

Company Limited by Guarantee
Registration number: 08334593 (England and Wales)

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

**THE HEIGHTS PRIMARY SCHOOL
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**THE HEIGHTS PRIMARY SCHOOL
REFERENCE AND ADMINISTRATIVE DETAILS**

Members	Emma Fallon Matthew Gale Polly Grove Susan Jones Zoltan Markella Sean McCarthy Daniel Pagella Ruth Rosewell
Directors/Governors	Jane Borgeaud (appointed 9 February 2015) Karen Edwards (Headteacher) Matthew Gale Linda Glithro Barnaby Smith (appointed 23 October 2015) Esme Tiplady (appointed 21 October 2014) Wenei Wang Nicholas Walden
Company Secretary	Lynda Greenwood
Headteacher	Karen Edwards
Registered Office	82 Gosbrook Road Caversham Reading Berkshire RG4 8BH
Company Registration Number	08334593
Auditors	Crowe Clark Whitehill LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL
Bankers	HSBC 26 Broad Street Reading Berkshire RG1 2BU

THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors present their annual report together with the financial statements and auditor's report of the Charitable Company for the period ended 31 August 2015.

The financial statements have been prepared in accordance with the accounting policies on page 18 of the financial statements, and comply with the Company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities," (SORP 2005), and the Academies Accounts Direction.

The Heights Primary School is a state-funded, mainstream primary school that provides primary education to children from age 4 to 11, serving a catchment area in Caversham Heights and Mapledurham.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Heights Primary School is a company limited by guarantee and an exempt charity. The Company's Memorandum and Articles of Association are the primary governing documents of the School Trust. The Trust was incorporated on 18 December 2012.

Details of the Governors who comprise the directors and trustees of The Heights Primary School are included in the Reference and Administrative Details on the previous page.

Members' Liability

Each member of the Company Limited by Guarantee undertakes to contribute to the assets of the Charitable Company in the event of it being insolvent, 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.

Governors' Indemnities

The Heights Primary has secured indemnity cover for the company and any Governors and employee of the company, by signing up to the government's Risk Protection Arrangement (RPA) for academy trusts.

Method of Recruitment and Appointment or Election of Governors / Directors

When the company was formed, both Members and Directors were chosen as representatives of the various community and business groups who wanted to be involved in the school, the majority of which are still either Members or Directors of the Trust. Only Mr Gale is both a Member and Director.

Since opening in September 2014, The Heights Primary School has elected one parent governor and the Academy Trust has appointed one further governor. The Heights Primary School will look to recruit one further parent and one staff Governor during 2015/16.

The Articles of Association allow Community Governors to be co-opted. No governors have been co-opted and no appointment is planned. The Governing Body of The Heights Primary School will consider any skills gaps it has identified when considering further Community Governor appointments.

Policies and Procedures Adopted for the Induction and Training of Governors

All Governors have received an induction that explained their responsibilities and obligations. Further training has been and will be undertaken to assist Governors in ensuring they are discharging their obligations and in operating a system of robust structures and checks.

THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015

Organisation Structure

The structure of the Trust consists of 2 levels: the Governing Body (also the Board of Directors and Trustees), who are responsible for strategic direction, and the Members of the Academy Trust who have set the aims and objectives of the School and have the power and responsibility to appoint and dismiss Directors. Only one Member of the Academy Trust is also a governor. The Headteacher is also an ex officio member of the Governing Body, and has responsibility within The Heights Primary School as the Accounting Officer. The Governing Body has delegated to the Headteacher control of the school at an executive level, she is tasked with implementing the direction set by the Trust.

The Governing Body meets as frequently as once every 6 weeks, and no less frequently than 3 times a year.

Groups of Governors may be formally convened outside of a committee or full Governing Body to support the School as required, to consider:

- Head teacher, and SLT recruitment.
- Performance management of the Head teacher
- Pupil Discipline
- Staff Discipline
- Complaints
- Significant areas of change management

Connected Organisations, including Related Party Relationships

There are no connected organisations or related party relationships other than those disclosed in the financial statements.

RISK MANAGEMENT

The Governing Body has considered the major risks to which it is exposed, in particular those relating to governance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

The Governing Body has implemented a number of systems to assess and reduce risks that the School faces, such as safeguarding and safer recruitment. The Heights Primary School has investigated and has procured systems that provide assurances in regards to operational areas such as teaching, health and safety, behaviour management, and in relation to the control of finances. Some of these areas will develop further as the school grows, but for some areas where such issues are already being discharged (for example employer's requirements), appropriate advice has been resourced. The Heights Primary School has also established systems for the recruitment, selection and vetting of new staff, child protection and internal financial controls to minimise financial risk.

Governors recognise that systems can only provide reasonable assurance that the major risks are adequately managed.

THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015

OBJECTS AND AIMS OF THE SCHOOL TRUST

The Heights Primary School is a state-funded primary school that provides primary education to children from age 4 to 11. Alongside providing much needed local primary provision and greater parental choice, the school offers a personalised and consistent education from Foundation (Reception) through to Key Stage 2 (Year 6).

