			
Tangible assets	15		28,071,921
<b>CURRENT ASSETS</b>			
Debtors	16	386,965	
Cash at bank		696,508	
		<u>1,083,473</u>	
<b>CREDITORS: amounts falling due within one year</b>	17	<u>(517,834)</u>	
<b>NET CURRENT ASSETS</b>			<u>565,639</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>28,637,560</u>
Defined benefit pension scheme liability	25		<u>(271,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITY</b>			<u><u>28,366,560</u></u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds:			
Restricted funds	18	559,234	
Restricted fixed asset funds	18	28,071,921	
		<u>28,631,155</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(271,000)</u>	
Total restricted funds			<u>28,360,155</u>
Unrestricted funds	18		<u>6,405</u>
<b>TOTAL FUNDS</b>			<u><u>28,366,560</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on  
17-12-14 and are signed on their behalf, by:

**M McCarthy**  
Chair of Trustees

*M. T. McCarthy*

**S Garrill**  
Accounting Officer

*S Garrill*

The notes on pages 23 to 45 form part of these financial statements.

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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	<b>Note</b>	<b>16 months to 31 August 2014 £</b>
Net cash flow from operating activities	21	491,268
Returns on investments and servicing of finance	22	3,151
Capital expenditure and financial investment	22	(210,721)
Cash transferred on conversion to an academy trust	20	412,810
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>696,508</b>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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	<b>16 months to 31 August 2014 £</b>
Increase in cash in the period	696,508
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>696,508</b>
<b>NET FUNDS AT 31 AUGUST 2014</b>	<b>696,508</b>

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The notes on pages 23 to 45 form part of these financial statements.



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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set below.

**1.2 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

**1.3 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 Receivable***

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.

***Donations***

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

***Other income***

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

***Donated Services and Gifts in Kind***

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014

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1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

All 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.

**Charitable activities**

These are costs incurred in the Academy's educational operations.

**Governance costs**

These 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 Tangible fixed assets and depreciation

All assets costing more than £1,500 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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.

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

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	2% per annum straight line
Plant and machinery	-	10% - 20% per annum straight line
Motor vehicles	-	20% per annum straight line
Office equipment	-	20% - 33% per annum straight line
Computer equipment	-	33.3% per annum straight line
Longterm leasehold land	-	Not depreciated

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 Operating leases**

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

**1.7 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.

**1.8 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 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 25, 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.

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**HEARTLANDS COMMUNITY TRUST**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.9 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 the Education Funding Agency, Department for Education or other 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 Education Funding Agency, Department for Education or other funders.

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

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
Donations	3,820	11,200	15,020
Transfer from Local Authority on conversion	-	29,029,998	29,029,998
	<hr/>	<hr/>	<hr/>
Voluntary income	<u>3,820</u>	<u>29,041,198</u>	<u>29,045,018</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
Lettings income	123,759	-	123,759
Catering income	85	-	85
Department income	-	69,245	69,245
	<hr/>	<hr/>	<hr/>
	<u>123,844</u>	<u>69,245</u>	<u>193,089</u>

**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

**4. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
Bank interest receivable	3,151	-	3,151

**5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
<b>DfE/EFA revenue grants</b>			
General Annual Grant (GAG)	-	5,467,614	5,467,614
Pupil Premium	-	566,945	566,945
Capital grants (Restricted Fixed Asset Fund)	-	12,606	12,606
Start-up grants	-	25,000	25,000
	-	6,072,165	6,072,165
<b>Other government grants</b>			
Special education projects	-	823,164	823,164
Local authority growth grant	-	918,998	918,998
Local authority sports grant	-	200,000	200,000
	-	1,942,162	1,942,162
<b>Other funding</b>			
Other income	54,953	154,382	209,335
	54,953	154,382	209,335
	54,953	8,168,709	8,223,662

**6. OTHER RESOURCES EXPENDED**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
Pension scheme liability transferred on conversion	-	154,000	154,000

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**7. RESOURCES EXPENDED**

	Staff costs	Depreciation	Other costs	Total
	2014	2014	2014	2014
	£	£	£	£
Direct costs - Educational operations	4,076,562	754,696	464,681	5,295,939
Support costs - Educational operations	2,029,630	-	1,483,410	3,513,040
<b>Charitable activities</b>	<b>6,106,192</b>	<b>754,696</b>	<b>1,948,091</b>	<b>8,808,979</b>
<b>Governance</b>	<b>-</b>	<b>-</b>	<b>16,381</b>	<b>16,381</b>
<b>Pension liability on conversion</b>	<b>-</b>	<b>-</b>	<b>154,000</b>	<b>154,000</b>
	<b>6,106,192</b>	<b>754,696</b>	<b>2,118,472</b>	<b>8,979,360</b>

