

THE HEIGHTS PRIMARY SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Matthew Gale Polly Grove Susan Jones Zoltan Markella Sean McCarthy Daniel Pagella Ruth Rosewell
Governors	Anne Bajorek, (Elected Chair of Governors from 13 October 2021) Jane Borgeaud Karen Edwards, Head Teacher Matthew Gale Linda Glithro Daniel Pagella, (appointed by members 15 January 2021) Elena Rees, (Elected by staff 26 February 2021) Emma Sanigar (resigned 26 February 2021) Barnaby Smith Esme Tiplady Nicholas Walden, (Chair of Governors and resigned 13 October 2019) Holly Wrankmore Wenfei Wang
Company registered number	08334593
Company name	The Heights Primary School
Principal and registered office	129 Upper Woodcote Rd Caversham Reading RG4 7LB
Company secretary	Catherine Keetch
Senior management team	Karen Edwards, Headteacher Emma Fallon, Assistant Headteacher (Deputy Headteacher from September 2020) Caroline Hoyle, Business Manager
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

Lloyds Bank
24 Broad Street
Reading
Berkshire
RG1 2BT

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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the period ended 31 August 2021.

The financial statements have been prepared in accordance with the accounting policies on pages 29-33 of the financial statements, and comply with the Company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of 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

a. 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.

b. Members' liability

Each member of the Company Limited by Guarantee undertakes to contribute to the assets of the Charitable Company in the event of it being insolvent, while they are a member or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they ceased to be a member.

c. Governors' indemnities

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

d. 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. Mr Gale was previously the only Member and Director, Mr Pagella was appointed as a Director in the year, as well as continuing in his role as a Member.

Since opening in September 2014, parents at The Heights Primary School have elected four parent governors.

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 any Community Governor appointments.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

e. Policies 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.

f. 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 two Members of the Academy Trust are 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, and 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. During the Coronavirus Pandemic meetings of the Governing Body and Sub-Committees have been held via video conferencing.

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, including the prospective move to the school's permanent site
- Review and approve pay awards for teaching and support staff.

g. Arrangements for setting pay and remuneration of 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 her performance management.

h. Related parties and other connected charities and organisations

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 2021

Objectives and activities

a. 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 focused on the following objectives during the academic year 2020 to 2021:

- To review the five year Strategic Targets adopted during 2016/17, in order to set revised targets for a new five year plan.
- Development and implementation of the School Development Plans for 2021 & 2022.
- Continuing to work with the DFE to ensure that the building under construction on Mapledurham Playing Fields (the school's permanent site) meets the requirements, objectives and long-term plans of the school.
- Working with the DFE and Borough Council to enable safe operation of the school in its temporary location until it moves to its permanent site;
- Planning the move to the school's permanent site, in conjunction with the DFE and building contractor;
- To review the school's funding and budgeting to ensure that the school is financially securely placed to deliver the Trust's vision.

Impact of the Coronavirus Pandemic

The Heights Primary School focused on:

- Providing a safe and clean environment for key worker and vulnerable children to continue to attend school. This included a focus on physical cleaning and a re-deployment of staff to ensure the school could continue to operate throughout the lockdowns.
- Supporting children requiring free school meals by accessing the Government's online voucher scheme.
- Working with other local schools unable to open by providing the necessary places for vulnerable and key worker children.
- Refining and improving the home learning, and providing as much quality lesson and curriculum content as possible within the staffing and other restraints of the pandemic. This included significant development and use of the school's online learning platform, Google Classroom. For early years Tapestry was used to provide evidence of progress at home against the standards for Early Years. Assemblies, music lessons and choir were held online using Zoom.
- Identifying suppliers at risk and identifying if payments still needed to be made to them, according to Policy Procurement Notes 02/20 and 04/10.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Objectives and activities (continued)

- Assessing the needs of all children on their return to school. This assessment looked at not only gaps in academic achievement but also the emotional needs of the children and lead to significant work in supporting the children's emotional wellbeing and resilience. This was key to providing a strong foundation on which academic progress could be built.
- Supporting staff in the vulnerable and clinically vulnerable categories supported by the creation of a wellbeing working party.

b. 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.

c. 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)
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Strategic report

Achievements and performance

a. Achievements and Performance in the period

During the summer holidays (late July 2021) the school moved into its permanent home at 129 Upper Woodcote Road, after seven years on a temporary site at 82 Gosbrook Road. The school is continuing to work on building long term positive relations with its neighbours, and becoming a key part of the local community within which it is now physically located.

Coronavirus continued to have a major impact over the year. We opened to all children in September 2020, with a particular focus on ensuring children and families felt safe and supported.

In May 2017 the Heights Primary School achieved an Outstanding rating following inspection by Ofsted. The Governing Body recognise such a rating does not happen by accident and that such high standards should be supported by continual review of achievements and progress. An independent, external review of the school's educational standards is planned for 2022 in order to assist the school with its continued improvement, development and maintenance of outstanding educational outcomes.

