

HEARTLANDS COMMUNITY TRUST

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

HEARTLANDS COMMUNITY TRUST

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Trustees and Advisers	1 - 2
Trustees' Report	3 - 9
Governance Statement	10 - 13
Statement on Regularity, Propriety and Compliance	14
Trustees' Responsibilities Statement	15
Independent Auditors' Report	16 - 17
Independent Reporting Accountant's Assurance Report on Regularity	18 - 19
Statement of Financial Activities	20 - 21
Balance Sheet	22
Cash Flow Statement	23
Notes to the Financial Statements	24 - 43

HEARTLANDS COMMUNITY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS

FOR THE YEAR ENDED 31 AUGUST 2015

Members and Trustees

Ms M McCarthy, Chair of Trustees¹
Prof E Rouse OBE (resigned 16 December 2014)²
Mr M Rosen¹
Dr H Hingley-Jones

Trustees

Ms L Langley (resigned 11 November 2014)
Ms A Gibson (resigned 31 January 2015)²
Ms R Powell
Ms K Alexander (resigned 31 January 2015)²
Ms E Holder (resigned 31 January 2015)
Mr S Garrill, Head Teacher and Accounting Officer¹
Ms C McCluskey
Ms T O'Meara (resigned 19 October 2014)²
Mr A Latchana (resigned 31 January 2015)
Mr T Castle¹
Ms B Heather (appointed 4 March 2015)
Mr A Lloyd (appointed 1 February 2015)²
Mr J Dilger (appointed 28 April 2015)²
Mr J Jaulim (resigned 7 July 2015)^{1,2}

¹ Member of Finance Committee

² 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

HEARTLANDS COMMUNITY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

Administrative details (continued)

Mr O James, Assistant Headteacher
Mr A Latchana, Business Manager

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

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 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 11 to 16 serving a catchment area in Wood Green, North London. It has a pupil capacity of 1080 and had a roll of 942 on the school census in October 2015. Our PAN is 942. We have also 20 students in a resourced Autism Provision, as part of the school.

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 2015 there was no constituent academy of the multi-academy trust, other than Heartlands Community Trust, which is the only academy within 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, with cover up to £2,000,000 on any claim to May 2015 and cover up to £5,000,000 from May 2015. 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)

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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 on conversion to academy status 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 an Executive Headteacher, 2 Deputy Headteachers and 4 Assistant Headteachers. The Executive Headteacher is the Accounting Officer.

The Executive 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 Executive Headteacher is responsible for the appointment of staff.

CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

There are no connected organisations or related party relationships.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Strategic Report

Achievements and performance

REVIEW OF ACTIVITIES

The Academy teaches young people from the age of 11 to 16. In 2014/2015, the school returned its first set of GCSE results. From starting points, the proportion of pupils, including disadvantaged pupils, making and exceeding expected progress in English & Maths was high compared to national figures. Results showed that the progress of students within the school was rapid. Students arrived at the school with an average point score of 25.5, well below the national average. On leaving the school 59% of pupils achieved 5A*-C grades including English and Maths. This figure is above the national average of 55%. Students did particularly well in English and Mathematics. 86% made expected progress in English, with 55% making better than expected progress. In mathematics, 78% made expected progress with 43% making better than expected progress. Once data is validated the progress 8 score for the school will be well above average.

Pupil progress is above average and improving in nearly all subject areas. Subjects of note included, English, maths, science, computing, business, art, photography and music.

Pupils are exceptionally well prepared for the next stage of their education, training or employment and have attained relevant qualifications. In 2014/2015 all students within the school continued into either further education, employment or training. Many students progressed to high quality destinations.

Attendance for 2014-2015 was 94.3%. For 2015-2016, attendance has shown a marked improvement and is on track towards 95%. Standards of behaviour within the school remain high.

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 59%.
- Attendance 94.3%.
- Exclusions below national average.

