

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

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
Wenfei Wang
Nicholas Walden
Emma Sanigar

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 U.K. LLP, Aquis House, 49-51 Blagrove Street, Reading, Berkshire, RG1 1PL

Bankers

Lloyds Bank, 24 Broad Street, Reading, Berkshire, RG1 2BT

THE HEIGHTS PRIMARY SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018.

The financial statements have been prepared in accordance with the accounting policies on pages 23-27 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 a staff Governor, and the Academy Trust has appointed one further governor. The Heights Primary School intend to elect one further parent Governor in the period 2018/2019.

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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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
- Review and approve pay awards for teaching and support staff

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.

A pay review panel is appointed annually by the governing body. The purpose of this panel is to 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018:

- 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;
- The development and implementation of the School Development Plans for 2017 to 2018 and 2018 to 2019
- 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.

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018, 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 2018. The school successfully recruited 50 children for the 2018/19 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, 2, 3 and 4 are also full, while Year 5 has grown to 25 pupils between September 2017 and July 2018

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 £1,147,300 (2017: £910,473); expenditure against the fund after transfers was £1,207,769 (2017: £957,440).

Restricted Fixed Asset Fund

The Restricted Fixed Asset fund records income of £6,156 (2017: £145,350). Total expenditure for the period from the Restricted Fixed Asset Fund after transfers is £212,720 (2017: £158,346). 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 £227,648 (2017: £365,507), represents the value of fixed assets, a small amount of carried forward balance and capital funding secured but not yet spent.

Unrestricted Fund

The Unrestricted Fund was initially created during the 2014/2015 year with monies from a £70,000 one-off grant secured from Reading Borough Council. The grant was given 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. During the period the Unrestricted Fund also recorded income of £9,041 (2017: £6,000) and expenditure of £9,247 (£24,849).

Summary of Financial Performance

Fund balances as at 31 August 2018 totalled £139,318 (2017: £316,863). This is comprised of Unrestricted Funds of £22,569 (2017: £37,276), Restricted General Funds of deficit £110,899 (2017: deficit £85,920), and Restricted Fixed Asset Funds of £227,648 (2017: £365,507).

Balance Sheet

Cash in hand at 31 August 2018 was £87,084 (2017: £149,574).

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial and Risk Management objectives and policies

The objective of the Academy's risk management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken, if required, including external insurance. The Governing Body has a comprehensive risk management process to identify and monitor the risks faced by the Academy. The financial risks considered include: economic / financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial/ statutory requirements 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 specific risks 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 DFE and Reading Borough Council (RBC) 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 DFE may fail to deliver a new school on a permanent site for the Academy Trust by September 2020. 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 DFE on a proposal to construct a school on land purchased for this purpose at Mapledurham Playing Fields.
- The Governors and Headteacher are working closely with RBC and other local stakeholders to manage the implications of the afore mentioned risk

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

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The level of reserves held on 31st August 2018 were as follows:

Unrestricted	£22,569
Restricted General Fund	(£110,899)
Restricted Fixed Assets	£227,648

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 £150,000 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 2018 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.

Fundraising

The Academy Trust does not engage in large scale fundraising involving direct mailing potential donors, collecting cash in the street or running a lottery or raffle, or by paying a fundraiser. As a general rule the Academy Trust does not seek to raise significant revenues by holding fund raising events, or ask parents or the general public to contribute directly to fundraising activities.

However, should the Academy Trust seek to raise funds from direct contact with the general public the Trust would do so in a manner which conforms to Charity Fundraising Guidelines published by the Charities Commission and to the Charities (Protection and Social Investments) Act 2016.

Any fundraising by the Academy Trust is likely to take the form of a small scale event during the school day or immediately afterwards. From time to time the school may ask parents for direct contributions towards particular resources, such as library books, however potential donors would never be chased or pressured to take part in any such fundraising event or activity.

During the period 2017-2018 a small number of fundraising events were held by specific year groups to raise funds that were used to reduce the overall cost of school trips, where a parental contribution would be sought. A small amount of money for books was also raised through voluntary contributions via the school's online payment system (Parentpay).

