

Registered number: 08334593 (England and Wales)

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

---

**CONTENTS**

---

	Page
Reference and administrative details	1
Report of the Governors (incorporating the Strategic Report)	2 - 8
Governance statement	9 - 12
Statement on regularity, propriety and compliance	13
Statement of Governors' responsibilities	14
Independent auditor's report on the financial statements	15 - 17
Independent reporting accountant's assurance report on regularity	18 - 19
Statement of financial activities incorporating income and expenditure account	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23 - 43

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Members**

Matthew Gale  
Polly Grove  
Susan Jones  
Zoltan Markella  
Sean McCarthy  
Daniel Pagella  
Ruth Rosewell

**Governors**

Jane Borgeaud  
Karen Edwards, Head Teacher  
Matthew Gale  
Linda Glithro  
Barnaby Smith  
Esme Tiplady  
Wenei Wang  
Nicholas Walden  
Emma Sanigar (appointed 23 March 2017)

**Company registered number**

08334593

**Company name**

The Heights Primary School

**Principal and registered office**

82 Gosbrook Road, Caversham, Reading, Berkshire, RG4 8BH

**Company secretary**

Catherine Keetch

**Senior management team**

Karen Edwards, Headteacher  
Emma Fallon, Assistant Headteacher  
Caroline Hoyle, Business Manager

**Independent auditor**

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**  
**(A company limited by guarantee)**

---

**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

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

The financial statements have been prepared in accordance with the accounting policies on pages 22-24 of the financial statements, and comply with the Company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Charities SORP (FRS 102) 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 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.

**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**

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 two parent governors and the Academy Trust has appointed one further governor. During the period 2016/1017 a staff Governor was elected.

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.

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**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.

**Organisational structure**

The structure of the Trust consists of two 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 six weeks, and no less frequently than three 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:

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

**Pay policy for key management personnel**

Pay and remuneration of key management personnel is determined by a variety of contributory factors, such as; the school group size, Internal Schools Review, the pay scales for each role e.g. Head, Deputy or Assistant Head, and the level of experience of the staff member. In addition to this, levels of pay may be affected by any nationally agreed pay awards, the ability to recruit key management personnel and retain them in post, which all coincides with the school's appointment and pay policies. All amendments to key management personnel's pay and remuneration are discussed and agreed by the Governing Body.

Following the year end the Governors have appointed a pay review panel. This panel, which comprises a number of Governors, will scrutinise and approve, or otherwise, all pay awards for staff within the Academy Trust, except for the Headteacher, who has separate arrangements as part of their performance management

**Connected Organisations, including Related Party Relationships**

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

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Objects and aims**

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 academic year 2016 to 2017:

- The review and implementation of the five year Strategic Targets adopted during 2016/17. These are for the school to become an inspirational, inclusive, outstanding school for and in the heart of the Caversham Heights community, to ensure the growth of the school to its full capacity and to ensure the smooth transition from the temporary to a permanent site;
- Development and implementation of the School Development Plans for 2016/17 and 2017/18;
- Refinement of the staffing structure for when the school is operating at full capacity to ensure that appointments in the interim are affordable and sustainable;
- Continuing to work with the ESFA, 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);
- Working with the ESFA and Borough Council to expand the school's temporary accommodation to enable safe operation of the school in its temporary location until it moves to its permanent site;
- Recruitment of sufficient high quality staff to enable expansion of the school by two forms in September 2018;
- 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 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**  
**(A company limited by guarantee)**

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Strategic report**

**Achievements and performance**

In May 2017 The Heights Primary School achieved an Outstanding rating following inspection by Ofsted. This was the school's first inspection.

The Heights Primary School achieved, in July 2017, almost all the ambitious academic targets set for its Reception and KS1 children at the beginning of the academic year. The vast majority of other targets set within the Academy's School Development Plan, to be delivered during the period, were also achieved.

