

Company Registration No. 08482398 (England and Wales)

HEARTLANDS COMMUNITY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

HEARTLANDS COMMUNITY TRUST

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HEARTLANDS COMMUNITY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

J Twentyman
N Chambers
S Roberts
J Gainsborough

Trustees

J Twentyman (Chair of Trustees)
S Roberts (Vice Chair of Trustees)
R Boyle Suh (Vice Chair of Trustees) (Resigned 31 July 2019)
S Garrill (Executive Headteacher & Accounting Officer)
J Dilger
O Majid
A Cojocar
T Castle
M Sumner
L Abbotts (Appointed 16 September 2019)

Senior management team

- Chief Executive	S Garrill
- Head of School	E Roberts
- Headteacher	L Santi
- Deputy Headteacher	M Williams
- Deputy Headteacher	P Bower
- Deputy Headteacher	H Georgiades
- Chief Finance Officer	S Dougall

Company secretary

J Millard

Company registration number

08482398 (England and Wales)

Registered office

Station Road
Wood Green
London
N22 7ST

Academies operated

Heartlands High School
The Grove

Location

Station Road, Wood Green, London
Downhills Park Road, Tottenham,
London

Heads of School

E Roberts
L Santi

Independent auditor

Alliotts
Imperial House
8 Kean Street
London
WC2B 4AS

Solicitors

Veale Wasbrough Vizards
86 Fetter Lane
London
EC4A 1AD

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates two schools. Heartlands High School is a non-selective academy for pupils aged 11 to 16 serving a catchment area in Wood Green, North London, with admission criteria based on catchment area. The Grove is a special school serving predominantly the Haringey Local Authority, for pupils aged 5-19 with an Education, Health and Care Plan and a primary diagnosis of autism.

In September 2018, Heartlands High School increased its Pupil Admission Number to 240 (from 216). The Trust had on roll 1,211 students (October 2019 school census) - 1,143 in Heartlands High School and 68 in The Grove.

Structure, governance and management

Constitution

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

The Trustees of Heartlands Community Trust are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Trust has joined the Government's Risk Protection Arrangement. Trustees are covered for the liability of the Trustees 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 Trust. Details are included in note 12.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of Trustees

Trust members, Trustees, the Chair and Vice-Chair of the Board of Trustees are elected or appointed as set out in the Articles of Association as follows:

- Trust Members: a minimum of three Trust Members to be appointed. Trust Members may agree by passing a special resolution to appoint such additional Trust Members as they see fit;
- Trustees: a minimum of three Trustees and a maximum of ten Trustees are to be appointed by an ordinary resolution by the Trust Members;
 - at least two Parent Trustees elected by the Parent Local Governors, unless there are two Parent Local Governors sitting on each Local Governing Body
 - the Executive Headteacher (Chief Executive Officer)
 - staff Trustees are appointed by the Members (provided that a total number of Trustees including the Executive Headteacher (CEO) who are employees of the Trust must not exceed one third of the total number of Trustees
 - co-opted Trustees (appointed by Trustees who are not themselves co-opted)
- Chair and Vice Chair: Trustees will elect a Chair and Vice-Chair each year from the Board of Trustees (Staff Trustees are not eligible)

Trustee appointments are for four years. Eligible trustees may be appointed at general meetings.

The Board of Trustees are responsible for ensuring that:

- skills of any new Trustees fit in with the Trust's requirements in the short, medium and longer term
- each Trustee is eligible to become a Trustee and is not disqualified from doing so (including the requirement that they are not disqualified from being a Charity Trustee, Company Director or from the provisions of the Trust's Articles)
- all relevant checks are made including an enhanced Disclosure and Barring Service check; Trustees are also asked to sign a Trustee Declaration of Eligibility and a Declaration of Business Interests
- Trustees understand their role and responsibilities they are taking on and consent to act as Trustees

Most recent Trustee recruitment has been supported by Academy Ambassadors and Inspiring Governance.

Policies and procedures adopted for the induction and training of Trustees

A Training and Induction Policy is in place, adopted by the Board of Trustees. This sets out the framework for the induction and the ongoing training and development of the Governing Body.

Each new Trustee completes an induction programme that includes a briefing with the Executive Headteacher (CEO), Chief Finance Officer, Senior Leadership Team, Chair, Designated Safeguarding Lead and Clerk to the Governors. This will also include a tour of the schools and a meeting with the Head of School(s) and the chance to observe lessons. Relevant Trust documents are provided such as the Articles of Association; Scheme of Governance; Decision Making Matrix; past three years copies of the annual report and financial statements; past board papers; school(s) prospectus and a copy of the Trust's strategic plan.

The Trust employs a professional clerk and further support, advice and information has been secured through Gold Membership with the National Governance Association; Learning Link governance e-learning modules; The Key and Haringey Education Partnership. Trustees have access to events, briefings, advice and guidance through these routes. Ongoing training and development is supported and encouraged; with Trustees attending training provided internally and externally. Trustees are asked to complete a skills audit identifying potential gaps in skills and experience, helping to inform recruitment as well as individual and collective training needs. An annual development day in October is held for all members of the Governing Body.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Organisational structure

Member's responsibilities are to:

- oversee the achievement of the Trust's objectives
- appoint and remove Trustees, as required
- make amendments to the Trust's Memorandum and Articles of Association that determine the constitution and governance arrangements of the Trust

The Board of Trustees' responsibilities are to:

- determine the vision and values, strategic plan, annual objectives and targets for the Trust, and to monitor achievement against these
- ensure that the business and finances of the Trust are well led and managed
- ensure probity and fulfilment of statutory and regulatory responsibilities
- appoint members of the Local Governing Body(s)
- determine the arrangements for the setting of key policies
- appoint the Executive Headteacher (CEO), Chief Finance Officer, Heads of School and set arrangements for their performance management

The Finance & Resources Committee's responsibilities are:

- Finance - oversee, and give advice and support to the Board of Trustees on:
 - matters relating to financial management, strategy and policies (including setting of annual budgets and detailed oversight of in-year financial performance)
 - the safeguarding and use of assets/resources; ensuring that the Trust operates within the law and regulatory environment in relation to its finances and its role as an employer; and compliance with legislation relating to Health & Safety
- Audit - oversee, and give advice to the Board on:
 - the adequacy and effectiveness of systems of risk management and internal control;
 - the Trust's audit strategy and annual plan
 - the appointment, dismissal and remuneration of internal auditors and financial statements auditors
 - monitoring of actions to address audit findings and ensuring that all allegations of fraud and irregularity are appropriately investigated
 - ensure control weaknesses are addressed
- Resources: Human Resources, Facilities and Information and Communication Technology

The Local Governing Body(s) responsibilities are to:

- carry forward the Trust's vision in a way that is appropriate to the specific qualities and community characteristics of the school
- ensure that standards of achievement are high
- monitor and evaluate the work of the school systematically in relation to student performance, student behaviour, self-evaluation and improvement, budget and financial performance and community cohesion
- act in an advisory capacity to the school and Head of School(s)

In order to ensure the proper management of the Trust, the Trustees have delegated specific responsibilities and tasks. Where it is practical, the Trustees ensure that their non-executive powers are exercised by themselves personally and are not delegated. When it is impracticable to do so, those powers are delegated to the Executive Headteacher (CEO), Heads of School and the Chief Finance Officer.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Delegation from strategic governance through to the operational management within the Trust is as follows:

- Executive Headteacher (CEO) – to provide professional leadership, strategic management and direction for the Trust including:
 - internal organisation, management and control of the academies
 - advising on and implementing the Trust's strategic framework
 - implementation of all policies approved by the Trustees
 - directing the Head of School(s) in operational and educational standard matters
 - formulating aims and objectives, policies and targets for the Trustees to consider and report on progress
 - preparation of the annual curriculum policy and the review
- The Executive Headteacher (CEO) also has responsibility as the Accounting Officer for ensuring:
 - financial regularity and propriety
 - legal compliance
 - prudent and economical administration
 - efficient and effective use of resources
 - day to day organisation, staffing and management of the Trust
- Chief Finance Officer – to guide the Trustees on all financial, audit and resource matters and operational management of the financial position including:
 - day to day management of financial and resource issues
 - preparation and management of the Trust's budgets
 - maintenance of effective systems of internal control
 - ensuring the annual accounts are presented and adequately supported by the processing systems and reporting frameworks
- Head of School(s) – responsible for the day to day operational management of their school including:
 - internal organisation, management and control of his or her respective school
 - implementation of all relevant policies approved by the Trustees
 - direction of the teaching and implementation of the curriculum

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

The Trustees determine a structure of posts paid on the leadership scale to meet the strategic needs of the Trust. Teachers paid on the leadership spine will have their salaries set, following appraisals, having regard to consideration of comparability with Part 2 of the School Teachers Pay and Conditions Document, (STPCD), prudent use of Trust resources and market factors.

The pay and performance of the Executive Headteacher (CEO) is reviewed annually by a Pay and Performance Committee comprised of three Trustees. An external consultant is appointed to manage the process, reviewing the Executive Headteacher's (CEO) performance based upon agreed aims, objectives and performance indicators set the previous year. The Pay and Performance Committee receive a report from the external consultant then meet with the Executive Headteacher (CEO) and external consultant to discuss the outcomes of that report and to review supporting evidence of performance. Recommendations for pay and remuneration are considered and put forward to the Finance and Resources (including Audit) Committee.

Employees and persons with disabilities

The Trust is an equal opportunity employer under the Equalities Act 2010 and is committed to promoting equality of opportunity for all employees and job applicants. It aims to create a supportive and inclusive working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. The Trust will:

- not discriminate against employees/applicants on the basis of age; race; sex; disability; sexual orientation; gender reassignment; marriage and civil partnership; pregnancy and maternity; religion, faith or belief. (Equality Act 2010 protected characteristics). The principles of non-discrimination and equality of opportunity also apply to the way in which employees and Trustees treat visitors, volunteers, contractors and former employees
- regularly review its practices and procedures to make sure that the equal opportunities policy is embedded; recognising that more than a formal statement is required to make the policy work. Duly, the Trust expects each employee to make their own contribution, and makes all applicants/employees aware of this policy
- encourage all employees to take advantage of the opportunities it provides for training and development

With regard to persons with disabilities, the Trust will:

- monitor all applications for employment from persons with disabilities via a declaration section within the application form
- monitor the physical features of its premises to consider whether they place persons with disabilities, job applicants at a substantial disadvantage compared to other employees. Where reasonable, the Trust will take steps to improve access for persons with disabilities
- assess any employee who may become disabled during their employment. Where possible a reasonable adjustment will be made which may be physical training (i.e. adaptation), or adjustments to working practices
- not discriminate in the career development and promotion of persons with disabilities

With regard to employee consultation the Trust:

has a trade union recognition in place with the following unions: ASCL, NEU, Unison and GMB

- holds regular meetings with the Joint Consultative Committee. This allows the Trust to maintain good employment practice and industrial relations, and complements constructive communication with employees
- places a high value on communication with employees which can be evidenced over the last year by:
 - Staff consultation on revised policies (including, Pay Policy)
 - Weekly staff bulletin

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	1,620
Total pay bill	7,987,970
Percentage of the total pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Related parties and other connected charities and organisations

There are no transacting connected organisations or related party relationships.

Objectives and activities

Objects and aims

The Trust's principal aim is to develop outstanding schools in a collaborative successful multi academy trust. This is described in the Trust's Memorandum and Articles of Association as:

- advancing for the public benefit education, by establishing, maintaining, carrying on, managing and developing schools
- promoting for the benefit of the inhabitants of the London Borough of Haringey and the surrounding area, the provision of facilities for recreation or other leisure time occupation

Objectives, strategies and activities

- ensure a balanced budget across the Trust
- ensure that The Grove achieves outstanding in its first Ofsted
- ensure that all staff see themselves as part of one family of schools
- build and retain a highly skilled and effective workforce
- lift progress to 0.3 at Heartlands High School
- maintain high expectations of behaviour and reduce exclusions
- ensure all students find the appropriate next stage of their education
- improve collaboration across the Trust
- develop slick central services that support all schools effectively and create value for money

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Trust objectives for the next period are to:

- Ensure high standards in the quality of education in all schools and good progress.
- Grow inclusive schools with happy and safe young people
- Ensure the Trust is well placed to face the future
- Develop good quality central services that support all schools effectively and create value for money

Vision

The Trustees aim to provide a world class quality of provision, transforming the lives of young people through great schools in a collaborative Multi Academy Trust. We aim to deliver excellence in teaching and learning, the curriculum, approaches to behaviour and personal development.