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GOVERNORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising during the period:

Year 1 Ice Lolly Sales to support Year 1 trip	£142.39
Year 1 Rock Sales to support Year 1 trip	£84.50
Year 2 Pirate Fair to support trip in 2018-19	£230.50
Year 4 Cream Tea to support Year 4 trip	£111.50
Donations towards library books via Parentpay	£149.00
Total Funds raised	£717.89

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.


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.

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

The Governors' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6/12/2018 and signed on its behalf by:


Nicholas Walden
Chair of Governors


Karen Edwards
Accounting Officer

THE HEIGHTS PRIMARY SCHOOL
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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 Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Heights Primary School and the Secretary of State for Education. They are also responsible for reporting to the 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	3	4
Karen Edwards	4	4
Matthew Gale	4	4
Linda Glithro	4	4
Barnaby Smith	3	4
Esme Tiplady	3	4
Wenfei Wang	1	4
Nicholas Walden	4	4
Emma Sanigar	4	4

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 four 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	3	4
Karen Edwards	4	4
Matthew Gale	3	4
Barnaby Smith	4	4
Nicholas Walden	3	4

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GOVERNANCE STATEMENT (continued)

Governance Review

The governing body undertook a formal review of governance in October 2018 including a specific review of its impact during the 2016/17 academic year. This confirmed that the governing body has continued to make a significant contribution to the performance of the school in relation to both strategy and operation.

An external review has been sought by the Governors and will be led by a member of RBC's School Improvement team on 5th November 2018.

Review of Value for Money

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

Educational Outcomes

During the academic year 2017 - 2018 the Headteacher was able to ensure that a very large majority of children achieved at least good or better educational outcomes.

Attainment far exceeded the Local Authority & national averages in EYFS (reception) for Reading, Writing and Maths, the 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. The School has continued to recruit and develop outstanding practitioners, both in the form of teachers and teaching assistants and has built on the excellent standards of progress and attainment achieved in earlier years. Practitioners' work has been supported by very targeted continuing professional development, led by specialists in different areas.

Following the Outstanding rating achieved in the Academy's first formal Ofsted inspection in May 2017, the school has maintained its strong performance and educational outcomes for pupils.

Continued Improvements to Financial Systems and Procedures

During the period the Academy implemented a new purchase requisition system linked to the finance system. This system allows all staff to raise purchase requisitions which are approved within the system by budget holders. The budget limits held within the finance system are applied in real time and the approval rules defined in the financial procedures manual have been mapped to the new system. This has led to greater efficiencies in the finance department with regard to the processing of requisition requests and invoices. The system also allows for improved and more transparent budget management.

The budget software purchased in the previous period has, as predicted, allowed for the easier production of forecast reports. Current expenditure and income values can be transferred from the finance system to the budget software so that forecast and variances with budget can be examined. The production of forecasts is, therefore, faster and more accurate. For most of the financial year the forecasts produced suggested that the school would perform slightly better than budget but with an in-year deficit in the Unrestricted Fund. This is indeed the outcome at the end of the period.

The Academy has continued to make use of framework procurement agreements where appropriate to ensure value for money during the purchasing process.

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GOVERNANCE STATEMENT (continued)

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 U.K. 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.

Devolved Budget Management

The use of devolved departmental budgets continues. The new purchase requisition system means that budget holders are able to view overall budget positions taken directly from the finance system.

Staffing

While the Academy has been able to retain the majority of its high quality teaching and support staff, deployment of staff and staffing levels during the year were continually reviewed by the Headteacher and the governing body. Staffing is the single largest area of expense, so, in the current funding climate a key aspect of financial control within the Academy is to constantly review staffing levels with regard to the in-year financial position and budget planning for future years.

While the governing body has, currently, adopted a staffing structure for when the school is operating at full capacity this is continually reviewed to ensure that appointments in the interim are affordable and sustainable.

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 2017 to 31 August 2018 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 2017 to 31 August 2018 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 board 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.

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GOVERNANCE STATEMENT (continued)

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 U.K. LLP, the external auditor, to perform additional checks.

The reviewer'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 DFE
- Purchase ledger review
- Purchase controls
- Credit card expenditure

On a termly basis, the external 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.