Four high quality staff have been recruited for the expansion of the school by two forms in September 2017. The school successfully recruited 50 children for the 2017/18 Reception class, 92% of whom are from within the school's stated catchment area, notwithstanding the fact that the school is temporarily sited outside this area. Years 1 and 2 and 3 are also full, while Year 4 has grown to 22 pupils from just 17 in September 2016

**Key performance indicators and financial review**

**Restricted General Fund**

The Academy's Restricted General Fund income was received almost entirely through the Education and Skills Funding Agency's (ESFA) 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 £910,473 (2016: £732,370); expenditure against the fund after transfers was £957,440 (2016: £839,843).

**Restricted Fixed Asset Fund**

The Restricted Fixed Asset fund records income of £145,350 (2016: £608,920). Total expenditure for the period from the Restricted Fixed Asset Fund after transfers is £158,346 (2016: £508,483). This expenditure relates to depreciation on fixed assets, construction and infrastructure costs, so has been appropriately treated as capital expenditure. The carry forward balance of £365,507 (2016: £369,386), represents the value of fixed assets, a small amount of deferred income and 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.

**Summary of Financial Performance**

Fund balances as at 31 August 2017 totalled £316,863 (2016: £417,255). This is comprised of Unrestricted Funds of £37,276 (2016: £57,822), Restricted General Funds of deficit £85,920 (2016: deficit £9,953), and Restricted Fixed Asset Funds of £365,507 (2016: £369,386).

**Balance Sheet**

Cash in hand at 31 August 2017 was £149,574 (2016: £60,053).

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Financial and Risk Management objectives and policies**

enter text hereThe 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 along with the risks and uncertainties associated with being based on a temporary site.

**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 selected permanent site at Mapledurham Playing Fields, and the timeframe within which the school needs to move into the site and is working with the ESFA to minimise the consequences and impact of this.

An analysis of potential risks has been completed. Each risk has been recorded in a register and a rating mechanism applied which allows the Academy Trust to direct greater emphasis towards those risks with a higher score (as identified by the rating mechanism).

The majority of risks identified on the risk register are low risks, as a result of steps taken by the Academy Trust such as:

- implementing policies and procedures to minimize financial risks, including budget management and forecasting procedures;
- the procurement of adequate insurance cover;
- investing in staff training and continuing professional development;
- a clear and regularly reviewed School Development Plan to ensure good educational outcomes for pupils;
- policies and procedures which protect staff, students and the Academy Trust, and reduce the risk of safeguarding failures.

The Principal risks identified by the governors in the risk review were:

- That the ESFA may fail to secure a permanent site for the School by September 2018. The Members of the Academy Trust working with the Governors and Headteacher have sought to minimise the impact of this risk by working closely with the ESFA on an offer to purchase land at Mapledurham Playing Fields.
- Due to the above risk regarding a permanent site there is a further risk that the School will not only have to stay on its temporary site beyond September 2018, but seek further temporary accommodation close to the existing temporary site. The Governors and Headteacher are working closely with RBC and other local stakeholders to manage the implications of this and identify possible additional temporary locations.

**Reserves Policy**

The Heights Primary School recognizes 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 ESFA. It is the Trust's ambition to have one term's operational expenditure in reserve, plus further contingency. 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.

The Governing body understand that the Academy Trust needs to maintain an appropriate level of reserves to provide sufficient capital to cover delays between spending and receipt of income from the available funding



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

streams, to fund capital projects or to provide for unexpected expenditure and emergencies.

The level of general revenue reserves held on 31st August 2017:

Unrestricted	£37,276
Restricted General Fund	(£85,920)
Restricted Fixed Assets	£365,507

The reserves policy set by the Governors states that the level of reserves appropriate for each of the funds noted are as follows:

Unrestricted	£30,000
Restricted General Fund	£92,000
Restricted Fixed Assets	£258,290

The funds in the Restricted Fund are below where the reserves policy would indicate they should be. Much of the shortfall is accounted for by the £148,000 of LGPS pension liability. The Governors will address this shortfall by seeking to make small incremental surpluses year on year.

