

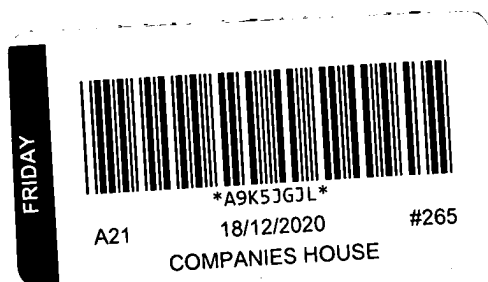
Registration number: 09809895

The Heath Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020



THE HEATH ACADEMY TRUST
CONTENTS

Reference and Administrative Details	1
Trustees' Report	2 to 9
Governance Statement	10 to 12
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15 to 17
Independent Reporting Accountant's Report on Regularity	18 to 19
Statement of Financial Activities incorporating Income and Expenditure Account	20 to 21
Balance Sheet	22
Statement of Cash Flows	23
Notes to the Financial Statements	24 to 48

THE HEATH ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS

Members	C King (appointed 1 September 2019) N Musselwhite A Risby J Roper
Trustees (Directors)	S Carter (resigned 29 June 2020) L Crossley I Dale (appointed 1 September 2020) J Horn, Accounting Officer and CEO J McCall A Muckle (appointed 1 June 2020) N Musselwhite A Risby J Taylor L Wooff (resigned 1 December 2019)
Company Secretary	S White
Senior Management Team	J Horn, Accounting Officer, CEO and Head teacher - Three Legged Cross A Clark, Head teacher - Oakhurst L Crossley, Head teacher - St Ives J Hudson, Head teacher - St James R Musselwhite, Head teacher - Sixpenny Handley (appointed 1 September 2019) R Sewell, Head teacher - St Mary's S White, Business manager
Principal and Registered Office	St James CE First School Park Lane Aldersholt Dorset SP6 3AJ
Company Registration Number	09809895
Auditors	Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton TA1 2PX
Bankers	Lloyds Bank Plc 25 High Street Ringwood Hampshire BH24 1BD

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

On 1 December 2015 a multi-academy trust was established with St Mary's C of E First School, St Ives Primary School, St James' C of E First School, Oakhurst Community First School, Sixpenny Handley First School and Three Legged Cross First and Nursery School as members.

Justine Horn, Head Teacher at Three Legged Cross became Accounting Officer and CEO on 1 September 2016.

Heath Academy Trust operates a six nursery, first and primary school academy trust in the East Dorset area. The trust has a pupil capacity of 885 primary age places and had a roll of 740 in the school census in October 2020. There is also capacity for 200 nursery places and 129 nursery age pupils were on roll at the October 2020 census date.

Structure, governance and management

Constitution

The Academy Trust was incorporated on 5 October 2015 and opened as an Academy on 1 December 2015. The Heath 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 Heath Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Heath Academy Trust.

Details of the trustees who served throughout the year are included in the Reference and Administration Details page.

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 Academy Trust is a member of the DFE's Risk Protection Arrangement with a limit of £10,000,000.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

Method of recruitment and appointment or election of Trustees

The Academy Trust has the following trustees as set out in our Articles of Association:

- 8 trustees appointed by the Members;
- No fewer than 3 trustees appointed by the Diocesan Board of Education;
- and the Chief Executive Officer.

Trustees serve for a period of four years.

In order to fully contribute to the development of the Trust the recruitment process for new trustees ensures that the experience and skills of individuals are taken into account prior to appointment. A skills audit highlighted the areas where additional skills were required, and the Trust has actively sought to recruit appropriately to fill those gaps. Recruitment of skilled trustees is an ongoing process.

Policies and procedures adopted for the induction and training of Trustees

When new trustees are appointed, an analysis of requirements of their role and current skills is conducted to determine the necessary induction. Our induction procedures and support are outlined in our induction handbook and a new trustee is assigned an existing, experienced trustee to act as mentor.

Organisational structure

The Trust operates a clear scheme of delegation which clarifies the level at which certain decisions are made.

The School Improvement Group is made up of Head Teachers of all the schools, including the CEO and the Trust Business Manager. The Board of Trustees meets at least 6 times a year and the Finance and Audit Committee meet immediately before the Full Board meetings. The Full Board, including those who are part of the Finance and Audit Committee, also meet in November for the presentation of financial statements by the Trust's accountants. The Trust Board retains responsibility for: approving terms of reference for the local governing committees; approving the Trust scheme of delegation; approving the Trust Pay, Finance and Health and Safety policies and the overview for strategic direction.

The Full Board take responsibility for monitoring achievement data, Health and Safety and Financial compliance, employment, staff development and recruitment across the Trust and its schools.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for key personnel remains the responsibility of the Trust Board. Head Teachers and the CEO are paid in line with the School Teachers Pay and Conditions. Non-teaching key personnel are remunerated in line with local government agreed pay scales. The CEO is responsible for performance management of the leadership team and the Head Teachers are responsible for performance management of the staff in the individual schools. All staff pay increases are subject to successful performance management and appraisal and are in line with National agreements.

Trade union facility time

The Heath Academy Trust does not have any union representatives.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

Related parties and other connected charities and organisations

The Trust is closely aligned with the Holt Heath Teaching Alliance, which is led by two Trust schools. The alliance receives an annual government grant to support school improvement initiatives in the local area.