The three visits by the school's external auditors highlighted some areas where improvements could be made. These added controls have now been implemented.

Review of Effectiveness

As Accounting Officer, the Headteacher 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 6/12/16 and signed on their behalf, by:



Nicholas Walden
Chair of Trustees



Karen Edwards
Accounting Officer

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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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

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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Governors (who 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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 6/12/2018 and signed on its behalf by:



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 (the 'academy') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 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. This description forms part of our Auditor's report.

Use of our report

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.



Janette Joyce (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP

Statutory Auditor

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

Date: 17.12.18

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 & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 7 July 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 & 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

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

Date: 17.12.18

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants	2	9,041	45,400	6,156	60,597	170,168
Charitable activities:	3					
Funding for the free school's educational operations		-	1,063,899	-	1,063,899	872,574
Other trading activities	4	223	38,001	-	38,224	19,081
Total income		<u>9,264</u>	<u>1,147,300</u>	<u>6,156</u>	<u>1,162,720</u>	<u>1,061,823</u>
Expenditure on:						
Charitable activities:						
Free school educational operations		9,247	1,193,045	189,741	1,392,033	1,133,215
Other charitable activities		-	-	232	232	-
Total expenditure	5	<u>9,247</u>	<u>1,193,045</u>	<u>189,973</u>	<u>1,392,265</u>	<u>1,133,215</u>
Net expenditure before transfers		17	(45,745)	(183,817)	(229,545)	(71,392)
Transfers between Funds	15	(14,724)	(8,255)	22,979	-	-
Net expenditure before other recognised gains and losses		(14,707)	(54,000)	(160,838)	(229,545)	(71,392)
Actuarial gains/(losses) on defined benefit pension schemes	21	-	52,000	-	52,000	(29,000)
Net movement in funds		(14,707)	(2,000)	(160,838)	(177,545)	(100,392)
Reconciliation of funds:						
Total funds brought forward		37,276	(85,920)	365,507	316,863	417,255
Total funds carried forward		<u><u>22,569</u></u>	<u><u>(87,920)</u></u>	<u><u>204,669</u></u>	<u><u>139,318</u></u>	<u><u>316,863</u></u>

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

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	11		113,754		104,947
Current assets					
Debtors	12	353,258		461,017	
Cash at bank and in hand		87,084		149,574	
		<u>440,342</u>		<u>610,591</u>	
Creditors: amounts falling due within one year	13	<u>(264,778)</u>		<u>(250,675)</u>	
Net current assets			<u>175,564</u>		<u>359,916</u>
Total assets less current liabilities			<u>289,318</u>		<u>464,863</u>
Defined benefit pension scheme liability	21		<u>(150,000)</u>		<u>(148,000)</u>
Net assets including pension scheme liabilities			<u><u>139,318</u></u>		<u><u>316,863</u></u>
Funds of the Free School					
Restricted funds:					
Restricted income fund	15	62,080		62,080	
Fixed asset fund	15	204,669		365,507	
		<u>266,749</u>		<u>427,587</u>	
Restricted funds excluding pension liability				427,587	
Pension reserve		<u>(150,000)</u>		<u>(148,000)</u>	
Total restricted funds			<u>116,749</u>		<u>279,587</u>
Unrestricted income funds	15		<u>22,569</u>		<u>37,276</u>
Total funds			<u><u>139,318</u></u>		<u><u>316,863</u></u>

The financial statements on pages 20 to 44 were approved by the Governors, and authorised for issue, on 6/14/2019 and are signed on their behalf, by:



Nicholas Walden
Chair of Governors

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	17	<u>(13,731)</u>	<u>(36,442)</u>
Cash flows from investing activities:			
Proceeds from the sale of tangible fixed assets		-	2,365
Purchase of tangible fixed assets		(54,915)	(21,752)
Capital grants from DfE/ESFA and other capital income		6,156	145,350
Net cash (used in)/provided by investing activities		<u>(48,759)</u>	<u>125,963</u>
Change in cash and cash equivalents in the year		(62,490)	89,521
Cash and cash equivalents at 1 September 2017		<u>149,574</u>	<u>60,053</u>
Cash and cash equivalents at 31 August 2018	18	<u><u>87,084</u></u>	<u><u>149,574</u></u>

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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 School 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 2018

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 2018

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
Furniture and fixtures	-	5 years
Plant and equipment	-	10 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 2018

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.