Impact of the Coronavirus Pandemic

The school opened fully from the planned start of term in September 2020, but closed in January 2021 due to the third national lockdown during which schools were closed. As in the first lockdown, the school continued to remain open to vulnerable children and the children of key workers

The school employs a number of staff in the vulnerable or extremely clinically vulnerable categories so the staff able to come in to school to support the opening for vulnerable and key worker children was limited. This resulted in a significant scheduling and rota-management activity to ensure that the school was appropriately staffed during both lessons and break times.

Not only was the school open during the lockdown period but teaching staff continued to develop online learning that could be accessed both while in school and from home. This involved significant re-working of the curriculum, identification and creation of new resources and continued use of Google Classroom and other online platforms such as Zoom for live assemblies and Tapestry to track progress at home for children in early Years.

The impact on staff of running online learning and being in school was significant.

Academic Performance

The Heights Primary School achieved its ambitious targets for Year 6 in July 2021, and surpassed its targets in Reading, Writing and Mathematics in Early Years. The impact of coronavirus meant that pupils in Year 2 did not meet their end of Key Stage targets in Reading, Writing and Mathematics, but did in Science. 96% of pupils tested achieved the phonics threshold in December 2020.

The vast majority of other targets set within the Academy's School Development Plan, to be delivered during the period, were also achieved.

High quality staff were successfully recruited for the expansion of the school to full capacity of 14 classes in September 2020. The school successfully recruited two full classes for the 2020/21 Reception class. Years 1, 2, 3, 4 and 5 are also full.

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FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

b. Key financial performance indicators and financial review

Unfunded Growth

During the year the Academy experienced unfunded growth as the second Year 5 class moved into Year 6. The unfunded growth being a function of the original Funding Agreement with the ESFA. In addition, the Academy also forecast, early in the period, that significant additional and unforeseen Covid costs could result in an overall deficit position at 31st August 2021.

Restricted General Fund

In the previous period (2019 to 2020) the unfunded growth had been recognized as an issue in the Academy's three to five-year budget projections. Concerns regarding these projections resulted in the Chair of Governors initiating communication with the ESFA regarding the Academy's financial position. This communication continued in the period and several further forecasts were produced which resulted in £30,205 of additional financial support from the ESFA. This amount was roughly equivalent to the forecast additional Covid costs. The receipt of these monies meant that the Academy did not record an overall deficit (excluding the pension reserve) at 31st August 2021. There are, however, significantly depleted carry-forward reserves as these were used to finance the unfunded growth.

The Coronavirus Pandemic did not impact the receipt of grant funding during the period. All revenue and capital grants were paid by the ESFA as normal.

Restricted Fixed Asset Fund

The Restricted Fixed Asset fund records income of £10,759,934 (2020: £194,648). The income is largely donated assets from the DfE associated with the school's move to its new permanent site and building. Total expenditure for the period from the Restricted Fixed Asset Fund £190,800 (2020: £184,430). 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 £10,767,643 (2020 £198,509), represents the value of fixed assets and a small amount of carried forward balance and capital funding secured but not yet spent.

Unrestricted Fund

During the period the Unrestricted Fund also recorded income of £14,983 (2020: £12,977) and expenditure of £Nil (2020: £9,812).

Summary of Financial Performance

Fund balances as at 31 August 2021 totalled £10,073,491 (2020: funds of £190,025). This is comprised of Unrestricted Funds of £3,260 (2020 £28,746), Restricted General Funds of deficit £697,412 (2020: deficit £417,280), and Restricted Fixed Asset Funds of £10,767,643 (2020 £198,509).

Balance Sheet

Cash in hand at 31 August 2021 was £77,995 (2020: £143,959).

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial and risk management objectives and policies

a. Principal risks and uncertainties

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 school. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

During the period the Governing Body began the process of revising and simplifying the content and format of the risk register and, with the move to the permanent site, took the opportunity to begin review of other aspects of risk management, such as its statement of appetite for risk and risk management policy.

Risks identified by the Governing Body have 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 school has now occupied its permanent home at Mapledurham Playing Fields, but the principal risks identified by the Governors in the risk review during the accounting year were:

- That the Coronavirus Pandemic may cause delays to the construction works ongoing at the school's permanent site. The school was in regular contact with the construction company and DfE. This communication was focused on managing any delay to the move date caused by construction delays. A separate sub-committee of the Premises & Finance committee monitored and responded to the progress of the works. This committee met at least 6 times during the academic year 2020/21;
- The Governors and Headteacher also worked closely with RBC and other local stakeholders to manage the implications of any further delay to the final move to the permanent site.
- In the 2019-2020 year The Heights Primary School, while not at capacity, had pupils in all year groups from EYFS to Year 6. This changed the method of funding for the school from funding based on a pupil number estimate to funding based on the actual pupil number in the previous October census. In the October 2019 census the school had 328 pupils, but predicted 353 for the following year. The impact of this was that the school's growth by one more form from September 2020 was unfunded (necessitating the use of reserves). The budget for the 2020-2021 financial year showed a significant in-year deficit approximately equal to the amount of funding that the additional form would attract had the school been funded as previously;
- That additional, unforeseen, expenses related to the Coronavirus pandemic (on top of the expenditure of

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FOR THE YEAR ENDED 31 AUGUST 2021

reserves for the unfunded growth) could result in an overall deficit position being recorded at 31st August 2021 (see pages 8 and 16 for further information on the management of this risk).

