



**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**TRUSTEE'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**CONTENTS**

---

	Page
<b>Statement on Regularity, Propriety and Compliance</b>	28
<b>Statement of Trustee's Responsibilities</b>	29
<b>Independent Auditors' Report on the Financial Statements</b>	30 - 32
<b>Independent Reporting Accountant's Assurance Report on Regularity</b>	33 - 34
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	35
<b>Balance Sheet</b>	36
<b>Statement of Cash Flows</b>	37
<b>Notes to the Financial Statements</b>	38 - 62
<b>Trustees' Report</b>	3 - 21
<b>Reference and Administrative Details</b>	1 - 2
<b>Governance Statement</b>	22 - 27

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

## **Reference and Administrative Details**

### Members

- Rev Canon Peter Howard (appointed 21 March 2015)
- Michael Shaun Porter (appointed 16 September 2015)
- John Peter Crofts (appointed 18 September 2015)
- Michael Fagg (appointed 5 October 2015)
- Melanie Selvarajah (appointed 19 October 2015)

No members have stepped down in the last 12 months.

### Trustees

- Martin Radmore, Chair of Trustees (appointed 20 March 2017)
- Christina Kenna, Chief Executive Officer (appointed 8 November 2012)
- Sarah Porter (appointed 1 November 2014)
- Laura Myles (appointed 6 March 2017)
- Timothy Payne (appointed 12 June 2017)
- Stephen Beeson (appointed 12 June 2017)
- Alan Jones (appointed 19 July 2017)

The following Trustees have stepped down in the last 12 months:

- Michael John Grimble (resigned 14 November 2016)
- Timothy Freeman Newton (resigned 16 January 2017)
- Michael Randall (resigned 20 February 2017)
- Danny Doran-Smith (resigned 4 May 2017)
- Anne Stairmand (resigned 16 June 2017)
- Nicola Curle (resigned 4 July 2017)

### Company Secretary

- Hazel Cabbage (appointed 6 July 2015)

### Senior Management Team

- Christina Kenna (Chief Executive Officer)
- Hazel Cabbage (Business and Operations Executive and Chief Financial Officer)
- Sarah Porter (Director of Inclusion)

(collectively, the "Trust Executive Board")

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

Company Name

- The HEART Education Trust

Principal and Registered Office

- Heartsease Primary Academy, Rider Haggard Road, Norwich, Norfolk NR7 9UE

Company Registration Number

- 08286818

Independent Auditor

- MA Partners LLP, 7 The Close Norwich, Norfolk NR1 4DJ

Bankers

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

Solicitors

- Judicium Education, 72 Cannon Street London EC4N 6AE

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

## **Trustees' Report**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 4 primary academies in Norfolk. These are:

- Heartsease Primary Academy (1 April 2013);
- Lingwood Primary Academy (1 October 2015);
- Henderson Green Primary Academy (1 April 2016);
- Valley Primary Academy (1 June 2016).

The Trust academies have a combined pupil capacity of 1068 and had a roll of 1014 in the school census in October 2017.

### **Structure, Governance and Management**

#### Constitution

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

Details of the trustees who served during the year 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 purchases and maintains insurance for its directors under the government's Risk Protection Arrangement (RPA).

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

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

The Trustees actively recruit trustees from amongst stakeholders, the community and the professional networks of the existing Trustees and / or members. The Trustees also utilise the Academy Ambassadors programme. The trustees recruit new trustees on the basis of particular skills that they determine the Board of Trustees requires, having regard to any recommendations made by the members, the committees, trust senior management team, individual trustees, professional advisors, or the DfE.

In appointing new trustees, the Board of Trustees votes by a majority resolution at a fully quorate Board meeting. Where it is necessary to appoint a trustee outside of scheduled Board meetings the appointment is usually made by written resolution of the trustees (majority resolution). However, the Chief Executive Officer also has delegated authority to appoint a trustee in exceptional circumstances, and such appointment is then ratified by the Board of Trustees at the next fully quorate Board meeting. The Trust's Executive Board will usually conduct an interview with the proposed trustee. The Board of Trustees then resolves to appoint a trustee based on this interview and verbal or written "pen portraits" outlined by the proposed trustee and / or the existing trustee who is recommending him. These pen portraits identify the proposed trustee's background, qualifications, skills and experience and specify what value the proposed trustee can add to the Board.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

Upon the appointment of a new Trustee, the Board will then resolve to appoint the new trustee to one or more of the 5 central Trust committees, having regard to that Trustee's particular skillset and own preference.

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

Trustees begin their induction by attending a Board meeting. New trustees are provided with copies of the Academies Financial Handbook, as well as the Articles of Association, a copy of the Master Funding Agreement, The Governors' Handbook, The Competency Framework, and the Charity Commission's guidance note "CC3: the essential trustee: what you need to know, what you need to do". They are also encouraged to review the Trust's framework policies.

Decisions as to what training may be required by Trustees are made by the Board with advice from the Chief Executive Officer.

### Organisational Structure

The Chief Executive Officer, the Director of Inclusion and the Business and Operations Executive are responsible for the day-to-day running of the Trust and comprise the Trust's senior management team (the "Executive Board"). The Chief Executive Officer is also the Accounting Officer of the Trust.

The Academy Headteachers are responsible for the day-to-day running of each academy. At the commencement of the year, the Trust still operated a governance structure comprising two Local Advisory Boards, who held the Academy Headteachers to account:

## Pre March 2017 Structure



However, in March 2017, a new a much more robust governance structure was adopted. The Academy Headteachers are now held to account by the Executive Board.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

## Trust Management Structure



In turn, the Executive Board is held to account by the 5 central committees established by the Board of Trustees, to ensure good governance and oversight.

## Post March 2017 Governance Structure



The 5 committees are:

- Finance & Audit Committee
- Risk Management Committee
- Education Performance & Standards Committee
- Safeguarding & Inclusion Committee
- Pay Committee

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

Each committee is responsible for holding the Executive Board members to account as follows:

## Governance of Trust Executive

<b>Risk Committee</b>	<b>Performance &amp; Standards Committee</b>
<b>Business &amp; Operations Executive</b>	<b>Executive Headteacher</b>
<b>Finance &amp; Audit Committee</b>	<b>Safeguarding &amp; Inclusion Committee</b>
<b>Chief Finance Officer</b>	<b>Director of Inclusion / Executive Headteacher</b>
<b>Pay Committee</b>	
<b>Chief Executive Officer / Business &amp; Operations Executive</b>	

The committees each have terms of reference setting out their key decisions and responsibilities.

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

- Plans relating to Trust expansion, business development, marketing and branding.
- Ownership of Trust business plan and model.
- Appointment of new Trustees to the Board.
- Continued negotiations with the Local Authority in relation to potential building expansion works at Heartsease Primary Academy.
- Submission of Companies House and ESFA returns (including the Budget Forecast Return submitted to the ESFA in July 2016).
- Decisions relating to the Trust's financial reserves.
- Adoption of the new governance structure

The company members passed a resolution on 12 June 2017 to appoint MA Partners LLP as the Trust's independent auditors.

### Arrangements for setting pay and remuneration of key management personnel

The Trust's key management personnel are C Kenna (CEO/ Executive Headteacher); H Cabbage (Business and Operations Executive) and S Porter (Director of Inclusion and a staff trustee).

No changes to the pay of C Kenna or S Porter was made during the accounting period with the exception of the 1% cost of living increment in September 2016 which was awarded to all teaching staff within the Trust. S Porter is not remunerated for her role as a trustee. However, she is remunerated for her employment as Director of Inclusion and her remuneration is based upon the Leadership payscale (STPCD). C Kenna is not remunerated for her role as a trustee. However, she is remunerated for her employment as Chief Executive Officer and her remuneration is based upon the Leadership payscale (STPCD). The Board of Directors made a decision in respect of H Cabbage's pay following a performance review conducted by two directors of the Board and an external advisor. The Board resolved to award H Cabbage a two point increment on the basis that she had met or exceeded her targets for the year.

Since 20 March 2017, a Pay Committee has been established to carry out the performance review and make the related pay decisions in respect of H Cabbage and C Kenna. The performance review and related pay awards for S Porter is made by the CEO and ratified by the Pay Committee.

The pay for each Academy Headteacher is initially set by the CEO and ratified by the Board of Trustees, having regard to the ISR of the academy. Performance related pay increases thereafter are made by the CEO and ratified by the Pay Committee.



**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

Related Parties and other Connected Charities and Organisations

The Trust is not part of a wider network although its academies do continue to work within their local clusters (as allocated by the Local Authority prior to conversion).