THE HEIGHTS PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

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 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 funders where the asset acquired or created is held for a specific purpose.

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

THE HEIGHTS PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018. 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.

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
PTFA donation	-	30,959	30,959	15,945
Other unrestricted donation	9,041	-	9,041	6,000
Other restricted donations	-	14,441	14,441	2,873
Capital grants	-	6,156	6,156	145,350
	9,041	51,556	60,597	<i>170,168</i>
<i>Total 2017</i>	<i>6,000</i>	<i>164,168</i>	<i>170,168</i>	

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

3. Funding for the Free School's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	975,680	975,680	773,135
Other ESFA grants	-	13,450	13,450	7,400
Post opening grants	-	27,000	27,000	40,500
Local authority grant	-	47,769	47,769	51,539
	<u>-</u>	<u>1,063,899</u>	<u>1,063,899</u>	<u>872,574</u>
<i>Total 2017</i>	<u>-</u>	<u>872,574</u>	<u>872,574</u>	

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Trip Income	-	-	-	5,212
Other Income	223	38,001	38,224	13,869
	<u>223</u>	<u>38,001</u>	<u>38,224</u>	<u>19,081</u>
<i>Total 2017</i>	<u>-</u>	<u>19,081</u>	<u>19,081</u>	

5. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Funding for the free school's educational operations:					
Direct costs	714,727	45,628	20,036	780,391	640,478
Support costs	184,194	117,764	309,916	611,874	492,737
	<u>898,921</u>	<u>163,392</u>	<u>329,952</u>	<u>1,392,265</u>	<u>1,133,215</u>
<i>Total 2017</i>	<u>726,621</u>	<u>147,653</u>	<u>259,941</u>	<u>1,134,215</u>	

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6. Analysis of expenditure by activities

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Funding for the free school's educational operations	780,391	611,874	1,392,265	<i>1,133,215</i>
<i>Total 2017</i>	<i>640,478</i>	<i>492,737</i>	<i>1,133,215</i>	

Analysis of support costs

	Total 2018 £	<i>Total 2017 £</i>
Staff costs	184,194	<i>144,905</i>
Temporary site construction	118,979	<i>108,498</i>
Education support	66,348	<i>47,485</i>
Marketing	938	<i>964</i>
Professional services	19,449	<i>19,848</i>
Insurance	8,875	<i>3,864</i>
Office costs	68,825	<i>53,533</i>
Other support costs	130,226	<i>99,193</i>
Governance costs	14,040	<i>14,447</i>
Subtotal	611,874	<i>492,737</i>
Other support costs	-	<i>(2,928)</i>
	611,874	<i>489,809</i>
<i>At 31 August 2017</i>	<i>492,737</i>	

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7. Net income/(expenditure)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	45,628	42,083
Auditor's remuneration - audit	8,680	8,430
Auditor's remuneration - other services	2,890	2,575
Loss on disposal of fixed assets	480	249
Operating lease rentals	155,000	89,271
	=====	=====

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8. Staff costs

a. Staff costs

Staff costs were as follows:

	2018	<i>2017</i>
	£	£
Wages and salaries	695,606	<i>555,659</i>
Social security costs	43,030	<i>37,309</i>
Operating costs of defined benefit pension schemes	160,285	<i>133,653</i>
	898,921	<i>726,621</i>

b. Staff numbers

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

	2018	<i>2017</i>
	No.	No.
Teaching staff	26	<i>24</i>
Administration and support	15	<i>9</i>
Management	3	<i>3</i>
	44	<i>36</i>

c. Higher paid staff

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

	2018	<i>2017</i>
	No.	No.
In the band £70,001 - £80,000	1	<i>1</i>

Retirement benefits are accruing for the one (2017: one) higher paid employee. Contributions in the year totalled £11,866 (2017: £11,841).

