

Company Registration Number: 08286818 (England & Wales)



THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

- Rev Canon Peter Howard
- Michael Shaun Porter
- John Peter Crofts
- Mike John Tait

Trustees

- Mike Tait, Chair of Trustees (resigned 31 October 2019 and reappointed 23 September 2020)
- David Tibble, Interim Chair of Trustees (appointed 31 October 2019 and resigned 23 September 2020)
- Laura Myles, Vice Chair of Trustees
- Christina Kenna, Chief Executive Officer
- Timothy Payne
- John Crofts
- James McAtear
- Josephine Knowlden
- Alan Jones (resigned 24 February 2020)
- James Bell, Parent Trustee (removed 23 September 2020)
- John Morse (resigned 9 November 2020)
- Nicholas Chapman (resigned 31 January 2020)
- Jonathan Steward, Parent Trustee (appointed 11 December 2019 and resigned 16 August 2020)

Company Secretary

- Hazel Cabbage

Executive Board

- Christina Kenna (Chief Executive Officer)
- Hazel Cabbage (Chief Operating Officer)

Company Name

The HEART Education Trust

Principal and Registered Office

Heartsease Primary Academy
Rider Haggard Road
Norwich
Norfolk NR7 9UE

Company Registration Number

08286818

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

Independent Auditor

MA Partners Audit LLP
7 The Close Norwich
Norfolk NR1 4DJ

Bankers

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

Solicitors

Browne Jacobson,
Mowbray House
Castle Meadow Road
Nottingham NG2 1BJ

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TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates four primary Academies in and around Norwich, Norfolk. Its Academies have a combined pupil capacity of 1,080 and had a roll of 991 in the school census on 1 October 2020.

1. 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 operates as the HEART Education Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details of this document.

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 Trustees (Directors) through 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. Parent Trustees are elected or appointed under articles 53-56 of the Articles of Association, whereby they are elected by the parents of registered pupils at the Trust Academies but appointed by the Board of Trustees if the number of parents standing for election is less than the number of vacancies. 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 are shown to be required during regular skills audits, having regard to any recommendations made by the members, trust Executive Board, 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 the proposed Trustee. 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.

Trustees will also sit on one of the Trust's central committees, based on their particular skills and interests.

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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 an induction pack, which contains the following:

- Academy Ambassadors *On Board* Induction Pack
- Academies Financial Handbook
- Academy Ambassadors Conflict of Interest Policy
- Keeping Children Safe in Education
- Trustees Code of Conduct
- Trustee Role Description
- Governance Handbook
- The Essential Trustee (Charity Commission)
- Competency Framework for Governance
- Articles of Association
- 21 Questions for MATs
- Understanding Your Data
- School Inspection Handbook
- Charity Governance Code
- Academy Ambassadors Directors Liabilities
- NGA What We Expect

They must also complete a declaration of business interests form and a skills audit matrix. New Trustees are expected to visit all Trust schools during the months following their appointment and meet with key personnel such as the Academy Headteachers and Trust Heads of Department.

All Trustees must complete compliance training provided by the Trust in respect of health and safety, safeguarding, prevent duty, whistleblowing, GDPR, code of conduct and equality and diversity. Decisions as to what additional internal and external training may be required by Trustees are made by the Board with advice from the Chief Executive Officer.

Organisational Structure

The Trust's core operations function is comprised of its four Academies. These are supported by the Trust's Business Support Units:

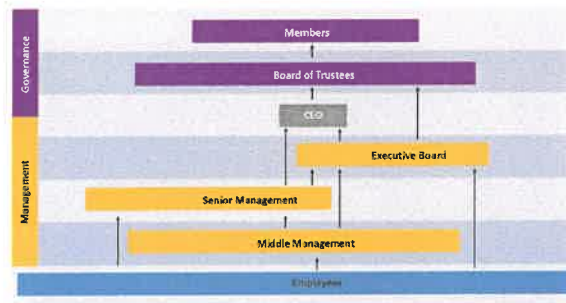
- Finance & Accounting
- HR and Payroll
- Facilities
- Information Technology (IT)

The Trust's Service Development function houses our centralised School Improvement team, dealing with matters such as quality assurance and the development of things like curriculum, assessment systems and professional development programmes.

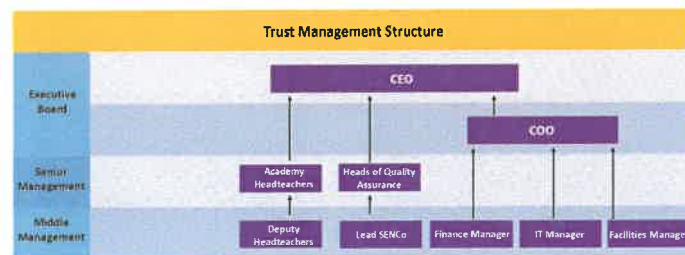
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The Chief Executive Officer and the Chief Operating Officer are responsible for the day-to-day running of the Trust and comprise the Executive Board. The Chief Executive Officer is also the Accounting Officer of the Trust.



The Academy Headteachers (part of the senior management team) are responsible for the day-to-day running of each Academy, and are held accountable by the Trust's Executive Board.



The Trust regularly reviews its governance structure to ensure continuous improvement and effectiveness.

Throughout the accounting period, the Executive Board were in turn held to account by the Strategic Board of Trustees and its central committees. Those central committees comprised of:

- Audit & Risk
- Pay

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The committees each have terms of reference setting out their key decisions and responsibilities. The Board of Trustees has approved a Scheme of Delegation and a Financial Scheme of Delegation under which certain powers have been delegated to the CEO, COO, Heads of Department and Academy Headteachers. However, throughout the year, certain key decisions and responsibilities remained with the Board of Trustees, including:

- Appointment of new Trustees to the Board.
- Approval of the Trust Budget and Budget Forecast Return.
- Decisions relating to the Trust's financial reserves.
- Decisions relating to amendments to Trust paycales.
- Approval of the Trust's annual accounts.
- Authorisation of financial commitments over £50,000.

Arrangements for setting pay and remuneration of key management personnel

The Trust's key management personnel are C Kenna (CEO) and H Cubbage (COO).

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 pay scale (STPCD). C Kenna was not awarded any performance related pay awards during the accounting period. However, she was awarded a 2.75% cost of living increment in September 2019 that was awarded to all staff on the Leadership pay scale within the Trust.

The salary for H Cubbage was revised upward from September 2019 following performance management and a re-evaluation of her responsibilities, with the Board resolving to award her an 8.8% pay increase. Neither H Cubbage nor C Kenna participated in this decision and were not present at the discussions the Board of Trustees held on the matter. In addition, during the accounting period, H Cubbage received a further 4.774% pay rise in April 2020 when the support staff pay scale was revised and cost of living increments were applied across the scale. These cost of living increments across the Trust for support staff ranged from 3 to 10%. The Board has also continued to sponsor H Cubbage from out of its apprenticeship levy to undertake the Level 7 Senior Management apprenticeship, which commenced in February 2019.

The pay for each Academy Headteacher is initially set by the Executive Board, having regard to the appropriate headteacher group of the Academy and the requirements of the role and candidate. Performance related pay increases thereafter are made by the Executive Board and ratified by the Pay Committee in line with the Trust's Performance Review Policy.

Pay for central Trust Heads of Department is set by the Executive Board, having regard to pay advertised for similar roles in other Trusts and the pay scales of other senior Trust employees. Performance related pay increases thereafter are made by the Executive Board and ratified by the Pay Committee in line with the Trust's Performance Review Policy.