Public benefit

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

Strategic report

Achievements and performance

The Trust has successfully opened a new free school for autism within its permanent site from September 2019. This provides first class facilities for students with autism within Haringey.

The Grove has ensured that it is well placed to deliver an outstanding quality of education to its students. Leaders within the school have successfully developed a high quality curriculum, high quality standards in teaching and learning and outstanding approaches to care and personal development within the school.

The governing body is now well established and is providing leaders with an appropriate amount of challenge and support in relation to outcome. Key performance indicators have now been established and the school has designed assessment procedures that will begin to help governors and leaders move the progress of students on even further.

Most importantly, this is a happy and safe school where the young people are really benefiting from an autism specific approach.

Heartlands High School teaches young people from the age of 11-16. The percentage of students achieving English and Maths at Grade 9-4 or above was 66%. The percentage of students achieving English and Maths at Level 5 and above was 37%. Progress 8 increased overall from 0.10 in 2018 to 0.26 in 2019. Progress in the school exceeds that of students nationally. Attainment 8 rose to 45.7 from 43.76.

The ethos within the school remains an area of strength. The school is a disciplined and well organised environment reflecting the vision of the Trust. Attendance at Heartlands High School was at 95.1% which remains above the national average. There were a large number of enrichment activities throughout the school year providing a range of different experiences for students. The school remains popular and oversubscribed within the local community and has an inclusive and caring atmosphere. The school was inspected by Ofsted in the Summer of 2019. It retains a 'good' judgement from Ofsted.

The school sought to establish itself as a strong teaching school within the North London Teaching Alliance during this period.

Key performance indicators

The 2019 results of Heartlands High School pupils were in line with national averages for progress. Some subjects exceeded expectations:

- Grade 4 or more in English and maths 66%
- Grade 5 or above in English and maths 37%
- Entering Ebacc 50%
- Attendance 95.1%
- Attainment 45.1
- Progress 8 0.26

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

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

Financial review

Most of the Trust's recurrent income is obtained from the DfE via Education Skills and Funding Agency (ESFA) in the form of its General Annual Grant (GAG), the use of which is restricted to delivering the objectives of the Trust. The grants received from the ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Expenditure for the period was covered by the GAG and Pupil Premium received from the DfE and other income such as voluntary contributions and activities generating funds.

The full published outturn was a £18k surplus (2018: £207k deficit) (inclusive of non cash movements but excluding the movement on the pension reserve and fixed asset fund), and before the actuarial losses on the defined benefit pension scheme which now shows an aggregated deficit of £2,082k (2018: £571k).

The Trust 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 Trust collectively, whilst more minor risks are dealt with by senior officers.

Reserves policy

The Trust has formulated a new reserves policy for building and maintaining reserves. This policy assists the Trust in its strategic planning on either long term or short term goals. Accordingly, as per policy, the appropriate level of free reserves held for each school should be equivalent to four weeks of the school's annual expenditure, which in aggregation equates to £995k.

Trustees can review the reserves amount at any time and why they are held. Reports 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).

Disclosure of funds in deficit is also included in the Funds Note in the financial statements (note 18).

At 31 August 2019 the total funds comprised of:

Unrestricted		£48,857
Restricted:	Fixed asset funds	£26,093,616
	Pension reserve	(£2,082,000)
	Restricted income fund	£1,730,446

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 20. 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 Trust, at the discretion of the Trustees. The aim of the Trust is to increase this reserve to meet future working capital requirements.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Investment policy

The Trust has formulated a new investment policy, and has adopted principles where:

- the Trust will only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than twelve weeks
- risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximisation
- funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings

Principal risks and uncertainties

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

The principal risks facing the Trust 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 KPI 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 Trust, ensuring that the Trust remains oversubscribed on preferences. In addition, robust financial regulations and a strong process of budget monitoring ensures appropriate scrutiny of accounts. There are effective external and internal controls in place. At budget setting, the Trust produced a Medium Term Financial Plan (also referred to as a three year budget)
- **Personnel risks** – mitigated by clear succession planning for leadership and governance roles and a renewed emphasis on growing our own teachers

The Trust practices through its Board, and the constituted committees, risk management principles. Any major risks highlighted at any committee are brought to the main Board of Trustees with proposed mitigating actions and will continue to be reported until the risk is adequately mitigated.

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Fundraising

In November 2017 the Trust established a fundraising function, and has employed a part-time fundraiser. Fundraising is part of the Trust's annual review as to ensure value for money is in line with the Trust's strategic objectives. Accordingly, the governance entails:

- **Approach to fundraising.** Fundraising falls into two distinct areas: 1) proactive - fundraising needed for larger school projects e.g. site improvements and development, larger bids; and 2) reactive - fundraising driven by Teaching and Learning e.g. musical instruments books etc. Notwithstanding, fundraising outputs are realised via securing funds or benefits in kind, e.g. access to third party venues in support of the curriculum (e.g. tickets to Theatre shows, or access to the High Court, books donations in support of new subjects)
- **Work with, and oversight of, any commercial participators/professional fundraisers.** As above the Trust has employed a professional fundraiser who has put together a fundraising programme. Work to develop commercial supporters has been undertaken but there is always further relationships to explore.
- **Fundraising conforming to recognised standards.** The fundraiser ensures that all current recognised standards are followed and complied with. The fundraiser follows Institute of Fundraising guidelines (advice and information) and attends relevant seminars as required
- **Monitoring of fundraising carried out on its behalf.** The Trust has established a fundraising database. This is shared with the Director of Operations and other senior staff to monitor activity on an ongoing basis
- **Fundraising complaints.** None
- **Protection of the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate.** The Trust does not approach the public, but has adopted a commercial approach, and engages with Trusts and Foundations (organisations/donors), philanthropists and commercial bodies

Plans for future periods

The vision for the Trust leading up to 2023 is to provide a world class quality of provision to students; transforming the lives of young people through great schools in a collaborative Multi Academy Trust. We place young people at the centre of what we do delivering excellence in teaching and learning, the curriculum, approaches to behaviour and personal development.