The following relationships with related parties exist or have existed during the accounting period:

Name	Position in Trust	Type of Interest	Description of Interest	Date Interest Arose	Date Interest Ceased
Christina Kenna	Company Director	Direct Relationship with Trust	Trust Employee under a contract of employment	01/04/2013	
Sarah Porter	Company Director	Direct relationship with Trust	Trust Employee under a contract of employment	01/01/2014	
Christina Kenna	Company Director	Connected Party's relationship with Trust (individual)	C Kenna's daughter (H Cabbage) is the Business and Operations Executive of the Trust under a contract of employment.	06/07/2015	
Michael Shaun Porter	Company Member	Connected Party's relationship with Trust (individual)	Shaun Porter's spouse (Sarah Porter) is a Company Director and an employee of the Trust under a contract of employment	16/09/2015	
Sarah Porter	Company Director	Connected Party's relationship with Trust (individual)	S Porter's daughter is the Bishy Barney Bee Room Leader employed by the Trust under a contract of employment	01/09/2016	
Mike Grimble	Company Director	Connected Party's relationship with Trust (company/firm)	Mike was part of the working party to establish Educator Solutions, a commercial trading entity of Norfolk County Council that provides services to the Trust	13/04/2016	14/11/2016
Lizbeth Kidd	Member of the Triad 1 Local Advisory Board	Direct relationship with Trust	Trust Employee under a contract of employment	30/06/2016	20/03/2017
Imran Khan	Member of the Triad 1 Local Advisory Board	Direct relationship with Trust	Trust Employee under a contract of employment	30/06/2016	20/03/2017

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

Ann Sinclair	Member of the Triad 1 Local Advisory Board	Direct relationship with Trust	Trust Employee under a contract of employment	30/06/2016	20/03/2017
Adam Faulkes	Member of the Triad 1 Local Advisory Board	Connected Party's relationship with Trust (individual)	Adam's mother (Liz Faulkes) is an employee of the Trust under a contract of employment and a member of the LPA Local Advisory Board	30/06/2016	20/03/2017
Clare Jordan	Member of the Triad 2 Local Advisory Board	Connected Party's relationship with Trust (company/firm)	Clare works for Norse, the company that the Trust outsources catering to.	03/10/2016	20/03/2017
Samantha Bloomfield	Member of the Triad 2 Local Advisory Board	Direct relationship with Trust	Trust Employee under a contract of employment	03/10/2016	20/03/2017
Anne Stairmand	Company Director	Connected Party's relationship with Trust (company/firm)	Anne did some consultancy work for the Trust prior to her appointment but the engagement ceased prior to the appointment being made	14/09/2016	16/06/2017
Nicola Curle	Company Director	Connected Party's relationship with Trust (company/firm)	Nicola works for Howes Percival which is the law firm that advises the Trust on its academy conversions (LPA, HGP and VPA). Nicola has no pecuniary interest and has no voting rights at Howes Percival. She is not a director at Howes Percival	17/11/2015	04/07/2017
Martin Radmore	Company Director	Direct relationship with Trust	Martin owns a business called Vision Education and carries out some consultancy work / training for the Trust in respect of P.E. from time to time	20/03/2017	
Imran Khan	Member of Risk Management Committee	Direct relationship with Trust	Trust Employee under a contract of employment	20/03/2017	
Lizbeth Kidd	Member of Education Performance & Standards Committee	Direct relationship with Trust	Trust Employee under a contract of employment	20/03/2017	

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

Stuart Walker	Member of Safeguarding & Inclusion Committee	Direct relationship with Trust	Trust Employee under a contract of employment	20/03/2017	
Samantha Bloomfield	Member of Finance & Audit Committee	Direct relationship with Trust	Trust Employee under a contract of employment	20/03/2017	28/09/2017
Stephen Beeson	Company Director	Connected Party's relationship with Trust (company/firm)	Stephen works for Drapers' Multi Academy Trust as Chief Operations Officer based in Essex. However the Trust has no direct relationship with Drapers' Multi Academy Trust	12/06/2017	
Hazel Cabbage	Business & Operations Executive	Connected Party's relationship with Trust (individual)	Hazel's mother (Christina Kenna) is the Trust's CEO (under a contract of employment) and Trust Director	6 July 2015	

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

### **Objectives and Activities**

#### Objects and Aims

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

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

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

### *Mission*

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

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

### *Vision*

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

### *Key Values*

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

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

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

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

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

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

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

### Objectives, Strategies and Activities

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

- 1) To maintain the sponsor school's "outstanding" grading and to accelerate the Trust's other existing schools to "good" or "outstanding" by their next Ofsted

Heartsease Primary Academy achieved an "Outstanding" grading from Ofsted in April 2016. The Trust's aim for the year was to maintain this Outstanding grading. Lingwood Primary Academy has a historical "special measures" grading, Henderson Green has a historical "requires improvement" grading and Valley Primary has a historical "good" although at the point of conversion the Trust and its external advisors judged that an Ofsted inspection at that time would have led to a "special measures" grading. It has been the trust's aim to raise the grading of these three academies to at least good over the course of the current accounting period and the one that follows.

- 2) Progress and attainment to exceed floor targets across the academies

Three of the Trust's academies are within the bottom 15% of schools nationally and it will take time to achieve this level of improvement in pupil standards. However, the Trust has been working towards this overall objective throughout the year.

- 3) To achieve excellence in leadership and governance

The trust has aimed to strengthen its governance and this year. The Trust has also aimed to strengthen its leadership capacity through recruitment, training and mentoring, and to stabilise academy leadership in all four schools.

- 4) To lay the foundations for increasing the number of academies within the Trust in future years

The trust has aimed to prepare its finances and staffing capacity for future growth, whilst consolidating its current position and centralising its operations. The Trust continues to aim to sponsor challenging schools, and has been ensuring that the Trust has sufficient resources and capacity to take on its next academy.

- 5) To expand the Bishy Barney Bee brand

The Trust has intended to roll out its Bishy Barney Bee nursery brand across more of its existing academies and any new academies that join. Many pupils commencing their education at the trust's academies are not "school ready", and the Trust aims to use its Bishys brand to ensure a consistent approach to preparing 2-5 year olds for their school education, which in turn will lead to improved pupil standards further up the schools.

- 6) To achieve a solution for behavioural issues across the Trust and wider community

The trust has aimed to find a solution to the county-wide problem of accommodating children with behavioural issues who are not receiving the appropriate support within mainstream settings.

- 7) To close the financial year with a total expenditure figure that is lower than or equal to the total income figure

The Trust has aimed to adhere to the balanced budget it put forward to the ESFA in July 2016 (subject to in year revisions) to ensure that there is no in year deficit.

- 8) To review and then monitor staffing across the Trust to ensure maximum efficiency and impact.

The Trust has aimed to centrally monitor the appointment and redeployment of staff across the Trust to ensure maximum efficiency and achieve cost savings through processes such as natural wastage.

- 9) To complete the centralisation of Trust Finance and HR.

The Trust has aimed to complete the centralisation of finance and HR, and to continue to centralise other functions to ensure a sustainable operating model over the coming years.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

### Public Benefit

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

### **Strategic Report**

#### Achievements and Performance

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

- 1) To maintain the sponsor school's "outstanding" grading and to accelerate the Trust's other existing schools to "good" or "outstanding" by their next Ofsted

At the close of the accounting year, the Heartsease grading remains "outstanding" but no further Ofsted inspections have been carried out at the other Trust academies. However, there was a non-graded Ofsted inspection at Henderson Green which yielded positive comment. The Trust is confident that it has greatly progressed teaching and learning and behaviour for learning at each of its sponsored academies over the course of the current year and intends to continue this work over the coming year.

- 2) Progress and attainment to exceed floor targets across the academies

The Trust did not achieve this target for KS 2 results in 2017 and continues to work towards it. The Trust was pleased that the combined score for Heartsease increased by 11%, showing some improvement on the previous year. The Trust recognises that this is a long term aim and that it may take another couple of years to fully achieve this target. However, the Trust is continually working towards this aim and anticipates the additional improvements and interventions carried out over the course of the current year will take the Trust closer to achieving this aim in the 2018 KS 2 results.

- 3) To achieve excellence in leadership and governance

The Trust worked hard to strengthen its governance structure over the course of the year, restructuring governance in March 2017 and introducing centralised specialist committees to ensure that the Trust Executive Board is held to account fully. These committees are now fully operational and the Board is confident that they are ensuring a much more robust form of governance than the previous local governing bodies did. The Trust has strengthened its leadership, appointing the Director of Inclusion to the Executive Board, and appointing new Academy Headteachers at each of its academies: Lingwood (September 2016), Valley (January 2017), Heartsease (June 2017) and Henderson Green (September 2017). The Trust will continue to strengthen its leadership capacity over the next year, through recruitment, training and mentoring.

- 4) To lay the foundations for increasing the number of academies within the Trust in future years

The Trust decided to consolidate its position and chose not to consider taking on other academies during the course of the current year. However, the Trust has worked to lay the foundations for future growth by building up a financial cushion and centralising its operations. The Trust has centralised assessment, behaviour and all schools are using the Challenge Curriculum. Following the close of the accounting period, the Trust has centralised its pupil premium strategy to address Trust wide barriers to learning for pupil premium pupils. The academies work together closely and have a consistent approach. All non-educational matters have now been centralised. The Trust will continue to improve capacity over the next year in order to be able to sponsor additional academies in future years.

- 5) To expand the Bishy Barney Bee brand

The Trust successfully expanded the brand and opened a second room for Bishy Barney Bees pupils at Heartsease in September 2017. The Trust will continue to expand this brand over the course of the next accounting period.

- 6) To achieve a solution for behavioural issues across the Trust and wider community

Over the course of the year, the Trust has met with representatives from Local Authority, DfE and the wider community to discuss the increasing problem of exclusions relating from behavioural issues in schools. The Trust has

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

succeeded in finding a meaningful way that it can contribute to solving this problem, and is launching an alternative provision unit at Henderson Green Primary Academy in 2018.

7) To close the financial year with a total expenditure figure that is lower than or equal to the total income figure

The Trust has successfully achieved this aim, and has brought forward a surplus for the year due to careful financial management and planning.

8) To review and then monitor staffing across the Trust to ensure maximum efficiency and impact.

Over the period, the Trust reviewed staffing in respect of its SEN provision and its premises provision. The Trust restructured these services to achieve consistency, quality and cost savings. It replaced the four individual SENDCo teachers at each of its academies with two Trust SENDCos who work under the direction of a Director of Inclusion, responsible for a codified strategy across the Trust in relation to SEN, EAL and pupil premium. The Trust also replaced each of the four caretaker roles across its academies with two assistant caretakers and a Head of Premises Maintenance, responsible for delivering a high quality premises service to each academy. The Trust appointed a second Maths Advisor to work with all four academies in relation to maths, and a 0.1 FTE Literacy Advisor to work with the academies in respect of English. Following the close of the accounting period, the Trust also appointed a Trust wide Senior Pastoral Manager to centralise the management of attendance across the Trust.

