

THE HEIGHTS PRIMARY SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

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	Nigel Anderson (appointed 17 June 2022) Anne Bajorek, (Elected Chair of Governors from 13 October 2021) Jane Borgeaud (resigned 18 July 2022) Aimee Crofts (appointed 13 October 2022) Karen Edwards, Head Teacher Matthew Gale Linda Glithro Daniel Pagella Elena Cook nee Rees Barnaby Smith Esme Tiplady Jessica Tyrrell (appointed 18 July 2022) Nicholas Walden (resigned 14 October 2021) Holly Wrankmore (resigned 22 July 2022) Wenfei Wang (resigned 22 July 2022)
Company registered number	08334593
Company name	The Heights Primary School
Principal and registered office	129 Upper Woodcote Rd Caversham Reading RG4 7LB
Senior management team	Karen Edwards, Headteacher Emma Fallon, Deputy Headteacher
Independent auditor	Crowe U.K. LLP Aquis House 49-51 Blagrove Street Reading RG1 1PL

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Bankers

Lloyds Bank
24 Broad Street
Reading
Berkshire
RG1 2BT

THE HEIGHTS PRIMARY SCHOOL
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GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022.

The financial statements have been prepared in accordance with the accounting policies on pages 27-31 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 2022

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. Since the Coronavirus Pandemic, some meetings of the Governing Body and Sub-Committees have been held via video conferencing where appropriate.

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, and more regular financial updates
- 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 2022

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 2021 to 2022:

- Development and implementation of the School Development Plans for 2022 & 2023;
- Identifying three key strategic governance areas for the 2022/23 year;
- Settling into the new school building on Mapledurham Playing Fields, and dealing with snagging issues and defects;
- Reviewing the school's funding and budgeting to ensure that the school is financially securely placed to deliver the Trust's vision, particularly considering the challenges faced with staff, Covid and energy costs;
- Continuing to keep the school open and maintain the standard of education, despite the challenges of staff and pupil absences due to the coronavirus pandemic;
- Supporting pupil and staff wellbeing.

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)
FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievements and performance

a. Achievements and Performance in the period

The school moved into its permanent home at 129 Upper Woodcote Road in August 2021, and has continued to settle into the new building, and has continued to work on building long term positive relations with its neighbours, and becoming a key part of the local community.

Coronavirus continued to have a significant impact over the year, with a high level of pupil and staff absence as a result.

In May 2017 the Heights Primary School achieved an Outstanding rating following inspection by Ofsted. The Governing Body recognises 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 November 2022 in order to assist the school with its continued improvement, development and maintenance of outstanding educational outcomes.

Academic Performance

The Heights Primary School achieved most of its ambitious targets for Year 6 in July 2022, 94% ARE Reading, 96% ARE Science, and 90% ARE Maths and achieved its targets in Reading (84%), Writing (76%) and Mathematics (82%) in the Early Years. The impact of coronavirus meant that pupils in Year 6 did not meet their end of Key Stage targets in Writing and pupils in Year 2 did not achieve their targets in Reading, Writing and Mathematics, but did in Science. 94% of pupils in Year 1 tested achieved the phonics threshold in June 2022.

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

The school successfully recruited two full classes for the 2022/23 Reception year from its catchment. The school remains oversubscribed and has waiting lists for all year groups.

b. Key financial performance indicators and financial review

During the financial year the school faced significant challenges, with the continued impact of covid affecting staff and pupils, and resulting in a need to bring in extra supply staff in order to cover staff illness. The rising cost of energy bills and inflation on other suppliers also resulted in additional costs for the school.

Practical completion of building contract for the construction of the school was awarded on 6th August 2021, but despite satisfying the employer's agent that the terms of the contract had been met, the school remains in dispute with Kier and the DfE over the suitability of the MUGA lighting system, hall floor, lighting control and Building Management System. The school is in dialogue with Kier to resolve these matters. In the intervening period the school is required to continue to use approved contractors at significant additional cost to preserve warranties.