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Trade union facility time

The Trust buys into the Local Facilities time arrangements run through the Local Authority. The Trust paid £3,002.83 for this arrangement during the accounting period. Therefore, the Trust does not need to provide release time for employees to participate in relevant trade union activities as instead, designated local trade union officials deliver the statutory facility time requirements.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facilities time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£3,003
Provide the total pay bill	£4,476,945
Provide the percentage of the total pay bill spent	0.07%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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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).

Further information on related party transactions is disclosed in Note 29 and displayed on the Trust's website. 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.

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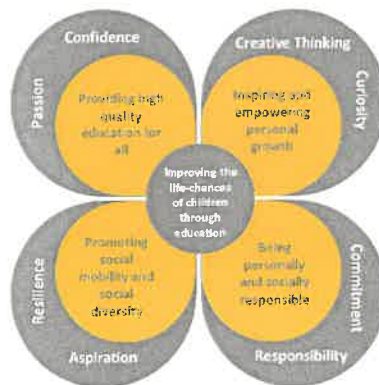
2. Objectives and Activities

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 organisational values and behaviours, which are as follows:



Mission

To improve the life-chances of children through education.

Vision

We believe that we are here to provide better life-chances for children. Everything we do is about improving the futures of the most disadvantaged children. We believe in high quality, inclusive education that does not limit aspiration. We constantly focus on personal development, in order to grow children who are resilient, determined and confident. We believe that education extends beyond the classroom, and teach our children to be independent and creative thinkers who are always curious. We want our children to develop a lifetime passion for learning and self-awareness. We aim to provide our children with a toolkit for metacognition and self-improvement that they can utilize in their adult life to build better futures for themselves. Our children are the future, and regardless of their starting points in life, they will change the world. We believe it is our role to prepare them for this responsibility by instilling within them a sense of social responsibility that will inspire them to build a more sustainable world for all.

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Our Values

- Providing high quality education for all
- Inspiring and empowering personal growth
- Promoting social mobility and social diversity
- Being personally and socially responsible

Our Behaviours

- Passion
- Confidence
- Creative Thinking
- Curiosity
- Resilience
- Aspiration
- Commitment
- Responsibility

Objectives, Strategies and Activities

The Trust's strategic objectives are set out below, together with the strategies for achieving them:

1) All of our Academies are judged good or better by Ofsted

- Continue to develop an outstanding early years provision across the Trust
- Continue to develop and implement a Trust wide curriculum strategy and centralised CPD programme in order to advance teaching and learning across the Trust
- Continue to develop training opportunities for early career stage teachers
- Develop school leaders at all levels.

2) All of our pupils make educational progress from their starting points

- Continue to improve Key Stage 2 progress and attainment, Year 1 phonics, GLD and KS1 across all of the Trust Academies over the next year
- Maximize the use of our online learning community to enable staff to work together and learn from each other and to maximize children's learning opportunities through our online and blended learning programme

3) All of our pupils and staff are emotionally and physically healthy

- Develop and implement a wellbeing strategy that has impact
- Train a significant number of staff in mental health first aid
- Continue Thrive interventions for our most vulnerable pupils
- Maximise the use of our PE Premium grants for the benefit of our pupils

4) We close the gap between our disadvantaged and non-disadvantaged pupils

- Fully implement the Covid19 Recovery plan
- Continue to improve parental engagement across the Trust
- To continue to develop our pupil premium strategy and our enhanced offer around curriculum enrichment

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5) We contribute to improving the offer for SEND pupils in Norfolk

- Develop and run our two internal inclusion units
- Continuous improvement of the quality of our SEND offer to pupils
- Ensure that notional and additional SEND funding is used for the benefit of those pupils for whom it is intended
- Ensure SEND pupils make good progress from their starting points, that needs are identified early and that provision overcomes barriers to learning

6) We take positive action towards creating a more sustainable environment

- Review and reduce our carbon emissions
- Take responsibilities for the suppliers we choose to work with
- Teach our pupils about climate change and our responsibility to the environment

7) We generate a financial surplus that is reinvested into achieving our vision

- Continuous improvement in key financial controls, procurement and the quality of management information to inform strategic decision making

Public Benefit

Throughout the period, the Trust has continued to deliver mainstream education to primary aged pupils for the purpose of public benefit. It has also operated its two nurseries, SRB and continued to let out its swimming pool facilities to other local schools (prior to the COVID19 lockdown) as well as leasing facilities to a local preschool.

In setting our objectives and planning our activities the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

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3. Strategic Report

Achievements and Performance (Including against Key Performance Indicators)

The primary achievement for the Trust this year was ensuring the safe and continued operation of its educational provision during the COVID19 lockdown. A key worker provision was maintained at Heartsease Primary Academy throughout the lockdown period, available to all pupils across the Trust. A remote learning curriculum was in place from the first day of the lockdown, and teaching continued throughout the period via Google Classroom. Our Academies reopened in June 2020 for Year R, Year 1 and Year 6, with the whole school returning in September 2020. Robust risk assessments have been in place throughout the pandemic, ensuring business continuity and the continued health and safety of pupils and staff, such that zero confirmed COVID19 cases for pupils occurred during the period.

Operationally, the Trust was successful this year in taking steps to address the problems with its support staff pay scale. The pay scale had been adopted from local authority models and evolved to meet national living wage requirements, so over time the span of each band and differential between the bands had become irregular. The Trust took steps to correct this in April 2020 in order to ensure fairness in pay for its support staff. The Trust was also successful in implementing compulsory school dinners for key stage 1 pupils entitled to universal infant free school meals. This was part of the Trust's strategy to reduce the volume of plastic waste caused by packed lunches and ensure that pupils had at least one healthy and nutritious hot meal each day, to promote physical health and improved concentration. The Trust was also successful in securing three CIF bids in the government's 20/21 round, for replacement of boilers at Henderson Green and Valley and roof repair works at Valley.

The Trust has continued to take steps towards designing its new curriculum and has reviewed its pupil assessment procedures. In the case of each of these, the focus has been on improving learning and reducing teacher workload. Career development opportunities in subject specialisms have emerged from these approaches, helping the Trust to attract and retain some of the best and brightest professionals in the sector. The Trust has also invested heavily in capital expenditure to support its strategic objectives in relation to pupil outcomes, in relation to technology and EYFS outdoor equipment. We opened our own Key Stage 1 internal inclusion unit at Heartsease Primary in 2019/20 (Moonstone) which was so successful that we have opened a Key Stage 2 unit at Lingwood Primary Academy from September 2020: the Trust continues to be a beacon of SEN provision within mainstream provision.

Key Performance Indicators

- Ofsted Gradings
 - Henderson Green Primary Academy: Good (2018)
 - Heartsease Primary Academy: Outstanding (2016)
 - Lingwood Primary Academy: Good (2018)
 - Valley Primary Academy: Requires Improvement (2019)

(No Ofsted Reports occurred during the reporting period.)

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- National Attainment Data
 - NA (Due to COVID19)
 - Year 2 indicators for phonics are demonstrating that pupils sitting the Y1 test they should have taken in June 2020 are achieving at or above last year's national average in all schools. Those pupils who have not achieved the phonics pass mark are mainly those with SEND and Complex needs – although these children have made progress – or children who have joined the school since September 2020
 - Internal tests taken in October 2020 indicate that non pupil premium children have maintained their previous year's levels. However, for disadvantaged children and EAL children internal data indicates the gap has widened. The Trust is addressing this by the employment of teachers known as the Covid Response Team who are delivering one to one and small group teaching to support these children to catch up. Early indicators show this strategy is working.
- Attendance
 - NA (Due to COVID19). However, since return to full time opening in September, attendance is averaging 95-96% across the Trust. Few parents have refused to send children to school. During lockdown we maintained daily Google Classroom provision and engagement averaged 70% across the Trust. Children who had no access to broadband or devices were provided with paper copies of work posted out at 4 weekly intervals.
 - Google Classroom has been maintained for all pupils across the Trust since September, and after school and lunch time clubs for those with no access at home.
- Financial
 - All the Trust's Academies have increased their revenue reserves position (i.e. excluding fixed asset and pensions reserves) by £220,946. See Note 19 "total funds analysis by Academy".