9) To complete the centralisation of Trust Finance and HR.

The Trust successfully completed the centralisation of Finance, with the appointment of a Trust Support Manager in September 2016 who was replaced by a Trust Finance Manager in April 2017. In February 2017, the Trust appointed a Trust Operations Manager as part of the centralisation of its HR function. In October 2016, the Trust's head office took over the administration of payroll and all new starter contracts, contract variations and other HR matters. In April 2017, the Trust introduced Parent Pay across all four academies to enable the schools to operate on a cashless basis. Following the close of the accounting period, an additional part time finance assistant has been appointed to the centralised finance team (October 2017).

#### Key Performance Indicators

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

- Achievement
  1. Key Stage results across the academies
  2. Pupil attendance data across the academies
  3. Number of permanent exclusions across academies
- Financial
  1. Positive net cash inflow from operations
  2. Total pay as a percentage of GAG
  3. Total pay as a percentage of total income
- Teacher Performance
  1. Formal lesson observations
  2. Pupil outcomes as a measure of teaching standards
  3. Incidents of career progression

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**Achievement**

*1. Key Stage Results across the academies*

	<b>Trust Key Stage 2 Results (Combined)</b>	<b>Year 1 Phonics</b>	<b>EYFS GLD</b>
<b>Heartsease Primary</b>	42%	88%	56%
<b>Valley Primary</b>	26%	44%	57%
<b>Henderson Green Primary</b>	7%	65%	67%
<b>Lingwood Primary</b>	46%	44%	57%

None of the academies reached national floor targets in 2017 for KS 2 results, but they were mostly above national floor targets for progress. At Heartsease, all subjects except writing increased compared to last year and its combined score increased by 11% compared to 2016 results. 9 children were unsuccessful in reaching a combined score only narrowly, by missing the standardised score by only 3 marks or less in one subject, which would have brought the Heartsease combined score to 60% and within the region of national floor standards. The Board was pleased to see that the gap between pupil premium and non-pupil premium pupils had closed in each subject, compared to the previous year.

At Lingwood, the cohort consisted of 3 SEND pupils (including 1 EHCP) and a number of pupils with social, emotional or mental health needs. The Trust considers the results to be an anomaly specific to the cohort and fully expects to exceed floor targets in 2018.

At Henderson, the same teacher took the class in Years 5 and Y6 but was unfortunately absent for much of the year due to ill health and a new teacher was therefore put in the class from February 2017. The pupils made rapid progress with the new teacher but there was not enough time to bring the pupils up to ARE. One pupil who would have been ARE across all subjects was kept off school by their parent and was not able to therefore enter the exam. Another pupil would have been ARE across the board, but there was not enough evidence in writing and therefore the moderator would not allow the school to record that pupil as ARE in writing. These two children would have boosted score to 21% combined, at least showing an improvement on the 2016 results (which was only 15% combined). There were only 14 pupils in the cohort at Henderson, some of whom were SEND. The leadership team prior to January 2017 when the Trust intervened did not have a firm understanding of the data and had predicted 63-65% being ARE. When the Trust intervened in January 2017, it found that only one child (7%) was expected to be on target, meaning that the KS2 results were representative of Trust expectations for the school.

At Valley at the beginning of the year, the Year 6 class was at 0% combined so although the school did not achieve floor targets, the combined score shows that rapid improvement occurred over the course of the year. The Trust had expected to achieve a combined score of 30% and only missed this due to one pupil needing a scribe for maths due to a tendon injury which impacted on that pupil's score. Overall the attainment of this cohort was lower than the previous Year 6 group, but the progress made by those pupils over the course of the year was demonstrated in the progress track. The Trust is committed to being truly inclusive. This means that we hold on to a number of pupils who have an EHCP for special schools such as Complex needs until a place becomes available. This means that our attainment results can be significantly brought down by children who are making progress but not yet ARE. The Y6 cohort for 2018 at one of our schools for example has 11 pupils, 8 of whom are on the SEND register.



---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

*2. Pupil attendance data across its academies*

School	Attendance %	Persistent Absence %
Heartsease	95.5	7.7
Lingwood	94.7	12.6
Henderson	93.9	17.4
Valley	94.7	12.6

In primary schools the overall national absence rate increased from 3.9% in autumn/spring 2015/16 to 4.0% in autumn/spring 2016/17. The increase in overall absence has been driven by an increase in the persistent absence. The percentage of enrolments in state-funded primary schools that were classified as persistent absentees in autumn/spring 2016/17 was 8.7%

The Trust's absence rates are therefore above national rates for overall absence and persistent absence. However, the absences were largely due to holidays in term time. These are always followed up by the Attendance Officer and fines are routinely given. To address attendance issues further, especially persistent absence rates, the Trust is reviewing its absence policy and has appointed a full time Trust Senior Pastoral Manager with responsibility for attendance. This will provide consistency of approach across all trust schools.

Currently none of the four schools are considered to be at the 3 year coasting standard.

*3. Number of permanent exclusions across academies*

School	No. Permanent Exclusions
Heartsease Primary	1
Lingwood Primary	0
Henderson Green Primary	3
Valley Primary	0

The Trust is committed to preventing exclusion and only uses this as a last measure in response to violence towards pupils or staff. The Behaviour Policy which is applied across the Trust has many steps built in so that behaviour can be de-escalated before it gets to the stage of fixed/permanent exclusions. The CEO sits on The Norwich Opportunity Area working party for Prevention of Exclusion.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

### Financial

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

The Trust has managed net cash inflow over the course of the accounting period to ensure that this remains positive month on month. The net cash inflow from operations as at 31 August 2017 was £609,215 (as compared to £386,290 at 31 August 2016)

#### *2. Total pay as a percentage of GAG*

The Total pay as a percentage of GAG for the year to 31 August 2017 was 92% which showed a very slight increase of 1% as compared to the year to 31 August 2016 but is broadly in line with trustee expectations given that some restructure and long-term staff sickness absences occurred over the course of the year.

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

Total pay as a percentage of total income was 70% for the year to 31 August 2017 as compared to 68% to 31 August 2016. Again, this is consistent broadly in line with trustee expectations as the Trust has worked to increase capacity, particularly at Trust level. This figure demonstrates that the Trust has other revenue streams in addition to GAG, which include the private nursery Bishy Barney Bees and its swimming pool lettings at Heartsease Primary Academy. There is also a long term letting at Valley Primary Academy in respect of a lease to another nursery provider.

### Teacher Performance

#### *1. Formal lesson observations*

All teachers at the Trust undergo performance management and formal lesson observations are carried out as part of this process. Teachers are observed a minimum of three times each academic year. Where teaching has been found to be less than "good", support plans have been put in place to address weaknesses in teaching or teacher expectation. Teachers have received training and their continued professional development has been supported throughout the year

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

The Trustees believe that current pupil outcomes confirm that there has not been consistently good teaching as a minimum across the Trust over the current year and that further development in teaching and learning is required at each of its academies in the next accounting period. The Trust is addressing this by ensuring that senior leaders routinely and regularly carry out learning walks and daily drop-ins to monitor teaching and learning. The Executive Headteacher has carried out paired observations with Academy Headteachers to quality assure standards across the Trust. Books and work is scrutinised termly and standards are moderated across the Trust. Teacher Assessments are becoming more aligned as a result. Where two consecutive lessons are seen and learning is not judged to be good, teachers are put on a support plan and further training given.

½ termly summative data is collected and analysed and interventions are put in place based on need. (Pira/Puma/Gaps and Progression Tests. All schools were subject to an external Baseline assessment carried out by Challenging Learning (R. Kielty) and a Trust Wide Rapid Improvement Plan is in place.

Early Excellence Testing, BPVS and teacher assessment shows that across all of our schools speech and communication and vocabulary acquisition is low on entry. To combat this the Trust has engaged Communicating Matters to carry out Trust Wide Training for Early Years and KS1 staff including Early Talk Boost, Talk Boost, Eklan training.

Key Stage 2 pupils have received interventions in maths and reading including Third Space, Numicom, Rapid Reader and Arrow.

#### *3. Incidents of career progression*

The current year has demonstrated a number of incidents of career progression. In April 2017, the Trust supported one of its Teaching Assistants to commence a teacher training programme. At Valley, the Assistant Head was promoted to Academy Headteacher (January 2017) and the existing Academy Headteacher was promoted to the Trust Executive Board as the Director of Inclusion. One of the class teachers at Heartsease moved into an Assistant Head role at Henderson Green (November 2016) and then stepped up into an Interim Head role for about half a term also.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

That same member of staff was promoted to Trust maths advisor in June 2017. Another class teacher at Heartsease was given responsibility as the Trust English advisor following the close of the accounting period. In September 2016, a Heartsease Assistant Head commenced her role as the new Academy Headteacher at Lingwood and continued her responsibility as Trust Assessment Lead. The Associate Assistant Head at Heartsease was appointed as Interim Assistant Head in January 2017. A number of teachers also received performance related pay awards. The Trustees believe that the number of incidents of career progression over the course of the current year confirms high standards of teaching performance amongst its middle and senior leaders in particular.