- The Chair of Governors wrote to the SoS asking if additional funds, per the funding agreement, could be provided given the significant impact on the school's reserve balances. The initial response from the SoS was that no additional funding would be provided and that the Trust should work with a School Resource Management Advisor (SRMA) to identify any additional reasons for the forecast deficit.
- The Trust engaged with the SRMA during the year, and following further discussions with the ESFA were able to access an additional one-off payment of £30,205, which was received in July 2021.

b. Reserves Policy

The Heights Primary School recognises the importance of establishing a sensible reserve in order to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DFE. 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.

The level of general revenue reserves held on 31st August 2021:

Unrestricted	£3,260
Restricted General Fund	£(696,103)
Restricted Fixed Assets	£10,767,643

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

The funds in the Restricted and Unrestricted Funds are below where the reserves policy would indicate they should be. Much of the total shortfall is accounted for by the £703,000 of LGPS pension liability. Aside from this the Academy had to spend reserves in the period to fund the additional class in Year 6 and there were significant additional Covid costs. The situation regarding unfunded growth and Covid costs is fully documented elsewhere in these Accounts. The Governors will address this shortfall by seeking to make small incremental surpluses year on year, although as stated above the funding shortfall in the 2020-2021 financial year will impact the Trust's ability to maintain a suitable reserve level in the short to medium term.

c. 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

d. Going Concern

Cash flow projections have been prepared for the Trust up to May 2023. These projections and the assumptions on which they are based were presented to the Premises and Finance Committee at their meeting on 30th November 2021 and to the Full Governing Body Meeting on 9th December 2021. After careful review and discussion, the Governors agreed that, based on the financial models presented, the Trust has sufficient financial resources, to continue as a going concern for the foreseeable future. However, these budgets and forecasts have little or no contingency against income shortfalls, or unexpected costs, that might occur over the period.

The overall position of the school relating to cash flow projections and expenditure of reserves is fully documented in other sections of these accounts.

The trustees are confident that the management team will mitigate the financial risks effectively by controlling expenditure and income carefully and by actively managing liquidity. However, the trustees recognise that there is a material uncertainty as to whether the Trust could continue as a going concern in the event that unexpected costs are incurred, or that certain income streams are not received in accordance with anticipated timescales.

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 2020-2021 a small amount of money for books was raised through voluntary contributions via the school's online payment system (Parentpay). In previous years the pupils have raised funds to subsidise school trips through various events and activities. This type of fundraising was not possible in the period due to the restrictions imposed by the Coronavirus Pandemic.

Fundraising during the period:

Donations towards library books via Parentpay	£639.03
Total funds raised during the year	£639.03

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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 DFE in accordance with the Funding Agreement have provided and continued to provide the capital monies that have been reserved by the DFE to pay invoices raised in relation to the School's ICT procurement, and temporary and permanent building provision. Thus a key priority for the future period will be to incorporate sensibly and appropriately these monies into the School's financial cost models, plus ensuring these monies are drawn down from the DFE 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 auditor is unaware, and
- that Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, has indicated its willingness 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 Governors, as the company directors, on 14th December 2021 and signed on its behalf by:



Anne Bajorek
Chair of Governors

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

Governance

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

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

Attendance during the year at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
Anne Bajorek	5	5
Jane Borgeaud	4	5
Karen Edwards, Head Teacher	5	5
Matthew Gale	5	5
Linda Glithro	5	5
Daniel Pagella	2	3
Elena Rees	2	2
Emma Sanigar	1	2
Barnaby Smith	5	5
Esme Tiplady	5	5
Nicholas Walden	5	5
Wenfei Wang	4	5
Holly Wrankmore	5	5

The Premises & Finance Committee met separately and formally six times during the 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. A report from the Premises and Finance Committee is presented at each Full Governing Body Meeting. The Full Governing Body met five times during the period 2020 to 2021.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Jane Borgeaud	5	6
Karen Edwards	6	6
Matthew Gale	5	6
Barnaby Smith	6	6

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Nicholas Walden	6	6
Holly Wrankmore	6	6
Anne Bajorek	6	6
Daniel Pagella	3	4

Governance Review

The Governing Body undertook a formal review of governance in October 2021 including a specific review of its impact during the 2020/21 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.

Value for money

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

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

Impact of the Coronavirus Pandemic

The Coronavirus Pandemic has meant that most of the pupils at the school were home educated from January to March 2021. The school has followed government guidance throughout the evolving situation. As such the school ensured the following:

- That suppliers who would normally provide services such as school dinners, PE and cover staff did not need to be paid for any services that were not delivered as all suppliers were able to access the Furlough Scheme.
- That available funds were used to support in-school learning and home learning through the employment of cover staff where needed and the purchase of systems, platforms or new resources as required.
- That the school was clean and safe through the purchase of additional cleaning and sanitizing materials and the re-direction of cleaning time to areas of the school in use each day. This ensured that the school could be thoroughly cleaned and as Covid-safe as possible.