The Heights Primary School aims to provide a school for Caversham Heights that is:

- Mainstream
- Inclusive
- Ambitious
- Personalised
- Aspirational
- Community orientated
- True to the vision of The Heights Primary School Trust

The Heights Primary School has focussed on the following objectives during the first year of operations.

- Adoption and early implementation of a School Development Plan with its aim for the school to become an inspirational, inclusive, outstanding school for and in the heart of the Caversham Heights community.
- Working with the EFA, to secure an appropriate permanent site for the School, which has been selected as Mapledurham Playing Fields (this responsibility has remained with the Academy Trust);
- Recruitment of sufficient high quality staff to enable expansion of the school by two forms in September 2015.
- Working with the EFA to expand the schools temporary site to enable safe operation of the school in this location until July 2017.
- To review and refine the procedures, policies and protocols adopted by the School during the pre-opening phase to ensure the smooth running of the school. To review the School's funding and budgeting to ensure that the school is financially securely placed to deliver the Trust's vision.

Principal Activities

The object of the Academy is set out in the Company's Articles of Association, namely "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 and carrying on, managing and developing a school offering a broad and balanced curriculum".

The Heights Primary School is the name given to the School Trust responsible for facilitating the management and operation of the Free School. Combining the expertise of local businesses, local residents of The Heights Primary School and the surrounding area, The Heights Primary School has empowered the Headteacher and staff team to effectively manage The Heights Primary School - a non-selective state-funded primary school for the Caversham Heights area.

Public Benefit

The Heights Primary School has so far and will continue to receive the majority of its income from central government to provide educational services to children. The Governors of The Heights Primary School are satisfied that they meet the public benefit criteria required by section 17(5) of the Charities Act 2011. In setting objectives and planning the Academy's activities, the Governing Body has paid due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015

STRATEGIC REPORT

Achievements and Performance in the period

Having opened in September 2014 the Heights Primary School achieved in July 2015 almost all the ambitious academic targets set for its Reception and Year 1 children at the beginning of the academic year and all other targets set within the school's initial School Development Plan were achieved. In particular all teaching staff have been retained and additional high quality staff have been recruited for the expansion of the school. The school successfully recruited 50 children for the 2015/16 Reception class, 38 of whom are from within the school's stated catchment area notwithstanding the fact that the school is temporarily sited outside this area. Year 1 is also full and Year 2 has expanded to 20 children.

The school's successful start has been endorsed by its appointed DFE Advisor, who has visited twice during the period and has since made one further visit and will make one final visit prior to the school's first Ofsted inspection, expected to take place in Autumn 2016.

KEY FINANCIAL PERFORMANCE INDICATORS AND FINANCIAL REVIEW

Restricted General Fund

The Academy's Restricted General Fund income was received almost entirely through the Education Funding Agency's (EFA) General Annual Grant funding, which is restricted to the academy's principal activities. A full list of principal activities has been outlined above. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the period was £432,382 (2014: £220,000); expenditure against the fund after transfers was £451,770 (2014: £405,060).

Restricted Fixed Asset Fund

The Restricted Fixed Asset fund records income of £168,631 (2014: £862,529). Total expenditure for the period from the Restricted Fixed Asset Fund after transfers is £460,243 (2014: £301,968). This expenditure relates entirely to construction and infrastructure costs, so has been appropriately treated as capital expenditure. The carry forward balance of £268,949 (2014: £560,561) therefore represents capital funding secured but not yet spent.

Unrestricted Fund

The Unrestricted Fund represents a £70,000 one-off grant secured from Reading Borough Council. The grant is in recognition of the challenges associated with the temporary location the school is using and offers the school an opportunity to mitigate those challenges and focus on delivery of outstanding education. The money can be used in any way the school deems appropriate to secure good standards of achievement, behaviour and attendance while ensuring good value for public money. The full amount had been received by 31 August 2015; as such an amount of £70,000 is no longer included in accrued income on the balance sheet.

Summary of Financial Performance

Fund balances as at 31 August 2015 totalled £430,747 (2014: £747,469). This is comprised of Unrestricted Funds of £64,278 (2014: £70,000), Restricted General Funds of £97,520 (2014: £116,908), and Restricted Fixed Asset Funds of £268,949 (2014: £560,561).

Balance Sheet

Cash in hand at 31 August 2015 was £190,872 (2014: £27,066).

THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Academy's Risk Management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken if required, including external insurance. The Governing Body has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The financial risks considered include: economic / financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial / statutory requirements.

Principal Risks and Uncertainties

The Governing Body has a comprehensive risk management process to identify and monitor the risks faced by the school. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT. The Governing Body has also identified a specific risk in respect of progress with the permanent site, which will now be at Mapledurham Playing Fields, and the timeframe within which the school needs to move into the site and is working with the EFA to minimise the consequences and impact of this.

A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas.

Reserves Policy

The Heights Primary School recognises the importance of establishing a sensible reserve in order to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the EFA. It is the Trust's ambition to have one term's operational expenditure in reserve, plus further contingency. We feel this would provide sufficient working capital as well as a fund to cope with any unexpected emergencies. In future years capital maintenance and development projects may be considered in the reserves policy review. The Governing Body considers an appropriate level of reserve during each annual budget setting process.