### Going Concern

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

### **Financial Review**

From 1 September 2016 the Trust received funding directly from the Secretary of State for Education on a monthly basis in the form of the General Annual Grant, in consideration for the Trust undertaking to establish and maintain, and carry on or provide for the carrying on of a number of academies. Total GAG received for the period was £4,178,214. The Trust also receives funding from the Local Authority and additional ESFA funding. The Trust generated a further £40,296 during the period in respect of lettings and £86,321 for services it provided (this figure includes c. £38,000 of staff absence insurance income). The total income for the year to 31 August 2017 was £5,511,050, the total expenditure was £5,417,006, which was covered by incoming resources and resulted in a total surplus of £94,044 before actuarial movements.

The Trustees note that supply costs were significantly higher in the year to 31 August 2017 (£182,002) as compared to the previous year (£95,296), as per note 7 to the financial statements, but this is representative of the increased staff absence income and that one full time class teacher was engaged through a supply agency rather than as a salaried employee due to the cost benefit to the Trust. The Trust's payroll costs have also increased by c. 38% on the previous year, but the Trustees recognise that the previous year was not representative of a full year's payroll, because three of the Trust's four academies joined in year. The figure is therefore in line with Trustees' expectations as a slight increase was anticipated due to the number of staff changes that occurred in year.

The financial statements show £15,011 of uniform stock at 31 August 2017 (note 16) which had not been held in the previous year, due to the change of uniform supplier in year that resulted in the Trust supplying uniform direct to pupils. The financial statements also show an increase in VAT recoverable (at note 17), being £79,146 at 31 August 2017 against £22,915 in the previous year. This was because an internal staffing resource issue within the finance team led to a delay in the April to August 2017 VAT claim being submitted. The VAT was subsequently received in full in October, following the close of the accounting period.

At 31 August 2017 the netbook value of fixed assets was £10,742,586 and movements in tangible fixed assets are shown in note 15 to the financial statements. Note 19 to the financial statements shows a transfer into General Funds of £112,943 as at 31 August 2017, which represents a correction to the previous year's accounts whereby these funds inherited on conversion were incorrectly treated as fixed asset funds. The assets were used exclusively for the furthering of the Trust's object as defined in Article 4 of the Articles of Association. In accordance with FRS102 the Trust received an actuarial assessment of pension scheme deficit. The deficit balance is included in the Balance Sheet as at 31 August 2017 and note 23 to the financial statements. The Trust saw a gain in the LGPS in the year to 31 August 2017 of £332,000.

At 31 August 2017 the balance sheet shows a cash at bank figure of £2.73m, up from £2.12m the previous year, showing that the Trust is in a strong financial position.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

### Reserves Policy

The balance sheet as at 31 August 2017 shows that the Trust has total funds of £12,158,055, of which £1,580,160 are unrestricted funds. The Trust's reserves policy requires the Trustees to carry forward a prudent level of the General Annual Grant for medium to long term requirements of the Trust's academies and in relation to the Trust's contingency fund (e.g. in relation to unplanned repair costs at its academies). The Trustees resolved to hold 1.5 month's payroll across the Trust as a contingency sum in this accounting period. On the basis of the staff costs for the period to 31 August 2017, the Trust has carried forward £480,174 as its contingency fund for the period to 31 August 2018 and this amount will be placed into a longer term investment.

The Trustees had also already resolved to apply certain reserves for specific purposes (the "Allocated Reserves"), and these are set out below.

### Unrestricted funds

- £100,000 – Building Maintenance Fund (including £17,034 in respect of Heartsease Swimming Pool).
- £29,827 – Bishy Barney Bees growth and improvement.
- £1,468 – Leadership Training for the CFO.
- £115,000 – Window replacements and fire detection system works at Valley Primary and replacement roof at Henderson Green Primary.
- £224,385 for the Trust wide ICT refresh programme planned for summer 2017. Through this programme, the existing infrastructure will be significantly improved, including replacement of the existing servers, and better quality pupil devices to make best use of the significant sums the Trust has invested in software resources and interventions for 2017/18 and beyond. This includes 30 brand new pupil laptops for the pupils of Henderson Green, and 8 teacher laptops for the staff of Valley Primary, purchased in September 2017.
- £50,000 – Boiler replacements at Valley Primary and Henderson Green Primary.

### Restricted funds:

- £14,278 – Sponsor Capacity Grant being used to increase the operational and leadership capacity of the MAT so that it can better support its academies.
- £66,040 – Academy Improvement Fund for use at the discretion of the CEO / Executive Headteacher for improvement initiatives including supply staff to add additional capacity, resources and software licences.
- £41,629 – Balance of the Regional Growth Fund received in the current year and allocated to specific improvement projects across the Trust, including the implementation of Power Maths and the funding of the additional 0.4 FTE Trust maths advisor.
- £1,118 of PE Premium at Henderson Green towards a much needed equipment refresh taking place in the following year.
- £57,000 of pupil premium from Heartsease Primary, of which £52,000 was carried forward for the purchase of two mini buses to support the Trust's curriculum enrichment. The Trust would have preferred to procure these mini buses prior to the close of the current year, but had to ensure a full value for money exercise was carried out first and was not therefore able to purchase these until November 2017. The Heartsease pupil premium carry forward also included £5,000 towards the Early Years outdoor area, which will cost a total of c. £19,000 and occur in early 2018.
- £45,000 represents the Trust's contribution towards the costs of the window replacements required at Valley Primary School, as part of the CIF bid it is making in December 2017.
- £25,615 for the Trust wide ICT refresh programme, funded by carried forward Devolved Formula Capital.

The Trust has carried forward its remaining unrestricted funds to support its plans for future growth and academy improvement. The Trustees recognise the need for significant improvement and turn around in the KS 2 results at all of its academies, and in particular, Heartsease Primary. The Trustees are keen to expand the number of academies within the Trust, but have resolved not to sponsor any more academies or apply the Trust's reserves to expansion until the standards at its existing academies are improved. As such, the Trust intends to apply a proportion of the brought forward funds to the rapid turn-around of its existing four academies over the course of the coming year.

---

## THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

---

The trustees intend to place the £100,000 Building Maintenance Fund into a medium term investment where it will be available on notice if required for repair works. The rest of the Allocated Reserves held are expected to be largely spent over the course of the coming year, and these will be held in shorter term investments (e.g. the Trust's 32 day notice account) and some liquid funds (within the Trust's current account). Unrestricted funds will be invested according to how readily available they are required to be, in order that it may be utilised for rapid improvement.

### Investment Policy

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

When considering making an investment, the Trustees:

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

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

The Trustees' intentions with regards to the investment of its current reserves are set out in the section above.

### Principal Risks and Uncertainties

The Trust maintains a Risk Register to identify the principal risks and uncertainties to which the Trust is exposed, which is regularly reviewed by the Board of Trustees as part of the Trust's ongoing risk management strategy. The Risk Register and Trust Risk Policy were revised following the close of the accounting period, in October 2017. The Risk Register and Risk Policy identifies the following key categories of risk: Strategic & Reputational, Operational, Financial, Regulatory, Environmental, External.

The following principal risks and uncertainties have been identified by the Trustees and the following actions have been (or are being) taken to mitigate these:

- Strategic & Reputational: the Trust academies have individual business continuity plans in place, but there is no codified Trust plan, which means there is risk to the Trust's reputation if an incident occurred and is not handled in a joined up way. Therefore, the Trust is appointing an advisor to support to drafting of a centralised Business Continuity Plan in early 2018.
- Strategic & Reputational: A key risk is that the academies fail to achieve or sustain good or outstanding progress, and the 2 years of weaker KS 2 results at Heartsease increases the likelihood of this risk. The Executive Headteacher is working closely with the Academy Headteachers and implementing a Trust improvement strategy.
- Operational: A key risk for the Trust is over-reliance on a single key person, particularly and the CEO is carrying out the CEO and Executive Headteacher role. The Trust appointed an additional Executive board member during the accounting period (the Director of Inclusion) to help address this and is continuing to strategise in terms of leadership capacity.
- Operational: Technical capability has been identified as a risk in terms of the Trust's existing ICT infrastructure. An external company has been appointed to carry out a technical audit (December 2017) and a Trust wide strategy meeting has been schedule for January 2018.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

- Environmental: The board has identified an educational performance and standards risk in respect of Heartsease Primary, as the school will receive “coasting” status if the KS 2 results are below ARE again this year. Additional intervention and support is being provided to the current Year 6 and the Executive Headteacher is working closely with the school to ensure floor standards are met.

### **Plans for Future Periods**

Over the course of the next accounting period, the Board of Trustees intends to work towards achieving the following objectives:

*1) To achieve a “good” Ofsted grading for Lingwood Primary Academy*

The Trust has been sponsoring Lingwood for 2 years now and anticipates an Ofsted inspection in the near future. The Trust’s aim is for this inspection to achieve at least a “good” grading.

*2) To improve Key Stage 2 progress and attainment, Year 1 phonics, GLD and KS1 across all of the Trust academies over the next 2 years.*

The Trust anticipates that the 2018 KS 2 results for Lingwood and Henderson will show an improvement on the previous year. The Trust is working to ideally improve the Heartsease and Valley results for 2018 but acknowledges that it may be 2019 before significant improvement is shown.

*3) To ensure that there is suitable capacity at leadership level to sustain progress and the future growth of the Trust*

The Trust is currently reviewing its senior management structure to ensure it is ready to take on additional academies in future years and to support the wider aim of achieving national floor targets.

*4) To continue the expansion of the Bishy Barney Bee brand*

This continues to be one of the Trust’s aims this year, as the Trust intends to roll out its Bishy Barney Bee nursery brand to Lingwood and extend the Heartsease provision. Many pupils commencing their education at the trust’s academies are not “school ready”, and the Trust intends to use its Bishys brand to ensure a consistent approach to preparing 2-5 year olds for their school education, which in turn will lead to improved pupil standards further up the schools.