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

- Total General Annual Grant income per pupil / Average number of students over 12 months
 $\text{£7,078,463} / 942 \text{ students} = \text{£7,514}$ per pupil of the General Annual Grant
- Teaching Staff Costs per pupil = £3,994
 $\text{£3,762,048 Teaching Staff Costs} / 942 \text{ pupils (average pupil over 12 months)}$
- Support Staff Costs per pupil = £2,375
 $\text{£2,236,787 Support Staff Costs} / 942 \text{ pupils (average pupil over 12 months)}$
- Total Staff Costs per pupil = £6,368
 $\text{£5,998,835 Total Staff costs} / 942 \text{ pupils (average pupil over 12 months)}$

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

- Teaching Staff Costs as percentage of Total Income:
 $\pounds 3,762,048 / \pounds 9,291,094 = 40\%$
- Support Staff Costs as percentage of Total Income:
 $\pounds 2,236,787 / \pounds 9,291,094 = 24\%$

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 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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.

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 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

RESERVES POLICY

Heartlands has a policy that states 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. This 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 (e.g. restricted general funds).

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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

At 31 August 2015 the total funds comprised of:

Unrestricted	128,589
Restricted: Fixed asset funds	28,012,345
General Annual income	389,620
Pension reserve	(318,000)
Other	<u>668,452</u>
	<u>28,881,006</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 23. 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;
- 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

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

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 ²⁰¹⁵ 28 December and signed on the board's behalf by:



Ms M McCarthy
Chair of Trustees

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT

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 2014/15. 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms M McCarthy, Chair of Trustees	5	5
Prof E Rouse OBE	2	2
Mr M Rosen	4	5
Dr H Hingley-Jones	4	5
Ms L Langley	1	1
Ms A Gibson	2	2
Ms R Powell	4	5
Ms K Alexander	1	2
Ms E Holder	0	2
Mr S Garrill, Head Teacher and Accounting Officer	5	5
Ms C McCluskey	4	5
Ms T O'Meara	0	0
Mr A Latchana	2	2
Mr T Castle	2	5
Ms B Heather	2	3
Mr A Lloyd	3	3
Mr J Dilger	1	1
Mr J Jaulim	5	5

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.

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (continued)

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:

- 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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M Rosen	3	3
Mr T Castle	1	3
Mr S Garrill	3	3
Ms M McCarthy, Chair of Trustees	3	3
Mr J Jaulim	2	3

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, Mr J Dilger and Mr A Lloyd joined the Committee. Prof E Rouse, Ms K Alexander and Ms T O'Meara left the Committee.

Attendance at meetings in the year was as follows:

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

The Trustees are committed to a process of continuous improvement in their effectiveness. During the year, a review of the Trust's governance structure and methodology was started, in discussion with the Department for Education, as part of process to open the new Free School. A skills review of current Trustees has been undertaken and has informed the recruitment of new Trustees for the start of 2016.

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

The accounting officer considers how the 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 academy trust has delivered improved value for money during the year by continual and new investment in:

- Staff development and training
- Rigorous performance management
- self-review and regular external evaluation
- Strong assessment systems to identify individual student need and direct management initiative for improvement and intervention.
- Literacy and numeracy specialists and revised strategies for literacy and numeracy based on national best practice
- Reorganised and additionally trained teaching assistant support to provide specialist support across the school provision map and especially in English and Mathematics
- Specific intervention initiatives for identified target groups to further improve rates of progress including for African Caribbean boys, free school meals students and SEN students
- Revised and strengthened senior and middle management structures with specific accountabilities for driving regular assessment of student progress and effective intervention based on it
- Review and revision of the competency basis curriculum to enable the school and students to maximise performance in the light of revised national requirements.

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 year 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 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 year 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 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;

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (continued)

- 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. In particular the checks carried out in the current period included:

- Reviews of the payroll processes
- Reviews of purchasing processes
- Reviewing of Academy policies
- Reviews of bank processes

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.

REVIEW OF EFFECTIVENESS

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

- the work of the 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 3/12/15 and signed on its behalf, by:


Ms M McCarthy
Chair of Trustees


Mr S Garrill
Accounting Officer

HEARTLANDS COMMUNITY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

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 (2014).

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: 8th December 2015

HEARTLANDS COMMUNITY TRUST

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

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 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 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 operation.

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: 8th December 2015

HEARTLANDS COMMUNITY TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTLANDS COMMUNITY TRUST

We have audited the financial statements of Heartlands Community 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 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 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.