Our mission is to Search for Success. The values of the organisation are strong:

- Passionate about creating a commitment to learning and expanding their development beyond that which can be achieved through tests.
- Finding the right balance between helping students gain and retain knowledge and giving them the skills that they need to succeed in an ever changing world
- Acting with a strong moral purpose; committed to equality and diversity. Ensuring that all students can achieve their potential
- Making our schools great places to learn and work, basing our practice on research and seeking to create happy students and staff
- Encouraging students to act responsibly within school and beyond to ensure they understand their role as citizens in a larger community and act accordingly
- Nurturing leadership in staff and governors, ensuring accountability, a clear vision, transparency and fairness.
- Committed to the study and practice of the arts to develop students as creative thinkers and to enrich their lives through an understanding and appreciation of our common cultural heritage.

In opening The Grove in 2018 the Trust aims to develop collaboration across the Trust and support students in every way it can. With national spending on education decreasing in real terms the Trust is consolidating its plans and ensuring that it develops outstanding schools that are efficiently run. Trust objectives over the next period are to:

- Ensure high standards in the quality of education in all schools and good progress
- Grow inclusive schools with happy and safe young people
- Ensure the Trust is well placed to face the future
- Develop good quality central services that support all schools effectively and create value for money

HEARTLANDS COMMUNITY TRUST

TRUSTEES' REPORT (CONTINUED)

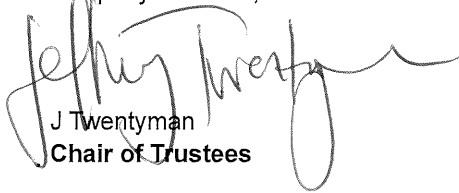
FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 11 December 2019 and signed on its behalf by:



J Twentyman
Chair of Trustees

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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 Executive Headteacher (CEO), as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
J Twentyman (Chair of Trustees)	4	4
S Roberts (Vice Chair of Trustees)	2	4
R Boyle Suh (Vice Chair of Trustees) (Resigned 31 July 2019)	4	4
S Garrill (Executive Headteacher & Accounting Officer)	4	4
J Dilger	2	4
O Majid	3	4
A Cojocar	4	4
T Castle	1	4
M Sumner	3	4
L Abbotts (Appointed 16 September 2019)	0	0

In July 2019, Rebecca Boyle Suh resigned from her role as a Trustee. Following analysis of the skills and experience currently on the Board, it was agreed to specifically target recruitment to appoint someone with a strong professional background in arts and education. A person has been identified to bring those skills and experiences to the Board and was formally appointed in September 2019.

Priorities for the Board of Trustees this year have been:

- recruiting, establishing and developing a strong Governing Body (Trustees and Local Governors) across the Trust with a wide range of skills and experience to provide effective challenge and support to the CEO, Head of School and Senior Leadership Team
- the establishment and development of The Grove
- the recruitment and establishment of The Grove Local Governing Body
- ensuring that the Trust has in place proper and robust structures, systems and processes in place to support both Heartlands High School and The Grove
- development and submission of a bid to open a Sixth Form
- developing the vision and values, strategic plan, annual objectives and targets for the Trust
- monitoring the Trust's performance against those
- developing the reporting processes and key performance indicators ensuring there is robust challenge and monitoring
- ensuring continued probity and the fulfilment of statutory and regulatory responsibilities such as the implementation of GDPR across the Trust
- ensuring there is constant and sufficient experience, knowledge and skills across the Governing Body to ensure effective succession planning for Chair and Vice Chair positions
- establishing an effective Chair's committee to share expertise throughout the Trust

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Following a review of their skills and their performance as a Board, Trustees believe that:

- they strongly and extensively share a vision for Heartlands Community Trust that is clear, well understood and well communicated
- that vision underpins the discussions and decisions that they make
- they have developed clear and ambitious long term priorities that take into account internal and external contexts and hold a clear and good understanding of the challenges facing the Trust – and its strengths
- they provide high levels of professional challenge to the CEO and Senior Leadership Team
- and agree that their work has a positive impact upon the development of the Trust

The Board of Trustees are confident that the data presented is sufficiently robust to ensure that they are able to fulfil their roles and responsibilities effectively. The Board with the CEO and CFO continue to refine the data and key performance indicators in line with the Trust's priorities to establish a rigorous approach to monitoring - enabling reflection and learning; monitoring the impact of actions taken ensuring that progress within the Trust is made. The Board are utilising the skills and knowledge of the new Trustees from other sectors to develop and establish best practice in this area.

Key areas for Board development are to:

- ensure a clear succession plan is in place for key roles across the Governing Body
- continue to establish greater clarity on the range and format of information and data required to hold leaders and Local Governing Bodies to account
- increase individual and collective knowledge about curriculum development; school assessment, progress and attainment

A governing body evaluation was set up in July and the results of that will be analysed in 2019/20.

The Finance and Resources Committee is a sub-committee of the main Board of Trustees.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
S Garrill (Executive Headteacher & Accounting Officer)	2	3
J Dilger	1	3
O Majid	3	3
A Cojocar	3	3
<i>Attendees</i>		
Craig Pattinson	3	3
Colin Adams	1	1

Review of value for money

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

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

- Continuing high investment in:
 - staff development and training - linked to promoters of best practice nationally
 - rigorous performance management - self-review and regular external evaluation
 - improved assessment for learning.

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

New investment in:

- an assessment system at the High school to improve assessment for learning
- a restructure to improve cost efficiencies within the trust and Heartlands High School, and to build a central team around HR, Finance and Operations
- 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
- capital at The Grove to create state of the art facilities
- review and revision of the competency basis curriculum to enable maximisation of performance in the light of revised national requirements
- communication systems between and within sites of the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Heartlands Community Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Resources 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 Alliotts as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust'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 Finances and Resources Committee (including Audit), on a termly basis on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities.

