

HEATHLAND WHITEFRIARS FEDERATION

(A Company Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

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**HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members	L Malzard S Maguire (resigned 5 December 2019) A Chalisey (resigned 5 December 2019) D Parker (appointed 5 December 2019) D Pillay (appointed 5 December 2019)
Trustees	L Malzard, Chair of Trustees L Caswell, Accounting Officer M S Nolan, Vice Chair (resigned 31 August 2020) D Mattison T Jegathseesan F Hopkins J Watson A Chalisey (resigned 17 January 2020) R Chandarana
Company registered number	09066965
Principal and registered office	Heathland Whitefriars Federation Heathland School Eastcote Lane Harrow HA2 9AG
Company secretary	A Bowd
Senior Leadership Team	L Caswell, Executive Headteacher F Hopkins, Associate Headteacher J Watson, Associate Headteacher D Coghill, Deputy Headteacher C Lake, Deputy Headteacher B Goodwin, Deputy Headteacher R Crossland, Deputy Headteacher R Williams, Acting Deputy Headteacher M O'Neill, Head of Finance & HR V Griffith, Head of Operations
Independent Auditors	Price Bailey LLP Chartered Accountants Statutory Auditors Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Heathland Whitefriars Federation ("the Charitable Company" or "the Trust") for the year to 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates one primary Academy and one all-through Academy ("the Academies" or "the Schools") serving catchment areas in the London Borough of Harrow. The Academies have a combined pupil capacity of 2,084 and had a roll of 1,960 in the census on 01 October 2020.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents. The Trustees of Heathland Whitefriars Federation are also the Directors of the Charitable Company for the purposes of company law. Within this Report the terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

- Heathland School
- Whitefriars School

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Resources Committee (RC). The Trust has a Stakeholder Council which supports the Trust in an advisory role to shape and achieve its objectives. Within this Report, the term Trustee refers to a member of the Board of Trustees and the term Stakeholder to a member of the Stakeholder Council.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' and Officers' Indemnities

The Trust has opted to be covered under the Government's Risk Protection Arrangements (RPA) scheme to protect Trustees, Stakeholders and Officers, from claims arising from negligent acts, omissions or errors whilst performing Trust business.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Other than the Executive Headteacher, Trustees are appointed for a fixed term of 4 years. The Executive Headteacher is an ex officio member of the Board of Trustees. The Executive Headteacher shall be a Trustee for as long as she remains in office as such. The Articles of Association make provision for not less than three but no maximum number of Trustees, including the Executive Headteacher, up to two Associate Headteachers, the Chair of the Safeguarding Committee, the Chair of the Resources Committee, the Chair of the Standards Committee, the Chair of the Stakeholder Council, and a minimum of 2 Parent Directors, unless there are Parent Members of the Stakeholder Council. The Company may also have any Co-opted Trustee. The total number of Trustees including the Executive Headteacher who are employees of the Company shall not exceed one third of the total number of Trustees.

The Members may appoint up to 5 Trustees. Parent Trustees and parent members of the Stakeholder Council shall be elected or appointed in accordance with the terms of reference determined by the Trustees. The Trustees, who have not themselves been so appointed, may appoint Co-opted Trustees. Subject to them remaining eligible, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees and Stakeholders

The Trust is committed to providing adequate opportunities for Trustees and Stakeholders to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides internal training led by Trust and School staff and also links with local training providers and a number of highly regarded online providers and governance associations which are also sources of guidance and information.

All new Trustees and Stakeholders have an induction programme, according to their need, which includes introductory sessions, mentoring, formal training courses, and a tour of their/both Schools. This process will involve a meeting with the Chair of Trustees, Chair of the Stakeholder Council as appropriate and selected students and staff. All Trustees and Stakeholders are provided with access to a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees and Stakeholders with particular emphasis on the committee work that they will undertake.

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Board of Trustees meets on at least 5 occasions per year and is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure, senior staff appointments and executive pay.

The Stakeholder Council meets on at least 3 occasions each year to consider and recommend to the Board how the voice of pupils, parents, staff members and community should shape the objectives of the Schools' annual Improvement Plans and to focus on assisting with School activities and specific curriculum areas which have been highlighted in the Plan. Stakeholders are members of at least one other sub-committee, the terms of reference for which are reviewed annually, who report to the Board of Trustees.