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 year for which the financial statements are prepared is consistent with the financial statements.

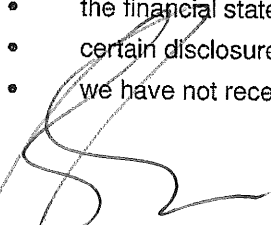
HEARTLANDS COMMUNITY TRUST

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEARTLANDS COMMUNITY TRUST

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:

18th December 2015

HEARTLANDS COMMUNITY TRUST

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

In accordance with the terms of our engagement letter 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 Heartlands Community 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 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 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.

HEARTLANDS COMMUNITY TRUST

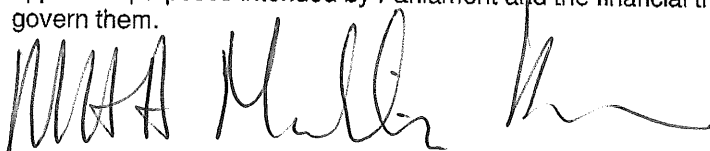
INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO HEARTLANDS COMMUNITY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

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 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.



Reporting Accountant

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

Date:

18 December 2015

HEARTLANDS COMMUNITY TRUST

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 £	16 months to 31 August 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income	2	1,395	-	-	1,395	29,045,018
Activities for generating funds	3	116,953	6,174	-	123,127	193,089
Investment income	4	3,904	-	-	3,904	3,151
Incoming resources from charitable activities	5	-	9,146,113	16,555	9,162,668	8,223,662
TOTAL INCOMING RESOURCES		122,252	9,152,287	16,555	9,291,094	37,464,920
RESOURCES EXPENDED						
Charitable activities	8	69	8,239,531	608,119	8,847,719	8,808,979
Governance costs	9	-	18,084	-	18,084	16,381
Pension scheme liability transferred on conversion	6	-	-	-	-	154,000
TOTAL RESOURCES EXPENDED	7	69	8,257,615	608,119	8,865,803	8,979,360
NET INCOMING RESOURCES BEFORE TRANSFERS		122,183	894,672	(591,564)	425,291	28,485,560

HEARTLANDS COMMUNITY TRUST

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 £	16 months to 31 August 2014 £
Transfers between funds	17	-	(531,988)	531,988	-	-
NET INCOME FOR THE YEAR		122,183	362,684	(59,576)	425,291	28,485,560
Actuarial gains and losses on defined benefit pension schemes		-	18,000	-	18,000	(119,000)
NET MOVEMENT IN FUNDS FOR THE YEAR		122,183	380,684	(59,576)	443,291	28,366,560
Total funds at 1 September 2014		6,405	288,234	28,071,921	28,366,560	-
TOTAL FUNDS AT 31 AUGUST 2015		128,588	668,918	28,012,345	28,809,851	28,366,560

All activities relate to continuing operations.

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

The notes on pages 24 to 43 form part of these financial statements.

HEARTLANDS COMMUNITY TRUST
REGISTERED NUMBER: 08482398

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
FIXED ASSETS					
Tangible assets	14		28,012,345		28,071,921
CURRENT ASSETS					
Debtors	15	396,997		386,965	
Cash at bank		1,886,936		696,508	
		<u>2,283,933</u>		<u>1,083,473</u>	
CREDITORS: amounts falling due within one year	16	<u>(1,168,427)</u>		<u>(517,834)</u>	
NET CURRENT ASSETS			<u>1,115,506</u>		<u>565,639</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>29,127,851</u>		<u>28,637,560</u>
Defined benefit pension scheme liability	23		<u>(318,000)</u>		<u>(271,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>28,809,851</u></u>		<u><u>28,366,560</u></u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds	17	986,918		559,234	
Restricted fixed asset funds	17	28,012,345		28,071,921	
Restricted funds excluding pension liability		<u>28,999,263</u>		<u>28,631,155</u>	
Pension reserve		<u>(318,000)</u>		<u>(271,000)</u>	
Total restricted funds			<u>28,681,263</u>		<u>28,360,155</u>
Unrestricted funds	17		<u>128,588</u>		<u>6,405</u>
TOTAL FUNDS			<u><u>28,809,851</u></u>		<u><u>28,366,560</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8th December 2015 and are signed on their behalf, by:


M McCarthy
Chair of Trustees


S Garrill
Accounting Officer

The notes on pages 24 to 43 form part of these financial statements.