The school has been working hard to make savings where possible, including not replacing some members of staff who left in the year, and the Chair of Governors and the Chair of the Premises & Finance committee meet with the school monthly to monitor income and expenditure.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report (continued)

Achievements and performance (continued)

The school is funded like other schools, with the majority of the income received coming in on a per pupil basis, and as set out in the Funding Agreement the school has two classes of 25 children in each year group. We have been, and continue to be, in regular contact with the ESFA and in recognition of the lower than average per class pupil numbers and other extraordinary costs we have been awarded additional cashflow support for the 2022-23 school year.

Restricted General Fund

The Academy's Restricted General Fund income was received almost entirely through the Education and Skills Funding Agency's (ESFA) General Annual Grant funding, which is restricted to the academy's principal activities. A full list of principal activities has been outlined above. These revenue grants, and the associated revenue expenditure made against them, are detailed in the SOFA. General Restricted Fund income for the period was £1,914,954 (2021: £1,674,903); expenditure against the fund after transfers was £2,164,876 (2021: £1,849,035).

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 £42,318 (2021: £10,759,934). 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 before transfers was £250,014 (2021: £190,800). 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 £10,535,368 (2021: £10,767,643), 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 £36,887 (2021: £14,983) and expenditure of £Nil (2021: £Nil) before transfers.

Summary of Financial Performance

Fund balances as at 31 August 2022 totalled £10,330,034 (2021: funds of £10,073,491). This is comprised of Unrestricted Funds of £Nil (2021 £3,260), Restricted General Funds of deficit £205,334 (2021: deficit £697,412), and Restricted Fixed Asset Funds of £10,535,368 (2021: £10,767,643).

Balance Sheet

Cash in hand at 31 August 2022 was £2,281 (2021: £77,995).

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.

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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 principal risks identified by the governors in the risk review during the accounting year were:

- Cashflow – due to previously documented unfunded growth within the school, the academy identified cashflow as a significant risk to operational efficiency and financial liquidity. During the year the cashflow position was monitored on a monthly basis through cashflow reporting. The reports highlighted some vulnerabilities which the Governing Body are in the process of discussing with the ESFA.
- Deficit position within revenue funds. Monthly financial forecasts identified that not only was cashflow a risk to the business, but that the overall option within the school's revenue funds was likely to place the school in overall deficit by the year-end. Based on this, efforts were made to maximise income streams from direct fundraising, lettings and revenue share arrangements with additional after school club providers. Efforts were also made to manage expenditure as much as possible. This proved to be challenging in the current inflationary climate.
- Increased cost of utilities. The school identified early on in the reporting period that the significant increase in costs for electricity and gas would likely to contribute to an overall deficit position by the end of the reporting period. With a new more energy efficient building it had been assumed that electricity usage would be approximately 1/3 of that at the previous Gosbrook Road Site. Although this proved to be correct, the increase in energy costs meant that the cost was approximately 4 times more than expected. Efforts continue to be made to reduce power usage, but this remains a significant risk to the financial position of the school.
- External Inflationary Pressure – the post Covid and post Brexit economic landscape has led to an environment where the school faces significant external inflationary pressures from all suppliers, without a matching increase in its funding. Every effort has been made to budget appropriately for future years, but there remains the possibility that these external pressures will negatively impact the school's overall financial position.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022:

Unrestricted	£Nil
Restricted General Fund	£(205,334)
Restricted Fixed Assets	£10,535,368

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 Fund are below where the reserves policy would indicate they should be. Much of the shortfall is accounted for by the £145,000 of LGPS pension liability. 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 2021-2022 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.

d. Going Concern

During the year the school has been in regular communication with the ESFA regarding additional support for its significant financial challenges which include continued Covid-related costs and increased bills, particularly for energy. A financial plan was prepared for the ESFA, which was reviewed and approved by the trustees at an Extraordinary General Meeting on 16th September 2022.