The Trust's Senior Leadership Team (SLT) controls the Academies at an executive level implementing policies and reporting to the Board. The SLT is responsible for the day to day operation of the Academies, in particular organising staff, resources and students. They are responsible for the authorisation of spending in accordance with the agreed spending limits within financial regulations and agreed budgets. The Executive and Associate Headteachers are responsible for the appointment of staff at Deputy Headteacher level and below, following vetting and safeguarding recruitment processes.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The Executive Headteacher is the designated Accounting Officer and has overall responsibility for the day to day financial management of the Trust. The Executive Headteacher manages the Trust on a daily basis supported by the Trust Senior Leadership Team comprising the Associate and Deputy Headteachers, the Head of Finance & HR and the Head of Operations, who look at the strategic aims of the Trust as a whole. The Trust Senior Leadership Team meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Board of Trustees, as required, for approval.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Head Teacher Group size, Individual Salary Range, the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Trade Union Facility Time

The Trust has no employees that are Trade Union Representatives.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees and Stakeholder Council being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which a Trustee or a Stakeholder may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee or Stakeholder may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust did not cooperate with any related party during the academic year in pursuit of its charitable activities and does not have a formal sponsor.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and Activities

Objects and Aims

The Trust's main aims as set out in its Articles of Association are:

- to advance, for the public benefit, education in the United Kingdom, offering a broad and balanced curriculum;
- to provide childcare facilities and adult training to develop the capacity and skills of parents to be and parents with children in such a way that they are better able to identify and help meet the needs of children;
- to promote in Harrow and Wealdstone the physical, intellectual and social development of children especially those who are socially and economically disadvantaged;
- to develop the capacity and skills of those inhabitants of the area who are socially and economically disadvantaged in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- to provide recreational and leisure time facilities in the interests of social welfare for the inhabitants of the area especially those who have need of such facilities by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances.

Objectives, Strategies and Activities

During the year the Trust has worked towards these aims by:

- Maintaining and building on exceptionally high standards of attainment and progress for all pupils;
- Sustaining outstanding pupil progress and attainment in all subjects by continuing to support teaching focus on "next steps" learning and high expectations within the new curriculum, ensuring that learning is central to all activity;
- Increasing the proportion of pupils achieving at greater depth (KS2 SATs) across the Federation;
- Managing the continuing expansion of Whitefriars School including planning and preparing for 6th Form provision;
- Continuing to develop KS4 provision at Whitefriars School including inclusion and access arrangements for our first year of GCSEs;
- Reviewing and improving Primary curriculum coverage of Science;
- Raising the profile of children and young people's mental health and emotional well being; continuing to embed Place2Be provision at Whitefriars;
- Improving outdoor provision at Heathland School including play and sport equipment;
- Raising the profile of strategies for supporting staff well being; and
- Working with our School Improvement Partner on key areas for development.

Our success in fulfilling our aims can be measured by:

- Outcomes and wellbeing of pupils and students of all ages;
- Ofsted judgements;
- The reputation of the Schools and the Trust; and
- The support and approval of parents and families.

Public Benefit

In setting our objectives and planning our activities the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic Report

Achievements and Performance

The Trust continued its mission to:

- provide world class teaching and learning;
- encourage a wide range of extra-curricular activities;
- develop and retain suitable staff;
- guide students in suitable progression when they leave our Schools; and
- ensure that students at Whitefriars School achieved their potential in our first year of public examinations.

Specific achievements were as follows:

- Both Schools remained partially open through the period of lockdown against Covid-19 as required in order to support children of key workers and others pupils for whom it was essential, including looked after children and those with Education Health and Care Plans;
- Successfully making the Schools covid secure to allow for partial re-opening in June 2020 to Nursery, Reception, Years 1, 6 and 10 and full re-opening in September 2020. This included organising groups into “bubbles” and making greater use of remote learning as well as a host of other measures;
- Both Schools are accredited as London Schools for Success in recognition of their effective work to improve outcomes for disadvantaged children;
- Our first year 11 cohort successfully completed their GCSE courses and, despite the School closures their outcomes exceeded national averages in most areas.

Key Performance Indicators (KPIs)

Trustees monitor Key Performance Indicators (Key Dials), including the following, at least once per term, to ensure that performance remains outstanding in all areas:

- OFSTED outcomes;
- School attainment/standards data;
- EYFS Assessments;
- Phonics Test outcomes;
- SATs results;
- Pupil attendance data;
- Pupil recruitment data;
- Financial indicators – balanced budget based on reasonable assumptions, variances against budget in the management accounts, sufficiency of reserves;
- Staffing data, including outcomes of teaching and learning reviews;
- Governance data;
- Safeguarding data;
- Premises spending.

All of the above KPI's were within the parameters set by the Board

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In making this statement the Board of Trustees have taken into due consideration the effects upon the Trust of the COVID-19 pandemic, the partial closure of the School during the period and the changes in practices introduced from the 2020 Autumn term.

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Further consideration on the Trust's ability to continue as a going concern as a result of the COVID-19 pandemic can be found in Note 1.2.

Financial Review

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2020 the Trust received £11,670,917 of GAG and other income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent a total of £10,507,689 including capital projects. The Trust brought forward from 18/19, £785,864 of restricted funds and £133,027 of unrestricted. The carry forward for 19/20 is £1,380,831 of restricted funds and £194,733 of unrestricted.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £5,536,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Head of Finance. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £194,733. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £1,575,564.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £2,098,327. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure.

Investment Policy

An Investment Policy was approved by the Board of Trustees in October 2018.

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise the Trust's income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship, and as and when circumstances allow.

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Trust and the individual Schools are exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at Resources Committee meetings. The principal risks facing the Trust are outlined below; those facing the Trust at an operational level are addressed by its systems and by internal financial and other controls.