HEARTLANDS COMMUNITY TRUST

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

		31 August 2015 £	16 months to 31 August 2014 £
	Note		
Net cash flow from operating activities	19	1,735,067	(263,428)
Returns on investments and servicing of finance	20	3,904	3,151
Capital expenditure and financial investment	20	(548,543)	(210,721)
Cash transferred on conversion to an academy trust		-	412,810
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>1,190,428</u>	<u>(58,188)</u>

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

	31 August 2015 £	16 months to 31 August 2014 £
Increase/(Decrease) in cash in the year	<u>1,190,428</u>	<u>(58,188)</u>
MOVEMENT IN NET FUNDS IN THE YEAR	<u>1,190,428</u>	<u>(58,188)</u>
Net funds at 1 September 2014	696,508	754,696
NET FUNDS AT 31 AUGUST 2015	<u>1,886,936</u>	<u>696,508</u>

The notes on pages 24 to 43 form part of these financial statements.

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 in accordance with Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 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.

HEARTLANDS COMMUNITY TRUST

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

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 £500 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Assets transferred on conversion have been included at the estimated depreciated replacement cost.

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 long leasehold 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% - 10% 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

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

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 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 23, 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.

1.8 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.

HEARTLANDS COMMUNITY TRUST

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

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Donations	1,395	-	1,395	15,020
Transfer from Local Authority on conversion	-	-	-	29,029,998
	<hr/>	<hr/>	<hr/>	<hr/>
Voluntary income	<u>1,395</u>	<u>-</u>	<u>1,395</u>	<u>29,045,018</u>

3. FUNDRAISING INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Lettings income	81,419	-	81,419	123,759
Catering income	53	-	53	85
Uniform sales	35,481	-	35,481	-
Department income	-	6,174	6,174	69,245
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	<u>116,953</u>	<u>6,174</u>	<u>123,127</u>	<u>193,089</u>

4. INVESTMENT INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Bank interest receivable	3,904	-	3,904	3,151
	<hr/>	<hr/>	<hr/>	<hr/>

HEARTLANDS COMMUNITY TRUST

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	7,078,463	7,078,463	5,551,662
Pupil Premium	-	577,102	577,102	566,945
Capital grants (Restricted Fixed Asset Fund)	-	16,555	16,555	12,606
Start-up grants	-	-	-	25,000
Other DfE/EFA grants	-	34,500	34,500	32,250
SEN income	-	199,998	199,998	115,200
	-	7,906,618	7,906,618	6,303,663
Other government grants				
Special education projects	-	743,592	743,592	707,964
Local authority growth grant	-	390,093	390,093	918,998
Local authority sports grant	-	-	-	200,000
	-	1,133,685	1,133,685	1,826,962
Other funding				
Other income	-	44,865	44,865	93,037
Trip income	-	77,500	77,500	-
	-	122,365	122,365	93,037
	-	9,162,668	9,162,668	8,223,662

6. OTHER RESOURCES EXPENDED

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Pension scheme liability transferred on conversion	-	-	-	154,000

HEARTLANDS COMMUNITY TRUST

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

7. RESOURCES EXPENDED

	Staff costs	Premises	Other costs	Total	Total
	2015	2015	2015	2015	2014
	£	£	£	£	£
Direct costs	3,762,048	607,921	930,950	5,300,919	5,295,939
Support costs	2,301,788	116,624	1,128,388	3,546,800	3,513,040
Charitable activities	6,063,836	724,545	2,059,338	8,847,719	8,808,979
Governance	-	-	18,084	18,084	16,381
Pension liability on conversion	-	-	-	-	154,000
	6,063,836	724,545	2,077,422	8,865,803	8,979,360