Objectives and activities

Objects and aims

The Trust aims to achieve outstanding performance from our children within a high quality, effective learning environment, producing a love of learning and a passion for excellence in all areas of school life. Through the Holt Heath Teaching Alliance, we ensure a culture of high aspiration and clear lines of accountability, underpinned by strong, tailored school improvement and management systems within a professional learning environment.

Objectives, strategies and activities

The Trust is committed to working to the principle of 'Inspire, transform, together'. Our Trust works to embed a strong culture of consistent high expectations, strong academic achievements while offering a wide range of sporting, artistic and cultural opportunities. Our Trust supports a strong commitment to high quality professional development based on rigorous self-evaluation, challenge and support in order to ensure school improvement.

The Trust is continuing to further improve systems to standardise routines and procedures and apply consistent high expectations and standards across all our schools. Shared expertise, staff and resources continued to be deployed to raise pupil outcomes.

Public benefit

The trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the academy's aims and objectives and in planning its future activities.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

STRATEGIC REPORT

Achievements and performance

The Trust supports school improvement through its commitment to the self-improving system. The teaching school, the Holt Heath Teaching Alliance led by two National Support Schools, leads school improvement. It has appointed middle leaders to support and challenge consistency and improvement across the three key stages within the Trust.

The Trust currently has no statutory achievement data for the Key Stage One and Key Stage Two achievement during 2020. However, assessment systems mean that achievement is regularly tracked for all learners from nursery to Year 6.

According to the most recent Ofsted inspection information, the Trust has two outstanding schools and four good schools. One of the Trust schools, Oakhurst Community First School had a successful Ofsted inspection in 2018-19 and remains good. Our Trust is deploying school-to-school support to raise achievement where progress is currently less than good. High quality CPD is offered through our teaching school, the Holt Heath Teaching Alliance.

Early Years

- 71% of our pupils achieved a Good Level of Development, above the national average of 72%.

Year One Phonics Check

- 86% of our pupils met the Year One Phonics standard compared to the national standard of 82%.

Key Stage One

- Our pupils achieved above national standards in the end of Key Stage One Statutory Assessment: 79% of our pupils met the expectations in reading, compared to the national standard of 75%; 72% in writing, compared to the national standard of 69%; and 82% in mathematics, compared to the national standard of 76%.

Key Stage Two

- Our pupils achieved above national standards in the end of Key Stage Two Statutory Assessment: 100% of our pupils met the expectations in reading, compared to the national standard of 73%; 100% in writing, compared to the national standard of 78%; and 94% in mathematics, compared to the national standard of 79%.

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.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

STRATEGIC REPORT

Financial review

Most of the Academy's income is obtained from the Department for Education via the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to the purposes of education. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

The Trust also receives grants for fixed assets from the ESFA. In accordance with the SORP, such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Five of the six schools operate nurseries from their sites and this funding is received from the local authority and is shown as restricted funds in the statement of financial activities.

Other income is received from the provision of additional paid nursery hours, after school and breakfast clubs, parental donations, catering and the hire of facilities at the schools.

The Trust submitted bids on behalf of three of the schools to the DfE Condition and Improvement Funding 20/21 round. The submitted bids were not successful in this round of applications.

During the year the Academy Trust received income of £4,579,822 (2019: £4,691,838) and incurred expenditure of £5,097,796 (2019: £4,919,273) which, together with an actuarial pension fund loss of £997,000 (2019: £328,000), results in a net decrease in funds of £1,514,974 (2019: £555,435). By fund these figures are broken down as:

- Unrestricted income, generated through activities such as educational trips and clubs, of £304,068 less attributable expenditure, including transfers, of £333,528 to leave a deficit of £29,460.
- Restricted income of £4,231,527 less expenditure, transfers and pension adjustments of £5,637,462 to leave a deficit of £1,405,935.
- Restricted fixed asset income of £44,227 less expenditure and transfers of £210,359 to leave a deficit of £166,132.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

STRATEGIC REPORT

Reserves policy

The trustees review the reserve levels of the academy annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments, and the nature of the reserves. The trustees aim to have sufficient reserves to meet ongoing commitments. The academy aims to hold a contingency fund of £300,000 to cover unexpected expenditure which is based on one month's operating costs.

The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £187,066. Additionally, within restricted funds the academy holds £152,386 of reserves (including the General Annual Grant) that are considered freely available for general purposes.

The academy's aim is to use the allocated funding each year for the full benefit of our current students. However, we also consider it necessary to carry forward some reserves to:

- Provide sufficient working capital to cover delays between spending and receipt of grants;
- To invest in future years' priorities for the children of our school, for example capital projects; and have plans in place for how this will be spent over the next three years;
- To have a contingency reserve to cover expenditure required for unforeseen circumstances such as urgent maintenance.

Investment policy

The financial model of the academy is to optimise working capital whilst ensuring easy access of the funds. In balancing risk against return the Academy Trust's policy is clearly geared to avoiding risk rather than maximising income.

Monies surplus to the working requirements at the academy can be invested in an account with the approved institutions authorised by the Board. This may be a higher interest-bearing account operated by the same bank that the Trust operates its current account with, or an alternative approved institution.