**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 2017 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 ESFA 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, Fixtures & Fittings 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 ESFA 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**  
(A company limited by guarantee)

---

**GOVERNORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

---

**Disclosure of information to auditor**

Insofar as the Governors are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Governors have taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Governors' report was approved by order of the board of trustees, as the company directors, on 7/12/2017 and signed on its behalf by:



**Nicholas Walden**  
Chair of Governors



**Karen Edwards**  
Accounting Officer

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

---

**GOVERNANCE STATEMENT**

---

**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 board of trustees has delegated the day-to-day responsibility to the Principal, 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 board of trustees 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 board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Jane Borgeaud	4	4
Karen Edwards	4	4
Matthew Gale	3	4
Linda Glithro	4	4
Barnaby Smith	4	4
Esme Tiplady	2	4
Wenei Wang	0	0
Nicholas Walden	4	4
Emma Sanigar	2	2

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. It will, in future meet five times per year. 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:

Governor	Meetings attended	Out of a possible
Jane Borgeaud	4	5
Karen Edwards	5	5
Matthew Gale	5	5
Barnaby Smith	4	5
Nicholas Walden	4	5

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**GOVERNANCE STATEMENT (continued)**

---

**Governance Review**

The governing body undertakes a formal review of governance at the start of each academic year, including a specific review of its impact during the previous academic year. Progress against the School Development Plan is used to complete the review along with all other pertinent documentation such as details of academic results, Headteacher's reports, minutes of governing body meetings and link visit reports. This confirmed that the governing body had made a significant contribution to the performance of the school in relation to both strategy and operation. This view was confirmed by the Ofsted Inspection in May 2017, which rated all aspects of Leadership and Management as outstanding.

**Review of Value for Money**

As Accounting Officer, the Principal has responsibility for ensuring that the academy 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 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**

During the academic year 2016 - 2017 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), Year 1 phonics threshold and end of Key Stage 1 national assessments. Attainment was at least in line with comparable schools in Caversham.

A small amount of Pupil Premium was received during the financial year. The pupils eligible for this funding achieved very good results, with the majority achieving in line with, or above, pupils nationally who are not eligible for Pupil Premium.

By continuing to recruit outstanding practitioners, both in the form of teachers and teaching assistants, the school has built on the excellent standards of progress and attainment achieved in earlier years. This work was supported by excellent, targeted continuing professional development of all staff and with the support of key specialists in certain areas.

The above educational outcomes and performance were confirmed by the Outstanding rating achieved in the Academy's first formal Ofsted inspection.

**Continued Improvements to Financial Systems and Procedures**

The Academy took the decision to purchase budgeting software in order to improve the accuracy and timely delivery of budgets and financial forecasts. This new software improved the delivery process for the budget for the financial year 2017/2018 and it anticipated that financial forecasts will be produced much more quickly and easily as the system is linked to the Academy's finance system

During the period in question forecasts were produced from the finance system using MS Excel which indicated towards year-end that the academy would approximately break-even with regard to the Restricted Fund, this is indeed what happened.

The Academy has continued to make use of framework procurement agreements where appropriate to ensure



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

---

**GOVERNANCE STATEMENT (continued)**

---

value for money during the purchasing process.

As the Academy moves nearer to occupying its permanent site the Governing Body recognizes the importance of value for money procurement compliant with all necessary legislation and will take steps to ensure that strong oversight of the procurement process is maintained.

Crowe Clarke Whitehill LLP, the Trust's external auditors, have continued to provide an internal audit function. Three visits were undertaken during the accounting period and any suggested improvements to systems have been implemented by the Academy.