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**8. CHARITABLE ACTIVITIES**

	Total funds 16 months to 31 August 2014 £
<b>DIRECT COSTS - EDUCATIONAL OPERATIONS</b>	
Wages and salaries	3,125,910
National insurance	256,981
Pension cost	404,705
Depreciation	754,696
Agency and other staff costs	288,965
Educational supplies	350,148
Examination fees	29,962
Staff development	2,991
Other direct costs	81,581
	<hr/> 5,295,939 <hr/>
<b>SUPPORT COSTS - EDUCATIONAL OPERATIONS</b>	
Wages and salaries	1,687,483
National insurance	105,648
Pension cost	236,499
Technology costs	204,697
Security	3,365
Maintenance of premises and equipment	123,939
Rent and rates	90,360
Energy	191,710
Insurance	76,638
Catering	179,365
Other occupancy costs	83,958
Other support costs	294,759
Cleaning	97,449
Staff Recruitment	137,170
	<hr/> 3,513,040 <hr/>
	<hr/> 8,808,979 <hr/>

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**HEARTLANDS COMMUNITY TRUST**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2014**

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**9. GOVERNANCE COSTS**

	Restricted funds 2014 £	Total funds 16 months to 31 August 2014 £
Auditors' remuneration	8,200	8,200
Accountancy fees	6,875	6,875
Governance clerk fees	1,306	1,306
	<u>16,381</u>	<u>16,381</u>

**10. NET INCOMING RESOURCES**

This is stated after charging:

	16 months to 31 August 2014 £
Depreciation of tangible fixed assets:	
- owned by the charity	754,696
Operating lease rentals:	
- other operating leases	<u>5,556</u>

**11. AUDITORS' REMUNERATION**

	16 months to 31 August 2014 £
Fees payable to the Academy's Auditor for the audit of the Academy's annual accounts	8,200
Fees payable to the Academy's Auditor in respect of:	
Internal audit services	2,550
All other non-audit services not included above	<u>4,325</u>



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**12. STAFF**

**a. Staff costs**

Staff costs were as follows:

	<b>16 months to 31 August 2014 £</b>
Wages and salaries	<b>4,813,393</b>
Social security costs	<b>362,630</b>
Other pension costs	<b>641,204</b>
	<hr/>
	<b>5,817,227</b>
Supply teacher costs	<b>288,965</b>
	<hr/>
	<b>6,106,192</b>
	<hr/>

**b. Staff numbers**

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

	<b>16 months to 31 August 2014 No.</b>
Teachers	<b>54</b>
Administration and support	<b>47</b>
Management	<b>9</b>
	<hr/>
	<b>110</b>
	<hr/>

**c. Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>16 months to 31 August 2014 No.</b>
In the band £80,001 - £90,000	<b>3</b>
In the band £90,001 - £100,000	<b>1</b>
In the band £120,001 - £130,000	<b>1</b>
	<hr/>
	<b>5</b>
	<hr/>

All of the above employees participated in the Teachers' Pension Scheme. During the 16 months ended 31 August 2014 employer's pension contributions for these staff amounted to £66,058.

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**13. TRUSTEES' REMUNERATION AND EXPENSES**

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than reimbursed expenses, from the academy in respect of their role as Trustees. The value of Trustees' remuneration during their term of office during the 16 month period to 31 August 2014 (including employer's pension contributions) fell within the following bands:

	<b>16 months to 31 August 2014 £</b>
Salaries: S Garrill (Headteacher and Governor for full 16 months)	<b>120,000-125,000</b>
C McCluskey (Staff Governor for full 16 months)	<b>65,000-70,000</b>
A Latchana (Staff Governor for full 16 months)	<b>55,000-60,000</b>
A Gibson (Staff Governor for full 16 months)	<b>50,000-55,000</b>
Pension contributions: S Garrill (Headteacher and Staff Governor for full 16 months)	<b>15,000-20,000</b>
A Latchana (Staff Governor for full 16 months)	<b>10,000-15,000</b>
C McCluskey (Staff Governor for full 16 months)	<b>5,000-10,000</b>

During the period ended 31 August 2014, there were no expenses reimbursed to trustees.