HEARTLANDS COMMUNITY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

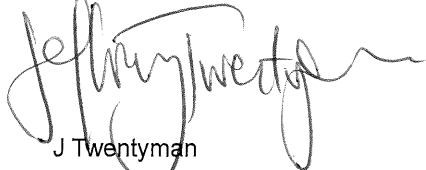
Review of effectiveness

As accounting officer the Executive Headteacher (CEO) 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 work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the Board of Trustees on 11 December 2019 and signed on its behalf by:



J Twentyman
Chair of Trustees



S Garrill
Executive Headteacher & Accounting Officer

HEARTLANDS COMMUNITY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As Accounting Officer of Heartlands Community Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



S Garrill
Accounting Officer

11 December 2019

HEARTLANDS COMMUNITY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees (who are also the directors of Heartlands Community Trust for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Trustees are required to:

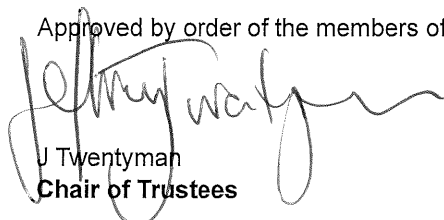
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 11 December 2019 and signed on its behalf by:



J Twentyman
Chair of Trustees

HEARTLANDS COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEARTLANDS COMMUNITY TRUST

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Heartlands Community Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Opinions on other matters prescribed by the Companies Act 2006

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

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

HEARTLANDS COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEARTLANDS COMMUNITY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

HEARTLANDS COMMUNITY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEARTLANDS COMMUNITY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

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



Christopher Mantel (Senior Statutory Auditor)
for and on behalf of Alliotts

17/12/19
.....

Chartered Accountants
Statutory Auditor

Imperial House
8 Kean Street
London
WC2B 4AS

HEARTLANDS COMMUNITY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEARTLANDS COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 21 November 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 September 2018 to 31 August 2019 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Heartlands Community Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Heartlands Community Trust and ESFA, 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 28 March 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

HEARTLANDS COMMUNITY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEARTLANDS COMMUNITY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

- analytical review of the Trust's general activities to ensure that they are within the Trust's framework of authorities;
- consideration of the evidence supporting the accounting officer's statement on regularity, propriety and compliance;
- review of the general control environment for the Trust on financial statements and on regularity;
- sample testing of expenditure transactions to ensure the activity is permissible within the Trust's framework of authority;
- confirmation that a sample of expenditure has been appropriately authorised in accordance with the Trust's delegated authorities;
- formal representations obtained from the governing body and the accounting officer acknowledging the responsibilities, including disclosing all non-compliance with laws and regulations specific to the authorising framework;
- confirmation that any extra-contractual payments such as severance and compensation payments have been appropriately authorised;
- review of credit card expenditure for any indication of personal use by staff, Executive Headteacher (CEO) or Trustees;
- review of specific terms of grant funding within the funding agreement;
- review of related party transactions for connections with the Executive Headteacher (CEO) or Trustees;
- review of income received in accordance with the activities permitted within the Trust's charitable objectives.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Alliotts

Dated: 17/12/19

HEARTLANDS COMMUNITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	62,303	-	77,273	139,576	25,237
Charitable activities:						
- Funding for educational operations	4	-	11,409,476	-	11,409,476	9,958,097
- Funding for teaching school	24	-	50,000	-	50,000	60,000
Other trading activities	5	316,696	149,580	-	466,276	651,590
Investments	6	5,727	-	-	5,727	2,482
Total		384,726	11,609,056	77,273	12,071,055	10,697,406
Expenditure on:						
Raising funds	7	-	69,703	-	69,703	29,401
Charitable activities:						
- Educational operations	9	501,129	11,225,569	682,675	12,409,373	11,280,366
- Teaching school		-	50,000	-	50,000	60,000
Total	7	501,129	11,345,272	682,675	12,529,076	11,369,767
Net income/(expenditure)		(116,403)	263,784	(605,402)	(458,021)	(672,361)
Transfers between funds	18	-	(129,103)	129,103	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(1,137,000)	-	(1,137,000)	568,000
Net movement in funds		(116,403)	(1,002,319)	(476,299)	(1,595,021)	(104,361)
Reconciliation of funds						
Total funds brought forward		165,260	650,765	26,569,915	27,385,940	27,490,301
Total funds carried forward		48,857	(351,554)	26,093,616	25,790,919	27,385,940

HEARTLANDS COMMUNITY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General	Fixed asset £	Total 2018 £
Income and endowments from:					
Donations and capital grants	3	3,214	-	22,023	25,237
Charitable activities:					
- Funding for educational operations	4	-	9,958,097	-	9,958,097
- Funding for teaching school	24	-	60,000	-	60,000
Other trading activities	5	371,644	279,946	-	651,590
Investments	6	2,482	-	-	2,482
Total		<u>377,340</u>	<u>10,298,043</u>	<u>22,023</u>	<u>10,697,406</u>
Expenditure on:					
Raising funds	7	-	29,401	-	29,401
Charitable activities:					
- Educational operations	9	491,422	10,115,282	673,662	11,280,366
- Teaching school		-	60,000	-	60,000
Total	7	<u>491,422</u>	<u>10,204,683</u>	<u>673,662</u>	<u>11,369,767</u>
Net income/(expenditure)		(114,082)	93,360	(651,639)	(672,361)
Transfers between funds	18	-	(185,990)	185,990	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	20	-	568,000	-	568,000
Net movement in funds		(114,082)	475,370	(465,649)	(104,361)
Reconciliation of funds					
Total funds brought forward		279,342	175,395	27,035,564	27,490,301
Total funds carried forward		<u>165,260</u>	<u>650,765</u>	<u>26,569,915</u>	<u>27,385,940</u>