### **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 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 Heights Primary School for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Crowe Clark Whitehill LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy'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 ESFA
- Purchase ledger review
- Purchase controls

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

**GOVERNANCE STATEMENT (continued)**

---

- Credit card expenditure

On a termly basis, the auditor reports to the board of trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

**Review of Effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

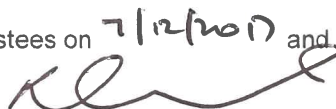
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 7/12/2017 and signed on their behalf, by:



**Nicholas Walden**  
Chair of Trustees



**Karen Edwards**  
Accounting Officer



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

---

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

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

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



Accounting Officer

7/12/2017

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

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

Company law requires the 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 its incoming resources and application of resources, including its income and expenditure, 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 of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 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 board of trustees on 7/12/2017 and signed on its behalf by:

N.I. Wan

**Chair of Trustees**

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HEIGHTS PRIMARY SCHOOL**

---

### **Opinion**

We have audited the financial statements of The Heights Primary School for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

### **Basis of opinion**

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

### **Conclusions relating to going concern**

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

- the Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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.

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HEIGHTS PRIMARY SCHOOL**

---

**Other information**

The Governors 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 information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Governors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report..

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the trustees annual report; and taken advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the trustees annual report.

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE  
HEIGHTS PRIMARY SCHOOL**

---

**Responsibilities of trustees**

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors 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 Governors either intend to liquidate the academy's or to cease operations, or have no realistic alternative but to do so.

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

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

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



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

Date: 18.12.17



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

In accordance with the terms of our engagement letter dated 7 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Heights Primary School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Heights Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Heights Primary School 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 Heights Primary School and the ESFA, for our 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 for Education dated April 2014, and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE  
HEIGHTS PRIMARY SCHOOL AND THE EDUCATION AND SKILLS 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 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe Clark Whitehill LLP

**Crowe Clark Whitehill LLP**

Statutory Auditor

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

Date: 18.12.17

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>						
Donations and capital grants	2	6,000	18,818	145,350	170,168	627,274
Charitable activities:	3					
Funding for the free school's educational operations		-	872,574	-	872,574	702,972
Other trading activities	4	-	19,081	-	19,081	11,044
<b>Total income</b>		<b>6,000</b>	<b>910,473</b>	<b>145,350</b>	<b>1,061,823</b>	<b>1,341,290</b>
<b>Expenditure on:</b>						
Free school educational operations		24,849	953,899	154,467	1,133,215	1,315,782
<b>Total expenditure</b>	5	<b>24,849</b>	<b>953,899</b>	<b>154,467</b>	<b>1,133,215</b>	<b>1,315,782</b>
<b>Net income / (expenditure) before transfers</b>		<b>(18,849)</b>	<b>(43,426)</b>	<b>(9,117)</b>	<b>(71,392)</b>	<b>25,508</b>
Transfers between Funds	15	(1,697)	(3,541)	5,238	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>	7	<b>(20,546)</b>	<b>(46,967)</b>	<b>(3,879)</b>	<b>(71,392)</b>	<b>25,508</b>
Actuarial losses on defined benefit pension schemes	21	-	(29,000)	-	(29,000)	(39,000)
<b>Net movement in funds</b>		<b>(20,546)</b>	<b>(75,967)</b>	<b>(3,879)</b>	<b>(100,392)</b>	<b>(13,492)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		57,822	(9,953)	369,386	417,255	430,747
<b>Total funds carried forward</b>		<b>37,276</b>	<b>(85,920)</b>	<b>365,507</b>	<b>316,863</b>	<b>417,255</b>

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)  
REGISTERED NUMBER: 08334593

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

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Tangible assets	11		104,947		127,889
<b>Current assets</b>					
Debtors	12	461,017		355,441	
Cash at bank and in hand		149,574		60,053	
		<u>610,591</u>		<u>415,494</u>	
<b>Creditors:</b> amounts falling due within one year	13	(250,675)		(53,128)	
<b>Net current assets</b>			359,916		362,366
<b>Total assets less current liabilities</b>			<u>464,863</u>		<u>490,255</u>
Defined benefit pension scheme liability	21	(148,000)		(73,000)	
<b>Net assets including pension scheme liabilities</b>			<u>316,863</u>		<u>417,255</u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	15	62,080		63,047	
Restricted fixed asset funds	15	365,507		369,386	
Restricted income funds excluding pension liability		427,587		432,433	
Pension reserve		(148,000)		(73,000)	
Total restricted income funds			279,587		359,433
Unrestricted income funds	15		37,276		57,822
<b>Total funds</b>			<u>316,863</u>		<u>417,255</u>