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The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of Academy Schools, the level of financial risk is low. Cash flows can be reliably forecast and monitored. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- The Trust has considerable reliance on continued Government funding through the ESFA and whilst there has been a small injection of additional funding this will not be enough to counteract the rise of the minimum wage, teachers' pensions contribution rise and any other additional costs that the Government may choose to introduce over an extended period of time;
- Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- Reputational - the continuing success of the Schools is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- Staffing - the success of the Schools is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- Fraud and mismanagement of funds - the Trustees have appointed Alliotts LLP Chartered Accountants and Business Advisors to carry out a programme of internal scrutiny which includes independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- Financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade and other debtors. The risk in this area is considered to be low;
- COVID-19 – the disruption to the Schools during the 2019/20 academic year brought a reduction in external income and a number of additional costs, not all of which were recoverable from Government. Autumn term 2020 opened with new restrictions around class sizes and social distancing among other things. The risk of a School having to close due to localised infections has been mitigated by extensive risk assessment planning and amended working practices; and
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any School ceasing to exist the main risk to the Trust is the annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Fundraising

The Trust only held small fundraising events during the year including a Festive Fair at Whitefriars School and various collections for charities selected by the Schools' Pupil Councils. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events. All fundraising undertaken during the year was monitored by the Trustees.

HEATHLAND WHITEFRIARS FEDERATION
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Plans for Future Periods

The Federation's Aims and Objectives for academic years 2020/21 and 2021/22:

- Ensure the safety of pupils, staff and other stakeholders against the threat of COVID-19;
- Continue to make advances in our use of remote learning;
- Continue to evolve our primary curriculum to include discretely taught science and ensure subject coverage across the Schools is well-aligned;
- Ensure that our curriculum enhances pupils' cultural capital;
- Further improve KS2 outcomes in reading at the expected standard and at greater depth;
- Ensure that Whitefriars secondary students (KS3) currently below track in English make progress to be on track;
- Further improve the proportion of students on track to achieve 4/5 or better at GCSE;
- Further reduce the rate of persistent absenteeism across both Schools;
- Further improve and enhance outdoor provision in both Schools; and
- Continue to prepare for the beginning of our KS5 offer which is expected to open in September 2021 at Whitefriars School.

Funds Held as Custodian Trustee on Behalf of Others

Neither the Trust nor any of its officers hold any assets as custodian Trustee on behalf of others.

Provision of Information to Auditors

Insofar as the Trustees are aware there is no relevant audit information of which the Charitable Company's Auditors are unaware, and the Trustees have taken all the 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

Auditors

The Auditors, Price Bailey LLP, are willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on its behalf by:

Lynne Malzard
Chair

HEATHLAND WHITEFRIARS FEDERATION
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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Heathland Whitefriars Federation has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Executive 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 Heathland Whitefriars Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
L Malzard, Chair of Trustees	5	5
L Caswell, Accounting Officer	5	5
M S Nolan, Vice Chair	5	5
D Mattison	5	5
T Jegathseesan	4	5
F Hopkins	5	5
J Watson	5	5
A Chalisey	1	2
R Chandarana	2	4

The main challenge for the Board this year has been in responding to the Covid-19 situation and in implementing the national and local guidance for Schools in this regard. Prompted by lockdown and social distancing requirements, this year the Board of Trustees has successfully moved to virtual meetings. Because of the imminent departure of the Trust's Executive Head, Trustees are planning for changes in the Trust's leadership structure to ensure a smooth transition and have successfully promoted our two Associate Headteachers to the posts of substantive Headteacher in each of the Schools.

The Trustees use specified key information from across the Schools (including our Key Dials) to facilitate them in holding the Trust's and Schools' leadership rigorously to account in a range of areas including standards, attainment and pupil progress, while maintaining an understanding of the Schools' effectiveness in all areas.

The Trust is currently actively recruiting more Trustees to join the Board following the resignation of the former Vice-Chair.

The most recent review of the Trust's governance was conducted in early 2019 by a National Leader of Governance and concluded that "The Board of Directors with the Members and Stakeholder Council provide outstanding governance (as reported by Ofsted and confirmed by this review). The outcomes, improved progress and attainment for the Federation exemplify the effectiveness of leadership and governance." It went on to list some points the Board should look at and which they are keeping under review, including:

- Succession planning;
- Number of Members and composition of the Board; and
- The Board's involvement in the Trust's Improvement Planning.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Trust intends to complete a review of its effectiveness during the academic year 2020/21. The format of this review will depend on the Covid-19 situation.

The Board of Trustees has formally met five times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees and reports from SLT, including management accounts from the Head of Finance, that it maintains effective oversight. The Board has formal (remote) meetings scheduled at six points during 2020-2021.

The Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to: oversee matters of finance, premises, and staffing including:

- Providing guidance and assistance to the Executive Headteacher (Accounting Officer), Head of Finance (Chief Financial Officer) and Board of Directors on all financial matters including: Accounting Policies, Audit & Controls, Financial Monitoring, Procurement of Goods and Services, Payroll, Assets, Insurance;
- To advise the Board of Trustees on priorities, including health and safety, for the maintenance and development of the Federation's premises including: repairs and maintenance, premises related expenditure and funding bids, establishment and review of Building Development and Accessibility Plans;
- Providing guidance and assistance to the Board of Trustees on all staffing matters including: staffing structure, Pay Policy including operation of the Pay Committee and Pay Appeals Panel, appointments and other personnel related expenditure, system of appraisal, overseeing processes for staff reductions, staff work/life balance, working conditions and wellbeing, including the monitoring of absence, monitoring PPA time for all teachers;
- To review the Academy's internal and external financial statements and reports to ensure that they reflect best practice, consider all relevant reports and management letters by the appointed Auditors and recommend to the Board action as appropriate in response to audit findings, review the effectiveness of the Academy's internal control systems, develop, review and monitor the Trust's risk register and to recommend to the Members the appointment or reappointment of the external Auditors;
- To review the operation of the Academy Trust's code of conduct for Trustees and code of conduct for staff; and
- To establish and maintain effective whistleblowing procedures.

Particular issues dealt with in the year include decisions relating to the continuing expansion of the secondary section of Whitefriars School and staffing and procurement matters relating to the coronavirus pandemic.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Mattison	3	3
R Chandarana	3	3
L Caswell	2	3
J Watson	2	3
A Chalisey	1	2

HEATHLAND WHITEFRIARS FEDERATION
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Sharing staff and resources across the 2 Schools in our federation including:
 - o Maximising use of shared staff to minimise duplication of effort;
 - o Maximising use of joint purchasing and procurement to allow us to benefit from economies of scale;
 - o Holding joint INSET and CPD sessions and encouraging collaboration and sharing of expertise across our two Schools especially among SLT, year group and faculty leaders.
- Overseeing spending and staffing decisions and reviewing them for best value; and
- Regularly reminding budget holders of the need to achieve best value.

The Accounting Officer has also considered relevant Procurement Policy Notes and Government guidance in its dealings with suppliers during the Covid-19 pandemic and the value for money aspect of ensuring continuity of supply of critical services in the medium and long term including in respect of services such as catering, agency staff (in respect of long-term placements) and exam board fees. Where appropriate, the Accounting Officer has also extended these principles to payment of atypical staff.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Heathland Whitefriars Federation for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The 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 includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Alliot's LLP as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Financial Procedures
- Income Processes

On a half yearly basis, the Internal Auditor reports to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an Annual Summary Report to the Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

The Internal Auditor has delivered their schedule of work as planned and there were no material control issues arising as a result of their work.

Review of effectiveness

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

- The work of the Internal Auditor;
- The work of the external Auditor;
- The school resource management self-assessment tool; and
- The work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on their behalf by:

Lynne Malzard
Chair

Lucy Caswell
Accounting Officer

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Heathland Whitefriars Federation I have considered my responsibility to notify the Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

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

Lucy Caswell
Accounting Officer

Date: 16 December 2020

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law, the Trustees 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 Trustees 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 2019 to 2020;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees 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 Trustees 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 Trustees 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 the Board of Trustees and signed on its behalf by:

Lynne Malzard
Chair

Date: 16 December 2020

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEATHLAND WHITEFRIARS FEDERATION**

Opinion

We have audited the financial statements of Heathland Whitefriars Federation (the 'Trust') for the year ended 31 August 2020 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 2019 to 2020 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 Trust's affairs as at 31 August 2020 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 2019 to 2020 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 Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEATHLAND WHITEFRIARS FEDERATION (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HEATHLAND WHITEFRIARS FEDERATION (CONTINUED)**

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the Directors of the Charitable Company 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 Trustees 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 Trustees 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 Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our Report

This Report is made solely to the Trust'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 Trust's Members those matters we are required to state to them in an Auditors' 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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Gary Miller (Senior Statutory Auditor)

for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

17 December 2020

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEATHLAND WHITEFRIARS FEDERATION AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 6 April 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heathland Whitefriars Federation during the year 1 September 2019 to 31 August 2020 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 Heathland Whitefriars Federation and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heathland Whitefriars Federation 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 Heathland Whitefriars Federation and ESFA, for our work, for this Report, or for the conclusion we have formed.

Respective responsibilities of Heathland Whitefriars Federation's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Heathland Whitefriars Federation's funding agreement with the Secretary of State for Education dated 27 June 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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 Trust's income and expenditure.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO HEATHLAND
WHITEFRIARS FEDERATION AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity, impropriety and non-compliance.
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Date: 17 December 2020