The academy will not take out any long-term investments until a reliable cash flow pattern has been established; monies will only be paid into approved fixed rate investment accounts i.e. Sterling Money Market, allowing access to funds within a term not exceeding six months.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

STRATEGIC REPORT

Principal risks and uncertainties

The Trust has developed a Risk Register and Business Continuity Plan to fully assess the risks and uncertainties and provide a clear plan of action in the event of major incidents. Risk is discussed at all Board Meetings and Local Governing Committees also consider their own school's individual risks regularly reporting any changes to the Trust either immediately or on a termly basis dependent on the reason for change. Current risks highlighted in our assessment include:

- Failure of a school to meet national achievement targets and achieve financial stability will threaten the viability of the Trust
- Reducing pupil numbers in some areas and the small size of the schools put at risk the stability of schools within the Trust
- Reduction in funding across the schools combined with increased staffing costs such as unfunded pay and pension increases

With the COVID-19 pandemic, the risks to the Trust and its schools were quickly assessed and added to the Risk Register. Working within Government guidelines, the Trust worked to mitigate the associated risks.

The Trust, and our schools, planned and quickly adapted to providing online learning for the pupils. This online environment was supported by regular contact between the teaching staff, parents and pupils either by video or phone calls. Additional support was provided to ensure those most in need within the Trust's community were supported not only from an educational point of view but also a pastoral one.

Finance and office procedures were also reviewed and adapted where necessary to reflect the change in the working environment, ensuring the appropriate levels of scrutiny and authorisation continued. The Trust Board and Local Governing Committee held their meetings virtually during this period and have been informed and involved in the work our schools have done to support their pupils and families.

These measures have ensured the impact of COVID-19 has been minimised for our pupils, their families and our staff and has had a limited effect on the Trust's financial situation.

THE HEATH ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

STRATEGIC REPORT

Fundraising

All schools within the Trust rely on the goodwill of parents and community to supplement government funding to enable additional educational activities to take place. Individual schools have built up a good working relationship with their respective parent associations and funds are raised through a variety of activities including summer fayres, discos, online purchasing, donations via Easyfundraising.org, commission on the sale of photos and uniforms and campaigns for specific curricular equipment.

The Trust and its schools work hard to ensure that fund raising is carried out in a timely and sensitive manner and that no parents are put under pressure to donate. Projects are clearly defined for the majority of fund raising activities and are monitored by the Head Teacher of each school. The Trust Board takes an oversight of the levels of fundraising via its monthly management reports. Any complaints are dealt with locally.

With the financial effects of the COVID-19 pandemic on the school community, fundraising has not been carried out to the same extent this year, as it has in previous years.

Plans for future periods

The Trust is committed to providing high quality education throughout the local area. We are establishing a system to support our current schools with consistency in order to provide high pupil outcomes and safe school buildings and working practices within a viable financial environment. Our Trust continues to be committed to improving our schools, introducing consistent practices where necessary and using high quality CPD to improve the learning of all pupils. We are continuing to grow from the Early Years by expanding to include nursery provision across our schools – with five of the six schools offering nursery provision. The Trust's intention is to offer nursery provision in all its schools.

Funds held as Custodian Trustee on behalf of others

The academy and its trustees do not act as the Custodian Trustee of any other charity.

Auditor

Insofar as the Trustees are aware:

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

Reappointment of auditor

The auditor, Albert Goodman LLP, will be proposed for re-appointment at the Annual General Meeting.

The trustees' report, incorporating a Strategic Report, was approved by order of the members of the Board of Trustee on 9/12/2020 and signed on its behalf by:



N Musselwhite
Trustee

THE HEATH ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustee has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustee was as follows:

Trustee	Meetings attended	Out of a possible
S Carter	5	5
L Crossley	5	6
J Horn	6	6
J McCall	4	6
A Muckle	1	1
N Musselwhite	6	6
A Risby	6	6
J Taylor	3	6
S White	6	6
L Wooff	1	2

The multi-academy trust continues to ensure all appointments to the Board enhance the current skills base and is actively seeking additional trustees to fill the skills gap identified in a recent skills audit. This continues to be a target in the forthcoming months.

The Trust Board receives information in a variety of ways to ensure it fulfils its responsibilities to support, monitor and challenge the work of its schools. Achievement data is provided by the CEO in a consistent and user friendly format which allows all trustees to participate in the oversight of progress. Financial data is provided in a comprehensive format and includes the use of KPI's and benchmarking. Information is held in a central secure area to reduce the use of paper and allow Trustees to access the data at their own convenience.

THE HEATH ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Collaboration - The Trust continues to secure high quality continuous professional development across our Trust at all levels to promote a shared collaborative approach to raising standards, for example by shared learning walks and writing exemplification.
- Shared expertise - The Trust has utilised some shared staff to maximise high expectations across all schools.
- Buildings - The Trust has secured Trust wide contracts for shared health and safety, maintenance and buildings contracts to ensure compliance and best value and continues to look at ways of increasing this working practice.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Heath Academy Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustee 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 Trustee is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ended 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 Trustee.

There were no material control or other issues reported by the Responsible Officer to date.

THE HEATH ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;
- a clear finance policy and set of financial procedures;
- ongoing training and support for staff with financial responsibilities.

The Trust's internal audit was due to be completed during the summer term of 2020. With the COVID-19 pandemic, the Board of Trustees carefully considered the benefits of having the internal audit completed remotely. The decision was reached that in order to provide a robust review of procedures, the audit should be completed onsite and would, therefore, be completed during 2020-21.

Any recommendations from auditor's Management Letter and the Trust's rolling plan for internal audit will be used to form the action plan for the up and coming internal audit and will be monitored by the Finance and Audit committee.