The financial statements on pages 20 to 43 were approved by the Governors, and authorised for issue, on 7 Dec 2017 and are signed on their behalf, by:

**Chair of Trustees**

N. J. Wain

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	17	<u>(36,442)</u>	<u>(677,175)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from the sale of tangible fixed assets		2,365	-
Purchase of tangible fixed assets		(21,752)	(62,564)
Capital grants from DfE/ESFA		<u>145,350</u>	<u>608,920</u>
<b>Net cash provided by investing activities</b>		<u>125,963</u>	<u>546,356</u>
<b>Change in cash and cash equivalents in the year</b>		<b>89,521</b>	<b>(130,819)</b>
Cash and cash equivalents brought forward		<u>60,053</u>	<u>190,872</u>
<b>Cash and cash equivalents carried forward</b>	18	<u><u>149,574</u></u>	<u><u>60,053</u></u>

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

The Heights Primary School constitutes a public benefit entity as defined by FRS 102.

**1.2 Charity Information**

The principal activity of The Heights Primary is 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 school is an exempt charity and a company limited by guarantee (company number: 08334593). It is incorporated and domiciled in the UK. The address of the registered office is 82 Gosbrook Road, Caversham, Reading, Berkshire, RG4 8BH.

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

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**1. Accounting Policies (continued)**

**1.4 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

**1.5 Expenditure**

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

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



---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**1. Accounting Policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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 incorporating income and expenditure account.

It is the Academy Trust's policy to transfer any amounts in the Unrestricted Fund that have been spent on capitalised fixed assets to the Restricted Fixed Asset Fund. This policy has been formally approved, minuted and adopted by the Governing Body.

**1.7 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

**1.8 Debtors**

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

**1.9 Cash at Bank and in hand**

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

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

**1. Accounting Policies (continued)**

**1.10 Liabilities and provisions**

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

**1.11 Financial instruments**

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

*Financial assets* - trade debtors, other debtors and accrued income are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. The pension deficit is measured at fair value.

**1.12 Taxation**

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

**1.13 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

**1. Accounting Policies (continued)**

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

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

**1.14 Fund accounting**

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

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

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

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**1. Accounting Policies (continued)**

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

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Other than the LGPS noted above, the Trustees consider that there are no other material judgements in applying accounting policies or key sources of estimation uncertainty.

**1.16 Charity Information**

The principal activity of the Heights Primary is 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 school is an exempt charity and a company limited by guarantee (company number: 08334593). It is incorporated and domiciled in the UK. The address of the registered office is 82 Gosbrook Road, Caversham, Reading, Berkshire, RG4 8BH.

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
PTFA donation	-	15,945	15,945	16,758
Other donations	6,000	2,873	8,873	1,596
Capital grants	-	145,350	145,350	608,920
	<u>6,000</u>	<u>164,168</u>	<u>170,168</u>	<u>627,274</u>
Total 2016	<u>-</u>	<u>627,274</u>	<u>627,274</u>	

**3. Funding for the Free School's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	773,135	773,135	591,010
Other ESFA grants	-	7,400	7,400	4,562
Post opening grants	-	40,500	40,500	54,000
Local authority grant	-	51,539	51,539	53,400
	<u>-</u>	<u>872,574</u>	<u>872,574</u>	<u>702,972</u>
Total 2016	<u>-</u>	<u>702,972</u>	<u>702,972</u>	

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Trip Income	-	5,212	5,212	3,956
Other Income	-	13,869	13,869	7,088
	<u>-</u>	<u>19,081</u>	<u>19,081</u>	<u>11,044</u>
Total 2016	<u>-</u>	<u>11,044</u>	<u>11,044</u>	