Funds held as Custodian Trustee on behalf of others

Neither The Heights Primary School nor The Governing Body are acting as third party custodial trustees.

Going Concern

After consideration of the school's financial position, its financial plans, (including projected student numbers), the demand for places and the broader environment, the Governing Body has a reasonable expectation that the School has and will continue to have adequate resources to enable it to be a sustainable going concern in 2016 and for the foreseeable future. Governors are assured they can manage the School in a way where they are fully compliant with the financial obligations evident in the Funding Agreement. For this reason the School continues to adopt the Going Concern principle in preparing its financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

PLANS FOR FUTURE PERIODS

The Funding Agreement that has been entered into between the Trust and the Secretary of State has provided the basis for an on-going revenue stream based on a per-pupil allocation for the School. Further arrangements entered into with the EFA in accordance with the Funding Agreement have provided and continued to provide the capital monies that have been reserved by the Education Funding Agency to pay invoices raised in relation to the School's ICT procurement and temporary and permanent building provision. Thus a key priority for the future period will be to incorporate sensibly and appropriately these monies into the School's financial cost models, plus ensuring these monies are drawn down from the EFA in a timely manner. Another priority for Governors is to ensure that any additional funds received via Pupil Premium allocations are well invested to ensure our most disadvantaged students are offered all possible opportunities, and any attainment gaps are quickly closed.

**THE HEIGHTS PRIMARY SCHOOL
REPORT OF THE GOVERNORS
FOR THE YEAR ENDED 31 AUGUST 2015**

Auditors

In so far as the Governors are aware:

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

The auditors, Crowe Clark Whitehill LLP who were appointed during the period, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Report of the Governors, incorporating a Strategic Report, was approved by the members of the Governing Body on10th December 2015.....and signed on its behalf by:



.....
Nicholas Walden
Chair of Governors



.....
Mrs K Edwards
Accounting Officer

THE HEIGHTS PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that The Heights Primary School 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 Governing Body has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Heights Primary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities.

The Premises & Finance Committee is a committee of the main Governing Body. Its terms of reference require it to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity as well as issues such as pay review and performance management that require greater confidentiality.

The Premises & Finance Committee met separately and formally six times during the year and will continue to meet at this frequency. It is a small group chaired by the Vice Chair of Governors and includes the Headteacher, the Chair of Governors and is attended by the School's Business Manager.

Attendance at meetings in the year was as follows:

Full Governing Body	Meetings attended	Out of a possible
Jane Borgeaud	1	2
Karen Edwards	4	4
Matthew Gale	3	4
Linda Glithro	4	4
Esme Tiplady	3	3
Wenfei Wang	4	4
Nicholas Walden	4	4

Premises & Finance Committee	Meetings attended	Out of a possible
Jane Borgeaud	3	3
Karen Edwards	6	6
Matthew Gale	6	6
Nicholas Walden	6	6

THE HEIGHTS PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

Governance Review

The governing body undertook in July 2015 a formal review of its impact since its first formal meeting in August 2014. This confirmed that the governing body has made a significant contribution to the performance of the school during its first year in relation to both strategy and operation. The review will be repeated annually.

Value for money

As the accounting officer the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources.

The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money in the following key areas:

Educational Outcomes

- 2014-15 was the first operating year for the Academy Trust, yet the Headteacher was able to ensure that all children achieved at least good or better educational outcomes.
- Attainment far exceeded the Local Authority & national averages in EYFS (reception) and the Academy's single Year 1 class.
- A small amount of Pupil Premium was received during the financial year. The pupil eligible for this funding also achieved very good results, achieving a good level of development in the EYFS and exceeding in a number of areas of learning.
- Considerable work was undertaken to ensure that educational standards are continually improving including lesson observations and the use of external specialists to raise attainment in Key Stage 1 and EYFS.
- The implementation of systems to improve the quality of teaching and learning including the introduction of a new assessment methodology based on the "Learning Ladders" system. This holistic programme allows staff and pupils to better assess where they are in terms of their progress and attainment. The system also allows for better identification of what the next steps should be. "Learning Ladders" has also been designed to facilitate greater engagement of parents in their children's learning.

Improved Financial Systems and Procedures

- Early in the Financial Year a new computerised finance system was purchased and implemented allowing the better and more efficient keeping of all financial records.
- The purchase of the above mentioned system also allowed for improvements to be made in the following key areas:
 - Filing – business documents are scanned and held within the finance system in addition to paper copies being kept.
 - Purchasing- a robust Purchase Order system has now been implemented. Purchase orders are also held within the finance system.
 - Staff Expenses
 - Reporting – the finance system allows for the more efficient production of management accounts for review by the Premises & Finance Committee. Moving forward the presence of Purchase Orders within the system should allow for improved forecasting.
- The need for an internal audit function was considered and Crowe Clarke Whitehill LLP, the Trust's external auditors, were appointed to fulfil this function. Two visits were undertaken during the accounting period.