Going Concern

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

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4. Financial Review

The Trust receives 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 £4,282,037 as shown in the Statement of Financial Activities. The Trust also receives funding from the Local Authority and additional ESFA funding. The Trust generated a further £40,141 (2019: £54,532) during the period in respect of lettings and £36,051 (2019: £126,398) for services it provided. These revenues were lower than prior year actuals predominantly due to the school closure period during the COVID19 pandemic. The total income for the year to 31 August 2020 was £6,161,383 and the total expenditure was £6,205,748, which therefore exceeded incoming resources and resulted in a total deficit of £44,365 before actuarial movements. This deficit is reflective of the planned central spend from reserves in order to effect school improvement through increased leadership capacity.

Reserves Policy

The balance sheet as at 31 August 2020 shows that the Trust has total funds of £12,317,633 of which:

- £11,927,764 relates to restricted fixed asset funds
- (£2,414,000) relates to the restricted pensions funds
- £570,048 relates to restricted general funds
- £2,233,821 relates to unrestricted general funds

The fixed asset fund comprises of £385,671 of capital income cash receipts and accruals, relating to CIF projects currently underway and future ICT and premises needs of the Trust.

Of the Restricted General Funds:

- £386,829 relates to DFE Grants, including carried forward PE & Sport Premium, Pupil Premium, LAC, SEN and grants from other bodies and are being spent in accordance with the conditions and purposes for which those grants were given
- £21,164 relates to the nurseries at Lingwood and Heartsease Primary Academies and will be used to support those nurseries in 20/21 in anticipation of reduced pupil numbers following COVID19.
- £162,055 relates to GAG Reserves and will be used alongside unrestricted funds to support a three year budgeted revenue deficit for 2020/21 to 2023/24 as agreed by the Board as part of its strategy in relation to school improvement across its Academies.

Of the 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 3 month's payroll across the Trust as a contingency sum in this accounting period. On the basis of the budgeted staff costs for the period 1 September 2020 to 31 August 2021, the Trust will carry forward £1,146,094 as its contingency fund.
- £150,000 – Building Maintenance Contingency Fund. Two of the Trust's schools have very old buildings and the Trust also has a swimming pool. Therefore, the Board has resolved that it is prudent to set aside funds in respect of the ongoing maintenance requirements of these assets in future periods.
- £84,675 relates to the 2018/19 revenue surplus generated by the Trust's nursery provision, Bishys. This Board has agreed to ring-fence this fund for reinvestment in developing the Trust's existing nursery provision and expanding the Bishys brand in future periods in order to achieve its strategic objectives.

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- £139,111 relates to committed capital expenditure, including the Trust's contribution towards the building projects for which it has received or applied for CIF funding.

The remaining unrestricted reserves will be spent over future periods for the achievement of the Trust's strategic objectives in order to realise its vision. We also anticipate a portion of the reserves being required to support the reduced income / increased expenditure in 2020/21 off the back of COVID19 (see Principal Risks and Uncertainties). This amount will need to be available in liquid funds at this stage. Therefore, with the exception of the Trust Contingency fund which may be placed into a longer term investment, the reserves will continue to be held in shorter term investments (i.e. the Trust's 32 day notice account) and liquid funds (within the Trust's current account).

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 management and overseen by the Board of Trustees (via the Audit and Risk Committee) as part of the Trust's ongoing risk management strategy.

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:

Finance Risks

- Financial impact of COVID19 on:
 - Future revenue income – per pupil funding from ESFA may need to be reduced in future years as the UK recovers from the economic impact of COVID19 and Brexit. Careful management of the staffing budget and non-pay costs is being carried out to mitigate against future funding uncertainty.
 - Current revenue income – Lettings income from the Trust's swimming pool and self-generated income from its after school and breakfast clubs is not being received due to the closure of the pool and suspension of clubs.
 - Increased revenue expenditure. Staff absences due to self-isolation requirements have increased agency supply spend from September 2020. There are also increased costs around cleaning and hygiene products that are not recoverable from central government. Financial support from the Trust's reserves may be required, and actual spend is being closely monitored against budgets.
- Budget deficit: The Trust is currently using reserves to support an in year central staffing deficit. Although this is part of a planned school improvement strategy, the position is kept under close review and actions will need to be taken in a timely fashion to ensure that the staffing arrangements are brought in line with budget before reserves diminish.
- The Trust has a high level of reserves. Therefore, the Trustees have a robust reserves policy in place and regularly review the reserves position, ensuring the Executive Board is held to account and that these reserves are applied to further the Trust's charitable objects.
- Financial Control. Improvements are required in relation to debt recovery, creditor management, fixed asset management and recovery of donated income. The Trust is currently recruiting a new Finance Manager with a high level of experience and technical expertise.
- Future revenue income uncertainty due to the decline in pupil numbers at Heartsease Primary as a result of its Year 6 moving from 3 form to 2 form entry from September 2020. This will impact on the 2021/22 GAG income. Again, careful management of current pay and non-pay costs is being undertaken to mitigate against this risk.

Operation Risks

- National accountability pupil attainment measures and pupil progress. Impact of COVID-19 school closures is currently being addressed by Academies (e.g. through online learning, homework and intervention support)

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- Schools falling below good during Ofsted Inspection – mainly due to leadership and staff changes leading to inexperience and embedded systems not being adhered to. Significant leadership support is being provided by the Trust in areas of highest risk.

People Risks

- Over-reliance on a key person. There is not currently a formal succession plan in place for the CEO, although the Trust continues to develop its COO in order to mitigate this risk, who is now able to deputise for the CEO in all areas. This will be a strategic priority for the Trust Board this year, as well as putting into place its own succession plans as a governance Board.
- Academy leadership. Across the Academies, heads are being provided additional support in relation to their wider responsibilities, particularly in respect of health and safety, data protection, safeguarding and risk management. Two new headteachers have been appointed and there is some degree of inexperience within the senior management team. The Executive Board is working to support them, with the Head of Quality Assurance providing regular feedback. A programme of training including IOSH, DSL, Safer Recruitment and GDPR awareness is being provided.

Governance Risk

- Risk management. As the Audit & Risk Committee was only established this year, it has only met on one occasion. Further work is currently being undertaken to develop and improve the risk management framework and embed this across the Trust. Risk review is a standing item on the monthly Headteacher Report to the Executive Board.