**14. 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 £2,000,000 on any one claim and the cost for the period ended 31 August 2014 was £1,082. The cost of this insurance is included in the total insurance cost.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. TANGIBLE FIXED ASSETS**

	<b>L/Term Leasehold Property £</b>	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>						
Additions	160,128	8,168	5,500	3,060	33,865	210,721
Transfers on conversion	28,398,379	127,502	34,627	46,531	10,149	28,617,188
Disposals	-	(1,292)	-	-	-	(1,292)
At 31 August 2014	<u>28,558,507</u>	<u>134,378</u>	<u>40,127</u>	<u>49,591</u>	<u>44,014</u>	<u>28,826,617</u>
<b>Depreciation</b>						
Charge for the period	658,507	48,159	9,051	20,674	18,305	754,696
At 31 August 2014	<u>658,507</u>	<u>48,159</u>	<u>9,051</u>	<u>20,674</u>	<u>18,305</u>	<u>754,696</u>
<b>Net book value</b>						
At 31 August 2014	<u>27,900,000</u>	<u>86,219</u>	<u>31,076</u>	<u>28,917</u>	<u>25,709</u>	<u>28,071,921</u>

Included in leasehold property is leasehold land at valuation at conversion to Academy status of £3,700,000 which is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. DEBTORS**

	2014 £
Trade debtors	16,626
VAT repayable	93,602
Prepayments and accrued income	276,737
	<hr/> 386,965 <hr/>

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

	2014 £
Trade creditors	278,882
Other taxation and social security	98,318
Other creditors	69,697
Accruals and deferred income	70,937
	<hr/> 517,834 <hr/>

**HEARTLANDS COMMUNITY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds - all funds	-	185,768	(179,363)	-	-	6,405
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	5,467,615	(5,467,615)	-	-	-
Other DfE/EFA grants	-	566,945	(566,945)	-	-	-
Local Authority Grants	-	1,942,162	(1,656,219)	-	-	285,943
Other restricted income	-	234,826	(177,522)	(57,304)	-	-
Start up grant	-	25,000	(25,000)	-	-	-
Transfer from Local Authority on conversion	-	412,810	-	(139,519)	-	273,291
Pension reserve	-	-	(152,000)	-	(119,000)	(271,000)
	-	8,649,358	(8,045,301)	(196,823)	(119,000)	288,234
<b>Restricted fixed asset funds</b>						
Transfer from Local Authority on conversion	-	28,617,188	(754,696)	-	-	27,862,492
DfE capital funding	-	12,606	-	196,823	-	209,429
	-	28,629,794	(754,696)	196,823	-	28,071,921
Total restricted funds	-	37,279,152	(8,799,997)	-	(119,000)	28,360,155
Total of funds	-	37,464,920	(8,979,360)	-	(119,000)	28,366,560

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

The General Annual Grant (GAG) must be used for the normal running costs of the Academy.

The other restricted funds relate to various school and educational activities which are not funded by the General Annual Grant. This includes pupil premium, SEN funding and school trips for which income received is used to cover costs associated with these activities.

The defined benefit pension scheme relates to the pension deficit arising on the LGPS pension scheme.

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## HEARTLANDS COMMUNITY TRUST

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2014

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#### 18. STATEMENT OF FUNDS (continued)

The transfer between the restricted funds and restricted fixed asset funds represents amounts capitalised during the period.

The restricted fixed asset fund was funded predominantly by the funds inherited on conversion from the Haringey local authority following the transfer of the land and buildings.

At 31 August 2014 there was no constituent academy of the multi-academy trust. All funds relate to Heartlands Community Trust. No central services were provided by the trust to other academies during the period and no central charges arose.

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 2014.

#### 19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 16 months to 31 August 2014 £
Tangible fixed assets	-	-	28,071,921	28,071,921
Current assets	6,405	1,077,068	-	1,083,473
Creditors due within one year	-	(517,834)	-	(517,834)
Pension liability	-	(271,000)	-	(271,000)
	<u>6,405</u>	<u>288,234</u>	<u>28,071,921</u>	<u>28,366,560</u>

#### 20. CONVERSION TO AN ACADEMY TRUST

On 1 May 2013 Heartlands Community Trust converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Heartlands Community Trust from London Borough of Haringey for £NIL consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income. The transfer of the pension deficit at the date of conversion has been transferred and recognised on the Statement of Financial Activities as other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds 16 months to 31 August £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	28,398,379	28,398,379
- Other tangible fixed assets	-	-	218,809	218,809
Budget surplus/(deficit) on LA funds	-	412,810	-	412,810
LGPS pension surplus/(deficit)	-	(154,000)	-	(154,000)
Net assets/(liabilities)	-	258,810	28,617,188	28,875,998

Assets transferred on conversion included cash of £378,342.