THE HEIGHTS PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

Value for money (continued)

Improved Financial Systems and Procedures (continued)

- During the financial year the Internal Financial Procedures Manual was reviewed and updated – the document is continually under review, supported by internal controls reviews by the school's external auditors and Governor feedback, to ensure that best practice procedures are implemented and followed.

Improved Purchasing

As mentioned above a Purchase Order system has been implemented. In addition to this a review of supplier contracts was undertaken which has led to some changes in suppliers. The Academy Trust took the decision to change its bankers, although implementation of this will not be completed until the next financial year, and to change its energy supplier which should result in a 15% saving on energy bills.

All staff are also made aware of the importance of seeking best value in procurement, a policy which is supported by the Internal Financial Procedures Manual which contains clear guidelines on the tendering process at all levels of expenditure.

Staffing

During the financial year staffing was continually reviewed by the Headteacher and the Premises and Finance Committee. This is a key aspect of the financial controls within the Academy Trust as staffing is the single largest area of expense. During the year some challenges were found in the area of Learning Support to ensure that the objectives in the School Development Plan could be met. Additional staff were recruited in this area during the year, a decision which has supported the excellent levels of inclusion and overall academic achievement and progress of all pupils in the school.

A continual review of staffing levels with regard to the School Development Plan and budget will continue to be a guiding principal for the Headteacher and Governing Body.

An ethos of continual improvement in all areas will ensure that, as the school develops and grows, high standards will be maintained and value for money ensured in all areas.

Purpose of the System of Internal Control

The Heights Primary School's system of internal control was developed during the accounting period ended 31 August 2015 but only finalised during this period by the adoption, following completion of the school site and installation of a school server, of a comprehensive financial accounting and reporting solution to facilitate good accounting and control procedures.

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 School Trust's 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.

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the School Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there has been a formal on-going process for identifying, evaluating and managing the School Trust's significant risks during the period ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

THE HEIGHTS PRIMARY SCHOOL
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Risk and Control Framework

The School 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 will include:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- regular reviews by the Premises & Finance Committee (and sometimes the full Governing Body) of budget monitoring reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Heights Primary School has decided not to appoint an internal auditor. However the trustees have decided to appointed Crowe Clark Whitehill LLP, the external auditor, to perform additional checks.

The reviewer's role included giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Review of the financial procedures manual
- Reporting to the Governors and the EFA
- Purchase ledger review
- Purchase controls
- Credit card expenditure

On a termly basis, the reviewer reports to the board of Governors on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The two visits by the school's external auditors highlighted some areas where improvements could be made. These added controls have now been implemented.

Review of Effectiveness

A Review of Effectiveness was not undertaken during the period under review, but internal checking has been undertaken by the external auditors on behalf of the governing body informed by:

- the Academies Financial Handbook;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Trust which has responsibility for the development and maintenance of the internal control framework.

Approved by order of the members of the Governing Body on 10th December 2015 and signed on its behalf by:



Nicholas Walden
Chair of Governors



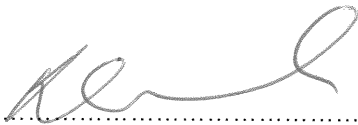
Mrs K Edwards
Accounting Officer

THE HEIGHTS PRIMARY SCHOOL
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2015

As Accounting Officer of The Heights Primary School I have considered my responsibility to notify the School Trust Governing Body and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the School Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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 Governing Body and EFA.



.....
Mrs K Edwards
Accounting Officer

10.12.15

THE HEIGHTS PRIMARY SCHOOL
STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2015

The Governors (who are also directors of The Heights Primary School for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Governors 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 Governing Body on 10th December 2015 and signed on its behalf by:



.....
Nicholas Walden
Chair of Governors

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HEIGHTS PRIMARY SCHOOL

We have audited the financial statements of The Heights Primary School for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

Respective responsibilities of Governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the Governors (who are also the Governors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Governors (which incorporates the Governors' Report and the Strategic Report) to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE HEIGHTS PRIMARY SCHOOL (CONTINUED)**

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2014 to 2015 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Janette Joyce
Senior Statutory Auditor

For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

14.12.15

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HEIGHTS PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 2 July 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by The Heights Primary School during the period to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Heights Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Heights Primary School's funding agreement with the Secretary of State of Education and the Academies Financial Handbook, extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the School's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the School's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the School and specific transactions identified from our review.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HEIGHTS PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (CONTINUED)

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 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP

Crowe Clark Whitehill LLP

Reporting Accountant
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date: 14.12.15

THE HEIGHTS PRIMARY SCHOOL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2015