The key management personnel of the academy trust comprises 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 £165,281 (2017: 133,592).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

9. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment 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:

		2018	2017
		£	£
K Edwards (Headteacher and Governor)	Remuneration	70,000-75,000	70,000-75,000
	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 2018, a total of £97.18 (2017: £219.59) of reimbursed expenses were paid to two Governors were (2017: two). 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.

11. Tangible fixed assets

	Freehold property £	Furniture and fixtures £	Plant and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2017	21,873	54,847	12,695	105,376	194,791
Additions	18,985	10,836	2,083	23,011	54,915
Disposals	-	-	-	(1,576)	(1,576)
At 31 August 2018	<u>40,858</u>	<u>65,683</u>	<u>14,778</u>	<u>126,811</u>	<u>248,130</u>
Depreciation					
At 1 September 2017	9,866	19,952	2,754	57,272	89,844
Charge for the year	5,469	11,045	1,369	27,745	45,628
On disposals	-	-	-	(1,096)	(1,096)
At 31 August 2018	<u>15,335</u>	<u>30,997</u>	<u>4,123</u>	<u>83,921</u>	<u>134,376</u>
Net book value					
At 31 August 2018	<u>25,523</u>	<u>34,686</u>	<u>10,655</u>	<u>42,890</u>	<u>113,754</u>
At 31 August 2017	<u>12,007</u>	<u>34,895</u>	<u>9,941</u>	<u>48,104</u>	<u>104,947</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. Debtors

	2018	2017
	£	£
Trade debtors	7,752	1,297
Other debtors	50,555	45,583
Prepayments and accrued income	294,951	414,137
	353,258	461,017
	353,258	461,017

13. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	173,110	183,272
Other taxation and social security	13,543	11,477
Other creditors	8,087	4,558
Accruals and deferred income	70,038	51,368
	264,778	250,675
	264,778	250,675

	2018	2017
	£	£
Deferred income		
Deferred income at 1 September 2017	38,979	25,731
Resources deferred during the year	39,430	38,979
Amounts released from previous years	(38,979)	(25,731)
	39,430	38,979
Deferred income at 31 August 2018	39,430	38,979

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

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NOTES TO THE FINANCIAL STATEMENTS
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14. Financial instruments

	2018	<i>2017</i>
	£	£
Financial assets measured at amortised cost	145,391	<i>444,326</i>
Financial liabilities measured at fair value through income and expenditure	150,000	<i>148,000</i>
Financial liabilities measured at amortised cost	211,805	<i>201,287</i>
	361,805	<i>349,287</i>

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

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.

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15. Statement of funds

	Balance at 1 Sept 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds - all funds	37,276	9,264	(9,247)	(14,724)	-	22,569
Restricted funds						
Restricted Funds - all funds	62,080	1,147,300	(1,139,045)	(8,255)	-	62,080
Pension reserve	(148,000)	-	(54,000)	-	52,000	(150,000)
	<u>(85,920)</u>	<u>1,147,300</u>	<u>(1,193,045)</u>	<u>(8,255)</u>	<u>52,000</u>	<u>(87,920)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	260,560	6,156	(143,865)	(31,936)	-	90,915
Fixed assets	104,947	-	(46,108)	54,915	-	113,754
	<u>365,507</u>	<u>6,156</u>	<u>(189,973)</u>	<u>22,979</u>	<u>-</u>	<u>204,669</u>
Total restricted funds	<u>279,587</u>	<u>1,153,456</u>	<u>(1,383,018)</u>	<u>14,724</u>	<u>52,000</u>	<u>116,749</u>
Total of funds	<u><u>316,863</u></u>	<u><u>1,162,720</u></u>	<u><u>(1,392,265)</u></u>	<u><u>-</u></u>	<u><u>52,000</u></u>	<u><u>139,318</u></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 £6,156. Total expenditure for the period from the Restricted Fixed Asset Fund is £189,973, 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 £204,699 therefore, represents capital funding secured but not yet spent of £91,915, and the net book value of tangible fixed assets of £113,754. 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. 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 2018.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

15. Statement of funds (continued)

Statement of funds - prior year

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

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NOTES TO THE FINANCIAL STATEMENTS
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16. Analysis of net assets between funds