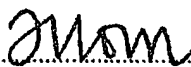
Review of effectiveness

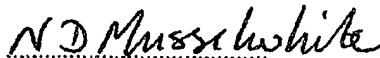
As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the external auditor;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustee on 9/12/20 and signed on its behalf by:


.....
J Horn
Accounting officer
Trustee


.....
N Musselwhite
Trustee


THE HEATH ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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



J Hom, Accounting Officer and CEO
Accounting officer

Date: 9/12/20

THE HEATH ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in 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; and
- 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 on 9/11/20 and signed on its behalf by:


N D Musselwhite
Trustee

THE HEATH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HEATH ACADEMY TRUST

Opinion

We have audited the financial statements of The Heath Academy Trust (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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.

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 auditor's report thereon. 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.

THE HEATH ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HEATH ACADEMY TRUST (CONTINUED)

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 14], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

THE HEATH ACADEMY TRUST

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
THE HEATH ACADEMY TRUST (CONTINUED)**

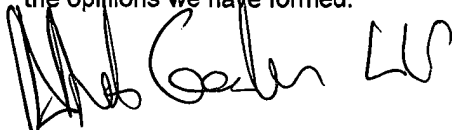
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Joseph Doggrell ACA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 16/12/20

THE HEATH ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE HEATH ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of Trustee's funding agreement with the Secretary of State for Education dated 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 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.

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 academy trust's income and expenditure.

THE HEATH ACADEMY TRUST

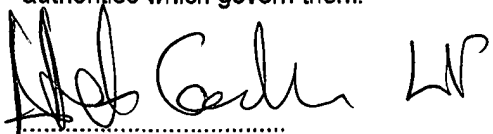
**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE HEATH
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2019);
- A review of the governance policies and procedures with specific consideration of financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;
- A review of all meeting minutes of the board trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the trustees.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 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.



.....
Joseph Doggrell ACA

For and on behalf of Albert Goodman LLP, Chartered Accountants

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 16/12/20.....

THE HEATH ACADEMY TRUST

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2019/20 Total £
Income and endowments from:					
Donations and capital grants	2	4,142	3,700	44,227	52,069
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,185,827	-	4,185,827
Teaching schools		-	40,000	-	40,000
Other trading activities	4	299,615	2,000	-	301,615
Investments	5	311	-	-	311
Total		304,068	4,231,527	44,227	4,579,822
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	238,116	4,536,255	219,218	4,993,589
Teaching schools	25	-	104,207	-	104,207
Net income/(expenditure)		65,952	(408,935)	(174,991)	(517,974)
Transfers between funds		(95,412)	86,553	8,859	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	23	-	(997,000)	-	(997,000)
Net movement in deficit		(29,460)	(1,319,382)	(166,132)	(1,514,974)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2019		281,366	(2,298,232)	10,191,881	8,175,015
Total funds/(deficit) carried forward at 31 August 2020		251,906	(3,617,614)	10,025,749	6,660,041

THE HEATH ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
Income and endowments from:					
Donations and capital grants	2	82,371	310	299,776	382,457
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	3,927,117	-	3,927,117
Teaching schools		-	40,000	-	40,000
Other trading activities	4	341,884	-	-	341,884
Investments	5	380	-	-	380
Total		424,635	3,967,427	299,776	4,691,838
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	385,981	4,247,996	198,708	4,832,685
Teaching schools	25	-	86,588	-	86,588
Net income/(expenditure)		38,654	(367,157)	101,068	(227,435)
Transfers between funds		14,234	19,220	(33,454)	-
Other recognised gains and losses					
Actuarial losses on defined benefit pension schemes	23	-	(328,000)	-	(328,000)
Net movement in funds/(deficit)		52,888	(675,937)	67,614	(555,435)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		228,478	(1,622,295)	10,124,267	8,730,450
Total funds/(deficit) carried forward at 31 August 2019		281,366	(2,298,232)	10,191,881	8,175,015

THE HEATH ACADEMY TRUST
(REGISTRATION NUMBER: 09809895)
BALANCE SHEET AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	10,066,802	10,214,520
Current assets			
Debtors	13	122,703	195,881
Cash at bank and in hand		<u>659,086</u>	<u>606,832</u>
		781,789	802,713
Creditors: Amounts falling due within one year	14	<u>(418,550)</u>	<u>(411,218)</u>
Net current assets		<u>363,239</u>	<u>391,495</u>
Total assets less current liabilities		<u>10,430,041</u>	<u>10,606,015</u>
Net assets excluding pension liability		10,430,041	10,606,015
Pension scheme liability	23	<u>(3,770,000)</u>	<u>(2,431,000)</u>
Net assets including pension liability		<u>6,660,041</u>	<u>8,175,015</u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		152,386	132,768
Restricted fixed asset fund		10,025,749	10,191,881
Restricted pension fund		<u>(3,770,000)</u>	<u>(2,431,000)</u>
		6,408,135	7,893,649
Unrestricted funds			
Unrestricted general fund		<u>251,906</u>	<u>281,366</u>
Total funds		<u>6,660,041</u>	<u>8,175,015</u>

The financial statements on pages 20 to 48 were approved by the Trustees, and authorised for issue on 9/12/20 and signed on their behalf by:

N D Musselwhite
N Musselwhite
Trustee

THE HEATH ACADEMY TRUST**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	85,025	(27,181)
Cash flows from investing activities	19	<u>(32,771)</u>	<u>(76,443)</u>
Change in cash and cash equivalents in the year		52,254	(103,624)
Cash and cash equivalents at 1 September		<u>606,832</u>	<u>710,456</u>
Cash and cash equivalents at 31 August	20	<u><u>659,086</u></u>	<u><u>606,832</u></u>

THE HEATH ACADEMY TRUST

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), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy 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 period is deducted from income and recognised as a liability.