Educational Outcomes

Academic year 2020 - 2021 was a challenging year for The Heights Primary School and all education settings in the country. Educational Outcomes were adversely affected by the amount of time that children spent at home. The children's mental health and wellbeing remained a strong focus and it was apparent that when the school community returned in September that wellbeing of the vast majority of pupils was good.

Attainment at the end of KS2 was very good with the school's ambition targets being met. In spite of the impact of home learning 96% of pupils achieved the phonics threshold in December 2020.

Phonics and writing continue to be areas of focus for catch-up and recovery across the school.

The School received Pupil Premium funding during the financial year. The vast majority of these pupils were in school for the entire lockdown period. These children thrived in school and have made good progress across

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GOVERNANCE STATEMENT (CONTINUED)

Value for money (continued)

many areas. Most of the pupils eligible for this funding are achieving in line with other children of their age.

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.

Continued Improvements to Financial Systems and Procedures

During the period 2020-2021 the Academy continued to use budgeting software to aid, not only the creation of a three to five year budget but also to track income and expenditure against the budget set.

During the period in question forecasts were produced from the budget system which. These forecasts showed a significant in-year deficit as a result of unfunded growth within the school, but also that the school would incur a larger in-year deficit due to additional Covid-related costs. These costs were primarily in areas of staffing (cover staff for Covid absences) and hygiene (additional cleaning such as whole school fogging, anti-viral; sprays and PPE).

The school was in regular communication with the DfE regarding its financial position and this ultimately resulted in receipt of £30,250 of financial support. An amount which equated, approximately, to the additional costs incurred as a result of the coronavirus pandemic. The receipt of these funds meant that at the end of the period the school did not record an overall deficit (disregarding the pension liability), but has a significantly reduced carry forward reserve for future years.

During the period the school completed the move to a new finance system (Civica Financials Live) and also adopted the Academies Chart of Accounts, as recommended by the DfE.

The Academy has continued to make use of framework procurement agreements where appropriate to ensure value for money during the purchasing process. Electricity is purchased via a framework at a very competitive rate, and gas is now included as well, following the move to the school's permanent site

As the Academy moved nearer to occupying its permanent site the Governing Body recognized the importance of value for money procurement compliant with all necessary legislation. To ensure that statutory obligations are met with regard to this key procurement the Governing Body appointed a Permanent Site Sub Committee to manage these key decisions and processes and report to the Premises & Finance Committee

This sub-committee over saw the procurement and appointment of two major contracts in the year:

- Cater Link were appointed the new catering contractor via an OJEU complaint procurement process, supported by Minerva Consulting Ltd.
- YBC Cleaning Ltd were appointed cleaning contractors via a non-OJEU procurement process managed in-house with Governing Body support.

The school also operated a tender process for a new Internal Scrutiny provider, and appointed Strictly Education. Three areas were looked at in the accounting period and the Governing Body is in the process of implementing the recommendations.

Devolved Budget Management

The new finance system – Civica Financials Live – includes workflow management to prevent over spend against budget and ensure that spend is approved by a Budget Holder wherever possible. This continues the devolved approach to budget management adopted in previous periods.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Value for money (continued)

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 a staffing structure for the school operating at full capacity this is continually reviewed to ensure that appointments are affordable and sustainable.

The Assistant Headteacher commenced her new role as Deputy Headteacher within the period.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the School Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the School Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there has been a formal on-going process for identifying, evaluating and managing the School Trust's significant risks during the period ended 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

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

The Board of Governors appointed Strictly Education to provide the Internal Scrutiny function during the 2020 to 2021 financial year.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the

THE HEIGHTS PRIMARY SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

Academy Trust's financial systems. The areas covered in the current period were:

- Risk management
- Reporting to the Governing Body and budget monitoring
- Creation of Payroll and other manual adjustment journals

Following each visit, the reviewer reported to the board of Governors on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The reports by the school's Internal Scrutineer highlighted some areas where improvements could be made. These added controls are in the process of being implemented.

Review of effectiveness

As accounting officer, the headteacher has responsibility for reviewing the effectiveness of the system of internal controls. During the year in question the review has been informed by:

- the work of the reviewer;
- 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 systems of internal control by the Governing Body and a plan to address weaknesses and ensure continuous improvement of the systems is in place.

Approved by order of the members of the Board of Governors and signed on their behalf by:



Anne Bajorek
Chair of Governors
Date:



Karen Edwards
Accounting Officer

Date: 14 December 2021

THE HEIGHTS PRIMARY SCHOOL
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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 School Trust Governing Body and the Department for Education of material irregularity, impropriety and non-compliance with DFE terms and conditions of funding, under the funding agreement in place between the School 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.