Security Risk

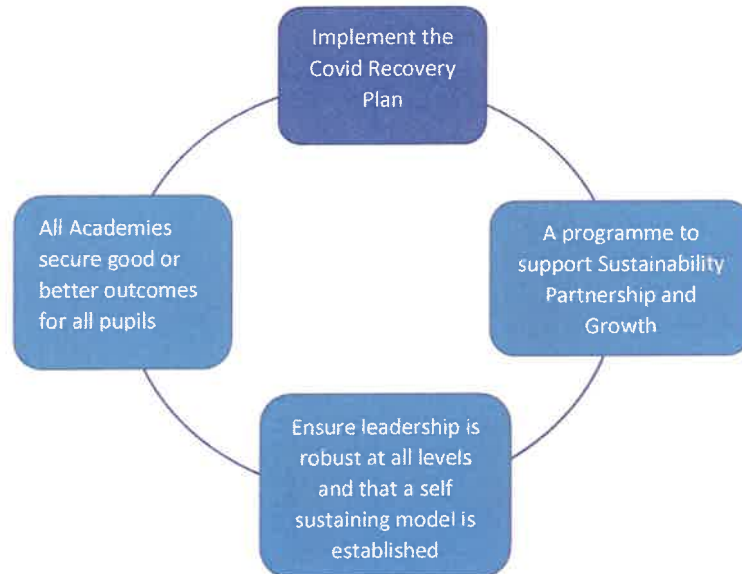
- Risk that Trust is exposed to a cyber attack resulting in a data breach or loss of key data. The Trust therefore spreads its core data across multiple cloud providers to minimise single point of failure (e.g. finance, payroll, pupil MIS, safeguarding, pupil attainment data)

Fundraising

Throughout the accounting period, the Trust has periodically facilitated fundraising events for other charitable bodies such as Children in Need or the NSPCC. Fundraising on behalf of the schools themselves is carried out by Friends associations and not by the Trust itself. The Trust accepts voluntary donations from parents of its pupils in respect of educational visits and similar activities in line with its Charging and Remissions Policy.

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5. Plans for Future Periods



Implement the Covid19 Recovery Plan

- Risk Assessments and Return to School Plans mean that parents have confidence in returning their children to school from the outset
- Parents are supported to enable excellent pupil attendance
- The Covid19 Response Team (CRT) are rapidly deployed to close gaps caused by Lockdown (currently 6 additional teachers deployed across the Trust dedicated to providing intervention to those most in need)
- Pupil outcomes are not adversely affected by Covid19
- Our Academies are fully ready to respond to further local or national lockdown
- Ofsted letters confirm that our Academies have used Covid19 grants and funding appropriately and fully supported children to close the gaps
- Provide staff with adequate training, resources and time to provide Blended Learning Opportunities
- Continue to train children in the use of Google Classroom to extend learning time
- To provide pupils with equipment or a space and support at school through additional clubs to use Google Classroom
- To maximize the use of Online Learning for pre, post teaching, consolidation, practice, reinforcement and problem solving

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All Academies secure good or better outcomes for pupils

- Rapidly improve standards in reading, writing and maths so that all pupils achieve well in line with Trust and national expectations
- Improve quality of teaching, learning and assessment so that planning impacts on outcomes
- To ensure that groups at risk of underachieving make good or better progress (DA, GDS, SEN, EAL)
- Pupils leave EYFS, having made good or better progress from their starting points and well equipped to transition to the next stage of their learning and access the Year 1 curriculum straight away. Provision in EYFS will be outstanding
- Continue to develop our curriculum ensuring it is progressive and relevant addressing the core basics. We will ensure that the curriculum develops a deep understanding of the subjects and themes taught, a broad and extensive vocabulary and the requisite skills so that pupils may apply their learning to a variety of situations and subjects
- Pupils are exposed to a wealth of extra-curricular activities and experiences outside of their normal day to day life
- Utilise every opportunity for using ICT and online learning to promote good and better outcomes
- Ensure every Academy is judged good or outstanding at its next Ofsted Inspection
- Each Academy is at least in line with or better than national standards in all areas as measured by national standard assessments
- Pupils in vulnerable groups do as well or better than peers nationally
- Barriers to learning are overcome for all pupils and not seen as a reason for inadequate progress
- Gaps between disadvantaged and non-disadvantaged pupils are closed through quality first teaching and targeted intervention
- Pupils learning within Moonstone and Launchpad make good progress and receive a full and balanced curriculum delivered by highly trained teachers and support staff
- Attendance is at least in line with or better than national at all our Academies
- Exclusions are minimal and below national figures
- Pupils report favourably on behavior and feeling safe through questionnaires and pupil voice
- All Trust Academies to be the school of choice for the area reflected by the numbers of eligible pupils choosing the school in Reception

Ensure that leadership is robust at all levels (especially Trust Board, Executive Board and Head teacher level) and that a self-sustaining model is established.

- Ensure that there is at all times a fully functioning high level Trust Board that represents the full range of skills required
- Governance has impact and is ethically sound
- Leaders are regularly held to account against Trust objectives and priorities
- To ensure that each Academy is on a trajectory of continued improvement
- To embed high quality governance focused on improving outcomes for pupils
- To empower heads of Academies and their teams to lead the improvement journey within and beyond their Academies identifying and growing talent
- Headteachers are supported and challenged by The Executive Board
- Heads of Quality Assurance secure a rigorous process of monitoring and moderation to ensure consistently high levels of provision and exceptional outcomes for all pupils
- To continue to secure an accurate and robust self-evaluation process and programme of external review
- To develop Academy collaboration through the Heads of Quality Assurance
- Headteachers write and implement a comprehensive School Improvement and Development Plan that drives Academy improvement. Headteachers report regularly on the impact to all stakeholders

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- There is an outstanding Trust wide CPD and career development plan in place for all staff at all levels, so that everyone is trained to the highest standard and their role in the MAT future is clear, thus retention and recruitment are high
- Staff report that they feel valued, their contribution recognized and they have chance to influence and lead
- Regularly review roles and responsibilities of all staff to ensure clear lines of accountability
- Robust programme of plan, do, review, start again (vision strategy)
- Strong regular communication to all stakeholders about the Trust's progress towards its vision
- Consistent high expectations regarding standards of teaching, learning, outcomes, financial probity, behavior, safeguarding and conduct held by all leaders including the Trust Executive and Strategic Board
- Enhance capacity through National Leadership programme and Specialist Teachers

Sustainability, Partnership and Growth

- Continue To build links with external providers such as Research Schools, Teaching Schools, Local Authority, RSC, DfE and other MATs
- Open to growth through voluntary joiners, sponsorship, Academy re-brokerage
- New schools/free schools/alternative provision opportunities
- MAT 2 MAT collaboration and provision of services
- Mergers between Trusts where there is a benefit to our MAT
- Work with Academies who may choose to join us to improve and enhance both their and our own provision
- Support MATs and Academies who are in need of improvement or additional capacity through both formal and informal approaches
- Share best practice across our Trust and with other partners
- Work with outstanding educational providers, feeder schools and national programmes
- Continue to ensure financial reporting and monitoring systems are robust
- Continue to develop and train our central service teams and increase efficiency and economies of scale
- Continue to use Benchmarking to inform our strategic budgeting
- Continue to oversee centrally all procurement contracts to ensure value for money
- Ensure premises efficiently managed and kept and all compliance systems met
- To ensure that IT infrastructure are fit for purpose, secure and accessible
- Establish a strong PR and Marketing programme
- To continue to strive to be free of all single use plastics by 2022
- Maintain the Trust and Academy Business Continuity Plans
- HR systems and processes are safe transparent, supportive and efficient
- H & S and compliance systems and processes ensure the safety and well-being of all stakeholders

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7. Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on the Board's behalf by:



M Tait

Chair of Trustees

THE HEART EDUCATION TRUST (A Company Limited by Guarantee)

GOVERNANCE STATEMENT

1. Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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 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.

2. 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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee Name	No. Meetings Attended
Michael Tait	0/1
Timothy Payne	6/6
Alan Jones	0/3
James Bell	0/6
Laura Myles	6/6
John Crofts	3/6
David Tibble	6/6
Nicholas Chapman	2/2
James McAtear	5/6
John Morse	5/6
Christina Kenna	6/6
Jonathan Steward	2/6
Josephine Knowlden	3/3

During the year, the Trust's Chair (M Tait) stepped down for a temporary period due to health reasons, and the Board appointed D Tibble as Interim Chair in his absence. D Tibble is the Chair of Inspiration Trust, bringing strength and experience to the Board, and the Trust acknowledges with thanks the support and contribution he provided during his tenure.