HEARTLANDS COMMUNITY TRUST

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

8. CHARITABLE ACTIVITIES

	Total funds 2015 £	16 months to 31 August 2014 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	3,092,935	3,125,910
National insurance	276,572	256,981
Pension cost	392,541	404,705
Depreciation	608,119	754,696
Agency and other staff costs	338,073	291,956
Educational supplies	477,109	350,148
Examination fees	69,426	29,961
Other direct costs	46,144	81,581
	5,300,919	5,295,938
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	1,808,383	1,687,483
National insurance	121,812	105,648
Pension cost	371,593	236,499
Technology costs	77,281	204,697
Security	2,582	3,365
Maintenance of premises and equipment	133,714	123,940
Rent and rates	106,293	90,360
Energy	119,059	191,710
Insurance	56,129	76,638
Catering	179,306	179,365
Other occupancy costs	55,771	83,958
Other support costs	267,247	294,759
Cleaning	163,422	97,449
Staff Recruitment	84,208	137,170
	3,546,800	3,513,041
Total Academy's educational operations	8,847,719	8,808,979

HEARTLANDS COMMUNITY TRUST

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

9. GOVERNANCE COSTS

	Restricted funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Internal audit costs	1,900	1,900	-
Audit fees	8,400	8,400	8,200
Accountancy fees	7,715	7,715	6,875
Governance clerk fees	69	69	1,306
	<u>18,084</u>	<u>18,084</u>	<u>16,381</u>

10. NET INCOMING RESOURCES

This is stated after charging:

	31 August 2015 £	16 months to 31 August 2014 £
Depreciation of tangible fixed assets: - owned by the charity	608,119	754,696
Auditors' remuneration	8,400	8,200
Auditors' remuneration - non-audit	9,615	6,875
Operating lease rentals: - other operating leases	948	5,556
Loss on disposal of assets	-	1,292
	<u>-</u>	<u>-</u>

No central services were provided by the Trust in the year and no central charges arose.

11. STAFF**a. Staff costs**

Staff costs were as follows:

	31 August 2015 £	16 months to 31 August 2014 £
Wages and salaries	4,901,318	4,813,393
Social security costs	398,383	362,630
Other pension costs	764,134	641,204
	<u>6,063,835</u>	<u>5,817,227</u>

HEARTLANDS COMMUNITY TRUST

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

11. STAFF (continued)

b. Staff numbers

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

	31 August 2015 No.	16 months to 31 August 2014 No.
Teachers	64	54
Administration and support	81	47
Management	9	9
	<u>154</u>	<u>110</u>

c. Higher paid staff

The number of employees whose emoluments fell within the following bands for the year to 31 August 2015 and for a 16 month period to 31 August 2014 was:

	31 August 2015 No.	16 months to 31 August 2014 No.
In the band £60,001 - £70,000	4	0
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	0	3
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0
In the band £120,001 - £130,000	0	1
	<u>0</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015 employer's pension contributions for these staff amounted to £61,181 (2014: 16 months - £66,058).

HEARTLANDS COMMUNITY TRUST

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

12. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and 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:

	31 August 2015 £	16 months to 31 August 2014 £
Salary amounts - Mr S Garrill	100,000-105,000	120,000-125,000
Ms C McCluskey	50,000-55,000	65,000-70,000
Mr A Latchana (resigned 31 January 2015)	20,000-25,000	55,000-60,000
Ms A Gibson (resigned 31 January 2015)	20,000-25,000	50,000-55,000
Mr A Lloyd (appointed 1 February 2015)	25,000-30,000	
Pension amounts - Mr S Garrill	15,000-20,000	15,000-20,000
Ms C McCluskey	5,000-10,000	5,000-10,000
Mr A Latchana (resigned 31 January 2015)	0-5,000	10,000-15,000
Ms A Gibson (resigned 31 January 2015)	-	-
Mr A Lloyd (appointed 1 February 2015)	5,000-10,000	

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust entered in the Department for Education's Risk Protection Arrangement in May 2015. This protects 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.

Previous to May 2015, and 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 year ended 31 August 2015 was £1,082.