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

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



Mrs K Edwards
Accounting Officer
Date: 14th December 2021

THE HEIGHTS PRIMARY SCHOOL
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STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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 Academies Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 2019 and the Academies Accounts Direction 2020 to 2021;
- 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 Governors and signed on its behalf by:



Anne Bajorek
Chair of Governors

Date: 14th December 2021

THE HEIGHTS PRIMARY SCHOOL
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**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 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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.

Emphasis of matter - material uncertainty in relation to going concern

We draw attention to Note 1.2 in the financial statements, which states that in the event of certain income streams not being received in accordance with anticipated timescales and/or further unexpected costs materialising, a material uncertainty exists that may cast significant doubt on the Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Governors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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 including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Governors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Governors' responsibilities statement, 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 Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS 102), Companies Act 2006, Academies Accounts Direction and the Academy Trust Handbook. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The key laws and regulations we considered in this context were General Data Protection Regulation, health and safety legislation, Ofsted and employee legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquire of the Trustees and other management and inspection of regulatory and legal correspondence, if any. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing and completeness of income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Board about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income recognised in the accounts, reviewing accounting estimates for biases, reviewing regulatory correspondence with the ESFA, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

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

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 December 2021

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

In accordance with the terms of our engagement letter dated 7 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, 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 2020 to 31 August 2021 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 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 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 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 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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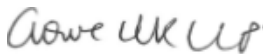
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HEIGHTS PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- consideration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance;
- analytical procedures on the general activities of the Academy Trust;
- a review of Minutes of Committees and Board Meetings which may be relevant to regularity;
- consideration of discussions with key personnel, including the Accounting Officer and Governing Body;
- tests of control have been carried out on a control activity which are relevant to regularity;
- substantive testing of individual transactions

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe U.K. LLP

Statutory Auditor

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

Date: 17 December 2021

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	1,761	16,584	10,759,934	10,778,279	219,660
Other trading activities	5	13,222	21,703	-	34,925	85,744
Charitable activities	4	-	1,605,936	-	1,605,936	1,531,137
Other income		-	30,680	-	30,680	-
Total income		14,983	1,674,903	10,759,934	12,449,820	1,836,541
Expenditure on:						
Charitable activities	7	-	1,889,504	190,800	2,080,304	1,897,684
Total expenditure		-	1,889,504	190,800	2,080,304	1,897,684
Net expenditure before transfers		14,983	(214,601)	10,569,134	10,369,516	(61,143)
Transfers between funds	17	(40,469)	40,469	-	-	-
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(106,000)	-	(106,000)	(146,000)
Net movement in funds		(25,486)	(280,132)	10,569,134	10,263,516	(207,143)
Reconciliation of funds:						
Total funds brought forward		28,746	(417,280)	198,509	(190,025)	17,118
Net movement in funds		(25,486)	(280,132)	10,569,134	10,263,516	(207,143)
Total funds carried forward		3,260	(697,412)	10,767,643	10,073,491	(190,025)

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

The notes on pages 29 to 50 form part of these financial statements.

THE HEIGHTS PRIMARY SCHOOL
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REGISTERED NUMBER: 08334593

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	10,734,207	75,994
Current assets			
Debtors	14	184,423	174,302
Cash at bank and in hand		77,995	143,959
		<u>262,418</u>	<u>318,261</u>
Creditors: amounts falling due within one year	15	(220,134)	(98,280)
Net current assets		<u>42,284</u>	<u>219,981</u>
Total assets less current liabilities		<u>10,776,491</u>	<u>295,975</u>
Defined benefit pension scheme liability	23	(703,000)	(486,000)
Total net assets		<u><u>10,073,491</u></u>	<u><u>(190,025)</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	17	10,767,643	198,509
Restricted income funds	17	5,588	68,720
		<u>10,773,231</u>	<u>267,229</u>
Restricted funds excluding pension asset	17	10,773,231	267,229
Pension reserve	17	(703,000)	(486,000)
Total restricted funds	17	<u>10,070,231</u>	<u>(218,771)</u>
Unrestricted income funds	17	<u>3,260</u>	<u>28,746</u>
Total funds		<u><u>10,073,491</u></u>	<u><u>(190,025)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 26 - 50 were approved by the Governors, and authorised for issue on 14th December 2021 and are signed on their behalf, by:



Anne Bajorek
Chair of Governors

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	19	(135,884)	(171,973)
Cash flows from investing activities	20	69,920	179,611
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(65,964)	7,638
Cash and cash equivalents at the beginning of the year		143,959	136,321
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	21, 22	77,995	143,959
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 50 form part of these financial statements

THE HEIGHTS PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

Cash flow projections have been prepared for the Trust up to May 2023. These projections and the assumptions on which they are based were presented to the Premises and Finance Committee at their meeting on 30th November 2021 and to the Full Governing Body Meeting on 9th December 2021. After careful review and discussion, the Governors agreed that, based on the financial models presented, the Trust has sufficient financial resources, to continue as a going concern for the foreseeable future. However, these budgets and forecasts have little or no contingency against income shortfalls, or unexpected costs, that might occur over the period.

The overall position of the Trust relating to cash flow projections and expenditure of reserves is fully documented in other sections of these accounts.