*5) To open an alternative provision unit at Henderson Green to for pupils with social, emotional and mental health needs.*

The Trust recognises that Norfolk is facing increasing pressure to accommodate excluded pupils. The Trust is committed to helping the Local Authority in its duty to provide educational for pupils who are at risk of exclusion and cannot be accommodated elsewhere. Therefore, the Trust is piloting an alternative provision unit at Henderson Green for Trust pupils and external pupils in respect of social, emotional and mental health needs. Pending the success of this unit, the Trust will then look to launch an ASD unit at Lingwood Primary in academic year 2018/19.

*7) To close the financial year with a total expenditure figure that is lower than or equal to the total income figure*

The Trust intends to adhere to the balanced budget it put forward to the ESFA in July 2017 (subject to in year revisions) to ensure that there is no in year deficit. However, there are certain exceptions to this aim, and the trust will be using its existing reserves designated to academy improvement in order to fund rapid improvement across its academies. However, the trust intends that general running costs will not exceed income.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

*8) To improve the management of attendance across all four academies*

The Trust appointed a Senior Pastoral Manager in November 2017, and part of this role relates to the coordination and management of attendance across the Trust. The Board therefore expects to see an improvement in the way attendance is managed and an improvement in attendance data (with the caveat that the percentage figure for what constitutes a persistent absence has been lowered in Autumn 2017, which may impact on comparative data in the short term).

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

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

**Auditor**

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2017 and signed on the board's behalf by:



M Radmore  
Trustee (Chair of Board of Trustees)  
19 December 2017

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The HEART Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The HEART Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Name	Meetings Attended	Out of a Possible
Martin Radmore, Chair of Trustees (appointed 20 March 2017)	3	3
Christina Kenna, Chief Executive Officer (appointed 8 November 2012)	7	7
Sarah Porter (appointed 1 November 2014)	7	7
Laura Myles (appointed 6 March 2017)	5	5
Timothy Payne (appointed 12 June 2017)	2	2
Stephen Beeson (appointed 12 June 2017)	1	2
Alan Jones (appointed 19 July 2017)	1	1
Michael John Grimble (resigned 14 November 2016)	1	1
Timothy Freeman (resigned 16 January 2017)	1	1
Michael Randall (resigned 20 February 2017)	0	2
Danny Doran-Smith (resigned 4 May 2017)	3	4
Anne Stairmand (resigned 16 June 2017)	5	5
Nicola Curle (resigned 4 July 2017)	5	6

Over the course of the accounting period, the key changes to the composition of the Board are as follows:

- 1) D Doran-Smith was appointed as Chair of Trustees in October 2016, but after he stepped down from the Board of Trustees, M Radmore was appointed to the post (June 2017)
- 2) M Grimble was the Trust's Chief Finance Officer, but when he resigned from the Board in November 2016, the Board resolved to appoint an employee to the role of CFO as it was concerned with the high turn-over of persons in this position that a non-executive CFO had invariably lead to. Therefore H Cabbage (Business & Operations Executive) was appointed as CFO in M Grimble's place.



---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

The Board has covered the following areas over the current year:

- The setting of the ISR and pay range for the newly appointed Academy Headteachers at Heartsease Primary and Henderson Green
- Approval of the Trust's financial statements to 31 August 2016
- Full restructure of the Trust's governance model
- Received updates from the Trust's Executive Board and the Trust's central committees (including financial, pupil attendance, pupil standards and progress, staffing restructure).
- Carried out the performance management of the Trust's Business & Operations Executive in the absence of a fully formed Pay Committee (March 2017)
- Decisions relating to the Trust's growth and expansion
- Adoption of various Trust policies
- Received a verbal report from the DfE in respect of Heartsease and Lingwood and a written letter in respect of Henderson and Valley
- Discussed ESFA correspondence
- Made a decision in respect of a payment to a Trustee that was requested by that Trustee

The Board has regularly assessed its collective skillset, ensuring that new trustees have been recruited on the basis of the skills required by the board as a whole. The biggest challenge that the Board has faced has been the recruitment of high calibre trustees and committee members, and although the Board has succeeded in filling its vacancies, it has not always been able to do these as immediately as it may have wished. The Board is fully engaged with the Academy Ambassadors programme to help alleviate this challenge.

The Board is satisfied with the quality of data it has received from the Trust Executive over the current year as it has been sufficient to enable the Board to make decisions and carry out the management of the Trust.

Prior to 20 March 2017, the Trust operated under its old governance structure and had two Local Advisory Boards: The Triad 1 Local Advisory Board governed Heartsease Primary Academy and Lingwood Primary Academy; the Triad 2 Local Advisory Board governed Henderson Green Primary Academy and Valley Primary Academy. Attendance at these meetings was as follows:

Triad 1 Local Advisory Board

Name	Meetings Attended	Out of a Possible
A Faulkes	1	3
D Hanwell	2	3
I Khan	1	3
L Kidd	2	3
L Myles	3	3
L Quinn	1	3
K Daines	0	2

Triad 2 Local Advisory Board

Name	Meetings Attended	Out of a Possible
L Watton	3	3
S Bloomfield	2	3
N Reynolds	3	3
A Chevrakova	2	3
S Bush	3	3
C Jordan	0	3
S Mills	2	2
L Alder	0	1
T Cork	0	1

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

However, the Trust adopted a new governance structure on 20 March 2017, dissolving the Local Advisory Boards and constituting 4 central committees and a Pay Committee.

The Finance & Audit Committee is a sub-committee of the main board of trustees. Its purpose is to act in an advisory capacity to the Board of trustees and to challenge and hold the Chief Finance Officer to account; to authorise each academy's annual budget and revisions; to scrutinise monthly management information; to review all financial assurance reports in relation to the effectiveness of the financial procedures and controls; to ensure compliance by the trust with the Academies Financial Handbook.

Attendance at meetings in the year was as follows:

<b>Name</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
L Myles	3	3
S Bloomfield	3	3
N Reynolds	3	3
S Beeson	1	1

(This relates to the newly constituted Finance & Audit Committee, constituted on 20 March 2017)

The Risk Management Committee is also a sub-committee of the main board of trustees. Its purpose is to act in an advisory capacity to the Board of trustees and to challenge and hold the Business and Operations Executive to account in respect of risk management. The committee regularly reviews and amends the Risk Register, ensures compliance of the Trust's head office and the academies with the Trust's Framework policies (including this Risk Policy), provides termly reports to the Board of trustees on the activities and decisions of the Risk Committee, and ensures that the academies are complying with the RPA membership rules.

Attendance at meetings in the year was as follows:

<b>Member Name</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
T Payne	1	1
N Curle	0	1
M Radmore	1	1
L Watton	0	1
I Khan	1	1
D Hanwell	0	1

(This relates to the newly constituted Risk Management Committee, constituted on 20 March 2017)

The Education Performance & Standards Committee is a sub-committee of the main board of trustees. Its purpose is to act in an advisory capacity to the Board of trustees and to challenge and hold the Executive Headteacher to account. The Education Performance & Standards Committee was established to focus specifically on the progress the Trust and its academies are making on each of their priorities and those identified by Ofsted. The overall responsibility of the Education Performance & Standards Committee is to take a strategic role in ensuring that the Trust provides high quality teaching and learning which leads to the highest possible levels of attainment and progress for all pupils.

Attendance at meetings in the year was as follows:

<b>Member Name</b>	<b>Meetings Attended</b>	<b>Out of a Possible</b>
L Myles	1	1
L Kidd	0	1
S Mills	0	1
A Stairmand	1	1

(This relates to the newly constituted Education Performance & Standards Committee, constituted on 20 March 2017)

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

The Safeguarding and Inclusion Committee is also a sub-committee of the main board of trustees. Its purpose is to act in an advisory capacity to the Board of trustees and to challenge and hold the Director of Inclusion and the Executive Headteacher to account. The responsibilities of the committee include: monitoring the Trust and each academy in respect of inclusion and safeguarding, ensuring the Trust complies with statutory and non-statutory obligations in respect of inclusion and safeguarding, and contributing to the development of Trust policies insofar as they relate to the committee's remit (e.g. SEN, Safeguarding, etc).

Attendance at meetings in the year was as follows:

Member Name	Meetings Attended	Out of a Possible
L Quinn	1	1
A Chevrakova	1	1
A Stairmand	1	1
S Walker	0	1

(This relates to the newly constituted Safeguarding and Inclusion Committee, constituted on 20 March 2017)

### **Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Carrying out rigorous procurement exercises for all major contracts to ensure value for money. This year, the Trust has carried out procurement exercises in relation to uniforms and auditors, and commenced procurement exercises in respect of the Trust's ICT strategy and equipment, telephones and minibuses.
- Ensuring the revision of the Financial Scheme of Delegation, which requires that over a certain threshold (dependent on size of academy), Trust approval is required prior to authorisation of a purchase order by the Academy Headteacher. Trust approval will only be provided where three quotes have been obtained and a value for money form completed.
- Introducing a revision to the Finance Policy requiring resource orders to be placed by central trust termly, in bulk, to ensure buying power and economies of scale can achieve the best possible price.
- Centralising the Trust's premises and SENCo functions (January 2017) to ensure efficiencies, consistency and cost saving across 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 academy 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 The HEART Education Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees, and was developed further in October 2017, following the close of the accounting period but prior to sign off of the annual report and financial statements.

**The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance & Audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- 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 not to appoint an internal auditor. However the trustees have engaged Educator Solutions to carry out termly financial assurance reviews and to report on their findings to the board. The external reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the reviewer reports to the board of trustees, through the Finance & Audit Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. In the current accounting period, the external reviewer reported to the board in December 2016 and June 2017. The external reviewer did not provide a report in Term 2 as internal staff management issues lead to this being impracticable. However, the Trust engaged its new auditors to carry out a preliminary review in July 2017 once these internal issues were resolved.