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

THE HEATH ACADEMY TRUST

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

(CONTINUED)

1 Accounting policies (continued)

Sponsorship Income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other Income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

THE HEATH ACADEMY TRUST

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

(CONTINUED)

1 Accounting policies (continued)

Charitable activities

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

Tangible fixed assets

Assets costing £3,000 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, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

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

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.

Asset class	Depreciation method and rate
Long leasehold land	over 125 years
Long leasehold buildings	2%
Furniture & equipment	12.5% - 20%
Computer equipment & software	20%
Motor vehicles	20%

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 academy 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 HEATH ACADEMY TRUST

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

(CONTINUED)

1 Accounting policies (continued)

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Taxation

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

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

THE HEATH ACADEMY TRUST

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

(CONTINUED)

1 Accounting policies (continued)

Pension benefits

Retirement benefits to employees of the academy 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 to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on 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 academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income/(expenditure) 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.

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

THE HEATH ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****(CONTINUED)****1 Accounting policies (continued)*****Critical accounting estimates and assumptions***

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

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

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2019/20 Total £	2018/19 Total £
Capital grants	-	-	43,668	43,668	299,776
Other donations	4,142	3,700	559	8,401	82,681
	<u>4,142</u>	<u>3,700</u>	<u>44,227</u>	<u>52,069</u>	<u>382,457</u>

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE/ESFA revenue grants			
General Annual Grant (GAG)	3,174,432	3,174,432	3,074,054
Other DfE/ESFA grants	629,658	629,658	490,812
	<u>3,804,090</u>	<u>3,804,090</u>	<u>3,564,866</u>
Other government grants			
Local authority grants	378,446	378,446	362,251
Coronavirus Job Retention Scheme grant	3,291	3,291	-
	<u>381,737</u>	<u>381,737</u>	<u>362,251</u>
Total grants	<u>4,185,827</u>	<u>4,185,827</u>	<u>3,927,117</u>

THE HEATH ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****(CONTINUED)****3 Funding for the Academy Trust's educational operations (continued)**

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "other government grants".

The academy furloughed some of its staff under the government's CJRS. The funding received relates to staff costs in which are included within note 8 as appropriate.

4 Other trading activities

	Unrestricted funds	Restricted funds	2019/20 Total	2018/19 Total
	£	£	£	£
Facilities and services income	266,444	2,000	268,444	288,659
Educational trips and activities	12,361	-	12,361	38,296
Other income	20,810	-	20,810	14,929
	<u>299,615</u>	<u>2,000</u>	<u>301,615</u>	<u>341,884</u>

5 Investment income

	Unrestricted funds	2019/20 Total	2018/19 Total
	£	£	£
Short term deposits	<u>311</u>	<u>311</u>	<u>380</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

6 Expenditure

	Non Pay Expenditure				
	Staff costs	Premises	Other costs	2020	2019
	£	£	£	Total	Total
				£	£
Academy's educational operations					
Direct costs	3,216,465	-	215,840	3,432,305	3,341,389
Allocated support costs	636,233	482,702	442,349	1,561,284	1,491,296
Teaching School	84,112	-	20,095	104,207	86,588
	<u>3,936,810</u>	<u>482,702</u>	<u>678,284</u>	<u>5,097,796</u>	<u>4,919,273</u>

Net income/(expenditure) for the year includes:

	2019/20	2018/19
	£	£
Operating lease rentals	14,715	18,107
Depreciation	224,468	200,347
Fees payable to auditor - audit	7,500	7,400
- other audit services	<u>2,975</u>	<u>3,775</u>

7 Charitable activities

	2019/20	2018/19
	£	£
Direct costs - educational operations	3,432,305	3,341,389
Support costs - educational operations	<u>1,561,284</u>	<u>1,491,296</u>
	<u>4,993,589</u>	<u>4,832,685</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

7 Charitable activities (continued)

	Educational operations £	2019/20 Total £	2018/19 Total £
Analysis of direct costs			
Teaching and educational support staff costs	3,216,465	3,216,465	3,031,359
Educational supplies	88,711	88,711	134,260
Educational consultancy	83,333	83,333	109,456
Other direct costs	16,689	16,689	18,546
Technology costs	8,104	8,104	6,684
Trip costs	19,003	19,003	41,084
Total direct costs	3,432,305	3,432,305	3,341,389
	Educational operations £	2019/20 Total £	2018/19 Total £
Analysis of support costs			
Support staff costs	636,233	636,233	610,456
Depreciation	224,468	224,468	201,064
Rent, rates and utilities	75,933	75,933	80,860
Insurance	17,503	17,503	17,120
Catering	128,151	128,151	128,978
Maintenance of premises and equipment	86,632	86,632	108,311
Cleaning	95,669	95,669	90,253
Technology costs	110,181	110,181	101,307
Professional fees	121,631	121,631	95,193
Other support costs	64,208	64,208	46,354
Governance costs	675	675	11,400
Total support costs	1,561,284	1,561,284	1,491,296

THE HEATH ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****(CONTINUED)****8 Staff****Staff costs**

	2019/20 £	2018/19 £
Staff costs during the year were:		
Wages and salaries	2,778,659	2,686,944
Social security costs	216,797	208,003
Operating costs of defined benefit pension schemes	928,563	773,831
	<u>3,924,019</u>	<u>3,668,778</u>
Supply staff costs	12,791	12,387
	<u>3,936,810</u>	<u>3,681,165</u>

Staff numbers

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

	2020 No	2019 No
Charitable Activities		
Teachers	35	35
Administration and support	113	110
Management	7	7
	<u>155</u>	<u>152</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2020 No	2019 No
£60,001 - £70,000	1	2
£70,001 - £80,000	<u>2</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £538,563 (2019: £506,785).