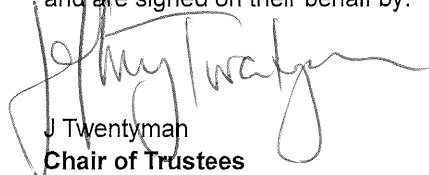
HEARTLANDS COMMUNITY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	13		26,093,616		26,569,915
Current assets					
Stocks	14	18,841		29,702	
Debtors	15	614,661		502,461	
Cash at bank and in hand		2,475,264		1,420,080	
		<u>3,108,766</u>		<u>1,952,243</u>	
Current liabilities					
Creditors: amounts falling due within one year	16	(1,329,463)		(565,218)	
		<u></u>		<u></u>	
Net current assets			1,779,303		1,387,025
Net assets excluding pension liability			<u>27,872,919</u>		<u>27,956,940</u>
Defined benefit pension scheme liability	20	(2,082,000)		(571,000)	
		<u></u>		<u></u>	
Net assets			<u>25,790,919</u>		<u>27,385,940</u>
Funds of the Trust:					
Restricted funds	18				
- Fixed asset funds			26,093,616		26,569,915
- Restricted income funds			1,730,446		1,221,765
- Pension reserve			(2,082,000)		(571,000)
			<u>25,742,062</u>		<u>27,220,680</u>
Total restricted funds			25,742,062		27,220,680
Unrestricted income funds	18		48,857		165,260
			<u>48,857</u>		<u>165,260</u>
Total funds			<u>25,790,919</u>		<u>27,385,940</u>

The accounts on pages 24 to 47 were approved by the Trustees and authorised for issue on 11 December 2019 and are signed on their behalf by:


J Twentymah
Chair of Trustees

Company Number 08482398

HEARTLANDS COMMUNITY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		1,178,560		262,919
Cash flows from investing activities					
Dividends, interest and rents from investments		5,727		2,482	
Capital grants from DfE Group		77,273		22,023	
Purchase of tangible fixed assets		(229,056)		(208,013)	
Proceeds from sale of tangible fixed assets		22,680		-	
Net cash used in investing activities			(123,376)		(183,508)
Net increase in cash and cash equivalents in the reporting period			1,055,184		79,411
Cash and cash equivalents at beginning of the year			1,420,080		1,340,669
Cash and cash equivalents at end of the year			<u>2,475,264</u>		<u>1,420,080</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Heartlands Community Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

1.1 Basis of preparation

The accounts of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Heartlands Community Trust meets the definition of a public benefit entity under FRS 102.

Heartlands Community Trust is a multi academy trust. Heartlands High School and The Grove are currently the member schools of the multi academy trust. Central services were provided in the year and are disclosed in note 8.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

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

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

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust 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 assets category and depreciated over the useful economic life in accordance with the Trust's policies.

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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

Long-term leasehold property	2% - 10% straight line
Plant and machinery	10% - 20% straight line
Computer equipment	33.3% straight line
Office equipment	20% - 33% straight line
Motor vehicles	20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

No depreciation is provided in respect of freehold and long-term leasehold land.

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

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

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

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

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.10 Taxation

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

1.11 Pensions benefits

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

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

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

1.12 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

2 Critical accounting estimates and areas of judgement

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

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

Critical accounting estimates and assumptions

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	77,273	77,273	22,023
Other donations	62,303	-	62,303	3,214
	<u>62,303</u>	<u>77,273</u>	<u>139,576</u>	<u>25,237</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / EŠFA grants				
General annual grant (GAG)	-	8,713,899	8,713,899	8,004,662
Other DfE group grants	-	2,153,344	2,153,344	682,763
	-	10,867,243	10,867,243	8,687,425
Other government grants				
Local authority grants	-	-	-	163,970
Special educational projects	-	499,540	499,540	1,074,235
	-	499,540	499,540	1,238,205
Other funding				
Teaching school income	-	50,000	50,000	60,000
Other incoming resources	-	42,693	42,693	32,467
	-	92,693	92,693	92,467
Total funding	-	11,459,476	11,459,476	10,018,097

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Lettings income	62,929	-	62,929	78,500
Catering income	189,575	-	189,575	232,824
Department income	11,692	-	11,692	6,894
Uniform sales	52,500	-	52,500	53,426
Other income	-	149,580	149,580	279,946
	316,696	149,580	466,276	651,590

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	5,727	-	5,727	2,482

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	69,703	69,703	29,401
Academy's educational operations					
- Direct costs	6,802,206	682,675	601,640	8,086,521	7,625,596
- Allocated support costs	2,210,397	1,224,435	888,020	4,322,852	3,654,770
Teaching school					
- Direct costs	50,000	-	-	50,000	60,000
	<u>9,062,603</u>	<u>1,907,110</u>	<u>1,559,363</u>	<u>12,529,076</u>	<u>11,369,767</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	9,015	8,750
- Other services	8,895	7,063
Operating lease rentals	25,242	-
Depreciation of tangible fixed assets	682,675	673,662
Net interest on defined benefit pension liability	20,000	23,000
	<u>745,827</u>	<u>712,475</u>

8 Central services

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

- management and financial services;
- audit and accountancy;
- legal and professional services;
- educational support services.

The Trust charges for these services in order to run a balanced budget. The Trust charges each school on the basis of income received.

The amounts charged during the year were as follows:

	2019	2018
	£	£
Heartlands High School	373,827	-
The Grove	50,000	-
	<u>423,827</u>	<u>-</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Direct costs				
Educational operations	3,500	8,083,021	8,086,521	7,625,596
Teaching school	-	50,000	50,000	60,000
Support costs				
Educational operations	497,629	3,825,223	4,322,852	3,654,770
	<u>501,129</u>	<u>11,958,244</u>	<u>12,459,373</u>	<u>11,340,366</u>
	Teaching school £	Educational operations £	Total 2019 £	Total 2018 £
Analysis of support costs				
Support staff costs	-	2,273,363	2,273,363	2,266,180
Technology costs	-	163,271	163,271	(45,612)
Premises costs	-	1,224,435	1,224,435	824,136
Other support costs	-	483,106	483,106	500,070
Governance costs	-	178,677	178,677	109,996
	<u>-</u>	<u>4,322,852</u>	<u>4,322,852</u>	<u>3,654,770</u>

10 Staff

Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	6,626,447	6,187,810
Social security costs	613,610	617,662
Pension costs	1,229,041	1,224,154
Amounts paid to employees	<u>8,469,098</u>	<u>8,029,626</u>
Agency staff costs	526,332	493,027
Staff restructuring costs	67,173	23,512
Amounts paid to staff	<u>9,062,603</u>	<u>8,546,165</u>
Staff development and other staff costs	169,953	171,109
Total staff expenditure	<u><u>9,232,556</u></u>	<u><u>8,717,274</u></u>
Staff restructuring costs comprise:		
Severance payments	<u>67,173</u>	<u>23,512</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

10 Staff

(Continued)

Staff numbers

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

	2019 Number	2018 Number
Teachers	70	69
Administration and support	107	108
Management	13	13
	<u>190</u>	<u>190</u>

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	7	6
£70,001 - £80,000	3	3
£80,001 - £90,000	-	2
£90,001 - £100,000	2	-
£120,001 - £130,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1,135,195 (2018: £1,131,470).