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Income from:						
Donations and capital grants	3	1,558	29,661	506,555	537,774	170,727
Charitable activities	4	86,951	10,926,220	-	11,013,171	9,414,438
Other trading activities	5	69,200	47,880	-	117,080	188,378
Investments	6	2,892	-	-	2,892	4,298
Total income		160,601	11,003,761	506,555	11,670,917	9,777,841
Expenditure on:						
Charitable activities	7	98,895	10,925,028	700,836	11,724,759	10,550,781
Total expenditure		98,895	10,925,028	700,836	11,724,759	10,550,781
Net income / (expenditure)		61,706	78,733	(194,281)	(53,842)	(772,940)
Transfers between funds	17	-	(11,766)	11,766	-	-
Net movement in funds before other recognised gains/(losses)		61,706	66,967	(182,515)	(53,842)	(772,940)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(577,000)	-	(577,000)	(1,160,000)
Net movement in funds		61,706	(510,033)	(182,515)	(630,842)	(1,932,940)
Reconciliation of funds:						
Total funds brought forward		133,027	(3,645,136)	21,552,841	18,040,732	19,973,672
Net movement in funds		61,706	(510,033)	(182,515)	(630,842)	(1,932,940)
Total funds carried forward		194,733	(4,155,169)	21,370,326	17,409,890	18,040,732

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

The notes on pages 24 to 48 form part of these financial statements.

HEATHLAND WHITEFRIARS FEDERATION

(A Company Limited by Guarantee)

REGISTERED NUMBER: 09066965

**BALANCE SHEET
AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	21,099,930	21,552,841
Current assets			
Debtors	14	777,176	385,153
Cash at bank and in hand		2,098,327	1,354,672
		2,875,503	1,739,825
Creditors due within one year	15	(1,027,984)	(818,341)
Net current assets		1,847,519	921,484
Total assets less current liabilities		22,947,449	22,474,325
Creditors due after more than one year	16	(1,559)	(2,593)
Net assets excluding pension liability		22,945,890	22,471,732
Defined benefit pension scheme liability	24	(5,536,000)	(4,431,000)
Total net assets		17,409,890	18,040,732
Funds of the Trust			
Restricted funds:			
Fixed asset funds	17	21,370,326	21,552,841
Restricted income funds	17	1,380,831	785,864
Pension reserve	17	(5,536,000)	(4,431,000)
Total restricted funds		17,215,157	17,907,705
Unrestricted income funds	17	194,733	133,027
Total funds		17,409,890	18,040,732

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue on 16 December 2020 and are signed on their behalf, by:

L Malzard
Chair

The notes on pages 24 to 48 form part of these financial statements.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	19	483,167	445,767
Cash flows from investing activities	21	261,522	(120,552)
Cash flows from financing activities	20	(1,034)	(1,037)
Change in cash and cash equivalents in the year		743,655	324,178
Cash and cash equivalents at the beginning of the year		1,354,672	1,030,494
Cash and cash equivalents at the end of the year	22, 23	<u>2,098,327</u>	<u>1,354,672</u>

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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.

The Trust is a company limited by guarantee. The Members of the Company are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member. The Trust's registered office is Heathland School, Eastcote Lane, Harrow, HA2 9AG.

1.1 Basis of preparation of financial statements

The financial statements of the Trust, 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Heathland Whitefriars Federation meets the definition of a public benefit entity under FRS 102.

The Trust's functional and presentational currency is Pounds Sterling.

1.2 Going concern

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

Following the year end the Trust has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic.

The Trust derives the majority of its income from local and national Government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this Report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income

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

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 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.

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.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Taxation

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

1.7 Tangible fixed assets

Assets costing £2,000 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 basis over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold property	- 50 - 125 years
Furniture and equipment	- 5 - 10 years
Computer equipment	- 3 - 5 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.

1.8 Debtors

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

1.9 Cash at bank and in hand

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

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.10 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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 notes 15 and 16. 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.

1.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Pensions

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

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

1.14 Fund accounting

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

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.

Investment income, gains and losses are allocated to the appropriate fund.

HEATHLAND WHITEFRIARS FEDERATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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 Trustees make 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 24, 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 2020. 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.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Donations	1,558	29,661	-	31,219	60,847
Capital grants	-	-	506,555	506,555	109,880
Total 2020	<u>1,558</u>	<u>29,661</u>	<u>506,555</u>	<u>537,774</u>	<u>170,727</u>
Total 2019 as restated	<u>1,847</u>	<u>59,000</u>	<u>109,880</u>	<u>170,727</u>	

In 2019, income from donations was £60,847, of which £1,847 was unrestricted and £59,000 was restricted.

In 2019, income from capital grants was £109,880, all of which was attributable to restricted fixed asset funds.

In 2019, trip income of £59,000 was classified as other income within funding for the Trust's educational activities, this has been reclassified as a restricted donation to reflect its true form.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Trust's Educational activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	8,830,479	8,830,479	7,732,530
Other DfE / ESFA grants	-	1,250,260	1,250,260	825,000
	-	10,080,739	10,080,739	8,557,530
Other Government grants				
Local Authority grants	-	813,393	813,393	753,939
	-	813,393	813,393	753,939
Other funding				
Catering income	86,951	-	86,951	102,969
	86,951	-	86,951	102,969
Coronavirus Job Retention Scheme grant	-	32,088	32,088	-
	-	32,088	32,088	-
Total 2020	86,951	10,926,220	11,013,171	9,414,438
Total 2019 as restated	102,969	9,311,469	9,414,438	

The Trust has been eligible to claim additional funding in the year from Government support schemes in response to the coronavirus outbreak. The Trust furloughed some of its catering staff under the Government's CJRS. The funding received of £32,088 relates to staff costs in respect of 7 staff which are included within note 10 below as appropriate.