The trustees are confident that the management team will mitigate the financial risks effectively by controlling expenditure and income carefully and by actively managing liquidity. However, the trustees recognise that there is a material uncertainty as to whether the Trust could continue as a going concern in the event that unexpected costs are incurred, or that certain income streams are not received in accordance with anticipated timescales.

1.3 Income

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

• **Grants**

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

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

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

THE HEIGHTS PRIMARY SCHOOL
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income (continued)

asset on which they are expended.

- **Donations**

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

- **Other income**

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

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

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FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Temporary buildings	- 4 years
Furniture and equipment	- 5 years
Plant and machinery	- 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.

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.

1.6 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.

1.7 Cash at bank and in hand

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

1.8 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

1.9 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 bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.9 Financial instruments (continued)

liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.10 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 Fund accounting

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

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

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1. Accounting policies (continued)

1.12 Fund accounting (continued)

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.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

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3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
PTFA donations	-	16,116	-	16,116	11,970
Other restricted donations	-	468	10,656,068	10,656,536	65
Other unrestricted donations	1,761	-	-	1,761	12,977
Capital Grants	-	-	103,866	103,866	194,648
	<u>1,761</u>	<u>16,584</u>	<u>10,759,934</u>	<u>10,778,279</u>	<u>219,660</u>
<i>Total 2020</i>	<u>12,977</u>	<u>12,035</u>	<u>194,648</u>	<u>219,660</u>	

4. Funding for the academy's funding for the free school's educational operations

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	1,406,847	1,406,847	1,325,166
Other DfE/ESFA grants			
Pupil Premium	31,245	31,245	27,823
Local authority grant	89,786	89,786	100,925
Universal Infant Free School Meals	61,578	61,578	60,743
	<u>1,589,456</u>	<u>1,589,456</u>	<u>1,514,657</u>
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	16,480	16,480	16,480
	<u>16,480</u>	<u>16,480</u>	<u>16,480</u>
	<u>1,605,936</u>	<u>1,605,936</u>	<u>1,531,137</u>
<i>Total 2020</i>	<u>1,531,137</u>	<u>1,531,137</u>	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

4. Funding for the academy's funding for the free school's educational operations (continued)

separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The School received £16,480 of funding for catch-up premium and costs incurred in respect of this funding totalled £16,480, with no amounts to be spent in 2021/22.

5. Income from other trading activities

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Other income	13,222	21,703	34,925	85,744
<i>Total 2020</i>	-	85,744	85,744	

6. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Funding for the free school's educational operations:					
Direct costs	1,260,642	31,801	61,333	1,353,776	1,238,450
Allocated support costs	288,878	-	437,650	726,528	659,234
	1,549,520	31,801	498,983	2,080,304	1,897,684
<i>Total 2020</i>	1,345,315	252,919	299,450	1,897,684	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Funding for the free school's educational operations	-	2,080,304	2,080,304	1,897,684
<i>Total 2020</i>	<i>9,812</i>	<i>1,887,872</i>	<i>1,897,684</i>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Funding for the free school's educational operations	1,353,776	726,528	2,080,304	1,897,684
<i>Total 2020</i>	<i>1,238,450</i>	<i>659,234</i>	<i>1,897,684</i>	

Analysis of support costs

	Total funds 2021 £	Total funds 2020 £
Staff costs	288,878	174,504
Premises costs	211,281	211,448
Education support	161,253	79,920
Professional services	9,508	28,685
Insurance	24,230	20,694
Office costs	10,352	14,443
Other support costs	8,961	119,333
Governance costs	12,065	10,207
	726,528	659,234

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NOTES TO THE FINANCIAL STATEMENTS
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	134,334	140,000
Depreciation of tangible fixed assets	31,801	41,471
Auditors remuneration		
- audit	10,300	10,000
- other services	1,716	3,575
	<u>134,334</u>	<u>140,000</u>

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	1,140,144	1,008,760
Social security costs	65,770	60,766
Pension costs	343,606	275,789
	<u>1,549,520</u>	<u>1,345,315</u>

b. Non-statutory/non-contractual staff severance payments

There were no non-statutory/non-contractual severance payments in the year (2020: £nil).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10. Staff (continued)

c. Staff numbers

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

	2021 No.	<i>2020 (restated) No.</i>
Teaching staff	23	27
Administration and support	44	26
Management	3	3
	70	56

d. Higher paid staff

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

	2021 No.	<i>2020 No.</i>
In the band £70,001 - £80,000	1	1

e. Key management personnel

The key management personnel of the academy comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £211,381 (2020 £200,517).

11. Governors' remuneration and expenses

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

		2021 £	<i>2020 £</i>
Karen Edwards, Head Teacher	Remuneration	75,000 - 80,000	70,000 - 75,000
	Pension contributions paid	15,000 - 20,000	15,000 - 20,000
Emma Sanigar	Remuneration	10,000 - 15,000	20,000 - 25,000
	Pension contributions paid	0 - 5,000	5,000 - 10,000
Elena Rees, (Elected by staff 26 February 2021)	Remuneration	15,000 - 20,000	-
	Pension contributions paid	0 - 5,000	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

11. Governors' remuneration and expenses (continued)

During the year ended 31 August 2021, no Governor expenses have been incurred (2020 - £NIL).