11 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Executive Headteacher (CEO) and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Executive Headteacher (CEO) and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

Mr S Garrill (Headteacher):

- Remuneration £120,000 - £125,000 (2018: £120,000 - £125,000)
- Employer's pension contributions £15,000 - £20,000 (2018: £15,000 - £20,000)

During the year, no travel and subsistence payments (2018: nil) were reimbursed or paid directly to Trustees.

Other related party transactions involving the Trustees are set out within note 22.

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Trustees and officers insurance

The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

13 Tangible fixed assets

	Long-term leasehold property	Plant and machinery	Computer equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2018	29,162,424	170,764	336,527	181,394	64,866	29,915,975
Additions	46,431	66,499	30,641	32,854	52,630	229,055
Disposals	-	(19,390)	(3,290)	-	-	(22,680)
At 31 August 2019	29,208,855	217,873	363,878	214,248	117,496	30,122,350
Depreciation						
At 1 September 2018	2,867,189	140,226	169,936	123,030	45,679	3,346,060
Charge for the year	572,942	6,707	74,026	27,505	1,494	682,674
At 31 August 2019	3,440,131	146,933	243,962	150,535	47,173	4,028,734
Net book value						
At 31 August 2019	25,768,724	70,940	119,916	63,713	70,323	26,093,616
At 31 August 2018	26,295,235	30,538	166,591	58,364	19,187	26,569,915

Finance leases and hire purchase contracts

Included in long-term leasehold property is leasehold land at valuation of £3,700,000, which is not depreciated. The long-term leasehold property was valued on conversion to academy status. The trustees consider that the valuation remains appropriate.

The Freehold land and buildings are owned by Haringey Council. The academy trust holds a 125 year lease on the land and buildings with no rental charge being payable.

14 Stocks	2019 £	2018 £
School uniform	18,841	29,702

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Debtors	2019	2018
	£	£
Trade debtors	262,823	209,988
VAT recoverable	152,760	123,036
Prepayments and accrued income	199,078	169,437
	<u>614,661</u>	<u>502,461</u>
	<u><u>614,661</u></u>	<u><u>502,461</u></u>
16 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	420,029	232,197
Other taxation and social security	176,159	166,672
Other creditors	9,485	-
Accruals and deferred income	723,790	166,349
	<u>1,329,463</u>	<u>565,218</u>
	<u><u>1,329,463</u></u>	<u><u>565,218</u></u>
17 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	410,969	137,888
	<u>410,969</u>	<u>137,888</u>
Deferred income at 1 September 2018	137,888	145,544
Released from previous years	(137,888)	(145,544)
Resources deferred in the year	410,969	137,888
	<u>410,969</u>	<u>137,888</u>
Deferred income at 31 August 2019	<u><u>410,969</u></u>	<u><u>137,888</u></u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	1,221,765	8,713,899	(8,076,115)	(129,103)	1,730,446
Other DfE / ESFA grants	-	2,153,344	(2,153,344)	-	-
Other government grants	-	499,540	(499,540)	-	-
Teaching school	-	50,000	(50,000)	-	-
Other restricted funds	-	192,273	(192,273)	-	-
Pension reserve	(571,000)	-	(374,000)	(1,137,000)	(2,082,000)
	<u>650,765</u>	<u>11,609,056</u>	<u>(11,345,272)</u>	<u>(1,266,103)</u>	<u>(351,554)</u>
Restricted fixed asset funds					
DfE group capital grants	26,383,925	77,273	(682,675)	-	25,778,523
Capital expenditure from GAG	185,990	-	-	129,103	315,093
	<u>26,569,915</u>	<u>77,273</u>	<u>(682,675)</u>	<u>129,103</u>	<u>26,093,616</u>
Total restricted funds	<u>27,220,680</u>	<u>11,686,329</u>	<u>(12,027,947)</u>	<u>(1,137,000)</u>	<u>25,742,062</u>
Unrestricted funds					
General funds	<u>165,260</u>	<u>384,726</u>	<u>(501,129)</u>	<u>-</u>	<u>48,857</u>
Total funds	<u>27,385,940</u>	<u>12,071,055</u>	<u>(12,529,076)</u>	<u>(1,137,000)</u>	<u>25,790,919</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

General Annual Grant: This fund is for the purpose of running the Trust in accordance with the Funding Agreement with the Secretary of State and along guidelines as set out in the Academies Financial Handbook.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the Trust's activities that are not funded through the General Annual Grant.

Other government grants: This fund has also arisen from funding received for the furtherance of the Trust's activities that are not funded through the General Annual Grant.

Other restricted fund: This restricted fund has arisen from other income that the Trust has received. The monies have to be used for the benefit of the Trust but there are no restrictions on when these monies can be spent.

Pension reserve: This liability has arisen from the Local Government Pension Scheme, which was inherited by the Trust on conversion. See note 20 for further details on this liability.

Restricted fixed asset funds: These funds have arisen from fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the Trust. All assets held are specifically for the use of the Trust.

Unrestricted funds: These have arisen from activities carried out by the Trust for raising funds and are unrelated to any form of government assistance and therefore the Trust can choose to spend it however it chooses.