No material control issues were identified. The external reviewer identified some minor issues, such as discrepancies in the VAT control account, which were subsequently resolved by the Trust.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

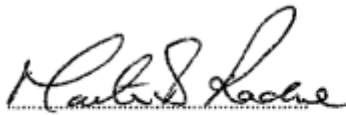
**Review of Effectiveness**

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

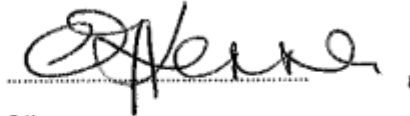
- the work of the external reviewer
- the work of the external auditor
- the work of the Trust's Chief Finance Officer who has responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance & Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 19 December 2017 and signed on its behalf by:



M Radmore  
Chair of Trustees



C Kenna  
Accounting Officer

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

As Accounting Officer of The HEART Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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.



**C Kenna**  
**Accounting Officer**

Date: 19 December 2017

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**STATEMENT OF TRUSTEE'S RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustee is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Trustee is 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. He is also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

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



**M Radmore**  
**Chair of Trustees**

**Date: 19 December 2017**

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

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

---

**Opinion**

We have audited the financial statements of The HEART Education Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an 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 academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis of 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 financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Trustee are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the



---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

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

---

financial statements does not cover the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 financial statements 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.

We have nothing to report in this regard.

**Opinion 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 Trustee's Report for which the financial statements are prepared is consistent with the financial statements.
- the Trustee's Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustee's remunerations specified by law 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 Trustee's Responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy'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 academy or to cease operations, or have no realistic alternative but to do so.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

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

---

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of

**MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ  
21 December 2017

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

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

---

In accordance with the terms of our engagement letter dated 29 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The HEART Education Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The HEART Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The HEART Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The HEART Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The HEART Education Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The HEART Education Trust's funding agreement with the Secretary of State for Education dated 27 March 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

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

---

Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Trustees and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefited from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with *Annex C: Schedule of requirements (the "musts")* of the Academies Financial Handbook 2016.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ

21 December 2017

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Note					
<b>Income from:</b>					
Donations & capital grants:					
Transfer from local authority on conversion	2	-	-	-	10,300,400
Other donations and capital grants	2	2,776	-	2,776	21,115
Charitable activities	3	94,823	5,284,206	5,379,029	4,064,871
Other trading activities	4	126,617	-	126,617	79,845
Investments	5	2,628	-	2,628	1,949
<b>Total income</b>		<b>226,844</b>	<b>5,284,206</b>	<b>5,511,050</b>	<b>14,468,180</b>
<b>Expenditure on:</b>					
Charitable activities		15,607	5,121,513	279,886	3,999,440
<b>Total expenditure</b>	6	<b>15,607</b>	<b>5,121,513</b>	<b>279,886</b>	<b>3,999,440</b>
<b>Net income / (expenditure) before transfers</b>		<b>211,237</b>	<b>162,693</b>	<b>(279,886)</b>	<b>94,044</b>
Transfers between Funds	19	112,943	-	(112,943)	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>324,180</b>	<b>162,693</b>	<b>(392,829)</b>	<b>94,044</b>
Actuarial gains/(losses) on defined benefit pension schemes	23	-	332,000	-	(544,000)
<b>Net movement in funds</b>		<b>324,180</b>	<b>494,693</b>	<b>(392,829)</b>	<b>426,044</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		1,255,980	(659,384)	11,135,415	11,732,011
<b>Total funds carried forward</b>		<b>1,580,160</b>	<b>(164,691)</b>	<b>10,742,586</b>	<b>12,158,055</b>

The notes on pages 38 to 62 form part of these financial statements.

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 08286818**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	15		<b>10,742,586</b>		11,022,472
<b>Current assets</b>					
Stocks	16	15,011		-	
Debtors	17	285,139		275,655	
Cash at bank and in hand		2,728,234		2,116,391	
			<u>3,028,384</u>	<u>2,392,046</u>	
<b>Creditors:</b> amounts falling due within one year	18	<b>(424,915)</b>		<b>(304,507)</b>	
<b>Net current assets</b>			<u>2,603,469</u>		<u>2,087,539</u>
<b>Total assets less current liabilities</b>			<u>13,346,055</u>		<u>13,110,011</u>
Defined benefit pension scheme liability	23		<u>(1,188,000)</u>		<u>(1,378,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u>12,158,055</u>		<u>11,732,011</u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	19	1,023,309		718,616	
Restricted fixed asset funds	19	10,742,586		11,135,415	
Restricted income funds excluding pension liability		11,765,895		11,854,031	
Pension reserve		(1,188,000)		(1,378,000)	
Total restricted income funds			<u>10,577,895</u>		<u>10,476,031</u>
Unrestricted income funds	19		<u>1,580,160</u>		<u>1,255,980</u>
<b>Total funds</b>			<u>12,158,055</u>		<u>11,732,011</u>

The financial statements on pages 35 to 62 were approved by the Trustee, and authorised for issue, on 19 December 2017 and are signed on their behalf, by:



**M Radmore**  
**Chair of Trustees**

The notes on pages 38 to 62 form part of these financial statements.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<b>609,215</b>	386,290
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>2,628</b>	1,949
Purchase of tangible fixed assets		-	(5,290)
Cash transferred on conversion		-	446,454
<b>Net cash provided by investing activities</b>		<b>2,628</b>	443,113
<b>Change in cash and cash equivalents in the year</b>		<b>611,843</b>	829,403
Cash and cash equivalents brought forward		<b>2,116,391</b>	1,286,988
<b>Cash and cash equivalents carried forward</b>	22	<b>2,728,234</b>	2,116,391

The notes on pages 38 to 62 form part of these financial statements.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies**

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 of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The HEART Education Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Company status**

The academy is a private company limited by guarantee and incorporated in England and Wales. The registered office address and details of the members and Trustee of the company are given on page 28. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Going concern**

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



---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies (continued)**

**1.4 Income**

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of Financial Activities incorporating Income and Expenditure Account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

**1.5 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies (continued)**

**1.6 Termination payments**

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Academy Trust recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £2,000 are capitalised 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account 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 incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

The Academy Trust occupies the leasehold property under 125 year leases with Norfolk County Council. Under the terms of the leases substantially all the risks and rewards of ownership have been transferred to the Academy Trust for £nil. As such the leasehold property have been recognised as fixed assets in the Balance Sheet at their fair value on being transferred to the Academy Trust.

The fair value of fixed assets transferred in on conversion for Henderson Green Primary, Valley Primary and Lingwood Primary has been based upon the value written out of Norfolk County Council's financial statements.

**1.8 Operating leases**

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies (continued)**

**1.9 Stocks**

Stocks comprise school uniforms and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**1.10 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.11 Cash at Bank and in hand**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**1.12 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.13 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 costs as detailed in note 18. 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 instruments.

**1.14 Taxation**

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies (continued)**

**1.15 Pensions**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy 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. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to 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 incorporating Income and Expenditure Account 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.

**1.16 Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency 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 and include grants from the Education and Skills Funding Agency.

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**1. Accounting Policies (continued)**

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

PFI contracts are agreements to receive services, where responsibility for making available property, plant and equipment needed to provide the services passes to the PFI contractor. Heartsease Primary Academy occupies its premises under a PFI scheme. Under the terms of the scheme, the Trust is not considered to have the significant risks and benefits of ownership of the premises, which are not therefore included within the balance sheet.

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

**1.18 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 August 2017 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

In assessing the carrying value of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial year.

The fair value of fixed assets transferred in on conversion for Henderson Green Primary, Valley Primary and Lingwood Primary has been based upon the value written out of Norfolk County Council's financial statements.

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**2. Income from donations and capital grants**

	<b>Unrestricted funds 2017 £</b>	<b>Restricted funds 2017 £</b>	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>Total funds 2016 £</i>
Transfer from local authority on conversion	-	-	-	-	10,300,400
Donations	<b>2,776</b>	-	-	<b>2,776</b>	21,115
	<b>2,776</b>	-	-	<b>2,776</b>	10,321,515
<i>Total 2016</i>	<u>370,147</u>	<u>(560,000)</u>	<u>10,511,368</u>	<u>10,321,515</u>	

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	4,178,214	4,178,214	3,057,175
Pupil premium	-	466,884	466,884	370,263
Other DfE/ESFA	-	222,476	222,476	310,797
PE and sports premium	-	35,765	35,765	16,943
	-	4,903,339	4,903,339	3,755,178
<b>Other government grants</b>				
Local authority	-	264,962	264,962	229,999
SEN funding	-	102,529	102,529	13,000
Other government grants	-	-	-	3,000
	-	367,491	367,491	245,999
<b>Other income from the Academy Trust's educational operations</b>				
Catering	51,205	-	51,205	28,496
School trips	28,688	-	28,688	27,912
Teacher placements	-	13,376	13,376	7,286
Uniforms	14,930	-	14,930	-
	94,823	13,376	108,199	63,694
	94,823	5,284,206	5,379,029	4,064,871
<i>Total 2016</i>	56,408	4,008,463	4,064,871	

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Letting and hire income	40,296	-	40,296	34,264
Income from services provided	86,321	-	86,321	45,581
	<u>126,617</u>	<u>-</u>	<u>126,617</u>	<u>79,845</u>
<i>Total 2016</i>	<u>79,845</u>	<u>-</u>	<u>79,845</u>	