This resulted in additional funding for the school in the 2022-23 school year, with a condition attached to be met by 1st September 2023. The school fully intends to comply with this requirement, and is currently following the appropriate process to meet this. However, in the event that it is not possible to comply with the specified timescale, there is a risk that the funding could be withdrawn and therefore the trustees recognise that a material uncertainty exists in relation to the school's ability to continue as a going concern.

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GOVERNORS' REPORT (CONTINUED)
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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 2021-2022 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 Reason	Method	Amount
Direct Fund raising campaign with parents to support school general funds	Just Giving	£15,137.00
Gift Aid from above fundraising campaign (managed via Just Giving)	Just Giving	£3,112.00
Library Donations – to support purchases of books etc for the school library	Parentpay	£692.00
	Total	£18,941.00

Fundraising during the period:

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

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. 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.

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GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2022

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 13 December 2022 and signed on its behalf by:



Anne Bajorek
Chair of Governors



Karen Edwards
Accounting Officer

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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 Full Governing Body met 4 times in the year.

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

Governor	Meetings attended	Out of a possible
Nigel Anderson	1	1
Anne Bajorek	4	4
Jane Borgeaud	3	4
Karen Edwards	4	4
Matthew Gale	3	4
Linda Glithro	4	4
Daniel Pagella	3	4
Elena Cook nee Rees	4	4
Barnaby Smith	4	4
Esme Tiplady	3	4
Nicholas Walden	1	1
Wenfei Wang	3	4
Holly Wrankmore	4	4

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

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

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 2021 to 2022.

Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
Jane Borgeaud	3	3
Karen Edwards	5	6
Matthew Gale	6	6
Barnaby Smith	4	6
Nicholas Walden	1	1
Holly Wrankmore	4	6
Anne Bajorek	6	6
Daniel Pagella	3	6
Nigel Anderson	1	1

Conflicts of interest

In order to manage conflicts of interest the Academy keeps a register of business interests of all Governors. Additionally, a minuted check is carried out at the beginning of Board and Committee meetings where relevant business is being discussed. Anyone with a conflict would recuse themselves from any debate or decision making.

Governance Review

The governing body undertook a formal review of governance in October 2022 including a specific review of its impact during the 2021/22 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:

Educational Outcomes

Academic year 2021 - 2022 continued to be a challenging year for The Heights Primary School and all education settings in the country, with significant pupil and staff absences due to Covid. The children's mental health and wellbeing remained a strong focus.

The Heights Primary School achieved most of its ambitious targets for Year 6 in July 2022, 94% ARE Reading, 96% ARE Science, and 90% ARE Maths and achieved its targets in Reading (84%), Writing (76%) and

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GOVERNANCE STATEMENT (CONTINUED)

Value for money (continued)

Mathematics (82%) in the Early Years. The impact of coronavirus meant that pupils in Year 6 did not meet their end of Key Stage targets in Writing and pupils in Year 2 did not achieve their targets in Reading, Writing and Mathematics, but did in Science. 94% of pupils in Year 1 tested achieved the phonics threshold in June 2022.

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

The school successfully recruited two full classes for the 2022/23 Reception year from its catchment. The school remains oversubscribed and has waiting lists for all year groups.

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

The School received Pupil Premium funding during the financial year. These children have made good progress across 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 2021-2022 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. These forecasts showed a significant in-year deficit as a result of continued Covid-related costs and increased bills, particularly in terms of energy.

The school is in regular communication with the ESFA regarding its financial position and additional financial support has been secured for the 2022-23 school year.

The Academy has continued to make use of framework procurement agreements where appropriate to ensure value for money during the purchasing process. Electricity and gas continue to be purchased via a framework arrangement, although the impact of the sharp rise in prices has been felt.

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.

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. Four members of support staff left during the year, and unfortunately the school was not able to replace them, within the current financial climate.