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	287,905	8,004,662	(6,884,812)	(185,990)	1,221,765
Other DfE / ESFA grants	292,502	682,763	(975,265)	-	-
Other government grants	319,988	1,238,205	(1,558,193)	-	-
Teaching school	-	60,000	(60,000)	-	-
Other restricted funds	-	312,413	(312,413)	-	-
Pension reserve	(725,000)	-	(414,000)	568,000	(571,000)
	<u>175,395</u>	<u>10,298,043</u>	<u>(10,204,683)</u>	<u>382,010</u>	<u>650,765</u>
Restricted fixed asset funds					
DfE group capital grants	27,035,564	22,023	(673,662)	-	26,383,925
Capital expenditure from GAG	-	-	-	185,990	185,990
	<u>27,035,564</u>	<u>22,023</u>	<u>(673,662)</u>	<u>185,990</u>	<u>26,569,915</u>
Total restricted funds	<u>27,210,959</u>	<u>10,320,066</u>	<u>(10,878,345)</u>	<u>568,000</u>	<u>27,220,680</u>
Unrestricted funds					
General funds	<u>279,342</u>	<u>377,340</u>	<u>(491,422)</u>	<u>-</u>	<u>165,260</u>
Total funds	<u>27,490,301</u>	<u>10,697,406</u>	<u>(11,369,767)</u>	<u>568,000</u>	<u>27,385,940</u>

Total funds analysis by academy

	2019 £	2018 £
Fund balances at 31 August 2019 were allocated as follows:		
Heartlands High School	1,522,263	1,387,025
The Grove	279,089	-
Central services	(22,049)	-
Total before fixed assets fund and pension reserve	<u>1,779,303</u>	<u>1,387,025</u>
Restricted fixed asset fund	26,093,616	26,569,915
Pension reserve	(2,082,000)	(571,000)
Total funds	<u>25,790,919</u>	<u>27,385,940</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Funds

(Continued)

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
Heartlands High School	5,830,678	1,470,712	443,240	1,731,309	9,475,939	10,282,105
The Grove	1,079,868	108,619	25,082	307,277	1,520,846	-
Central services	163,561	219,795	20,024	48,737	452,117	-
	<u>7,074,107</u>	<u>1,799,126</u>	<u>488,346</u>	<u>2,087,323</u>	<u>11,448,902</u>	<u>10,282,105</u>

19 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	26,093,616	26,093,616
Current assets	48,857	3,059,909	-	3,108,766
Creditors falling due within one year	-	(1,329,463)	-	(1,329,463)
Defined benefit pension liability	-	(2,082,000)	-	(2,082,000)
Total net assets	<u>48,857</u>	<u>(351,554)</u>	<u>26,093,616</u>	<u>25,790,919</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	26,569,915	26,569,915
Current assets	165,260	1,786,983	-	1,952,243
Creditors falling due within one year	-	(565,218)	-	(565,218)
Defined benefit pension liability	-	(571,000)	-	(571,000)
Total net assets	<u>165,260</u>	<u>650,765</u>	<u>26,569,915</u>	<u>27,385,940</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £548,000 (2018: £499,000).

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

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.8% for employers and 5.5 to 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.

Total contributions made	2019 £	2018 £
Employer's contributions	283,000	312,000
Employees' contributions	120,000	123,000
Total contributions	<u>403,000</u>	<u>435,000</u>

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	2.9	2.9
Rate of increase for pensions in payment/inflation	2.3	2.3
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	2.3	2.4

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

	2019 Years	2018 Years
Retiring today		
- Males	20.9	21.8
- Females	23.2	24.1
Retiring in 20 years		
- Males	22.2	23.8
- Females	24.5	26.0

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Pension and similar obligations

(Continued)

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

	2019	2018
	£	£
Discount rate + 0.1%	(212,000)	(127,000)
Discount rate - 0.1%	212,000	127,000
Mortality assumption + 1 year	211,000	104,000
Mortality assumption - 1 year	(211,000)	(104,000)
CPI rate + 0.1%	192,000	113,000
CPI rate - 0.1%	(192,000)	(113,000)

The Trust's share of the assets in the scheme

	2019	2018
	Fair value	Fair value
	£	£
Equities	2,100,000	1,714,000
Bonds	828,000	623,000
Property	191,000	156,000
Other assets	64,000	104,000
Total market value of assets	3,183,000	2,597,000

The actual return on scheme assets was £191,000 (2018: £125,000).

Amount recognised in the Statement of Financial Activities

	2019	2018
	£	£
Current service cost	592,000	703,000
Past service cost	45,000	-
Interest income	(78,000)	(56,000)
Interest cost	98,000	79,000
Total operating charge	657,000	726,000

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20	Pension and similar obligations	(Continued)	
	Changes in the present value of defined benefit obligations	2019	
		£	
	At 1 September 2018	3,168,000	
	Current service cost	592,000	
	Interest cost	98,000	
	Employee contributions	120,000	
	Actuarial loss/(gain)	1,250,000	
	Benefits paid	(8,000)	
	Past service cost	45,000	
	At 31 August 2019	<u>5,265,000</u>	
	Changes in the fair value of the Trust's share of scheme assets	2019	
		£	
	At 1 September 2018	2,597,000	
	Interest income	78,000	
	Actuarial gain	113,000	
	Employer contributions	283,000	
	Employee contributions	120,000	
	Benefits paid	(8,000)	
	At 31 August 2019	<u>3,183,000</u>	
21	Reconciliation of net expenditure to net cash flow from operating activities	2019	2018
		£	£
	Net expenditure for the reporting period (as per the statement of financial activities)	(458,021)	(672,361)
	Adjusted for:		
	Capital grants from DfE and other capital income	(77,273)	(22,023)
	Investment income receivable	(5,727)	(2,482)
	Defined benefit pension costs less contributions payable	354,000	391,000
	Defined benefit pension scheme finance cost	20,000	23,000
	Depreciation of tangible fixed assets	682,675	673,662
	Decrease in stocks	10,861	7,394
	(Increase)/decrease in debtors	(112,200)	194,063
	Increase/(decrease) in creditors	764,245	(329,334)
	Net cash provided by operating activities	<u>1,178,560</u>	<u>262,919</u>

HEARTLANDS COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22 Related party transactions

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

Other than those disclosed in note 11, no related party transactions took place in the current or previous year.

23 Members' liability

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

24 Teaching school trading account	2019		2018	
	£	£	£	£
Direct income				
External funding		50,000		60,000
Direct costs				
Direct staff costs	50,000		60,000	
Total expenditure		(50,000)		(60,000)
Surplus from all sources		-		-
Teaching school balances at 1 September 2018		-		-
Teaching school balances at 31 August 2019		-		-