12. Governors' and Officers' insurance

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

13. Tangible fixed assets

	Temporary school site £	Leasehold land and buildings £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2020	40,605	-	79,402	15,928	111,378	247,313
Additions	-	10,518,068	53,905	86,000	41,720	10,699,693
Disposals	(40,605)	-	(3,000)	(10,440)	(8,355)	(62,400)
At 31 August 2021	-	10,518,068	130,307	91,488	144,743	10,884,606
Depreciation						
At 1 September 2020	30,671	-	56,374	7,290	76,984	171,319
Charge for the year	4,568	-	8,806	1,482	16,945	31,801
On disposals	(35,239)	-	(694)	(8,772)	(8,016)	(52,721)
At 31 August 2021	-	-	64,486	-	85,913	150,399
Net book value						
At 31 August 2021	-	10,518,068	65,821	91,488	58,830	10,734,207
At 31 August 2020	9,934	-	23,028	8,638	34,394	75,994

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	1,810	1,808
Other debtors	24,506	19,850
Prepayments and accrued income	158,107	152,644
	<u>184,423</u>	<u>174,302</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	112,083	7,889
Other taxation and social security	19,384	16,622
Other creditors	4,231	5,972
Accruals and deferred income	84,436	67,797
	<u>220,134</u>	<u>98,280</u>

	2021 £	2020 £
Deferred income at 1 September 2020	46,502	56,872
Resources deferred during the year	54,935	46,502
Amounts released from previous periods	(46,502)	(56,872)
	<u>54,935</u>	<u>46,502</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

16. Financial instruments

	2021 £	<i>2020</i> £
Financial assets		
Financial assets measured at amortised cost	185,314	<i>259,607</i>
	2021 £	<i>2020</i> £
Financial liabilities		
Financial liabilities measured at fair value through income and expenditure comprise of the pension scheme deficit	703,000	<i>486,000</i>
Financial liabilities measured at amortised cost	145,814	<i>35,156</i>
	848,814	<i>521,156</i>

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

17. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	28,746	14,983	-	(40,469)	-	3,260
Restricted general funds						
Restricted funds	68,720	1,655,276	(1,762,518)	40,469	-	1,947
PE Grant	-	19,627	(15,986)	-	-	3,641
Pension reserve	(486,000)	-	(111,000)	-	(106,000)	(703,000)
	<u>(417,280)</u>	<u>1,674,903</u>	<u>(1,889,504)</u>	<u>40,469</u>	<u>(106,000)</u>	<u>(697,412)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	122,515	103,866	(158,999)	(33,946)	-	33,436
Fixed Assets	75,994	10,656,068	(31,801)	33,946	-	10,734,207
	<u>198,509</u>	<u>10,759,934</u>	<u>(190,800)</u>	<u>-</u>	<u>-</u>	<u>10,767,643</u>
Total Restricted funds	<u>(218,771)</u>	<u>12,434,837</u>	<u>(2,080,304)</u>	<u>40,469</u>	<u>(106,000)</u>	<u>10,070,231</u>
Total funds	<u><u>(190,025)</u></u>	<u><u>12,449,820</u></u>	<u><u>(2,080,304)</u></u>	<u><u>-</u></u>	<u><u>(106,000)</u></u>	<u><u>10,073,491</u></u>

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

The Restricted Fixed Asset Fund records income of £10,759,934. Total expenditure for the period from the Restricted Fixed Asset Fund is £190,800, which related 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 GAG and unrestricted funds. The carry forward balance of £10,767,643 therefore represents capital funding secured but not yet spent of £33,436, and the net book value of tangible fixed assets of £10,734,207.

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 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds						
General Funds	25,581	12,977	(9,812)	-	-	28,746
Restricted general funds						
Restricted Funds	62,079	1,628,916	(1,623,442)	1,167	-	68,720
Pension reserve	(260,000)	-	(80,000)	-	(146,000)	(486,000)
	<u>(197,921)</u>	<u>1,628,916</u>	<u>(1,703,442)</u>	<u>1,167</u>	<u>(146,000)</u>	<u>(417,280)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	89,693	194,648	(142,959)	(18,867)	-	122,515
Fixed Assets	99,765	-	(41,471)	17,700	-	75,994
	<u>189,458</u>	<u>194,648</u>	<u>(184,430)</u>	<u>(1,167)</u>	<u>-</u>	<u>198,509</u>
Total Restricted funds	<u>(8,463)</u>	<u>1,823,564</u>	<u>(1,887,872)</u>	<u>-</u>	<u>(146,000)</u>	<u>(218,771)</u>
Total funds	<u>17,118</u>	<u>1,836,541</u>	<u>(1,897,684)</u>	<u>-</u>	<u>(146,000)</u>	<u>(190,025)</u>