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

	16 months to 31 August 2014 £
Net incoming resources before transfers	28,485,560
Returns on investments and servicing of finance	(3,151)
Pension transferred from local authority on conversion	154,000
Depreciation of tangible fixed assets	754,696
Fixed assets transferred from local authority on conversion	(28,617,188)
Increase in debtors	(386,964)
Loss on disposal of assets	1,292
Cash transferred from local authority on conversion	(412,810)
Increase in creditors	517,833
FRS 17 adjustments	(2,000)
<b>Net cash inflow from operations</b>	<b>491,268</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	16 months to 31 August 2014 £
<b>Returns on investments and servicing of finance</b>	
Interest received	3,151
	<u>3,151</u>
	16 months to 31 August 2014 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(210,721)
	<u>(210,721)</u>

**23. ANALYSIS OF CHANGES IN NET FUNDS**

	1 May 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	-	696,508	-	696,508
<b>Net funds</b>	<u>-</u>	<u>696,508</u>	<u>-</u>	<u>696,508</u>

**24. MEMBERS' LIABILITY**

The Academy Trust is a company limited by guarantee and does not have share capital.

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



**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. 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 Haringey 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 2013.

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

**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 Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

**Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and

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

affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and 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 period ended 31 August 2014 was £311,000, of which employer's contributions totalled £242,000 and employees' contributions totalled £69,000. The agreed contribution rates for future years are 24.4% for employers and 5.5-12.5% for employees.

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

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**25. PENSION COMMITMENTS (continued)**

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

	<b>Expected return at 31 August 2014 %</b>	<b>Fair value at 31 August 2014 £</b>
Equities	6.30	412
Bonds	2.90	75
Property	4.50	48
Cash	3.30	-
Total market value of assets		535
Present value of scheme liabilities		(806)
Deficit in the scheme		(271)

The expected rate of return is based on the long-term future expected investment return for each asset class at the beginning of the period.

The amounts recognised in the balance sheet are as follows:

	<b>16 months to 31 August 2014 £</b>
Present value of funded obligations	(806,000)
Fair value of scheme assets	535,000
Net liability	(271,000)

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**25. PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of Financial Activities are as follows:

	<b>16 months to 31 August 2014 £</b>
Current service cost	<b>(236,000)</b>
Interest on obligation	<b>(28,000)</b>
Expected return on scheme assets	<b>24,000</b>
Current service cost (net of contributions)	<b>-</b>
Total	<b>(240,000)</b>
Actual return on scheme assets	<b>39,000</b>

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

	<b>16 months to 31 August 2014 £</b>
Current service cost	<b>236,000</b>
Interest cost	<b>28,000</b>
Contributions by scheme participants	<b>69,000</b>
Actuarial Losses	<b>134,000</b>
Obligation acquired on conversion to academy	<b>339,000</b>
Closing defined benefit obligation	<b>806,000</b>

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**25. PENSION COMMITMENTS (continued)**

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

	<b>16 months to 31 August 2014 £</b>
Expected return on assets	24,000
Actuarial gains and (losses)	15,000
Contributions by employer	242,000
Contributions by employees	69,000
Assets acquired on conversion to academy	185,000
	<hr/> <b>535,000</b> <hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £119,000.

The academy expects to contribute £225,000 to its Defined Benefit Pension Scheme in 2015.

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

	<b>2014</b>
Discount rate for scheme liabilities	<b>3.70 %</b>
Expected return on scheme assets at 31 August	<b>5.70 %</b>
Rate of increase in salaries	<b>4.50 %</b>
Rate of increase for pensions in payment / inflation	<b>2.70 %</b>

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

	<b>2014</b>
Retiring today	
Males	<b>21.9</b>
Females	<b>24.1</b>
Retiring in 20 years	
Males	<b>24.2</b>
Females	<b>26.5</b>

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**25. PENSION COMMITMENTS (continued)**

Amounts for the current period are as follows:

Defined benefit pension schemes

	2014 £
Defined benefit obligation	(806,000)
Scheme assets	535,000
Deficit	(271,000)
Experience adjustments on scheme liabilities	(134,000)
Experience adjustments on scheme assets	15,000

**Sensitivity analysis**

	2014
Adjustment to discount rate	-0.5%
Present value of total obligation	£161,000
Adjustment to mortality age rating assumption	+1 year
Present value of total obligation	£24,000
Adjustment to salary increase rate	+0.5%
Present value of total obligation	£109,000
Adjustment to pension increase rate	+0.5%
Present value of total obligation	£44,000

**26. OPERATING LEASE COMMITMENTS**

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	2014 £
<b>Expiry date:</b>	
Within 1 year	1,593
Between 2 and 5 years	903
Total for assets other than land and buildings	2,496

**27. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor 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.

No related party transactions took place in the period of account.

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**28. CONTROLLING PARTY**

There is no ultimate controlling party.