In 2019, income from DfE / ESFA grants was £8,557,530, all of which was restricted.

In 2019, income from Other Government grants was £753,939, all of which was restricted.

In 2019, income from other funding was £102,969, all of which was unrestricted.

In 2019, income of £249,751 was disclosed within other funding, £59,000 has been reclassified as a restricted donation, £37,227 reclassified as income from other trading activities and £50,555 net against the expenditure to which it relates to better reflect their true form.

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5. Income from other trading activities

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	As restated Total funds 2019 £
Lettings income	19,858	-	19,858	34,225
Other income	49,342	5,505	54,847	92,948
Music income	-	31,670	31,670	18,747
Sales income	-	10,705	10,705	42,458
Total 2020	<u>69,200</u>	<u>47,880</u>	<u>117,080</u>	<u>188,378</u>
Total 2019 as restated	<u>127,173</u>	<u>61,205</u>	<u>188,378</u>	

In 2019, lettings income was £34,225, all of which was unrestricted.

In 2019, other income was £92,948, £18,480 of which was restricted, £74,468 was unrestricted.

In 2019, music income was £18,747, all of which was unrestricted.

In 2019, sales income was £42,458, all of which was unrestricted.

As specified in Note 4 this note has been reclassified from the prior year.

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest	2,892	2,892	4,298
Total 2019	<u>4,298</u>	<u>4,298</u>	

In 2019, investment income was £4,298, all of which was unrestricted.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	As restated Total 2019 £
Provision for Education:					
Direct costs	7,193,869	-	518,913	7,712,782	7,240,166
Support costs	2,302,318	1,028,586	681,073	4,011,977	3,310,615
	<u>9,496,187</u>	<u>1,028,586</u>	<u>1,199,986</u>	<u>11,724,759</u>	<u>10,550,781</u>
Total 2019 as restated	<u>8,316,561</u>	<u>945,009</u>	<u>1,289,211</u>	<u>10,550,781</u>	

In 2019, of total expenditure £374,827 was on unrestricted funds, £9,485,190 was on restricted funds and £690,764 was on restricted fixed asset funds.

In 2019, direct costs consisted of £6,296,278 staff costs and £943,888 other costs.

In 2019, support costs consisted of £2,020,283 staff costs, £945,009 premises costs and £345,343 other costs.

In 2019, premises costs of £649,343 were disclosed, £295,666 of other costs have been reclassified to premises to ensure agreement with the total of premises and depreciation costs disclosed within note 8. As specified in Note 4 total expenditure in 2019 has reduced by £50,555 due to a reclassification from the prior year.

	2020 £	As restated 2019 £
Analysis of support costs		
Support staff costs	2,302,318	2,105,283
Premises costs (excluding depreciation)	327,750	254,245
Depreciation	700,836	690,764
Technology costs	75,513	105,124
Governance costs	15,251	7,379
Legal costs	11,250	8,296
Other support costs	579,059	139,524
	<u>4,011,977</u>	<u>3,310,615</u>

HEATHLAND WHITEFRIARS FEDERATION
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NOTES TO THE FINANCIAL STATEMENTS
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8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020	2019
	£	£
Operating lease rentals	86,930	125,448
Depreciation of tangible fixed assets	700,836	690,764
Fees paid to Auditors for:		
- audit	8,420	9,000
- other services	5,560	5,250
	896,746	1,425,462

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	2019
	£	£
Wages and salaries	6,213,871	5,357,943
Social security costs	569,591	483,884
Pension costs	1,788,033	1,248,411
	8,571,495	7,090,238
Agency staff costs	924,692	1,226,323
	9,496,187	8,316,561

Staff restructuring costs comprise:

b. Staff numbers

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

	2020	2019
	No.	No.
Teachers	84	73
Administration & support	156	149
Management	9	6
	249	228

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Staff (continued)

c. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	1	-
In the band £70,001 - £80,000	3	3
In the band £90,001 - £100,000	2	2
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-
	<u>1</u>	<u>-</u>

d. Key management personnel

The key management personnel of the Trust comprise the Trustees 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 Trust was £876,292 (2019: £662,701). The number of key management personnel in the year was 10 (2019: 7).

Employer National Insurance contributions included within key management personnel remuneration was £80,875 (2019 - £63,421).

Employer pension contributions included within key management personnel remuneration was £136,186 (2019 - £87,216).