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.

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GOVERNANCE STATEMENT (CONTINUED)

Value for money (continued)

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 2022 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.

Strictly Education provided the Internal Scrutiny function during the 2021 to 2022 financial year.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The areas covered in the current period were:

- Income
- HR
- Business Continuity

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.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 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 work of the external auditor;

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



Karen Edwards
Accounting Officer

Date: 13 December 2022

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Heights Primary School I have considered my responsibility to notify the 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 Trust 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 Trust 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: 13 December 2022

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF GOVERNORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 to 2022;
- 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: 13 December 2022

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of The Heights Primary School (the 'academy') for the year ended 31 August 2022 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 2021 to 2022 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 2022 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 2021 to 2022 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that that the academy needs to meet a condition set by the ESFA for it to meet the funding requirements. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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

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.

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 Statement of governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the 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
(A company limited by guarantee)

**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 design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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 recognition of certain income streams 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 non-compliance 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.

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)**

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

RG1 1PL

Date: 20 December 2022

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 27 August 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

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

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 2021 to 31 August 2022 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

Crowe U.K. LLP

Statutory Auditor

Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

Date: 20 December 2022

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2022**

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants	3	24,171	37,481	42,318	103,970	10,778,279
Other trading activities	5	8,929	54,935	-	63,864	34,925
Charitable activities	4	-	1,724,065	-	1,724,065	1,605,936
Other income		3,787	98,473	-	102,260	30,680
Total income		36,887	1,914,954	42,318	1,994,159	12,449,820
Expenditure on:						
Charitable activities	7	-	2,229,602	250,014	2,479,616	2,080,304
Total expenditure		-	2,229,602	250,014	2,479,616	2,080,304
Net income/(expenditure)		36,887	(314,648)	(207,696)	(485,457)	10,369,516
Transfers between funds	16	(40,147)	64,726	(24,579)	-	-
Net movement in funds before other recognised gains/(losses)		(3,260)	(249,922)	(232,275)	(485,457)	10,369,516
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	22	-	742,000	-	742,000	(106,000)
Net movement in funds		(3,260)	492,078	(232,275)	256,543	10,263,516
Reconciliation of funds:						
Total funds brought forward		3,260	(697,412)	10,767,643	10,073,491	(190,025)
Net movement in funds		(3,260)	492,078	(232,275)	256,543	10,263,516
Total funds carried forward		-	(205,334)	10,535,368	10,330,034	10,073,491

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

The notes on pages 28 to 52 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	10,520,448	10,734,207
Current assets			
Debtors	13	157,383	184,423
Cash at bank and in hand		2,281	77,995
		<u>159,664</u>	<u>262,418</u>
Creditors: amounts falling due within one year	14	(205,078)	(220,134)
Net current liabilities / assets		<u>(45,414)</u>	<u>42,284</u>
Total assets less current liabilities		<u>10,475,034</u>	<u>10,776,491</u>
Defined benefit pension scheme liability	22	(145,000)	(703,000)
Total net assets		<u><u>10,330,034</u></u>	<u><u>10,073,491</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	16	10,535,368	10,767,643
Restricted income funds	16	(60,334)	5,588
		<u>10,475,034</u>	<u>10,773,231</u>
Restricted funds excluding pension asset	16	10,475,034	10,773,231
Pension reserve	16	(145,000)	(703,000)
Total restricted funds	16	<u>10,330,034</u>	<u>10,070,231</u>
Unrestricted income funds	16	-	3,260
Total funds		<u><u>10,330,034</u></u>	<u><u>10,073,491</u></u>

The financial statements on pages 28 - 52 were approved by the Governors, and authorised for issue on 13 December 2022 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 2022