**5. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	2,628	-	2,628	1,949
	<u>2,628</u>	<u>-</u>	<u>2,628</u>	<u>1,949</u>
<i>Total 2016</i>	<u>1,949</u>	<u>-</u>	<u>1,949</u>	

**6. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	3,534,911	49,326	365,835	3,950,072	2,786,808
Support costs	306,479	692,767	467,688	1,466,934	1,212,632
	<u>3,841,390</u>	<u>742,093</u>	<u>833,523</u>	<u>5,417,006</u>	<u>3,999,440</u>
<i>Total 2016</i>	<u>2,776,503</u>	<u>635,196</u>	<u>587,741</u>	<u>3,999,440</u>	



**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**7. Direct costs**

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
FRS 102 pension adjustment	30,000	19,000
Educational visits	45,705	35,763
Supply teachers	182,002	95,296
Staff restructuring	16,042	22,400
Staff development	62,699	45,112
Educational support	143,886	68,231
Other educational supplies	30,106	47,118
Books, stationery and materials	33,596	24,170
ICT	49,326	51,262
Recruitment	19,845	26,741
Wages and salaries	2,618,167	1,906,225
National insurance	252,851	149,783
Pension cost	465,847	342,825
	<u>3,950,072</u>	<u>2,833,926</u>
<i>At 31 August 2016</i>	<u>2,833,926</u>	

**8. Support costs**

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Administration	95,808	77,517
Premises maintenance	176,778	173,122
School uniforms	13,880	6,068
Cleaning	70,830	43,572
Water rates	30,622	24,609
Light and heat	73,605	48,927
Insurance	61,046	55,006
Transport and travel	2,805	2,280
Catering	250,833	154,406
Professional fees	837	20,798
PFI management fee & affordability gap	42,069	34,453
Governance	61,456	56,770
Wages and salaries	250,388	228,700
National insurance	19,749	8,811
Pension cost	36,342	22,463
Depreciation	279,886	208,012
	<u>1,466,934</u>	<u>1,165,514</u>
<i>At 31 August 2016</i>	<u>1,165,514</u>	

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**9. Net income/(expenditure)**

This is stated after charging:

	<b>2017</b>	<i>2016</i>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the charity	<b>279,886</b>	<i>208,012</i>
Auditor's remuneration	<b>10,800</b>	<i>15,828</i>
	<u><b>290,686</b></u>	<u><i>223,840</i></u>

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**10. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	2,866,509	2,134,925
Social security costs	272,601	158,594
Operating costs of defined benefit pension schemes	502,189	365,288
	<u>3,641,299</u>	<u>2,658,807</u>
Apprenticeship levy	2,047	-
Supply teacher costs	182,002	95,296
Staff restructuring costs	16,042	22,400
	<u><u>3,841,390</u></u>	<u><u>2,776,503</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Severance payments	<u>16,042</u>	<u>547</u>

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

	2017 No.	2016 No.
Teachers	62	57
Support & Administration	96	61
Management	3	3
	<u>161</u>	<u>121</u>

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

	2017 No.	2016 No.
In the band £70,001 - £80,000	0	1
In the band £80,001 - £90,000	1	0

The key management personnel are considered to be three Trust executive officers. The total amount of remuneration (including employer pension contributions) for key management personnel for their services to the Academy Trust was **£207,915** (2016: £207,415).

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**11. Central services**

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

- School Improvement
- Finance Support
- Legal Support
- Governance
- Health and Safety
- Human Resources
- Occupational Health Support
- Curriculum support in terms of mathematics
- From January 2017, Premises and SEND support

The Academy Trust charges for these services on the following basis:

The Trust charges for these services through a 7% charge on the General Annual Grant received by the individual schools.

The SEND support was recharged at cost, on the basis of a 30% split each for Heartsease, Henderson and Valley and 10% for Lingwood (in recognition of lower SEND pupil numbers at Lingwood).

The Premises support was recharged at cost, on the basis of a 30% split each for Lingwood, Henderson and Valley and 10% for Heartsease (in recognition of the majority of Heartsease premises costs falling within its PFI contract).

The curriculum support was recharged at cost equally between the four academies.

In addition, the Trust has pooled an additional 1% of General Annual Grant received by the individual schools for the purpose of a building maintenance fund for future building works and / or emergency repairs outside the scope of the planned budget.

The actual amounts charged during the year were as follows:

	<b>2017</b>	<i>2016</i>
	<b>£</b>	<i>£</i>
Heartsease Primary Academy	<b>168,627</b>	<i>109,770</i>
Henderson Green Primary Academy	<b>108,593</b>	<i>21,195</i>
Lingwood Primary Academy	<b>73,603</b>	<i>32,832</i>
Valley Primary Academy	<b>116,431</b>	<i>13,633</i>
Total	<b>467,254</b>	<i>177,430</i>

The 2016 figures above are not for a full 12 months: Lingwood Primary Academy joining the Trust from 1 October 2015, Henderson Green Primary joining on 1 April 2016 and Valley Primary joining from 1 June 2016.

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**12. Trustee's remuneration and expenses**

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

		<b>2017</b>	<i>2016</i>
		<b>£</b>	<b>£</b>
C Kenna (CEO and Accounting Officer)	Remuneration	<b>85,000-90,000</b>	<i>80,000-85,000</i>
	Pension contributions paid	<b>10,000-15,000</b>	<i>10,000-15,000</i>
S Porter (Staff Trustee)	Remuneration	<b>45,000-50,000</b>	<i>45,000-50,000</i>
	Pension contributions paid	<b>5,000-10,000</b>	<i>5,000-10,000</i>

During the year ended 31 August 2017, expenses totalling £606 (2016 - £NIL) were reimbursed to 2 Trustees (2016 - No Trustees).

**13. Trustee's and Officers' Insurance**

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

**14. Other finance income**

	<b>2017</b>	<i>2016</i>
	<b>£</b>	<b>£</b>
Interest income on pension scheme assets	<b>28,000</b>	<i>29,000</i>
Interest on pension scheme liabilities	<b>(58,000)</b>	<i>(48,000)</i>
	<b>(30,000)</b>	<i>(19,000)</i>

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**15. Tangible fixed assets**

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	10,336,893	590,586	248,408	171,493	11,347,380
Transfer between classes	579,955	(579,955)	-	-	-
At 31 August 2017	<u>10,916,848</u>	<u>10,631</u>	<u>248,408</u>	<u>171,493</u>	<u>11,347,380</u>
<b>Depreciation</b>					
At 1 September 2016	160,577	7,432	93,522	63,377	324,908
Charge for the year	168,037	2,124	60,363	49,362	279,886
At 31 August 2017	<u>328,614</u>	<u>9,556</u>	<u>153,885</u>	<u>112,739</u>	<u>604,794</u>
<b>Net book value</b>					
At 31 August 2017	<u>10,588,234</u>	<u>1,075</u>	<u>94,523</u>	<u>58,754</u>	<u>10,742,586</u>
At 31 August 2016	<u>10,176,316</u>	<u>583,154</u>	<u>154,886</u>	<u>108,116</u>	<u>11,022,472</u>

**16. Stocks**

	2017 £	2016 £
Uniforms	<u>15,011</u>	<u>-</u>

**17. Debtors**

	2017 £	2016 £
Trade debtors	5,282	-
Other debtors	198	203
Prepayments and accrued income	200,513	252,537
VAT recoverable	79,146	22,915
	<u>285,139</u>	<u>275,655</u>

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**18. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	129,544	134,837
Other taxation and social security	57,982	56,915
Other creditors	47,559	-
Accruals and deferred income	189,830	112,755
	424,915	304,507
	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	103,761	-
Resources deferred during the year	124,473	103,761
Amounts released from previous years	(103,761)	-
	124,473	103,761

Deferred income includes Universal Infant Free School Meal funding and Special Educational Needs funding received for the following academic year.

**19. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds	1,255,980	226,844	(15,607)	112,943	-	1,580,160
	1,255,980	226,844	(15,607)	112,943	-	1,580,160
<b>Restricted funds</b>						
General Annual Grant (GAG)	598,304	4,178,214	(3,833,889)	(125,000)	-	817,629
Other DfE/ESFA grants	120,312	222,476	(195,226)	-	-	147,562
Pupil premium	-	466,884	(409,884)	-	-	57,000
PE and sports premium	-	35,765	(34,647)	-	-	1,118
SEN cluster funding	-	102,529	(102,529)	-	-	-
Other grants	-	278,338	(278,338)	-	-	-
Pension reserve	(1,378,000)	-	(267,000)	125,000	332,000	(1,188,000)
	(659,384)	5,284,206	(5,121,513)	-	332,000	(164,691)

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**19. Statement of funds (continued)**

**Restricted fixed asset funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Fixed assets on conversion	11,022,472	-	(279,886)	-	-	10,742,586
Capital funds on conversion	112,943	-	-	(112,943)	-	-
	<u>11,135,415</u>	<u>-</u>	<u>(279,886)</u>	<u>(112,943)</u>	<u>-</u>	<u>10,742,586</u>
Total restricted funds	<u>10,476,031</u>	<u>5,284,206</u>	<u>(5,401,399)</u>	<u>(112,943)</u>	<u>332,000</u>	<u>10,577,895</u>
Total of funds	<u>11,732,011</u>	<u>5,511,050</u>	<u>(5,417,006)</u>	<u>-</u>	<u>332,000</u>	<u>12,158,055</u>