THE HEATH ACADEMY TRUST

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

(CONTINUED)

9 Central services

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

- Executive head teacher
- Professional and legal services
- Human resources services
- Financial services
- ICT software and services
- Premises maintenance services
- Curriculum enrichment services

The academy trust charges for these services on the following basis:

- The academy trust charges for these services based on a percentage of the General Annual Grant that each school received.

The actual amounts charged during the year were as follows:

	2019/20	2018/19
	£	£
Oakhurst Community First School	35,628	30,860
Sixpenny Handley First School	23,988	20,917
St Ives Primary & Nursery School	44,923	37,065
St James' CE First School and Nursery	20,754	16,927
St Mary's CE First School & Nursery	33,820	28,499
Three Legged Cross First & Nursery School	27,930	22,375
	<u>187,043</u>	<u>156,643</u>

10 Related party transactions - trustees' remuneration and expenses

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

J Horn (Accounting Officer and CEO):

Remuneration: £75,000 - £80,000 (2019 - £75,000 - £80,000)

Employer's pension contributions: £15,000 - £20,000 (2019 - £10,000 - £15,000)

L Crossley (Head teacher - St Ives):

Remuneration: £70,000 - £75,000 (2019 - £65,000 - £70,000)

Employer's pension contributions: £15,000 - £20,000 (2019 - £10,000 - £15,000)

During the year ended 31 August 2020, expenses totalling £Nil (2019 - £Nil) were reimbursed or paid directly to 0 trustees (2019 - 0).

THE HEATH ACADEMY TRUST

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

(CONTINUED)

10 Related party transactions - trustees' remuneration and expenses (continued)

Other related party transactions involving the trustees are set out in note 24.

11 Trustees' and officers' insurance

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

THE HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

12 Tangible fixed assets

	Leasehold land and buildings £	Property improvements £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2019	10,162,451	534,911	33,263	128,548	19,250	10,878,423
Additions	-	67,941	1,190	7,619	-	76,750
At 31 August 2020	<u>10,162,451</u>	<u>602,852</u>	<u>34,453</u>	<u>136,167</u>	<u>19,250</u>	<u>10,955,173</u>
Depreciation						
At 1 September 2019	530,557	47,348	15,957	68,758	1,283	663,903
Charge for the year	<u>141,480</u>	<u>45,014</u>	<u>6,891</u>	<u>27,233</u>	<u>3,850</u>	<u>224,468</u>
At 31 August 2020	<u>672,037</u>	<u>92,362</u>	<u>22,848</u>	<u>95,991</u>	<u>5,133</u>	<u>888,371</u>
Net book value						
At 31 August 2020	<u>9,490,414</u>	<u>510,490</u>	<u>11,605</u>	<u>40,176</u>	<u>14,117</u>	<u>10,066,802</u>
At 31 August 2019	<u>9,631,894</u>	<u>487,563</u>	<u>17,306</u>	<u>59,790</u>	<u>17,967</u>	<u>10,214,520</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

13 Debtors

	2020	2019
	£	£
Trade debtors	12,019	40,322
VAT recoverable	31,524	37,255
Prepayments and accrued income	79,160	118,304
	<u>122,703</u>	<u>195,881</u>

14 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	109,827	166,894
Other taxation and social security	38,951	48,816
Other creditors	79,517	53,094
Accruals and deferred income	190,255	142,414
	<u>418,550</u>	<u>411,218</u>

	2020	2019
	£	£
Deferred income		
Deferred income at 1 September 2019	82,017	130,520
Amounts released from previous periods	(82,017)	(130,520)
Resources deferred in the period	144,357	82,017
Deferred income at 31 August 2020	<u>144,357</u>	<u>82,017</u>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals and Early Years funding for the autumn term 2020.

THE HEATH ACADEMY TRUST

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

(CONTINUED)