(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

	Notes	Unrestricted Funds £	Restricted Funds General £	Restricted Fixed Asset Funds £	Year ended 31 August 2015 £	Period ended 31 August 2014 £
Incoming resources						
<i>Incoming resources from charitable activities:</i>						
Voluntary income	2	-	7,745	-	7,745	-
Funding for the free school's educational operations	3	-	424,637	168,631	593,268	1,152,529
Total incoming resources		-	432,382	168,631	601,013	1,152,529
Resources expended						
<i>Charitable activities:</i>						
Free school educational operations	5, 6	5,722	425,674	475,796	907,192	393,369
Governance costs	7	-	10,543	-	10,543	11,691
Total resources expended	4	5,722	436,217	475,796	917,735	405,060
Net incoming resources before transfers		(5,722)	(3,835)	(307,165)	(316,722)	747,469
Gross transfers between funds	14	-	(15,553)	15,553	-	-
Net incoming resources before other recognised gains and losses		(5,722)	(19,388)	(291,612)	(316,722)	747,469
Actuarial (losses)/gains on defined benefit pension schemes	22	-	-	-	-	-
Net movement in funds		(5,722)	(19,388)	(291,612)	(316,722)	747,469
Fund balances at 31 August 2014		70,000	116,908	560,561	747,469	-
Fund balances at 31 August 2015	14,15	64,278	97,520	268,949	430,747	747,469


All of the free school's activities derive from acquisitions and continuing operations during the above financial period.

The notes on pages 18 to 34 form part of these financial statements

THE HEIGHTS PRIMARY SCHOOL
BALANCE SHEET
31 AUGUST 2015
COMPANY NUMBER: 08334593

	Note	31 August 2015 £	31 August 2014 £
Fixed assets:			
Tangible fixed assets	11	98,307	-
Current assets:			
Debtors	12	385,960	846,527
Cash at bank and in hand		<u>190,872</u>	<u>27,066</u>
		576,832	873,593
Current liabilities:			
Creditors: Amounts falling due within one year	13	<u>(230,392)</u>	<u>(126,124)</u>
Net current assets		<u>346,440</u>	<u>747,469</u>
Total assets less current liabilities		<u>444,747</u>	<u>747,469</u>
Pension scheme liability	22	<u>(14,000)</u>	-
Net assets including pension liability		<u>430,747</u>	<u>747,469</u>
Funds of the Free School			
Restricted General Funds		97,520	116,908
Restricted Fixed Asset Funds		268,949	560,561
Unrestricted Funds		<u>64,278</u>	<u>70,000</u>
Total funds	14,15	<u>430,747</u>	<u>747,469</u>

The financial statements were approved by the Governors and authorised for issue on 10/12/2015 and are signed on their behalf by



Nicholas Walden
 Chair of Governors

The notes on pages 18 to 34 form part of these financial statements

THE HEIGHTS PRIMARY SCHOOL
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Year ended 31 August 2015 £	Period ended 31 August 2014 £
Net cash inflow from operating activities	18	<u>114,620</u>	<u>(835,463)</u>
Payments to acquire tangible fixed assets		(119,445)	-
Capital grants		<u>168,631</u>	<u>862,529</u>
Increase in cash in the period		<u><u>163,806</u></u>	<u><u>27,066</u></u>
Reconciliation of net cash flow to movement in net funds			
Net Funds at 31 August 2014		27,066	-
NET FUNDS AT 31 AUGUST 2015		<u><u>190,872</u></u>	<u><u>27,066</u></u>

All of the cash flows derive from acquisitions and continuing operations during the above financial period.

The notes on pages 18 to 34 form part of these financial statements

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historic cost convention in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005, the Charities Act 2011, the Academies Accounts Direction 2013 to 2014 issued by the EFA, the Companies Act 2006 and applicable accounting standards. The particular accounting policies adopted by the Governors are described below.

Going Concern

The Governors 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 Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the Free School has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Grants Receivable

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

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

Resources expended

All expenditure is recognised in the year in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources. All resources expended are inclusive of irrecoverable VAT.

Charitable activities

These are costs incurred on the Free School's educational operations.

Governance costs

These include the costs attributable to the Free School's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

Tangible fixed assets policy

Assets costing £500 or more which have been acquired since the School was established 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 the expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the School's depreciation policy.

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

Temporary buildings	4 years
Fixtures and fittings	5 years
Plant and machinery	10 years
Computer equipment	4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

Impairment losses are recognised in the Statement of Financial Activities.

Taxation

The Free School 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 Free School 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 HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

Teachers' Pension Scheme

Retirement benefits to employees of the Free School are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS') and the assets are held separately from those of the Free School.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Free School in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 19, the TPS is a multi-employer scheme and the Free School is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the Free School in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

Restricted general funds comprises grants from the Education Funding Agency/Department for Education, and all other funds of a restricted nature received by the school, which must be used to meet the costs of running the school.

Restricted Fixed Asset Funds represents the value of fixed assets held by the school, with the exception of funds either of an inherently capital nature, or allocated by the governing body for future capital spend, that remain unspent at the year end. A transfer between funds is made when the capital grant expenditure does not meet the definition of capital expenditure under the applicable accounting standards.