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	822,444	508,349	(94,813)	20,000	-	1,255,980
	<u>822,444</u>	<u>508,349</u>	<u>(94,813)</u>	<u>20,000</u>	<u>-</u>	<u>1,255,980</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	304,659	3,057,175	(2,640,240)	(123,290)	-	598,304
Other DfE/ESFA grants	-	310,797	(190,485)	-	-	120,312
Pupil premium	-	370,263	(370,263)	-	-	-
Conversion grants	68,399	-	(68,399)	-	-	-
PE and sports premium	-	16,943	(16,943)	-	-	-
SEN cluster funding	-	13,000	(13,000)	-	-	-
Other grants	-	240,285	(240,285)	-	-	-
Pension reserve	(215,000)	(560,000)	(157,000)	98,000	(544,000)	(1,378,000)
	<u>158,058</u>	<u>3,448,463</u>	<u>(3,696,615)</u>	<u>(25,290)</u>	<u>(544,000)</u>	<u>(659,384)</u>



**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**19. Statement of funds (continued)**

**Restricted fixed asset funds**

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
Fixed assets on conversion	826,769	10,398,425	(208,012)	5,290	-	11,022,472
Capital funds on conversion	-	112,943	-	-	-	112,943
	<u>826,769</u>	<u>10,511,368</u>	<u>(208,012)</u>	<u>5,290</u>	<u>-</u>	<u>11,135,415</u>
Total restricted funds	<u>984,827</u>	<u>13,959,831</u>	<u>(3,904,627)</u>	<u>(20,000)</u>	<u>(544,000)</u>	<u>10,476,031</u>
Total of funds	<u><u>1,807,271</u></u>	<u><u>14,468,180</u></u>	<u><u>(3,999,440)</u></u>	<u><u>-</u></u>	<u><u>(544,000)</u></u>	<u><u>11,732,011</u></u>

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

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

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

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

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

Capital funds on conversion have been transferred to unrestricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**19. Statement of funds (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Heartsease Primary Academy	719,141	418,448
Lingwood Primary Academy	211,518	116,976
Valley Primary Academy	262,106	97,108
Henderson Green Primary Academy	194,546	88,142
The HEART Education Trust	1,216,158	1,253,922
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,603,469	1,974,596
Restricted fixed asset fund	10,742,586	11,135,415
Pension reserve	(1,188,000)	(1,378,000)
	<hr/>	<hr/>
Total	<b>12,158,055</b>	<b>11,732,011</b>
	<hr/> <hr/>	<hr/> <hr/>

**Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Heartsease Primary Academy	1,068,120	471,662	80,665	508,440	2,128,887	295,636
Lingwood Primary Academy	386,340	97,808	28,567	94,455	607,170	381,759
Valley Primary Academy	413,383	261,781	58,698	138,865	872,727	2,278,676
Henderson Green Primary Academy	422,663	198,987	57,826	150,774	830,250	622,803
The HEART Education Trust	499,654	20,992	27,536	149,904	698,086	212,554
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>2,790,160</b>	<b>1,051,230</b>	<b>253,292</b>	<b>1,042,438</b>	<b>5,137,120</b>	<b>3,791,428</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**THE HEART EDUCATION TRUST**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**20. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	10,742,586	10,742,586
Current assets	1,580,160	1,448,225	-	3,028,385
Creditors due within one year	-	(424,916)	-	(424,916)
Provisions for liabilities and charges	-	(1,188,000)	-	(1,188,000)
	<u>1,580,160</u>	<u>(164,691)</u>	<u>10,742,586</u>	<u>12,158,055</u>

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2016 £</i>	<i>Restricted funds 2016 £</i>	<i>Restricted fixed asset funds 2016 £</i>	<i>Total funds 2016 £</i>
Tangible fixed assets	-	-	11,022,472	11,022,472
Current assets	1,255,980	1,023,123	112,943	2,392,046
Creditors due within one year	-	(304,507)	-	(304,507)
Provisions for liabilities and charges	-	(1,378,000)	-	(1,378,000)
	<u>1,255,980</u>	<u>(659,384)</u>	<u>11,135,415</u>	<u>11,732,011</u>

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	<b>94,044</b>	10,468,740
<b>Adjustment for:</b>		
Depreciation charges	<b>279,886</b>	208,012
Dividends, interest and rents from investments	<b>(2,628)</b>	(1,949)
Increase in stocks	<b>(15,011)</b>	-
Increase in debtors	<b>(9,484)</b>	(254,354)
Increase in creditors	<b>120,408</b>	191,720
Defined benefit pension scheme obligation inherited	-	560,000
Defined benefit pension scheme cost less contributions payable	<b>112,000</b>	40,000
Defined benefit pension scheme finance cost	<b>30,000</b>	19,000
Fair value of gifted tangible fixed assets	-	(10,398,425)
Cash transferred on conversion	-	(446,454)
<b>Net cash provided by operating activities</b>	<u><b>609,215</b></u>	<u>386,290</u>

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**22. Analysis of cash and cash equivalents**

	<b>2017</b>	<i>2016</i>
	<b>£</b>	<b>£</b>
Cash in hand	<b>2,439,965</b>	<i>1,829,406</i>
Notice deposits (less than 3 months)	<b>288,269</b>	<i>286,985</i>
Total	<b><u>2,728,234</u></b>	<i><u>2,116,391</u></i>

**23. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2017.

Contributions amounting to £47,380 were payable to the schemes at 31 August 2017 (*2016 - Nil*) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**23. Pension commitments (continued)**

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. 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 April 2019.

The employer's pension costs paid to TPS in the period amounted to £267,000 (2016 - £161,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website ([www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

Under the definitions set out in FRS 102, the TPS is a 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 scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £164,000 (2016 - £128,000), of which employer's contributions totalled £125,000 (2016 - £98,000) and employees' contributions totalled £39,000 (2016 - £30,000).

The agreed employer contribution rates for future years are:

**Trust**

2017/18 15.8%  
2018/19 15.8%  
2019/20 15.8%

**Heartsease Primary, Valley Primary, Lingwood Primary and Henderson Green Primary**

2017/18 19.3%  
2018/19 20.3%  
2019/20 21.3%

The agreed employee contribution rates for future years are 5.5 - 12.5%.

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.

Principal actuarial assumptions:

	<b>2017</b>	<i>2016</i>
Discount rate for scheme liabilities	<b>2.50 %</b>	<i>2.10 %</i>
Rate of increase in salaries	<b>2.70 %</b>	<i>3.10 %</i>
Rate of increase for pensions in payment / inflation	<b>2.40 %</b>	<i>2.10 %</i>

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**23. Pension commitments (continued)**

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

	<b>2017</b>	2016
Retiring today		
Males	<b>22.1</b>	22.1
Females	<b>24.4</b>	24.3
Retiring in 20 years		
Males	<b>24.1</b>	24.5
Females	<b>26.4</b>	26.9

	<b>At 31 August 2017</b>	<i>At 31 August 2016</i>
	£	£
<b>Sensitivity analysis</b>		
Discount rate -0.5%	<b>396,000</b>	368,000
Salary rate +0.5%	<b>55,000</b>	140,000
Pension rate +0.5%	<b>336,000</b>	216,000

The academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2017</b>	<i>Fair value at 31 August 2016</i>
	£	£
Equities	<b>944,260</b>	752,400
Debt instruments	<b>380,750</b>	326,040
Property	<b>167,530</b>	150,480
Cash and other liquid assets	<b>30,460</b>	25,080
Total market value of assets	<b>1,523,000</b>	1,254,000

The actual return on scheme assets was £115,000 (2016 - £159,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	<b>2017</b>	2016
	£	£
Current service cost	<b>(237,000)</b>	(138,000)
Interest income	<b>28,000</b>	29,000
Interest cost	<b>(58,000)</b>	(48,000)
Total	<b>(267,000)</b>	(157,000)

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**23. Pension commitments (continued)**

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

	2017 £	2016 £
Opening defined benefit obligation	2,632,000	690,000
Upon conversion	-	1,052,000
Current service cost	237,000	138,000
Interest cost	58,000	48,000
Employee contributions	39,000	30,000
Actuarial (gains)/losses	(245,000)	674,000
Benefits paid	(10,000)	-
	<u>2,711,000</u>	<u>2,632,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,254,000	475,000
Upon conversion	-	492,000
Interest income	28,000	29,000
Actuarial losses	87,000	130,000
Employer contributions	125,000	98,000
Employee contributions	39,000	30,000
Benefits paid	(10,000)	-
	<u>1,523,000</u>	<u>1,254,000</u>

**24. Members' liability**

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

---

**THE HEART EDUCATION TRUST**  
**(A Company Limited by Guarantee)**

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**25. Related party transactions**

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

H Cabbage is the Business and Operations Executive for the Trust, and is the daughter of C Kenna (Chief Executive Officer and Accounting Officer). In the year ended 31 August 2017, for her role as Business and Operations Executive, H Cabbage received remuneration of **£40,000 to £45,000** (2016: £35,000 to £40,000), pension contributions of **£5,000 to £10,000** (2016: £5,000 to £10,000) and a relocation allowance of **£Nil** (2016: £8,000).

Included in direct costs is **£11,650** (2016: £nil) payable to Anne Stairmand, a former Trustee, as an interim consultant Headteacher.

**26. Contingent liabilities**

During the year ended 31 August 2017, Anne Stairmand, whilst a Trustee of the Trust, offered her services to lead Henderson Green Primary School on a temporary basis whilst a permanent Headteacher was appointed. The Trust Board understood that Anne was to perform this role on a voluntary basis. Subsequently, Anne Stairmand trading as Anne Starimand Consulting, has claimed £17,850 for her services as interim consultant Head. After seeking advice, the Trust Board agreed to pay Anne Stairmand £11,650 and her expenses. As at the date of approval of these financial statements, the final amount payable to Anne Stairmand is unresolved and preparation for court proceedings have begun.