	Note	2022 £	<i>2021</i> £
Cash flows from operating activities			
Net cash used in operating activities	18	(91,249)	<i>(135,884)</i>
Cash flows from investing activities	19	15,535	<i>69,920</i>
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(75,714)	<i>(65,964)</i>
Cash and cash equivalents at the beginning of the year		77,995	<i>143,959</i>
Cash and cash equivalents at the end of the year	20, 21	2,281	<i>77,995</i>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 28 to 52 form part of these financial statements

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements. The Governors have concluded that the academy has adequate resources to continue in operational existence for the foreseeable future and that the only material uncertainty in relation to the academy's ability to continue as a going concern, is in respect of the need to meet the ESFA funding condition noted below, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

During the year the school has been in regular communication with the ESFA regarding additional support for its significant financial challenges which include continued Covid-related costs and increased bills, particularly for energy. A financial plan was prepared for the ESFA, which was reviewed and approved by the trustees at an Extraordinary General Meeting on 16th September 2022.

This resulted in additional funding for the school in the 2022-23 school year, with a condition attached to be met by 1st September 2023. The school fully intends to comply with this requirement, and is currently following the appropriate process to meet this. However, in the event that it is not possible to comply with the specified timescale, there is a risk that the funding could be withdrawn and therefore the trustees recognise that a material uncertainty exists in relation to the school's ability to continue as a going concern.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

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 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.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

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:

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.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

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 13. 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 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial 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.

THE HEIGHTS PRIMARY SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2022

1. Accounting policies (continued)

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.

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.

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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 22, 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 2022. 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.

The asset values are reported using estimated asset allocations prepared by the scheme Actuary. The asset value is calculated at each triennial valuation. Thereafter it is rolled forward to accounting dates using investment returns, contributions received and benefits paid out. During each annual reporting period between triennial valuations, asset returns are estimated using 11 months of market experience and one month of extrapolation being assumed.

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 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
PTFA donations	-	34,648	-	34,648
Other restricted donations	-	2,833	-	2,833
Other unrestricted donations	24,171	-	-	24,171
Capital Grants	-	-	42,318	42,318
	<u>24,171</u>	<u>37,481</u>	<u>42,318</u>	<u>103,970</u>

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
Donations				
PTFA donations	-	16,116	-	16,116
Other restricted donations	-	468	10,656,068	10,656,536
Other unrestricted donations	1,761	-	-	1,761
Capital Grants	-	-	103,866	103,866
	<u>1,761</u>	<u>16,584</u>	<u>10,759,934</u>	<u>10,778,279</u>

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4. Funding for the academy's charitable activities

	Restricted funds 2022 £	Total funds 2022 £
Funding for the free school's educational operations		
DfE/ESFA grants		
General Annual Grant (GAG)	1,541,418	1,541,418
Other DfE/ESFA grants		
Pupil Premium	27,223	27,223
Local authority grant	90,827	90,827
Universal Infant Free School Meals	64,597	64,597
	1,724,065	1,724,065
	1,724,065	1,724,065
	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Funding for the free school's educational operations		
DfE/ESFA grants		
General Annual Grant (GAG)	1,406,847	1,406,847
Other DfE/ESFA grants		
Other EFA grants	31,245	31,245
Local authority grant	89,786	89,786
Universal Infant Free School Meals	61,578	61,578
	1,589,456	1,589,456
COVID-19 additional funding (DfE/ESFA)		
Catch-up Premium	16,480	16,480
	16,480	16,480
	1,605,936	1,605,936
	1,605,936	1,605,936

The School received £Nil (2021: £16,480) of funding for catch-up premium and costs incurred in respect of this funding totalled £Nil (2021: £16,480).