Unrestricted Funds represent income generated by the school (such as lettings and hire of facilities) and any other donations or investment income, which is not restricted for any specific purpose and can be spent as determined by the Governing Body.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

2. VOLUNTARY INCOME

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2015 £	Period ended 31 August 2014 £
PTFA donation	-	4,624	4,624	-
Other income	-	3,121	3,121	-
	<u>-</u>	<u>7,745</u>	<u>7,745</u>	<u>-</u>

3. FUNDING FOR THE FREE SCHOOL'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2015 £	Period ended 31 August 2014 £
DfE/EFA Revenue Grant				
General Annual Grant	-	289,191	289,191	-
Other EFA Grants	-	31,770	31,770	-
DfE/EFA Start-up Grant	-	84,000	84,000	220,000
DfE/EFA Capital Grant				
Construction grant	-	168,631	168,631	531,441
Equipment grant	-	-	-	80,000
ICT Grant	-	-	-	251,088
Other Government Grants				
Local authority grant	-	19,676	19,676	70,000
	<u>-</u>	<u>593,268</u>	<u>593,268</u>	<u>1,152,529</u>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

4. RESOURCES EXPENDED

	Staff costs	Premises costs	Other costs	Year ended 31 August 2015	Period ended 31 August 2014
	£	£	£	£	£
Free School's educational operations					
Direct costs	237,818	21,138	50,953	309,909	55,783
Allocated support costs	<u>95,589</u>	<u>-</u>	<u>501,694</u>	<u>597,283</u>	<u>337,586</u>
	<u>333,407</u>	<u>21,138</u>	<u>552,647</u>	<u>907,192</u>	<u>393,369</u>
Governance costs	<u>-</u>	<u>-</u>	<u>10,543</u>	<u>10,543</u>	<u>11,691</u>
	<u><u>333,407</u></u>	<u><u>21,138</u></u>	<u><u>563,190</u></u>	<u><u>917,735</u></u>	<u><u>405,060</u></u>

5. FREE SCHOOL'S EDUCATIONAL OPERATIONS - DIRECT COSTS

	Unrestricted Funds	Restricted Funds	Year ended 31 August 2015	Period ended 31 August 2014
	£	£	£	£
Staff costs	-	237,818	237,818	36,170
Teaching & educational support staff recruitment	-	50,953	50,953	19,613
Depreciation	<u>-</u>	<u>21,139</u>	<u>21,139</u>	<u>-</u>
	<u>-</u>	<u>309,909</u>	<u>309,909</u>	<u>55,783</u>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

6. FREE SCHOOL'S EDUCATIONAL OPERATIONS - ALLOCATED SUPPORT COSTS

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2015 £	<i>Period ended 31 August 2014 £</i>
Temporary site construction	-	385,918	385,918	301,968
Staff costs	-	95,589	95,589	2,753
Education support	-	30,740	30,740	3,277
Marketing	-	1,011	1,011	2,766
Consultancy	-	-	-	525
Outsourced administration	-	-	-	4,370
Professional services	-	2,843	2,843	8,126
Accountancy costs	-	-	-	4,576
Legal costs	-	-	-	3,397
Insurance	-	1,650	1,650	84
Office costs	-	40,246	40,246	1,524
Prospectus & logo design	-	-	-	1,639
Travel	-	-	-	366
Other support costs	<u>5,722</u>	<u>33,564</u>	<u>39,286</u>	<u>2,215</u>
	<u>5,722</u>	<u>591,561</u>	<u><u>597,283</u></u>	<u>337,586</u>

7. GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	Year ended 31 August 2015 £	<i>Period ended 31 August 2014 £</i>
Auditors' remuneration - audit	-	7,950	7,950	10,000
Auditors' remuneration - other	-	1,705	1,705	975
Governor training	-	770	770	-
Membership & company secretarial	<u>-</u>	<u>118</u>	<u>118</u>	<u>716</u>
	<u>-</u>	<u>10,543</u>	<u><u>10,543</u></u>	<u>11,691</u>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

8. STAFF COSTS

	Year ended 31 August 2015 £	<i>Period ended 31 August 2014 £</i>
Wages and salaries	265,190	31,636
Social security costs	15,605	2,780
Pension costs	<u>52,612</u>	<u>4,507</u>
	<u>333,407</u>	<u>38,923</u>
	Number	
The average number of full time equivalent employees during the year was:	2015	2014
Teaching staff	4	3
Support staff	<u>6</u>	<u>2</u>
	<u>10</u>	<u>5</u>

No employee earned more than £60,000 per annum.

4 teaching staff participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, employer pension contributions for these members of staff amounted to £34,668 (2014: £4,046).

The Headteacher only received remuneration in respect of the services provided undertaking the role of Headteacher and not in respect of services as a Governor. The value of the Headteacher's remuneration was as follows:

- K Edwards (Headteacher and governor) £65,000-£70,000. Employer's pension contributions were £5,000 to £10,000.

Other Governors did not receive any payments, other than expenses, from the school in respect of their role as governors.

No Governors received reimbursed expenses in the period ended 31 August 2015.

9. RELATED PARTY TRANSACTIONS

Owing to the nature of the Free School's operations and the composition of the board of Governors being linked to local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Fallon Education – a company owned by E Fallon a member of the Trust.