Throughout the year, the Board assessed its own effectiveness. It reviewed the internal governance review undertaken by the Board in the previous period and the gaps identified were addressed: the Board recruited a parent Trustee to the vacant post, completed a comprehensive skills audit and reviewed and revised the existing governance structure by dissolving the Finance & Audit Committee and Education Standards Committee and establishing the Audit & Risk Committee. The Board also resolved to aim to maintain its size at 7-9 highly skilled Trustees, recognizing that it would be likely to reduce itself to that number through natural attrition throughout the course of the year. From amongst its number, the Board appointed Trustees with responsibility for SEN, Safeguarding, Data Protection and Health and Safety. The new Chair also met with each Trustee individually to discuss their skills, strengths and areas of development.

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Several challenges arose for the Board during the year. Its clerk had to step down for health reasons, leaving a vacancy for several months whilst a new clerk was recruited. Several Trustees stepped down during the course of the year due to other commitments and had to be replaced, with the most challenging being the replacement of parent Trustees. The Board also had to adapt to a new way of working during the COVID19 pandemic, switching to meetings via the Trust's video conferencing software.

The coverage of the Board's work this year has included the following:

- Recruitment of an interim Chair and new clerk
- Awarding Executive pay
- Establishment of the Audit & Risk Committee
- Oversight of a Policy Review Compliance Checker, delegation of authority for certain policies to the CEO and COO, and adoption of all policies for which the Board retained authority (including Safeguarding, SEND and Disability & Accessibility)
- Appointment of Internal Auditor
- Approval of expenditure about Executive Board's delegated authority levels, including replacement of a structurally failed walkway at Valley Primary Academy, procurement of EYFS Outdoor equipment at Heartsease and Henderson Green Primary Academy and the purchase of pupil chrome books across the Trust
- Sign off of the annual Trustees Report, governance statement and accounts
- Receiving and reviewing regular financial information from the COO
- Approval of the Trust's annual budget and submission of the BFR to ESFA
- Review and monitoring of the Trust's reserves position
- Periodic review of the Trust's Risk Register
- Adoption of a revised support staff pay scale and agreement to adopt nationally agreed teaching pay scales
- Review of the Trust's COVID19 risk assessments and response plans, and receiving regular reports and updates from the Executive Board on the fast-changing arrangements during the pandemic

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to advise the Board of Trustees on the adequacy of the Trust's financial and other controls and risk management arrangements, to direct a programme of internal scrutiny and to consider the results and quality of external audit. During the course of the year, this newly established committee met once to establish its terms of reference for recommendation to the Board of Trustees, review the Trust's risk register, review the terms of reference of the internal audit on key financial controls, to monitor progress against the areas of concern raised in the 2018/19 Management Letter and to review the Trust's reserves policy.

Attendance by committee members during the year was as follows:

Member Name	No. Meetings Attended
Jonathan Steward	0/1
Josephine Knowlden	1/1
John Morse	1/1
Christina Kenna	1/1

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The Pay Committee is also a sub-committee of the main Board of Trustees, that met for the purpose of conducting the CEO and COO's annual appraisal and making pay recommendations to the Board of Trustees. Attendance at meetings in the year was as follows:

Member Name	No. Meetings Attended
D Tibble	1/1
L Myles	1/1

3. Review of Value for Money

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

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

- Ensuring robust procurement exercises are always undertaken in accordance with the Trust's Financial Scheme of Delegation.
- Requiring the Heads of Quality Assurance to provide robust business cases for expenditure requests around purchases of operational changes, including the purchase of new safeguarding and SEN software and the setting up of internal inclusion units for SEN pupils.
- Maintaining strict fund accounting practices to ensure that all funds are spent for the purposes for which they were received and for the benefit of the particular pupils they were intended (particularly in respect of SEN, LAC and pupil premium funding).
- Ensuring that the Trust's assets are repaired and replaced in order to preserve their value and that robust procurement is undertaken in respect of all capital expenditure in this regard. This includes managing two major CIF projects, the refurbishment of two EYFS outdoor areas (Henderson Green and Heartsease) and various revenue expenditure in respect of planned preventative maintenance and reactive maintenance of assets.
- Scrutinising key supplier claims for relief under PPN 02/20, including rejecting claims relating to furloughed staff where a large national supplier had received funds from HMRC already.

4. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

5. 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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6. The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance and general purposes committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The Board of Trustees has decided to buy-in an internal audit service from Price Bailey LLP. The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the trust's financial and other systems. In particular, the audit carried out in the current period on key financial controls included checks and tests on:

- Cash handling and bank accounts
- Income and Expenditure recording
- Ordering, purchasing and payments
- Ledger access and control

The Trust's intention is that on a termly basis, the internal auditor reports to the Board of Trustees, through the Audit & Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. However, in 2019/20 due to extenuating circumstances concerning the procurement and appointment of the new auditor and then the COVID19 lockdown, the internal auditor only reported to the Audit and Risk committee on one occasion. For this reason, the internal auditor made an additional report to the Audit & Risk Committee in September 2020 prior to commencement of the external audit. No material control issues were identified, although the internal auditor did make some minor recommendations around improvements in best practice which were readily adopted.

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Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on its behalf by:



M Tait

Chair of Trustees



C Kenna

Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The HEART Education Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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:

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published 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 Trustees to prepare financial statements for each financial . Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of 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 Tait
Chair of Trustees

Date:

THE HEART EDUCATION TRUST
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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 (the 'trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust 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 Trustees' 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

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

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Trust 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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. This description forms part of our Auditors' Report.

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

Use of our report

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



Frank Shippam BSc FCA DChA (Senior Statutory Auditor)

for and on behalf of

MA Partners Audit LLP

Chartered Accountants

Statutory Auditor

21 December 2020

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S 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 7 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, 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 2019 to 31 August 2020 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 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 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 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 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 *Part 8: Schedule of requirements (the "musts")* of the Academies Financial Handbook 2019.

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.

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MA Partners Audit LLP

MA Partners Audit LLP
Chartered Accountants
Statutory Auditor

Date: 21 December 2020

THE HEART EDUCATION TRUST
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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	1,285	-	278,392	279,677	688,630
Charitable activities	4	54,194	5,743,885	-	5,798,079	5,539,711
Other trading activities	5	76,192	-	-	76,192	180,930
Investments	6	7,435	-	-	7,435	12,072
Total income		139,106	5,743,885	278,392	6,161,383	6,421,343
Expenditure on:						
Charitable activities		64,845	5,809,665	331,238	6,205,748	6,105,355
Total expenditure	7	64,845	5,809,665	331,238	6,205,748	6,105,355
Net income/(expenditure)		74,261	(65,780)	(52,846)	(44,365)	315,988
Transfers between funds	18	2,895	(118,430)	115,535	-	-
Net movement in funds before other recognised gains/(losses)		77,156	(184,210)	62,689	(44,365)	315,988
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(71,000)	-	(71,000)	(877,000)
Net movement in funds		77,156	(255,210)	62,689	(115,365)	(561,012)

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
(CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Reconciliation of funds:					
Total funds brought forward	2,156,665	(1,588,742)	11,865,075	12,432,998	12,994,010
Net movement in funds	77,156	(255,210)	62,689	(115,365)	(561,012)
Total funds carried forward	<u><u>2,233,821</u></u>	<u><u>(1,843,952)</u></u>	<u><u>11,927,764</u></u>	<u><u>12,317,633</u></u>	<u><u>12,432,998</u></u>