HEARTLANDS COMMUNITY TRUST

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

14. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 September 2014	28,558,507	134,378	40,127	49,591	44,014	28,826,617
Additions	423,903	1,707	-	59,624	63,309	548,543
At 31 August 2015	28,982,410	136,085	40,127	109,215	107,323	29,375,160
Depreciation						
At 1 September 2014	658,507	48,159	9,051	20,674	18,305	754,696
Charge for the year	512,203	36,634	7,250	23,979	28,053	608,119
At 31 August 2015	1,170,710	84,793	16,301	44,653	46,358	1,362,815
Net book value						
At 31 August 2015	27,811,700	51,292	23,826	64,562	60,965	28,012,345
At 31 August 2014	27,900,000	86,219	31,076	28,917	25,709	28,071,921

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

15. DEBTORS

	2015 £	2014 £
Trade debtors	2,177	16,626
VAT repayable	170,336	93,602
Prepayments and accrued income	224,484	276,737
	<u>396,997</u>	<u>386,965</u>

HEARTLANDS COMMUNITY TRUST

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

16. CREDITORS:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	730,182	278,881
Other taxation and social security	129,226	98,318
Other creditors	162,459	69,698
Accruals and deferred income	146,560	70,937
	<u>1,168,427</u>	<u>517,834</u>

Deferred income

	£
Deferred income at 1 September 2014	9,868
Resources deferred during the year	53,865
Amounts released from previous years	(9,868)
Deferred income at 31 August 2015	<u>53,865</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to GAG funding of rates.

HEARTLANDS COMMUNITY TRUST

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 £
Unrestricted funds						
Reserves	6,405	122,252	(69)	-	-	128,588
Restricted funds						
General Annual Grant (GAG)	-	7,078,462	(6,759,996)	-	-	318,466
Other DfE/EFA grants	-	811,598	(811,598)	-	-	-
Local Authority Grants	285,943	1,133,684	(544,108)	(531,988)	-	343,531
Other restricted income	273,291	128,543	(76,913)	-	-	324,921
Pension reserve	(271,000)	-	(65,000)	-	18,000	(318,000)
	288,234	9,152,287	(8,257,615)	(531,988)	18,000	668,918
Restricted fixed asset funds						
Transfer from Local Authority on conversion	27,862,492	-	(567,855)	-	-	27,294,637
DfE capital funding	209,429	16,555	(40,264)	531,988	-	717,708
	28,071,921	16,555	(608,119)	531,988	-	28,012,345
Total restricted funds	28,360,155	9,168,842	(8,865,734)	-	18,000	28,681,263
Total of funds	28,366,560	9,291,094	(8,865,803)	-	18,000	28,809,851

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. A deficit of £154,000 was transferred to the Academy Trust in respect of the deficit on this pension scheme at the date of conversion to an Academy.

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

HEARTLANDS COMMUNITY TRUST

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

17. STATEMENT OF FUNDS (continued)

Haringey local authority following the transfer of the land and buildings.

At 31 August 2015 there was only Heartlands Community Trust within 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 2015.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	16 months to 31 August 2014 £
Tangible fixed assets	-	-	28,012,345	28,012,345	28,071,921
Current assets	128,588	2,155,346	-	2,283,934	1,083,473
Creditors due within one year	-	(1,168,428)	-	(1,168,428)	(517,834)
Provisions for liabilities and charges	-	(318,000)	-	(318,000)	(271,000)
	<u>128,588</u>	<u>668,918</u>	<u>28,012,345</u>	<u>28,809,851</u>	<u>28,366,560</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	31 August 2015 £	16 months to 31 August 2014 £
Net incoming resources	425,291	28,485,560
Returns on investments and servicing of finance	(3,904)	(3,151)
Pension transferred from local authority on conversion	-	154,000
Depreciation of tangible fixed assets	608,119	-
Fixed assets transferred from local authority on conversion	-	(28,617,188)
Increase in debtors	(10,032)	(386,964)
Loss on disposal of assets	-	1,292
Cash transferred from local authority on conversion	-	(412,810)
Increase in creditors	650,593	517,833
FRS 17 adjustments	65,000	(2,000)
Net cash inflow/(outflow) from operations	<u><u>1,735,067</u></u>	<u><u>(263,428)</u></u>

HEARTLANDS COMMUNITY TRUST

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

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

	31 August 2015 £	16 months to 31 August 2014 £
Returns on investments and servicing of finance		
Interest received	3,904	3,151
	<hr/>	<hr/>
	31 August 2015 £	16 months to 31 August 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(548,543)	(210,721)
	<hr/>	<hr/>

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	696,508	1,190,428	-	1,886,936
Net funds	696,508	1,190,428	-	1,886,936
	<hr/>	<hr/>	<hr/>	<hr/>

22. 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
FOR THE YEAR ENDED 31 AUGUST 2015**

23. 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 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 £400,000.