- Fallon Education provided staff training to the trust at a cost of £305 during the period. There were no amounts outstanding at 31 August 2015.
- In line with the trusts financial guidelines quotes were obtained by three different providers.
- The trust made the purchase at arm's length following a consultation with the Full Governing Body.
- In entering into the transaction the trust has complied with the requirements of EFA's Academies Financial Handbook.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

10. GOVERNORS' AND OFFICERS' INSURANCE

The Academy has entered a voluntary Risk Protection Arrangement (RPA) with the Department for Education. The RPA is not an insurance scheme but is a mechanism through which the cost of risks that materialise will be covered by government funds. This arrangement includes Governors' liability and professional indemnity.

11. TANGIBLE FIXED ASSETS

	Temporary Buildings £	Plant & Machinery £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost					
At 1 September 2014	-	-	-	-	-
Additions	10,771	6,862	28,476	73,336	119,445
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2015	<u>10,771</u>	<u>6,862</u>	<u>28,476</u>	<u>73,336</u>	<u>119,445</u>
Depreciation					
At 1 September 2014	-	-	-	-	-
Charge for the year	<u>2,520</u>	<u>584</u>	<u>3,767</u>	<u>14,267</u>	<u>21,138</u>
At 31 August 2015	<u>2,520</u>	<u>584</u>	<u>3,767</u>	<u>14,267</u>	<u>21,138</u>
Net book value					
At 31 August 2015	<u>8,251</u>	<u>6,278</u>	<u>24,709</u>	<u>59,069</u>	<u>98,307</u>
At 1 September 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. DEBTORS

	31 August 2015 £	31 August 2014 £
VAT repayable	7,115	47,077
Prepayments	5,380	6,470
Accrued income	<u>373,465</u>	<u>792,980</u>
	<u>385,960</u>	<u>846,527</u>

13. CREDITORS: amounts falling due within one year

Trade creditors	7,098	-
Social security and other taxes	7,320	2,685
Other creditors	31,967	2,793
Accruals & Deferred Income	<u>184,007</u>	<u>120,646</u>
	<u>230,392</u>	<u>126,124</u>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

14. FUNDS

	<i>Balance at 31 August 2014 £</i>	Incoming Resources £	Resources Expended £	Gains, losses, transfers	Balance at 31 August 2015 £
Restricted general fund	116,908	432,382	(422,217)	(15,553)	111,520
	<u>-</u>	<u>-</u>	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>
	116,908	432,382	(436,217)	(15,553)	97,520
Restricted fixed asset fund					
DfE/EFA capital grants	560,561	168,631	(454,658)	(103,892)	170,642
Fixed assets	<u>-</u>	<u>-</u>	<u>(21,138)</u>	<u>119,445</u>	<u>98,307</u>
	560,561	168,631	(475,796)	15,553	268,949
Unrestricted Funds					
General fund	<u>70,000</u>	<u>-</u>	<u>(5,722)</u>	<u>-</u>	<u>64,278</u>
Total funds	<u><u>747,469</u></u>	<u><u>601,013</u></u>	<u><u>(917,735)</u></u>	<u><u>-</u></u>	<u><u>430,747</u></u>

Under the funding agreement with the Secretary of State, the Free School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Restricted Fixed Asset Fund

The Restricted Fixed Asset fund records income of £168,631. Total expenditure for the period from the Restricted Fixed Asset Fund is £460,243. This expenditure relates to depreciation of £21,138 and capital additions of £103,892. The carry forward balance of £268,949 therefore represents capital funding secured but not yet spent of £170,642 and the net book value of tangible fixed assets of £98,307. The transfer from the Restricted General Fund represents capital additions purchased from GAG income.

Restricted General Fund

The Academy's Restricted General Fund income is primarily EFA grants (including GAG), which must be used to meet the cost of running The Heights Primary School. It includes an £84,000 start-up grant in the year to 31 August 2015.

Unrestricted Fund

The Unrestricted Fund represents a £70,000 one-off grant secured from Reading Borough Council. The grant is in recognition of the challenges associated with the temporary location the school is using and offers the school an opportunity to mitigate those challenges and focus on delivery of outstanding education. The money can be used in any way the school deems appropriate to secure good standards of achievement, behaviour and attendance while ensuring good value for public money. The full amount had been received by 31 August 2015; as such, has no longer been included in accrued income on the balance sheet.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2015 are represented by:-

	Unrestricted funds	Restricted General funds	Restricted fixed asset fund	Total funds at 31 August 2015 £	Total funds at 31 August 2014 £
Tangible fixed assets	-	-	98,307	98,307	-
Current assets	64,278	341,912	170,642	576,832	873,593
Current liabilities	-	(230,392)	-	(230,392)	(126,124)
Pension scheme liability	-	(14,000)	-	(14,000)	-
Total net assets	<u>64,278</u>	<u>97,520</u>	<u>268,949</u>	<u>430,747</u>	<u>747,469</u>

16. CAPITAL COMMITMENTS

	31 August 2015 £	31 August 2014 £
Contracted for but not provided in the financial statements	<u>-</u>	<u>439,823</u>

17. OPERATING LEASES

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

	31 August 2015 £	31 August 2014 £
Land & buildings:		
Expiring in the second to fifth year	<u>86,250</u>	<u>-</u>

18. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 August 2015 £	31 August 2014 £
Net movement in funds	(316,722)	747,469
Capital grants	(168,631)	(862,529)
Depreciation	21,138	-
Decrease/(increase) in debtors	460,567	(846,527)
Increase in creditors	104,268	126,124
Movement in FRS17 liability	<u>14,000</u>	<u>-</u>
Net cash inflow from Operating Activities	<u>114,620</u>	<u>(835,463)</u>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