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

**5. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Funding for the free school's educational operations:					
Direct costs	580,716	42,083	17,679	640,478	496,673
Support costs	144,905	105,570	242,262	492,737	819,109
	<u>725,621</u>	<u>147,653</u>	<u>259,941</u>	<u>1,133,215</u>	<u>1,315,782</u>
Total 2016	<u>554,279</u>	<u>556,445</u>	<u>205,058</u>	<u>1,315,782</u>	

**6. Analysis of expenditure by activities**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Funding for the free school's educational operations	640,478	492,737	1,133,215	1,315,782
Total 2016	<u>496,673</u>	<u>819,109</u>	<u>1,315,782</u>	

**Analysis of support costs**

	Total 2017 £	Total 2016 £
Staff costs	144,905	111,276
Temporary site construction	108,498	529,560
Education support	47,485	31,556
Marketing	964	1,650
Professional services	19,848	12,852
Insurance	3,864	2,875
Office costs	53,533	53,506
Other support costs	99,193	60,277
Governance costs	14,447	15,557
	<u>492,737</u>	<u>819,109</u>
Total 2016	<u>819,109</u>	



---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

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

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charity	42,083	31,107
Auditor's remuneration - audit	8,430	8,190
Auditor's remuneration - other services	2,575	4,380
Loss on disposal of fixed assets	249	1,875
Operating lease rentals	89,271	71,250
	<u>          </u>	<u>          </u>

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**8. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	555,659	440,370
Social security costs	37,309	25,508
Operating costs of defined benefit pension schemes	132,653	88,401
	<u>725,621</u>	<u>554,279</u>

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

	2017 No.	2016 No.
Teaching staff	9	6
Administration and support	24	18
Management	3	2
	<u>36</u>	<u>26</u>

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

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

Retirement benefits are accruing for the one (2016: one) higher paid employee. Contributions in the year totalled £11,841 (2016: £11,479).

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) received by key management personnel for their services to the academy trust was £133,591 (2016: 115,174).

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

**9. Governors' remuneration and expenses**

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

		2017 £	2016 £
K Edwards (Headteacher and Governor)	Remuneration	70,000-75,000	65,000-70,000
	Pension contributions paid	10,000-15,000	10,000-15,000
E Sanigar (Staff Governor)	Remuneration	20,000-25,000	20,000-25,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2017, a total of £219.59 (2016 - £15.55) of reimbursed expenses were paid to two Governors were (2016: one). These were for travel, classroom resources and staffroom crockery.

**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.

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

**11. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	21,873	10,998	47,416	99,222	179,509
Additions	-	1,697	7,431	12,624	21,752
Disposals	-	-	-	(6,470)	(6,470)
At 31 August 2017	21,873	12,695	54,847	105,376	194,791
<b>Depreciation</b>					
At 1 September 2016	4,398	1,527	10,111	35,584	51,620
Charge for the year	5,468	1,227	9,841	25,547	42,083
On disposals	-	-	-	(3,859)	(3,859)
At 31 August 2017	9,866	2,754	19,952	57,272	89,844
<b>Net book value</b>					
At 31 August 2017	12,007	9,941	34,895	48,104	104,947
At 31 August 2016	17,475	9,471	37,305	63,638	127,889

**12. Debtors**

	2017 £	2016 £
Trade debtors	1,297	2,745
Other debtors	45,583	23,177
Prepayments and accrued income	414,137	329,519
	<u>461,017</u>	<u>355,441</u>

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

	2017 £	2016 £
Trade creditors	183,272	1,275
Other taxation and social security	11,477	10,476
Other creditors	4,558	791
Accruals and deferred income	51,368	40,586
	<u>250,675</u>	<u>53,128</u>

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**13. Creditors: Amounts falling due within one year (continued)**

	2017 £	2016 £
<b>Deferred income</b>		
Deferred income at 1 September 2016	25,731	184,007
Resources deferred during the year	38,979	25,731
Amounts released from previous years	(25,731)	(184,007)
	<u>38,979</u>	<u>25,731</u>
Deferred income at 31 August 2017	<u>38,979</u>	<u>25,731</u>

Deferred income relates to the ESFA income relating to the financial period ended 31 August 2018.