15 Funds

	Balance at 1 September 2019 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	40,050	3,174,432	(3,120,057)	(11,756)	82,669
Pupil premium	-	227,325	(221,886)	463	5,902
Other DfE/ESFA grants	56,844	402,333	(415,358)	3,142	46,961
Other Local Authority Grant	35,874	378,446	(432,506)	30,497	12,311
Teaching school	-	40,000	(104,207)	64,207	-
Other restricted funds	-	8,991	(4,448)	-	4,543
	<u>132,768</u>	<u>4,231,527</u>	<u>(4,298,462)</u>	<u>86,553</u>	<u>152,386</u>
Restricted fixed asset funds					
Inherited fixed assets	9,641,296	-	(149,001)	-	9,492,295
DfE/ESFA capital grants	292,632	10,327	(5,044)	192	298,107
Capital expenditure from other restricted funds	<u>257,953</u>	<u>33,900</u>	<u>(65,173)</u>	<u>8,667</u>	<u>235,347</u>
	10,191,881	44,227	(219,218)	8,859	10,025,749
Restricted pension funds					
Pension reserve	<u>(2,431,000)</u>	-	<u>(342,000)</u>	<u>(997,000)</u>	<u>(3,770,000)</u>
Total restricted funds	<u>7,893,649</u>	<u>4,275,754</u>	<u>(4,859,680)</u>	<u>(901,588)</u>	<u>6,408,135</u>
Unrestricted funds					
General	238,237	304,068	(232,866)	(122,373)	187,066
Capital expenditure	<u>43,129</u>	-	<u>(5,250)</u>	<u>26,961</u>	<u>64,840</u>
Total unrestricted funds	<u>281,366</u>	<u>304,068</u>	<u>(238,116)</u>	<u>(95,412)</u>	<u>251,906</u>
Total funds	<u>8,175,015</u>	<u>4,579,822</u>	<u>(5,097,796)</u>	<u>(997,000)</u>	<u>6,660,041</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

15 Funds (continued)

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

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	66,930	3,074,054	(3,139,788)	38,854	40,050
Pupil premium	-	215,414	(215,414)	-	-
Other DfE/ESFA grants	-	276,918	(220,074)	-	56,844
Other Local Authority Grant	21,463	361,041	(346,630)	-	35,874
Teaching school	66,312	40,000	(86,678)	(19,634)	-
	<u>154,705</u>	<u>3,967,427</u>	<u>(4,008,584)</u>	<u>19,220</u>	<u>132,768</u>
Restricted fixed asset funds					
Inherited fixed assets	9,790,297	-	(149,001)	-	9,641,296
DfE/ESFA capital grants	158,351	137,550	(3,269)	-	292,632
Capital expenditure from other restricted funds	<u>175,619</u>	<u>162,226</u>	<u>(46,438)</u>	<u>(33,454)</u>	<u>257,953</u>
	10,124,267	299,776	(198,708)	(33,454)	10,191,881
Restricted pension funds					
Pension reserve	<u>(1,777,000)</u>	-	<u>(326,000)</u>	<u>(328,000)</u>	<u>(2,431,000)</u>
Total restricted funds	<u>8,501,972</u>	<u>4,267,203</u>	<u>(4,533,292)</u>	<u>(342,234)</u>	<u>7,893,649</u>
Unrestricted funds					
General	180,994	424,635	(381,626)	14,234	238,237
Capital expenditure	<u>47,484</u>	-	<u>(4,355)</u>	-	<u>43,129</u>
Total unrestricted funds	<u>228,478</u>	<u>424,635</u>	<u>(385,981)</u>	<u>14,234</u>	<u>281,366</u>
Total funds	<u>8,730,450</u>	<u>4,691,838</u>	<u>(4,919,273)</u>	<u>(328,000)</u>	<u>8,175,015</u>

THE HEATH ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****(CONTINUED)**

15 Funds (continued)**Analysis of academies by fund balance**

Fund balances at 31 August 2020 were allocated as follows:

	2020	2019
	£	£
Oakhurst Community First School	15,880	41,903
Sixpenny Handley First School	47,537	31,180
St Ives Primary & Nursery School	125,148	130,823
St James' CE First School and Nursery	13,974	42,300
St Mary's CE First School & Nursery	97,212	78,072
Three Legged Cross First & Nursery School	47,387	52,483
Central services	<u>(7,686)</u>	<u>(5,756)</u>
Total before fixed assets and pension reserve	339,452	371,005
Restricted fixed asset funds	10,025,749	10,191,881
Unrestricted fixed asset fund	64,840	43,129
Pension reserve	<u>(3,770,000)</u>	<u>(2,431,000)</u>
Total	<u>6,660,041</u>	<u>8,175,015</u>

THE HEATH ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020 (CONTINUED)

15 Funds (continued)

Analysis of academies by cost

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 £
Oakhurst Community First School	613,135	83,551	33,533	91,712	821,931	840,401
Sixpenny Handley First School	314,382	56,672	8,052	82,984	462,090	495,564
St Ives Primary & Nursery School	745,546	81,306	58,175	182,427	1,067,454	1,020,607
St James' CE First School and Nursery	441,137	52,267	12,683	96,471	602,558	430,669
St Mary's CE First School & Nursery	501,048	78,407	33,395	110,518	723,368	739,122
Three Legged Cross First & Nursery School	488,286	54,661	23,902	83,678	650,507	625,436
Central services	197,063	229,370	11,136	107,851	545,420	519,172
Academy Trust	<u>3,300,577</u>	<u>636,234</u>	<u>180,876</u>	<u>755,641</u>	<u>4,873,328</u>	<u>4,670,971</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	64,840	-	10,001,962	10,066,802
Current assets	187,066	570,936	23,787	781,789
Current liabilities	-	(418,550)	-	(418,550)
Pension scheme liability	-	(3,770,000)	-	(3,770,000)
Total net assets	<u>251,906</u>	<u>(3,617,614)</u>	<u>10,025,749</u>	<u>6,660,041</u>

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	43,129	-	10,171,391	10,214,520
Current assets	238,237	543,986	20,490	802,713
Current liabilities	-	(411,218)	-	(411,218)
Pension scheme liability	-	(2,431,000)	-	(2,431,000)
Total net assets	<u>281,366</u>	<u>(2,298,232)</u>	<u>10,191,881</u>	<u>8,175,015</u>