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

The notes on pages 39 to 70 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	14	11,542,093	11,264,111
		<u>11,542,093</u>	<u>11,264,111</u>
Current assets			
Stocks	15	13,043	12,100
Debtors	16	443,327	440,188
Cash at bank and in hand		3,198,565	3,212,313
		<u>3,654,935</u>	<u>3,664,601</u>
Creditors: amounts falling due within one year	17	(465,395)	(480,714)
Net current assets		<u>3,189,540</u>	<u>3,183,887</u>
Total assets less current liabilities		<u>14,731,633</u>	<u>14,447,998</u>
Net assets excluding pension liability		<u>14,731,633</u>	<u>14,447,998</u>
Defined benefit pension scheme liability	24	(2,414,000)	(2,015,000)
Total net assets		<u><u>12,317,633</u></u>	<u><u>12,432,998</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	18	11,927,764	11,865,075
Restricted income funds	18	570,048	426,258
Pension reserve	18	(2,414,000)	(2,015,000)
Total restricted funds	18	<u>10,083,812</u>	<u>10,276,333</u>
Unrestricted income funds	18	<u>2,233,821</u>	<u>2,156,665</u>
Total funds		<u><u>12,317,633</u></u>	<u><u>12,432,998</u></u>

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

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 34 to 70 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



M Tait
Chair of Trustees

Date:

The notes on pages 39 to 70 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 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	20	361,747	109,745
Cash flows from investing activities	21	(375,495)	(319,754)
Change in cash and cash equivalents in the year		(13,748)	(210,009)
Cash and cash equivalents at the beginning of the year		3,212,313	3,422,322
Cash and cash equivalents at the end of the year	22, 23	<u><u>3,198,565</u></u>	<u><u>3,212,313</u></u>

The notes on pages 39 to 70 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 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

1.4 Expenditure

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold buildings	- 50 years straight line
Leasehold land	- 125 years straight line
Furniture and equipment	- 4 years straight line
Computer equipment	- 3 years straight line
Motor vehicles	- 5 years straight line

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

The Trust is party to lease agreements with Norfolk County Council for the school property. The leases are for a period of 125 years and substantially all the risks and rewards of ownership have been transferred to the Trust for £Nil rental. As such, the school properties have been recognised as fixed assets in the balance sheet at a fair value. The fair values are based upon the values written out of Norfolk County Council's financial statements on conversion.

1.8 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.

1.9 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.

1.10 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.

1.11 Liabilities

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

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.12 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 16. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities 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 2020

1. Accounting policies (continued)

1.14 Pensions

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

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

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.15 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

1.16 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 HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations	1,285	-	1,285	36,173
Capital Grants	-	278,392	278,392	652,457
	<u>1,285</u>	<u>278,392</u>	<u>279,677</u>	<u>688,630</u>
<i>Total 2019</i>	<u>5,680</u>	<u>682,950</u>	<u>688,630</u>	

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Trust's educational operations

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,282,037	4,282,037	4,300,031
Pupil Premium	-	473,351	473,351	457,340
Other DfE/ESFA	-	388,312	388,312	172,674
PE and Sports Premium	-	72,220	72,220	71,870
	-	5,215,920	5,215,920	5,001,915
Other government grants				
Local Authority	-	315,186	315,186	362,886
SEN	-	208,629	208,629	62,100
	-	523,815	523,815	424,986
Other income from the Trust's educational operations				
Catering	31,568	-	31,568	47,447
Uniforms	13,393	-	13,393	20,714
School Trips	9,233	-	9,233	41,801
Teacher placements	-	4,150	4,150	2,848
	54,194	4,150	58,344	112,810
	54,194	5,743,885	5,798,079	5,539,711
<i>Total 2019</i>	<i>109,963</i>	<i>5,429,748</i>	<i>5,539,711</i>	

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Letting and hire income	40,141	40,141	54,532
Income from services provided	36,051	36,051	126,398
	<u>76,192</u>	<u>76,192</u>	<u>180,930</u>
<i>Total 2019</i>	<u>180,930</u>	<u>180,930</u>	

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Investment income	7,435	7,435	12,072
	<u>7,435</u>	<u>7,435</u>	<u>12,072</u>
<i>Total 2019</i>	<u>12,072</u>	<u>12,072</u>	

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total</i> <i>2019</i> £
Educational operations:					
Direct costs	4,115,767	67,539	365,268	4,548,574	4,442,945
Support costs	361,178	961,682	334,314	1,657,174	1,662,410
Total 2020	<u>4,476,945</u>	<u>1,029,221</u>	<u>699,582</u>	<u>6,205,748</u>	<u>6,105,355</u>
<i>Total 2019</i>	<u>4,260,240</u>	<u>922,661</u>	<u>922,454</u>	<u>6,105,355</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total</i> <i>funds</i> <i>2019</i> £
Educational operations	<u>4,548,574</u>	<u>1,657,174</u>	<u>6,205,748</u>	<u>6,105,355</u>
<i>Total 2019</i>	<u>4,442,945</u>	<u>1,662,410</u>	<u>6,105,355</u>	

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2020 £	<i>Total funds 2019 £</i>
Pension interest	42,000	30,000
Staff costs	4,035,011	3,665,419
Educational support	156,813	252,394
Supply teachers	80,756	173,470
Books, stationery and materials	68,411	65,541
ICT	67,539	68,629
Other educational supplies	41,394	42,720
Educational visits	21,735	61,139
Staff development	19,031	61,524
Recruitment	15,884	22,109
	4,548,574	4,442,945

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	<i>Total funds 2019 £</i>
Premises maintenance	438,016	260,309
Staff costs	361,178	421,351
Depreciation	331,238	327,004
Catering	221,696	224,716
Light and heat	83,780	84,766
Administration	77,859	79,773
Water rates	40,365	36,083
PFI management fee & affordability gap	38,192	36,349
Governance costs	20,326	46,748
Insurance	19,062	56,641
Cleaning	11,029	54,540
School uniforms	8,092	21,982
Transport and travel	3,549	8,678
Professional fees	2,792	3,470
	<u>1,657,174</u>	<u>1,662,410</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	<i>2019 £</i>
Operating lease rentals	4,419	6,715
Depreciation of tangible fixed assets	331,238	327,004
Loss on disposal of fixed assets	-	2,333
Fees paid to auditors for:		
- audit	7,700	7,500
- other services	5,850	5,700
	<u>7,969</u>	<u>15,937</u>

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,201,406	3,181,988
Social security costs	259,604	272,088
Pension costs	935,179	630,694
	<u>4,396,189</u>	<u>4,084,770</u>
Agency staff costs	80,756	173,470
Staff restructuring costs	-	2,000
	<u>4,476,945</u>	<u>4,260,240</u>

Staff restructuring costs comprise:

	2020 £	2019 £
Severance payments	-	2,000
	<u>-</u>	<u>2,000</u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	61	60
Support & Administration	86	90
Management	2	2
	<u>149</u>	<u>152</u>

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Staff (continued)

c. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	4	-
In the band £90,001 - £100,000	1	<i>1</i>
	<u>5</u>	<u><i>1</i></u>

d. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 25. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £213,219 (2019 £194,684).

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

11. Central Services

The Trust pools its GAG income. A robust appeals mechanism is in place in accordance with the Academies Financial Handbook, should a constituent academy's Headteacher believe that their academy has been unfairly treated. The pooled GAG funds the provision of the central business support units and the services they provide to the academies, as well as School Improvement and Governance (including the Executive Board and Heads of Quality Assurance).