**14. Financial instruments**

	2017 £	2016 £
Financial assets measured at amortised cost	<u>444,326</u>	<u>330,767</u>
Financial liabilities measured at fair value through income and expenditure	148,000	73,000
Financial liabilities measured at amortised cost	<u>201,287</u>	<u>126,128</u>
	<u>349,287</u>	<u>199,128</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and accrued income.

Financial liabilities measured at fair value through income and expenditure comprise of the pension scheme deficit.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

Financial liabilities held at amortised cost give rise to interest expense of £nil (2016: £372)

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

**15. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General Funds - all funds	57,822	6,000	(24,849)	(1,697)	-	37,276
<b>Restricted funds</b>						
General Annual Grant (GAG)	63,047	910,473	(907,899)	(3,541)	-	62,080
Pension reserve	(73,000)	-	(46,000)	-	(29,000)	(148,000)
	(9,953)	910,473	(953,899)	(3,541)	(29,000)	(85,920)
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	241,497	145,350	(112,384)	(13,903)	-	260,560
Fixed assets	127,889	-	(42,083)	19,141	-	104,947
	369,386	145,350	(154,467)	5,238	-	365,507
Total restricted funds	359,433	1,055,823	(1,108,366)	1,697	(29,000)	279,587
Total of funds	417,255	1,061,823	(1,133,215)	-	(29,000)	316,863



**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

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

**Statement of funds - prior year**

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
<b>Unrestricted funds</b>						
General Funds - all funds	64,278	-	(5,133)	(1,323)	-	57,822
	<u>64,278</u>	<u>-</u>	<u>(5,133)</u>	<u>(1,323)</u>	<u>-</u>	<u>57,822</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	111,520	732,370	(766,184)	(14,659)	-	63,047
Pension reserve	(14,000)	-	(20,000)	-	(39,000)	(73,000)
	<u>97,520</u>	<u>732,370</u>	<u>(786,184)</u>	<u>(14,659)</u>	<u>(39,000)</u>	<u>(9,953)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	170,642	608,920	(493,358)	(44,707)	-	241,497
Fixed assets	98,307	-	(31,107)	60,689	-	127,889
	<u>268,949</u>	<u>608,920</u>	<u>(524,465)</u>	<u>15,982</u>	<u>-</u>	<u>369,386</u>
Total restricted funds	<u>366,469</u>	<u>1,341,290</u>	<u>(1,310,649)</u>	<u>1,323</u>	<u>(39,000)</u>	<u>359,433</u>
Total of funds	<u>430,747</u>	<u>1,341,290</u>	<u>(1,315,782)</u>	<u>-</u>	<u>(39,000)</u>	<u>417,255</u>

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

**Restricted Fixed Asset Fund**

The Restricted Fixed Asset fund records income of £145,350. Total expenditure for the period from the Restricted Fixed Asset Fund is £154,467, which relates to depreciation and grants spent on assets not capitalised. Gains, losses and transfers relate to capital additions and losses on disposal of fixed assets from the general annual grant and unrestricted funds. The carry forward balance of £365,507. Therefore, represents capital funding secured but not yet spent of £260,560, and the net book value of tangible fixed assets of £104,947. The transfer from the Restricted General Fund represents capital additions purchased from unrestricted funds and GAG income.

**Restricted General Fund**

The Academy's Restricted General Fund income is primarily ESFA grants (including GAG), which must be used to meet the cost of running The Heights Primary School.

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

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

**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 transfer from unrestricted funds represents assets purchased and transferred to the restricted fixed asset fund.