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5. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £
Hire of facilities	8,929	54,935	63,864
	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Total funds 2021 £</i>
Hire of facilities	13,222	21,703	34,925

6. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £
Funding for the free school's educational operations:				
Direct costs	1,349,758	240,542	57,302	1,647,602
Allocated support costs	372,393	131,037	328,584	832,014
	1,722,151	371,579	385,886	2,479,616
	<i>Staff Costs 2021 £</i>	<i>Premises 2021 £</i>	<i>Other 2021 £</i>	<i>Total 2021 £</i>
Funding for the free school's educational operations:				
Direct costs	1,260,642	31,801	61,333	1,353,776
Allocated support costs	288,878	-	437,650	726,528
	1,549,520	31,801	498,983	2,080,304

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7. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £
Funding for the free school's educational operations	1,647,602	832,014	2,479,616

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

Analysis of support costs

	Total funds 2022 £	Total funds 2021 £
Staff costs	372,393	288,878
Premises costs	131,037	211,281
Education support	238,025	161,253
Professional services	9,563	9,508
Insurance	32,740	24,230
Office costs	12,929	10,352
Other support costs	14,069	8,961
Governance costs	21,258	12,065
	832,014	726,528

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8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	2021 £
Operating lease rentals	36,262	134,334
Depreciation of tangible fixed assets	240,542	31,801
Auditors remuneration		
- audit	12,500	10,300
- other services	4,358	1,716
	<u> </u>	<u> </u>

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022 £	2021 £
Wages and salaries	1,192,227	1,140,144
Social security costs	80,183	65,770
Pension costs	437,895	343,606
	<u> </u>	<u> </u>
	1,710,305	1,549,520
Agency staff costs	11,846	-
	<u> </u>	<u> </u>
	<u>1,722,151</u>	<u>1,549,520</u>

b. Special staff severance payments

There were no non-statutory/non-contractual severance payments in the year (2021: £nil).

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9. Staff (continued)

c. Staff numbers

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

	2022	<i>2021</i>
	No.	<i>No.</i>
Teaching staff	28	<i>23</i>
Administration and support	45	<i>44</i>
Management	2	<i>3</i>
	75	<i>70</i>

d. Higher paid staff

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

	2022	<i>2021</i>
	No.	<i>No.</i>
In the band £70,001 - £80,000	-	<i>1</i>
In the band £80,001 - £90,000	1	<i>-</i>

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 £212,994 (2021 £200,517).

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10. 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:

		2022	2021
		£	£
Karen Edwards, Head Teacher	Remuneration	75,000 - 80,000	<i>75,000 - 80,000</i>
	Pension contributions paid	15,000 - 20,000	<i>15,000 - 20,000</i>
Emma Sanigar	Remuneration	-	<i>10,000 - 15,000</i>
	Pension contributions paid	-	<i>0 - 5,000</i>
Elena Rees, (Elected by staff 26 February 2021)	Remuneration	30,000 - 35,000	<i>15,000 - 20,000</i>
	Pension contributions paid	5,000 - 10,000	<i>0 - 5,000</i>

During the year ended 31 August 2022, no Governor expenses have been incurred (*2021 - £NIL*).

11. 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.

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12. Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2021	10,518,068	130,307	91,488	144,743	10,884,606
Additions	1,653	20,924	-	4,206	26,783
Disposals	-	(426)	-	-	(426)
At 31 August 2022	<u>10,519,721</u>	<u>150,805</u>	<u>91,488</u>	<u>148,949</u>	<u>10,910,963</u>
Depreciation					
At 1 September 2021	-	64,486	-	85,913	150,399
Charge for the year	189,546	18,432	9,080	23,484	240,542
On disposals	-	(426)	-	-	(426)
At 31 August 2022	<u>189,546</u>	<u>82,492</u>	<u>9,080</u>	<u>109,397</u>	<u>390,515</u>
Net book value					
At 31 August 2022	<u><u>10,330,175</u></u>	<u><u>68,313</u></u>	<u><u>82,408</u></u>	<u><u>39,552</u></u>	<u><u>10,520,448</u></u>
At 31 August 2021	<u><u>10,518,068</u></u>	<u><u>65,821</u></u>	<u><u>91,488</u></u>	<u><u>58,830</u></u>	<u><u>10,734,207</u></u>