HEATHLAND WHITEFRIARS FEDERATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Central services

The Trust has provided the following central services to its academies during the year:

- Special educational needs, safeguarding and inclusion
- Pupil and assessment data
- IT
- Finance and HR
- Publicity and communications
- Premises & facilities services

The net cost of central services, including shared staff costs, provided to each of the Academies are recharged in proportion to their GAG funding for the year.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Heathland School	342,972	307,606
Whitefriars School	765,131	574,751
Total	1,108,103	882,357

11. Trustees' remuneration and expenses

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

		2020 £	2019 £
L Caswell	Remuneration	110,000 - 115,000	105,000 - 110,000
	Pension contributions paid	25,000 - 30,000	15,000 - 20,000
J Watson	Remuneration	90,000 - 95,000	90,000 - 95,000
	Pension contributions paid	20,000 - 25,000	10,000 - 15,000
F Hopkins	Remuneration	90,000 - 95,000	90,000 - 95,000
	Pension contributions paid	20,000 - 25,000	10,000 - 15,000

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' and Officers' insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees 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 Trustees and Officers indemnity element from the overall cost of the RPA scheme membership.

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	21,635,900	2,229,498	291,736	24,157,134
Additions	-	214,825	33,100	247,925
At 31 August 2020	<u>21,635,900</u>	<u>2,444,323</u>	<u>324,836</u>	<u>24,405,059</u>
Depreciation				
At 1 September 2019	1,510,389	893,536	200,368	2,604,293
Charge for the year	395,098	245,990	59,748	700,836
At 31 August 2020	<u>1,905,487</u>	<u>1,139,526</u>	<u>260,116</u>	<u>3,305,129</u>
Net book value				
At 31 August 2020	<u><u>19,730,413</u></u>	<u><u>1,304,797</u></u>	<u><u>64,720</u></u>	<u><u>21,099,930</u></u>
At 31 August 2019	<u><u>20,125,511</u></u>	<u><u>1,335,962</u></u>	<u><u>91,368</u></u>	<u><u>21,552,841</u></u>

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	216	-
Other debtors	6,807	6,489
Prepayments and accrued income	725,818	302,506
VAT recoverable	44,335	76,158
	<u>777,176</u>	<u>385,153</u>

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15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Other loans	1,039	1,039
Trade creditors	86,480	325,793
Other taxation and social security	143,710	116,924
Other creditors	169,323	29,981
Accruals and deferred income	627,432	344,604
	<u>1,027,984</u>	<u>818,341</u>
	<u>1,027,984</u>	<u>818,341</u>
	2020 £	2019 £
Deferred income brought forward	285,272	184,174
Resources deferred during the year	393,464	285,272
Amounts released from previous periods	(285,272)	(184,174)
Deferred income carried forward	<u>393,464</u>	<u>285,272</u>
	<u>393,464</u>	<u>285,272</u>

At the balance sheet date, the Trust deferred funds received in advance related to Universal Infant Free School Meals, SEN funding, rates relief, pre and after school care, music and catering income relating to the 2020/2021 financial period.

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Other loans	1,559	2,593
	<u>1,559</u>	<u>2,593</u>
	<u>1,559</u>	<u>2,593</u>

Other loans, both due within and more than one year, relate to the balance due on an interest free Salix loan granted by the ESFA.

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	133,027	160,601	(98,895)	-	-	194,733
Restricted general funds						
General Annual Grant (GAG)	785,864	8,830,479	(8,223,746)	(11,766)	-	1,380,831
Other DfE / ESFA grants	-	1,250,260	(1,250,260)	-	-	-
Other Government grants	-	813,393	(813,393)	-	-	-
Other restricted income	-	79,968	(79,968)	-	-	-
Restricted donations	-	29,661	(29,661)	-	-	-
Pension reserve	(4,431,000)	-	(528,000)	-	(577,000)	(5,536,000)
	<u>(3,645,136)</u>	<u>11,003,761</u>	<u>(10,925,028)</u>	<u>(11,766)</u>	<u>(577,000)</u>	<u>(4,155,169)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	21,552,841	-	(700,836)	247,925	-	21,099,930
Devolved Formula Capital	-	29,583	-	(29,583)	-	-
Conditional Improvement Fund	-	476,972	-	(206,576)	-	270,396
	<u>21,552,841</u>	<u>506,555</u>	<u>(700,836)</u>	<u>11,766</u>	<u>-</u>	<u>21,370,326</u>
Total Restricted funds	<u>17,907,705</u>	<u>11,510,316</u>	<u>(11,625,864)</u>	<u>-</u>	<u>(577,000)</u>	<u>17,215,157</u>
Total funds	<u><u>18,040,732</u></u>	<u><u>11,670,917</u></u>	<u><u>(11,724,759)</u></u>	<u><u>-</u></u>	<u><u>(577,000)</u></u>	<u><u>17,409,890</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

17. Statement of funds (continued)

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

General Annual Grant (GAG) represents the core funding for the educational activities of the Schools that has been provided to the Trust via the Education & Skills Funding Agency by the Department of Education.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Other DfE / ESFA grants: This fund has also arisen from funding received from the Department for Education and the Education and Skills Funding Agency for the furtherance of the Academy Trust's activities that are not funded through the General Annual Grant.

Other Government grants: This represents various grants from local and national Government Bodies for the provision of specific services to pupils of the Schools which are restrictive in nature.