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	113,754	113,754
Current assets	22,569	326,858	90,915	440,342
Creditors due within one year	-	(264,778)	-	(264,778)
Provisions for liabilities and charges	-	(150,000)	-	(150,000)
	<u>22,569</u>	<u>(87,920)</u>	<u>204,669</u>	<u>139,318</u>

Analysis of net assets between funds - prior year

	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>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(229,545)	(71,392)
Adjustment for:		
Depreciation charges	45,628	42,083
Loss on disposal of fixed assets	480	246
Decrease/(increase) in debtors	107,759	(105,576)
Increase in creditors	14,103	197,547
Capital grants from DfE and other capital income	(6,156)	(145,350)
Net defined benefit pension scheme costs	54,000	46,000
Net cash used in operating activities	<u>(13,731)</u>	<u>(36,442)</u>

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18. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand and at bank	87,084	149,574
Total	<u>87,084</u>	<u>149,574</u>

19. Contingent liabilities

There are no contingent liabilities as at 31 August 2018.

20. Capital commitments

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>21,455</u>	<u>-</u>

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 2012 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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.

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21. Pension commitments (continued)

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.
- 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%.

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 £74,858 (2017 - £55,795).

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).

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.

There are also indications that the protections in the new cost cap mechanism required by the Public Service Pensions Act 2013 mean public sector workers will get improved pension benefits for employment over the period April 2019 to March 2023.

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 2018 was £41,169 (2017 - £41,051), of which employer's contributions totalled £31,199 (2017 - £30,858) and employees' contributions totalled £9,970 (2017 - £10,193). 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.

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21. Pension commitments (continued)

Principal actuarial assumptions:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.70 %	<i>2.60 %</i>
Rate of increase in salaries	3.80 %	<i>4.20 %</i>
Rate of increase for pensions in payment / inflation	2.30 %	<i>2.70 %</i>
Inflation assumption (CPI)	2.30 %	<i>2.70 %</i>
Inflation assumption (RPI)	3.30 %	<i>3.60 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	23.1	<i>23.0</i>
Females	25.2	<i>25.1</i>
Retiring in 20 years		
Males	25.3	<i>25.2</i>
Females	27.5	<i>27.4</i>

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21. Pension commitments (continued)

Sensitivity analysis	At 31 August 2018 £'000	<i>At 31 August 2017 £'000</i>
Discount rate +0.1%	277	230
Discount rate -0.1%	295	246
Mortality assumption - 1 year increase	295	246
Mortality assumption - 1 year decrease	277	230
CPI rate +0.1%	296	246
CPI rate -0.1%	277	230

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	63,000	45,000
Gilts	-	-
Corporate bonds	20,000	14,000
Property	19,000	12,000
Cash and other liquid assets	20,000	10,000
Target return portfolio	6,000	5,000
Commodities	3,000	2,000
Infrastructure	9,000	6,000
Longevity insurance	(4,000)	(4,000)
Total market value of assets	136,000	90,000

The actual return on scheme assets was £5,500 (2017 - £7,000).

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

	2018 £	<i>2017 £</i>
Service cost	(82,000)	(74,000)
Admin expenses	(3,000)	(1,000)
Total	(85,000)	(75,000)

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21. Pension commitments (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	238,000	141,000
Current service cost	82,000	74,000
Interest cost	6,000	3,000
Employee contributions	10,000	10,000
Actuarial (gains)/losses	(50,000)	11,000
Estimated benefits paid net of transfers in	-	(1,000)
	<u>286,000</u>	<u>238,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	90,000	68,000
Interest income	3,000	2,000
Actuarial losses/(gains)	2,000	(18,000)
Employee contributions	10,000	10,000
Benefits paid	-	(1,000)
Employer contributions	31,000	29,000
	<u>136,000</u>	<u>90,000</u>

22. Operating lease commitments

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts payable:		
Within 1 year	-	155,000
	<u>-</u>	<u>155,000</u>

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.

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24. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year ended 31 August 2018 the school paid £464.40 to Edwards Landscaping for services (2017: £600), no amounts were outstanding at the year end. The company is run by the spouse of K Edwards (Headteacher).

No further related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

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