17 Commitments under operating leases

Operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	18,350	14,852
Amounts due between one and five years	<u>25,596</u>	<u>27,456</u>
	<u>43,946</u>	<u>42,308</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2020 £	2019 £
Net expenditure	(517,974)	(227,435)
Depreciation	224,468	201,064
Capital grants from DfE and other capital income	(43,668)	(299,776)
Interest receivable	(311)	(380)
Defined benefit pension scheme finance cost	342,000	326,000
Decrease/(increase) in debtors	73,178	(45,137)
Increase in creditors	7,332	18,483
Net cash provided by/(used in) Operating Activities	<u>85,025</u>	<u>(27,181)</u>

19 Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	311	380
Purchase of tangible fixed assets	(76,750)	(376,599)
Capital funding received from sponsors and others	<u>43,668</u>	<u>299,776</u>
Net cash used in investing activities	<u>(32,771)</u>	<u>(76,443)</u>

20 Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>659,086</u>	<u>606,832</u>
Total cash and cash equivalents	<u>659,086</u>	<u>606,832</u>

21 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash	<u>606,832</u>	<u>52,254</u>	<u>659,086</u>
Total	<u>606,832</u>	<u>52,254</u>	<u>659,086</u>

THE HEATH ACADEMY TRUST

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

(CONTINUED)

22 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.

23 Pension and similar obligations

The academy 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 Dorset 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 2016.

Contributions amounting to £62,891 were payable to the schemes at 31 August 2020 (2019: £54,197) 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 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 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:

THE HEATH ACADEMY TRUST

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

(CONTINUED)

23 Pension and similar obligations (continued)

- 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.

The employer's pension costs paid to TPS in the period amounted to £354,000 (2019: £242,000).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £297,000 (2019 - £275,000), of which employer's contributions totalled £230,000 (2019 - £212,000) and employees' contributions totalled £67,000 (2019 - £63,000). The agreed contribution rates for future years are per cent for employers and per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust 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	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.70	1.90

THE HEATH ACADEMY TRUST

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

(CONTINUED)

23 Pension and similar obligations (continued)

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

	2020	2019
Retiring today		
Males retiring today	23.30	22.90
Females retiring today	24.80	24.80
Retiring in 20 years		
Males retiring in 20 years	24.70	24.60
Females retiring in 20 years	<u>26.20</u>	<u>26.60</u>

Sensitivity analysis

	2020 £	2019 £
Discount rate +0.1%	5,693,000	4,248,000
Discount rate -0.1%	6,026,000	4,477,000
Mortality assumption – 1 year increase	6,070,000	4,514,000
Mortality assumption – 1 year decrease	<u>5,651,000</u>	<u>4,213,000</u>

The academy trust's share of the assets in the scheme were:

	2020 £	2019 £
Equities	1,075,000	985,000
Gilts	251,000	253,000
Other bonds	166,000	137,000
Property	207,000	201,000
Cash and other liquid assets	22,000	50,000
Other	<u>366,000</u>	<u>304,000</u>
Total market value of assets	<u>2,087,000</u>	<u>1,930,000</u>

The actual return on scheme assets was (£88,000) (2019 - £141,000).

Amounts recognised in the statement of financial activities

	2020 £	2019 £
Current service cost	527,000	432,000
Past service cost	-	61,000
Interest cost	44,000	44,000
Admin expenses	<u>1,000</u>	<u>1,000</u>
Total amount recognized in the SOFA	<u>572,000</u>	<u>538,000</u>

THE HEATH ACADEMY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020****(CONTINUED)****23 Pension and similar obligations (continued)****Changes in the present value of defined benefit obligations were as follows:**

	2020	2019
	£	£
At start of period	4,361,000	3,301,000
Current service cost	527,000	432,000
Interest cost	83,000	88,000
Employee contributions	67,000	63,000
Actuarial (gain)/loss	846,000	425,000
Benefits paid	(27,000)	(9,000)
Past service cost	-	61,000
At 31 August	<u>5,857,000</u>	<u>4,361,000</u>

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

	2020	2019
	£	£
At start of period	1,930,000	1,524,000
Interest income	39,000	44,000
Actuarial gain/(loss)	(152,000)	96,000
Employer contributions	230,000	212,000
Employee contributions	67,000	63,000
Benefits paid	(27,000)	(9,000)
At 31 August	<u>2,087,000</u>	<u>1,930,000</u>

24 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

THE HEATH ACADEMY TRUST

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

(CONTINUED)

25 Teaching school trading account

	2020 £	2019 £
Income		
Direct Income		
Other income	<u>40,000</u>	<u>40,000</u>
Total Income	<u>40,000</u>	<u>40,000</u>
Expenditure		
Direct costs		
Direct staff costs	84,112	39,350
Other direct costs	<u>19,256</u>	<u>38,907</u>
Total direct costs	103,368	78,257
Other costs		
Support staff costs	<u>839</u>	<u>8,421</u>
Total Expenditure	(104,207)	(86,678)
Transfers between funds excluding depreciation	<u>64,207</u>	<u>(19,634)</u>
Deficit from all sources	-	(66,312)
Teaching school balances at 1 September 2019	<u>-</u>	<u>66,312</u>
Teaching school balances at 31 August 2020	<u>-</u>	<u>-</u>