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

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	104,947	104,947
Current assets	37,276	312,755	260,560	610,591
Creditors due within one year	-	(250,675)	-	(250,675)
Provisions for liabilities and charges	-	(148,000)	-	(148,000)
	<u>37,276</u>	<u>(85,920)</u>	<u>365,507</u>	<u>316,863</u>

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	127,889	127,889
Current assets	57,822	116,175	241,497	415,494
Creditors due within one year	-	(53,128)	-	(53,128)
Provisions for liabilities and charges	-	(73,000)	-	(73,000)
	<u>57,822</u>	<u>(9,953)</u>	<u>369,386</u>	<u>417,255</u>

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

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

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(71,392)	25,508
<b>Adjustment for:</b>		
Depreciation charges	42,083	31,107
Loss on the sale of fixed assets	246	1,875
(Increase)/decrease in debtors	(105,576)	30,519
Increase/(decrease) in creditors	197,547	(177,264)
Capital grants from DfE and other capital income	(145,350)	(608,920)
Net defined benefit pension scheme costs	46,000	20,000
<b>Net cash used in operating activities</b>	<b>(36,442)</b>	<b>(677,175)</b>

**18. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand and at bank	149,574	60,053
<b>Total</b>	<b>149,574</b>	<b>60,053</b>

**19. 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 2017.

**20. Capital commitments**

At 31 August 2017 there were capital commitments of £Nil, (2016: £Nil).

---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**21. Pension commitments**

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal County of Berkshire Pension Fund. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2016.

Contributions amounting to £nil were payable to the schemes at 31 August 2017 (2016 - 176) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £55,795 (2016 - £40,290).

---

**THE HEIGHTS PRIMARY SCHOOL**  
**(A company limited by guarantee)**

---

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

---

**21. Pension commitments (continued)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £41,051 (2016 - £37,610), of which employer's contributions totalled £30,858 (2016 - £28,111) and employees' contributions totalled £10,193 (2016 - £9,499). The agreed contribution rates for future years are 17.6% for employers and 5.5 - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %
Inflation assumption (RPI)	3.60 %	3.20 %

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

	2017	2016
Retiring today		
Males	23.0	22.9
Females	25.1	26.2
Retiring in 20 years		
Males	25.2	25.2
Females	27.4	28.5

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

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

**21. Pension commitments (continued)**

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	45,000	33,000
Gilts	-	1,000
Corporate bonds	14,000	9,000
Property	12,000	9,000
Cash and other liquid assets	10,000	3,000
Target return portfolio	5,000	11,000
Commodities	2,000	2,000
Infrastructure	6,000	3,000
Longevity insurance	(4,000)	(3,000)
	<u>90,000</u>	<u>68,000</u>
Total market value of assets	<u>90,000</u>	<u>68,000</u>

The actual return on scheme assets was £7,000 (2016 - £5,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Service cost	(74,000)	(48,000)
Admin expenses	(1,000)	-
	<u>(75,000)</u>	<u>(48,000)</u>
Total	<u>(75,000)</u>	<u>(48,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	141,000	40,000
Current service cost	74,000	48,000
Interest cost	3,000	2,000
Employee contributions	10,000	9,000
Actuarial losses	11,000	42,000
Estimated benefits paid net of transfers in	(1,000)	-
	<u>238,000</u>	<u>141,000</u>
Closing defined benefit obligation	<u>238,000</u>	<u>141,000</u>



---

**THE HEIGHTS PRIMARY SCHOOL**  
(A company limited by guarantee)

---

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

---

**21. Pension commitments (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	68,000	26,000
Interest income	2,000	2,000
Actuarial gains/(losses)	(18,000)	3,000
Employee contributions	10,000	9,000
Benefits paid	(1,000)	-
Employer contributions	29,000	28,000
	<hr/>	<hr/>
Closing fair value of scheme assets	90,000	68,000
	<hr/> <hr/>	<hr/> <hr/>

**22. Operating lease commitments**

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	155,000	89,271
Between 1 and 5 years	-	178,396
	<hr/>	<hr/>
Total	155,000	267,667
	<hr/> <hr/>	<hr/> <hr/>

**23. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

**24. Related party transactions**

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

During the year ended 31 August 2017 the school paid £600 to Edwards Landscaping for services (2016: £nil), no amounts were outstanding at the year end. The company is run by the spouse of K Edwards (Headteacher).

In entering into these transactions the Academy has complied with the requirements of the ESFA's Academies Financial Handbook.