19. ANALYSIS OF CHANGES IN NET FUNDS

	<i>At 31 August 2014</i>	Cash flows	At 31 August 2015
	£	£	£
Cash in hand and at bank	<u>27,066</u>	<u>163,806</u>	<u>190,872</u>

20. CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the School is required either to reinvest the proceeds or to repay to the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the School serving notice, the School shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the Free School's site and premises and other assets held for the purpose of the Free School.
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

There are no contingent liabilities as at 31 August 2015.

21. 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 HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS

The Free School'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 the Royal County of Berkshire Pension Scheme. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was March 2004 and the LGPS, 31 March 2013.

Contributions amounting to £38,612 (2014: £2,085) were payable to the schemes at 31 August 2015. The balance outstanding at the year end was £6,528.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £20,654.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The 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.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57^m; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Free School is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Free School has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Free School has set out above the information available on the scheme.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

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 2015 was £24,020 (2014: £623) of which employer's contributions totalled £17,984 (2014: £461) and employees' contributions totalled £6,036 (2014: £162). The agreed contribution rates for future years are 17.2 per cent for employers and from 5.5 to 7.2 per cent for employees depending on salary.

As described the LGPS obligation relates to the employees of the school, who were new employees who were eligible to, and did, join the Scheme in the period. The obligation represents their cumulative service at the school at the balance sheet date. There is no obligation in respect of employees who transferred on conversion.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Free School 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

	At 31 August 2015	<i>At 31 August 2014</i>
RPI increase	3.6%	3.5%
CPI increases	2.7%	2.7%
Rate of increase in salaries	4.5%	4.5%
Rate of increase of pensions in payment / inflation	2.7%	2.7%
Discount rate for scheme liabilities	4.0%	4.0%
Expected return on scheme assets at 31 August	5.9%	5.9%

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

	At 31 August 2015	<i>At 31 August 2014</i>
Retiring today - males	22.8	22.7
Retiring today - females	26.1	26.0
Retiring in 20 years - males	25.1	24.9
Retiring in 20 years - females	28.4	28.3

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

The Free School's share of the assets and liabilities in the scheme and the expected rates of Return were:

	Fair value at 31 August 2015 £'000	Fair value at 31 August 2014 £'000
Gilts	12	1
Equities	-	-
Other bonds	3	-
Property	4	-
Cash	1	-
Target Return Portfolio	5	-
Commodities	1	-
Infrastructure	1	-
Longevity Insurance	(1)	-
Alternative assets	-	-
	<u>-</u>	<u>-</u>
Total market value of assets	26	1
Present value of scheme liabilities		
- Funded	<u>(40)</u>	<u>(1)</u>
Deficit in the scheme	<u>(14)</u>	<u>-</u>

The actual return on scheme assets was £nil.

For the year to 31 August 2015, the expected return was 5.9% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015.

The amounts included within the Statement of Financial Activities would be as follows:

	2015 £'000	2014 £'000
Current service cost	32	-
Past service gain	<u>-</u>	<u>-</u>
Total operating charge	<u>32</u>	<u>-</u>
Analysis of pension finance income / (costs)		
Expected return on scheme assets	(1)	-
Interest on pension liabilities	<u>1</u>	<u>-</u>
Pension finance income / (costs)	<u>-</u>	<u>-</u>

The actuarial gains and losses for the current period (£nil) are recognised in the statement of financial activities. The cumulative amount of gains and losses recognised in the statement of financial activities since the adoptions of FRS 17 is £nil.

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

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

	2015 £'000	<i>2014</i> <i>£'000</i>
At 1 September 2014	1	<i>1</i>
Current service cost	32	-
Interest cost	1	-
Employee contributions	6	-
Actuarial (gain)/loss	-	-
Benefits paid	-	-
Past Service cost	-	-
Curtailments and settlements	-	-
	<hr/>	<hr/>
At 31 August 2015	40	<i>1</i>

	2015 £'000	<i>2014</i> <i>£'000</i>
At 1 September 2014	1	-
Expected return on assets	1	<i>1</i>
Actuarial gain/(loss)	-	-
Employer contributions	18	-
Employee contributions	6	-
Benefits paid	-	-
	<hr/>	<hr/>
At 31 August 2015	26	<i>1</i>

THE HEIGHTS PRIMARY SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2015

22. PENSIONS AND SIMILAR OBLIGATIONS (CONTINUED)

The estimated value of employer contributions for the year ended 31 August 2016 is £19,000.

The history of experience adjustments is as follows:

	2015	<i>2014</i>
	£'000	<i>£'000</i>
Present value of defined benefit obligations	(40)	<i>(1)</i>
Fair value of share of scheme assets	<u>26</u>	<u><i>1</i></u>
Deficit in the scheme	<u>(14)</u>	<u><i>-</i></u>