In addition to pooling GAG, the Trust recharges those parts of the business that are not funded by GAG. This includes a 10% total income recharge to each nursery unit. During 2019/20, this amounted to charges of:

LPA Bishys: £6,400
HPA Bishys: £17,833

The Trust received £92,000 of GAG in respect of its Specialist Resource Base (SRB) at Heartsease Primary Academy, which was not pooled but passed directly to the SRB. Therefore, a 10% recharge was also applied to the SRB amounting to £9,200.

Heartsease Primary Academy was charged £4,200 for its use of the centrally managed swimming pool on its site, and Lingwood Primary Academy was charge £1,380 for use of this swimming pool.

The Trust also recharged the academies for the provision of agreed services under its Pupil Premium strategy (amounting to £48,738) in relation to a Senior Pastoral Assistant and additional teaching support as follows:

Henderson Green Primary: £9,748
Heartsease Primary: £20,714
Lingwood Primary: £4,874
Valley Primary: £13,403

The total charges to individual academies were therefore as follows:

	2020 £	2019 £
Heartsease Primary Academy	51,946	75,352
Henderson Green Primary Academy	9,748	3,849
Lingwood Primary Academy	12,654	22,265
Valley Primary Academy	13,403	5,389
	<u>87,751</u>	<u>106,855</u>

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	2019
		£	£
C Kenna (CEO and Accounting Officer)	Remuneration	95,000 - 100,000	95,000 - 100,000
	Pension contributions paid	20,000 - 25,000	15,000 - 20,000

During the year ended 31 August 2020, expenses totalling £323 were reimbursed or paid directly to 1 Trustee (2019: £3,154 to 3 Trustees).

13. Trustees' and Officers' insurance

The Trust has opted into the Department of 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 membership.

THE HEART EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2019	11,732,396	350,946	349,738	51,000	12,484,080
Additions	510,732	12,407	86,081	-	609,220
At 31 August 2020	<u>12,243,128</u>	<u>363,353</u>	<u>435,819</u>	<u>51,000</u>	<u>13,093,300</u>
Depreciation					
At 1 September 2019	680,848	278,385	240,336	20,400	1,219,969
Charge for the year	194,562	38,367	88,109	10,200	331,238
At 31 August 2020	<u>875,410</u>	<u>316,752</u>	<u>328,445</u>	<u>30,600</u>	<u>1,551,207</u>
Net book value					
At 31 August 2020	<u>11,367,718</u>	<u>46,601</u>	<u>107,374</u>	<u>20,400</u>	<u>11,542,093</u>
At 31 August 2019	<u>11,051,548</u>	<u>72,561</u>	<u>109,402</u>	<u>30,600</u>	<u>11,264,111</u>

15. Stocks

	2020 £	2019 £
Uniforms	<u>13,043</u>	<u>12,100</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	6,545	9,299
Other debtors	926	446
Prepayments and accrued income	418,145	354,654
VAT recoverable	17,711	75,789
	443,327	440,188

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	173,231	287,483
Other taxation and social security	-	57,567
Other creditors	3,576	3,486
Accruals and deferred income	288,588	132,178
	465,395	480,714
	2020 £	2019 £
Deferred income at 1 September 2019	74,398	73,740
Resources deferred during the year	88,081	74,398
Amounts released from previous periods	(74,398)	(73,740)
	88,081	74,398

Deferred income comprises Universal Infant Free School Meals and Rates grants.

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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18. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	2,156,665	139,106	(64,845)	2,895	-	2,233,821
Restricted general funds						
General Annual Grant (GAG)	295,966	4,282,037	(4,142,793)	(273,155)	-	162,055
Other DfE/ESFA grants	47,131	388,312	(401,739)	(2,895)	-	30,809
Pupil Premium	-	473,351	(379,657)	-	-	93,694
PE and Sport Premium	22,258	72,220	(40,898)	-	-	53,580
SEN cluster funding	-	208,629	(58,798)	(15,300)	-	134,531
Other grants	60,903	319,336	(279,780)	(5,080)	-	95,379
Pension reserve	(2,015,000)	-	(506,000)	178,000	(71,000)	(2,414,000)
	<u>(1,588,742)</u>	<u>5,743,885</u>	<u>(5,809,665)</u>	<u>(118,430)</u>	<u>(71,000)</u>	<u>(1,843,952)</u>
Restricted fixed asset funds						
Fixed assets on conversion	10,265,473	-	(183,670)	-	-	10,081,803
Capital additions from GAG	227,756	-	(90,818)	94,707	-	231,645
Capital additions from Pupil Premium	39,679	-	(14,740)	-	-	24,939
Capital additions from PE and Sport Premium	4,182	-	(1,614)	-	-	2,568
Capital additions from Early Years grants	12,067	-	(3,017)	-	-	9,050
Capital additions from donations	23,486	-	(8,123)	5,580	-	20,943

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Condition Improvement Fund	1,185,152	250,838	(24,156)	(52)	-	1,411,782
Devolved Formula Capital	107,280	27,554	-	-	-	134,834
Capital additions from SEN	-	-	(5,100)	15,300	-	10,200
	<u>11,865,075</u>	<u>278,392</u>	<u>(331,238)</u>	<u>115,535</u>	<u>-</u>	<u>11,927,764</u>
Total Restricted funds	<u>10,276,333</u>	<u>6,022,277</u>	<u>(6,140,903)</u>	<u>(2,895)</u>	<u>(71,000)</u>	<u>10,083,812</u>
Total funds	<u><u>12,432,998</u></u>	<u><u>6,161,383</u></u>	<u><u>(6,205,748)</u></u>	<u><u>-</u></u>	<u><u>(71,000)</u></u>	<u><u>12,317,633</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 and Skills 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 following transfers have been made in respect of GAG during the year: £178,000 to the pension reserve in respect of employer contributions to the Local Government Pension Scheme, £448 in respect of amounts overspent on other restricted funds and £94,707 to the restricted fixed asset fund in respect of capital expenditure from the GAG fund.

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 and donations. Depreciation charged on those tangible assets is allocated to the fund.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Heartsease Primary Academy	492,234	413,650
Lingwood Primary Academy	253,304	216,163
Valley Primary Academy	345,772	239,686
Henderson Green Primary Academy	281,961	188,283
Central Services	1,430,598	1,525,141
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,803,869	2,582,923
Restricted fixed asset fund	11,927,764	11,865,075
Pension reserve	(2,414,000)	(2,015,000)
	<hr/>	<hr/>
Total	12,317,633	12,432,998

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Heartsease Primary Academy	1,536,709	48,421	91,306	395,045	2,071,481	2,180,146
Lingwood Primary Academy	553,726	22,500	41,781	58,401	676,408	651,469
Valley Primary Academy	653,655	36,790	62,853	63,349	816,647	847,384
Henderson Green Primary Academy	601,805	21,115	57,301	62,853	743,074	783,208
Central Services	769,872	232,352	35,111	529,565	1,566,900	1,316,144
Trust	<u>4,115,767</u>	<u>361,178</u>	<u>288,352</u>	<u>1,109,213</u>	<u>5,874,510</u>	<u>5,778,351</u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	1,848,021	308,644	-	-	-	2,156,665
Restricted general funds						
General Annual Grant (GAG)	844,172	4,300,032	(4,368,792)	(479,446)	-	295,966
Other DfE/ESFA grants	92,087	172,674	(180,485)	(37,145)	-	47,131
Pupil Premium	-	457,340	(457,340)	-	-	-
PE and Sport Premium	24,328	71,870	(71,555)	(2,385)	-	22,258
SEN cluster funding	-	62,099	(62,099)	-	-	-
Other grants	-	365,734	(289,747)	(15,084)	-	60,903
Pension reserve	(1,015,000)	-	(346,000)	223,000	(877,000)	(2,015,000)
	<u>(54,413)</u>	<u>5,429,749</u>	<u>(5,776,018)</u>	<u>(311,060)</u>	<u>(877,000)</u>	<u>(1,588,742)</u>
Restricted fixed asset funds						
Fixed assets on conversion	10,485,938	-	(220,465)	-	-	10,265,473
Capital additions from GAG	37,512	-	(66,202)	256,446	-	227,756
Capital additions from Pupil Premium	54,418	-	(14,739)	-	-	39,679
Capital additions from PE and Sport Premium	5,745	-	(3,948)	2,385	-	4,182
Capital additions from Early Years grants	-	-	(3,017)	15,084	-	12,067