HEARTLANDS COMMUNITY TRUST

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

23. PENSION COMMITMENTS (continued)

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 £374,000, of which employer's contributions totalled £299,000 and employees' contributions totalled £75,000. 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.

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

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	3.80	629,000	6.30	412
Bonds	3.80	207,000	2.90	75
Property	3.80	94,000	4.50	48
Cash	3.80	9,000	3.30	-
Total market value of assets		939,000		535
Present value of scheme liabilities		(1,257,000)		(806)
Deficit in the scheme		(318,000)		(271)

The expected return of 3.80% represents the average expected return on the above assets.

The amounts recognised in the balance sheet are as follows:

	31 August 2015 £	16 months to 31 August 2014 £
Present value of funded obligations	(1,257,000)	(806,000)
Fair value of scheme assets	939,000	535,000
Net liability	(318,000)	(271,000)

HEARTLANDS COMMUNITY TRUST

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

23. PENSION COMMITMENTS (continued)

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

	31 August 2015 £	16 months to 31 August 2014 £
Current service cost	(367,000)	(236,000)
Interest on obligation	(38,000)	(28,000)
Expected return on scheme assets	41,000	24,000
Total	<u>(364,000)</u>	<u>(240,000)</u>
Actual return on scheme assets	<u>30,000</u>	<u>39,000</u>

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

	31 August 2015 £	16 months to 31 August 2014 £
Opening defined benefit obligation	806,000	-
Current service cost	367,000	236,000
Interest cost	38,000	28,000
Contributions by scheme participants	75,000	69,000
Actuarial (Gains)/losses	(29,000)	134,000
Obligation acquired on conversion to academy	-	339,000
Closing defined benefit obligation	<u>1,257,000</u>	<u>806,000</u>

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

	31 August 2015 £	16 months to 31 August 2014 £
Opening fair value of scheme assets	535,000	-
Expected return on assets	41,000	24,000
Actuarial gains and (losses)	(11,000)	15,000
Contributions by employer	299,000	242,000
Contributions by employees	75,000	69,000
Assets acquired on conversion to academy	-	185,000
	<u>939,000</u>	<u>535,000</u>

The cumulative amount of actuarial losses recognised in the Statement of Financial Activity was £101,000 (2014 - £119,000).

The academy expects to contribute £316,000 to its Defined Benefit Pension Scheme in 2016.

HEARTLANDS COMMUNITY TRUST

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

23. PENSION COMMITMENTS (continued)

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 %	5.70 %
Rate of increase in salaries	4.60 %	4.50 %
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	21.9	21.9
Females	24.1	24.1
Retiring in 20 years		
Males	24.2	24.2
Females	26.5	26.5

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(1,257,000)	(806,000)
Scheme assets	939,000	535,000
Deficit	(318,000)	(271,000)
Experience adjustments on scheme liabilities	29,000	(134,000)
Experience adjustments on scheme assets	(11,000)	15,000

Sensitivity analysis

The following show how the sensitivity measurement of scheme liabilities would have been affected by changes in the relevant assumption that were reasonably possible at the balance sheet date:

	2015	2014
Adjustment to discount rate	-0.5%	-0.5%
Present value of total obligation	£251,000	£161,000
Adjustment to mortality age rating assumption	+1year	+1year
Present value of total obligation	£38,000	£24,000
Adjustment to salary increase rate	+0.5%	+0.5%
Present value of total obligation	£171,000	£109,000
Adjustment to pension increase rate	+0.5%	+0.5%
Present value of total obligation	£69,000	£44,000

HEARTLANDS COMMUNITY TRUST

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

24. OPERATING LEASE COMMITMENTS

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

	2015 £	2014 £
Expiry date:		
Within 1 year	-	1,593
Between 2 and 5 years	948	903
Total for assets other than land and buildings	<u>948</u>	<u>2,496</u>

25. 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.

Other than those disclosed in note 12, no related party transactions took place in the period of account.