13. Debtors

	2022 £	2021 £
Due within one year		
Trade debtors	8,435	1,810
Other debtors	10,617	24,506
Prepayments and accrued income	138,331	158,107
	<u><u>157,383</u></u>	<u><u>184,423</u></u>

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14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	63,778	112,083
Other taxation and social security	19,138	19,384
Other creditors	3,052	4,231
Accruals and deferred income	119,110	84,436
	205,078	220,134
	205,078	220,134
	2022 £	2021 £
Deferred income at 1 September 2021	54,935	46,502
Resources deferred during the year	62,778	54,935
Amounts released from previous periods	(54,935)	(46,502)
	62,778	54,935
	62,778	54,935

15. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost	65,590	185,314
	65,590	185,314
	65,590	185,314
	2022 £	2021 £
Financial liabilities		
Financial liabilities measured at fair value through income and expenditure comprise of the pension scheme deficit	-	703,000
Financial liabilities measured at amortised cost	86,900	145,814
	86,900	145,814
	86,900	145,814

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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16. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	3,260	31,177	-	(34,437)	-	-
Community fund	-	5,710	-	(5,710)	-	-
	<u>3,260</u>	<u>36,887</u>	<u>-</u>	<u>(40,147)</u>	<u>-</u>	<u>-</u>
Restricted general funds						
Restricted funds	1,947	1,895,944	(2,022,951)	64,726	-	(60,334)
PE Grant	3,641	19,010	(22,651)	-	-	-
Pension reserve	(703,000)	-	(184,000)	-	742,000	(145,000)
	<u>(697,412)</u>	<u>1,914,954</u>	<u>(2,229,602)</u>	<u>64,726</u>	<u>742,000</u>	<u>(205,334)</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	33,436	42,318	(9,472)	(51,362)	-	14,920
Fixed Assets	10,734,207	-	(240,542)	26,783	-	10,520,448
	<u>10,767,643</u>	<u>42,318</u>	<u>(250,014)</u>	<u>(24,579)</u>	<u>-</u>	<u>10,535,368</u>
Total Restricted funds	<u>10,070,231</u>	<u>1,957,272</u>	<u>(2,479,616)</u>	<u>40,147</u>	<u>742,000</u>	<u>10,330,034</u>
Total funds	<u><u>10,073,491</u></u>	<u><u>1,994,159</u></u>	<u><u>(2,479,616)</u></u>	<u><u>-</u></u>	<u><u>742,000</u></u>	<u><u>10,330,034</u></u>

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

The Restricted Fixed Asset Fund records income of £42,318. Total expenditure for the period from the Restricted Fixed Asset Fund is £250,014, 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 £10,535,368 therefore represents capital funding secured but not yet spent of £14,920, and the net book value of tangible fixed assets of £10,520,448.

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16. Statement of funds (continued)

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 2022.

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

	<i>Balance at 1 September 2020</i>			<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2021</i>
	£	<i>Income</i>	<i>Expenditure</i>	£	£	£
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>

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17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	10,520,448	10,520,448
Current assets	36,262	108,482	14,920	159,664
Creditors due within one year	(36,262)	(168,816)	-	(205,078)
Provisions for liabilities and charges	-	(145,000)	-	(145,000)
Total	-	(205,334)	10,535,368	10,330,034

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2021 £</i>	<i>Restricted funds 2021 £</i>	<i>Restricted fixed asset funds 2021 £</i>	<i>Total funds 2021 £</i>
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

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18. Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2022 £	2021 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(485,457)	10,369,516
Adjustments for:		
Depreciation	240,542	31,801
Capital grants from DfE and other capital income	(42,318)	(10,759,934)
Defined benefit pension scheme cost	184,000	111,000
Decrease/(increase) in debtors	27,040	(10,121)
(Decrease)/increase in creditors	(15,056)	121,854
Net cash used in operating activities	(91,249)	(135,884)