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

18. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Capital additions from donations	-	30,493	(7,007)	-	-	23,486
Condition Improvement Fund	616,789	582,322	(13,959)	-	-	1,185,152
Devolved Formula Capital	-	70,135	-	37,145	-	107,280
	<u>11,200,402</u>	<u>682,950</u>	<u>(329,337)</u>	<u>311,060</u>	<u>-</u>	<u>11,865,075</u>
Total Restricted funds	<u>11,145,989</u>	<u>6,112,699</u>	<u>(6,105,355)</u>	<u>-</u>	<u>(877,000)</u>	<u>10,276,333</u>
Total funds	<u><u>12,994,010</u></u>	<u><u>6,421,343</u></u>	<u><u>(6,105,355)</u></u>	<u><u>-</u></u>	<u><u>(877,000)</u></u>	<u><u>12,432,998</u></u>

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020	Restricted funds 2020	Restricted fixed asset funds 2020	Total funds 2020
	£	£	£	£
Tangible fixed assets	-	-	11,542,093	11,542,093
Current assets	2,233,821	1,035,443	385,671	3,654,935
Creditors due within one year	-	(465,395)	-	(465,395)
Provisions for liabilities and charges	-	(2,414,000)	-	(2,414,000)
Total	<u><u>2,233,821</u></u>	<u><u>(1,843,952)</u></u>	<u><u>11,927,764</u></u>	<u><u>12,317,633</u></u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	11,264,111	11,264,111
Current assets	2,156,665	906,972	600,964	3,664,601
Creditors due within one year	-	(480,714)	-	(480,714)
Provisions for liabilities and charges	-	(2,015,000)	-	(2,015,000)
Total	<u>2,156,665</u>	<u>(1,588,742)</u>	<u>11,865,075</u>	<u>12,432,998</u>

20. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2020 £	2019 £
Net (expenditure)/income for the period (as per Statement of Financial Activities)	<u>(44,365)</u>	<u>315,988</u>
Adjustments for:		
Depreciation	331,238	327,004
Capital grants from DfE and other capital income	(278,392)	(652,457)
Interest receivable	(7,435)	(12,072)
Defined benefit pension scheme cost less contributions payable	286,000	93,000
Defined benefit pension scheme finance cost	42,000	30,000
(Increase)/decrease in stocks	(943)	1,398
Decrease/(increase) in debtors	48,963	(36,664)
(Decrease)/increase in creditors	(15,319)	41,215
Loss on disposal of fixed assets	-	2,333
Net cash provided by operating activities	<u><u>361,747</u></u>	<u><u>109,745</u></u>

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	7,435	12,072
Purchase of tangible fixed assets	(609,220)	(978,956)
Capital grants from DfE Group	226,290	647,130
Net cash used in investing activities	(375,495)	(319,754)

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	1,696,851	1,717,324
Notice deposits (less than 3 months)	1,501,714	1,494,989
Total cash and cash equivalents	3,198,565	3,212,313

23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	3,212,313	(13,748)	3,198,565
	3,212,313	(13,748)	3,198,565

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

24. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £Nil were payable to the schemes at 31 August 2020 (2019 - £Nil) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions 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 every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

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NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £471,178 (2019 - £317,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £230,000 (2019 - £274,000), of which employer's contributions totalled £178,000 (2019 - £223,000) and employees' contributions totalled £52,000 (2019 - £51,000). The agreed contribution rates for future years are 17 - 19.3 per cent for employers and 5.5 - 12.5% per cent for employees.

As described in note the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

	2020	2019
	%	%
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.9

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NOTES TO THE FINANCIAL STATEMENTS
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24. 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:

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.7	22.1
Females	23.9	24.4
<i>Retiring in 20 years</i>		
Males	22.8	24.1
Females	25.5	26.4

Sensitivity analysis

	2020 £000	2019 £000
Discount rate -0.5%	622	627
Salary rate +0.5%	53	64
Pension rate +0.5%	559	553

Share of scheme assets

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

	2020 £	2019 £
Equities	1,271,500	1,071,140
Corporate bonds	890,050	786,960
Property	279,730	262,320
Cash and other liquid assets	101,720	65,580
Total market value of assets	2,543,000	2,186,000

The actual return on scheme assets was £163,000 (2019 - £104,000).

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

24. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	(464,000)	(316,000)
Interest income	43,000	54,000
Interest cost	(85,000)	(84,000)
Total amount recognised in the Statement of Financial Activities	(506,000)	(346,000)

Changes in the present value of the defined benefit obligations were as follows:

	2020 £	2019 £
At 1 September	4,201,000	2,830,000
Current service cost	464,000	316,000
Interest cost	85,000	84,000
Employee contributions	52,000	51,000
Actuarial losses	191,000	927,000
Benefits paid	(36,000)	(7,000)
At 31 August	4,957,000	4,201,000

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	2,186,000	1,815,000
Interest income	43,000	54,000
Actuarial gains	120,000	50,000
Employer contributions	178,000	223,000
Employee contributions	52,000	51,000
Benefits paid	(36,000)	(7,000)
At 31 August	2,543,000	2,186,000

THE HEART EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

25. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	5,220	4,419
Later than 1 year and not later than 5 years	5,220	-
Later than 5 years	2,610	-
	<u>13,050</u>	<u>4,419</u>

26. Other financial commitments

The Trust maintains some of its assets under a PFI agreement. The amount due for the following financial year under this agreement is estimated to be **£263,801** (2019: £257,438). The cost of the PFI agreement changes annually in line with the Retail Price Index. As such, the cost of the PFI agreement for the remainder of the 25 year term would total approximately **£3,639,279** (2019: £3,896,718).

27. 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
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NOTES TO THE FINANCIAL STATEMENTS
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28. Related party transactions

Owing to the nature of the Trust 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year the daughter of C Kenna (Chief Executive Officer and Accounting Officer) continued to be employed as the Trust's Chief Operating Officer. Her appointment was made in open competition and C Kenna was not involved in the decision making process regarding her family member's appointment. The Chief Operating Officer is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to C Kenna.

During the year the spouse of M Porter, a Member of the Trust, was employed by the Trust as Head of Quality Assurance. Her appointment was made in open competition and M Porter was not involved in the decision making process regarding his spouse's appointment. The Head of Quality Assurance is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to M Porter.

During the year, the Trust sold services to Inspiration Trust. D Tibble, a Trustee of the Trust, was also a Trustee of Inspiration Trust in the year. The total amount invoiced by The Heart Education Trust to Inspiration Trust whilst D Tibble was a Trustee was £4,352 on a direct cost basis.

During the year, the Trust acquired the services of a seconded employee from Boudica Schools Trust. H Cabbage, part of the Trust's key management personnel, was also a Trustee of Boudica Schools Trust in the year. The total amount invoiced by Boudica Schools Trust to The Heart Education Trust was £3,271.