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

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	10,734,207	10,734,207
Current assets	(79,900)	308,882	33,436	262,418
Creditors due within one year	83,160	(303,294)	-	(220,134)
Provisions for liabilities and charges	-	(703,000)	-	(703,000)
Total	3,260	(697,412)	10,767,643	10,073,491

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	75,994	75,994
Current assets	28,746	167,000	122,515	318,261
Creditors due within one year	-	(98,280)	-	(98,280)
Provisions for liabilities and charges	-	(486,000)	-	(486,000)
Total	28,746	(417,280)	198,509	(190,025)

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the year (as per Statement of financial activities)	10,369,516	(61,143)
Adjustments for:		
Depreciation	31,801	41,471
Capital grants from DfE and other capital income	(10,759,934)	(194,648)
Defined benefit pension scheme cost	111,000	80,000
(Increase)/decrease in debtors	(10,121)	128,990
Increase/(decrease) in creditors	121,854	(166,643)
Net cash used in operating activities	(135,884)	(171,973)

20. Cash flows from investing activities

	2021 £	2020 £
Purchase of tangible fixed assets	(10,699,693)	(15,037)
Proceeds from the sale of tangible fixed assets	9,679	-
Capital grants from DfE Group	10,759,934	194,648
Net cash provided by investing activities	69,920	179,611

21. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	77,995	143,959
Total cash and cash equivalents	77,995	143,959

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

22. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	143,959	(65,964)	77,995
	<u>143,959</u>	<u>(65,964)</u>	<u>77,995</u>

23. Pension commitments

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

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

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

Teachers' Pension Scheme

The Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £169,303 (2020 - £136,739).

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

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23. Pension commitments (continued)

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. The government announced on 4 February 2021 that it intends to proceed with a deferred choice underpin under which members will be able to choose either legacy or reformed scheme benefits in respect of their service during the period between 1 April 2015 and 31 March 2022 at the point they become payable.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and a consultation was launched on 24 June on proposed changes to the cost control mechanism following a review by the Government Actuary. Following the public consultation, the Government have accepted three key proposals recommended by the Government Actuary, and are aiming to implement these changes in time for the 2020 valuations.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the cost cap mechanism revision is completed it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £91,577 (2020 - £76,169), of which employer's contributions totalled £71,286 (2020 - £59,050) and employees' contributions totalled £ 20,291 (2020 - £17,120). The agreed contribution rates for future years are 20.6% per cent for employers and 5.5% - 12.5% per cent for employees.

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

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

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23. Pension commitments (continued)

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.85	3.20
Rate of increase for pensions in payment/inflation	2.85	2.20
Discount rate for scheme liabilities	1.70	1.65
Inflation assumption (CPI)	2.85	2.20
Inflation assumption (RPI)	3.10	3.00

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.3	21.5
Females	24.0	24.1
<i>Retiring in 20 years</i>		
Males	22.6	22.9
Females	25.4	25.5

Sensitivity analysis

	2021	2020
	£000	£000
Discount rate +0.1%	1,070	739
Discount rate -0.1%	1,135	784
Mortality assumption - 1 year increase	1,145	788
Mortality assumption - 1 year decrease	1,060	735
CPI rate +0.1%	1,135	784
CPI rate -0.1%	1,070	739

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23. Pension commitments (continued)

Share of scheme assets

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

	2021 £	2020 £
Equities	244,000	161,000
Property	47,000	39,000
Corporate bonds	71,000	36,000
Target Return Portfolio	17,000	8,000
Cash and other liquid assets	8,000	26,000
Commodities	-	1,000
Infrastructure	34,000	20,000
Longevity insurance	(22,000)	(16,000)
Total market value of assets	399,000	275,000

The actual return on scheme assets was £37,000 (2020 - £9,000).

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

	2021 £	2020 £
Current service cost	(172,000)	(134,000)
Net interest on the defined liability	(8,000)	(4,000)
Total amount recognised in the Statement of Financial Activities	(180,000)	(138,000)

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

	2021 £	2020 £
At 1 September	761,000	465,000
Current service cost	172,000	134,000
Interest cost	13,000	9,000
Employee contributions	20,000	17,000
Actuarial losses	138,000	137,000
Estimated benefits paid net of transfers in	(2,000)	(1,000)
At 31 August	1,102,000	761,000

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23. Pension commitments (continued)

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

	2021 £	2020 £
At 1 September	275,000	205,000
Expected return on assets	32,000	-
Interest income	5,000	5,000
Actuarial gains/(losses)	-	(9,000)
Employer contributions	69,000	58,000
Employee contributions	20,000	17,000
Estimated benefits paid net of transfers in	(2,000)	(1,000)
At 31 August	399,000	275,000

24. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

25. Related party transactions

Owing to the nature of the academy and the composition of the Board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the Governors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year ended 31 August 2021 the school paid £nil to Edwards Landscaping for services (2020:£700). No amounts were outstanding at the year end (2020:£nil). The company is run by the spouse of K Edwards (Headteacher).

No further related party transactions took place in the period of account.