19. Cash flows from investing activities

	2022 £	2021 £
Purchase of tangible fixed assets	(26,783)	(10,699,693)
Proceeds from the sale of tangible fixed assets	-	9,679
Capital grants from DfE Group	42,318	10,759,934
Net cash provided by investing activities	15,535	69,920

20. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand and at bank	2,281	77,995
Total cash and cash equivalents	2,281	77,995

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21. Analysis of changes in net debt

	At 1 September 2021 £	Cash flows £	At 31 August 2022 £
Cash at bank and in hand	77,995	(75,714)	2,281
	<u>77,995</u>	<u>(75,714)</u>	<u>2,281</u>

22. 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 £241,024 (2021 - £169,303).

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.

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22. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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.

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22. Pension commitments (continued)

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 2022 was £172,453 (2021 - £91,577), of which employer's contributions totalled £133,527 (2021 - £71,286) and employees' contributions totalled £ 38,926 (2021 - £20,291). 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.

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	3.90	3.85
Rate of increase for pensions in payment/inflation	2.90	2.85
Discount rate for scheme liabilities	4.20	1.70
Inflation assumption (CPI)	2.90	2.85
Inflation assumption (RPI)	3.15	3.10

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

	2022	2021
	Years	Years
<i>Retiring today</i>		
Males	21.0	21.3
Females	23.8	24.0
<i>Retiring in 20 years</i>		
Males	22.3	22.6
Females	25.3	25.4

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22. Pension commitments (continued)

Sensitivity analysis

	2022	<i>2021</i>
	£000	<i>£000</i>
Discount rate +0.1%	631	<i>1,070</i>
Discount rate -0.1%	669	<i>1,135</i>
Mortality assumption - 1 year increase	670	<i>1,145</i>
Mortality assumption - 1 year decrease	631	<i>1,060</i>
CPI rate +0.1%	669	<i>1,135</i>
CPI rate -0.1%	631	<i>1,070</i>

Share of scheme assets

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

	At 31	<i>At 31 August</i>
	August 2022	<i>2021</i>
	£	<i>£</i>
Equities	315,000	<i>244,000</i>
Property	68,000	<i>47,000</i>
Corporate bonds	78,000	<i>71,000</i>
Target Return Portfolio	1,000	<i>17,000</i>
Cash and other liquid assets	9,000	<i>8,000</i>
Infrastructure	55,000	<i>34,000</i>
Longevity insurance	(21,000)	<i>(22,000)</i>
Total market value of assets	505,000	<i>399,000</i>

The actual return on scheme assets was £21,000 (2021 - £37,000).

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

	2022	<i>2021</i>
	£	<i>£</i>
Current service cost	(252,000)	<i>(172,000)</i>
Net interest on the defined liability	(12,000)	<i>(8,000)</i>
Total amount recognised in the Statement of Financial Activities	(264,000)	<i>(180,000)</i>

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22. Pension commitments (continued)

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

	2022 £	2021 £
At 1 September	1,102,000	761,000
Current service cost	252,000	172,000
Interest cost	19,000	13,000
Employee contributions	24,000	20,000
Actuarial losses	(721,000)	138,000
Estimated benefits paid net of transfers in	(26,000)	(2,000)
At 31 August	650,000	1,102,000

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

	2022 £	2021 £
At 1 September	399,000	275,000
Expected return on assets	21,000	32,000
Interest income	7,000	5,000
Employer contributions	80,000	69,000
Employee contributions	24,000	20,000
Estimated benefits paid net of transfers in	(26,000)	(2,000)
At 31 August	505,000	399,000

23. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £NIL for the debts and liabilities contracted before he/she ceases to be a member.

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24. Related party transactions

Owing to the nature of the academy 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 Academy Trust 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 2022 the school paid £nil to Edwards Landscaping for services (2021:£nil). No amounts were outstanding at the year end (2021: £nil). The company is run by the spouse of K Edwards (Headteacher).

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