Other restricted funds: This restricted fund has arisen from other income that the Academy Trust has received. The monies have to be used for the benefit of the Trust and there are restrictions on how these monies can be spent.

Restricted donations:

This fund largely represents contributions made by parents to the running of educational visits for the pupils of the Schools and the associated costs of running the trips.

Pension reserve: This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS).

Restricted fixed asset funds: These funds have arisen from the fixed assets inherited upon conversion and from the subsequent purchases of new assets for use by the Trust. All assets held are specifically for the use of the Trust.

Unrestricted funds: This represents those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Total funds analysis by Academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Heathland School	1,160,350	1,140,285
Whitefriars School	415,214	(221,394)
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,575,564	918,891
Restricted fixed asset fund	21,370,326	21,552,841
Pension reserve	(5,536,000)	(4,431,000)
	<hr/>	<hr/>
Total	17,409,890	18,040,732
	<hr/> <hr/>	<hr/> <hr/>

HEATHLAND WHITEFRIARS FEDERATION
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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

Total cost analysis by Academy

Expenditure incurred by each Academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Heathland School	2,157,765	459,003	61,088	431,279	3,109,135	3,055,452
Whitefriars School	4,369,724	995,022	156,905	738,639	6,260,290	5,567,766
Central services	666,380	848,293	-	139,825	1,654,498	1,287,354
Trust	<u><u>7,193,869</u></u>	<u><u>2,302,318</u></u>	<u><u>217,993</u></u>	<u><u>1,309,743</u></u>	<u><u>11,023,923</u></u>	<u><u>9,910,572</u></u>

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

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

	Balance at 1 September 2018 £	As restated Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	241,200	279,012	(374,827)	(12,358)	-	133,027
	<u>241,200</u>	<u>279,012</u>	<u>(374,827)</u>	<u>(12,358)</u>	<u>-</u>	<u>133,027</u>
Restricted general funds						
General Annual Grant (GAG)	610,191	7,732,530	(7,455,771)	(101,086)	-	785,864
Other DfE / ESFA grants	-	825,000	(825,000)	-	-	-
Other Government grants	-	753,939	(753,939)	-	-	-
Other restricted income	-	18,480	(18,480)	-	-	-
Restricted donations	-	59,000	(59,000)	-	-	-
Pension reserve	(2,898,000)	-	(373,000)	-	(1,160,000)	(4,431,000)
	<u>(2,287,809)</u>	<u>9,388,949</u>	<u>(9,485,190)</u>	<u>(101,086)</u>	<u>(1,160,000)</u>	<u>(3,645,136)</u>
Restricted fixed asset funds						
Restricted fixed asset funds	22,008,876	-	(690,764)	234,729	-	21,552,841
DFC	-	79,220	-	(79,220)	-	-
CIF	11,405	30,660	-	(42,065)	-	-
	<u>22,020,281</u>	<u>109,880</u>	<u>(690,764)</u>	<u>113,444</u>	<u>-</u>	<u>21,552,841</u>
Total Restricted funds	<u>19,732,472</u>	<u>9,498,829</u>	<u>(10,175,954)</u>	<u>12,358</u>	<u>(1,160,000)</u>	<u>17,907,705</u>
Total funds	<u><u>19,973,672</u></u>	<u><u>9,777,841</u></u>	<u><u>(10,550,781)</u></u>	<u><u>-</u></u>	<u><u>(1,160,000)</u></u>	<u><u>18,040,732</u></u>

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

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	21,099,930	21,099,930
Current assets	194,733	2,407,776	272,994	2,875,503
Creditors due within one year	-	(1,026,945)	(1,039)	(1,027,984)
Creditors due in more than one year	-	-	(1,559)	(1,559)
Provisions for liabilities and charges	-	(5,536,000)	-	(5,536,000)
Total	<u>194,733</u>	<u>(4,155,169)</u>	<u>21,370,326</u>	<u>17,409,890</u>

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	21,552,841	21,552,841
Current assets	161,058	1,575,135	3,632	1,739,825
Creditors due within one year	(28,031)	(789,271)	(1,039)	(818,341)
Creditors due in more than one year	-	-	(2,593)	(2,593)
Provisions for liabilities and charges	-	(4,431,000)	-	(4,431,000)
Total	<u>133,027</u>	<u>(3,645,136)</u>	<u>21,552,841</u>	<u>18,040,732</u>

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NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(53,842)	(772,940)
Adjustments for:		
Depreciation	700,836	690,764
Capital grants from DfE and other capital income	(506,555)	(109,881)
Interest receivable	(2,892)	(4,298)
Pension adjustments	528,000	373,000
Increase in debtors	(392,023)	(76,928)
Increase in creditors	209,643	346,050
Net cash provided by operating activities	483,167	445,767

20. Cash flows from financing activities

	2020 £	2019 £
Repayments of borrowing	(1,034)	(1,037)
Net cash used in financing activities	(1,034)	(1,037)

21. Cash flows from investing activities

	2020 £	2019 £
Interest	2,892	4,298
Purchase of tangible fixed assets	(247,925)	(234,731)
Capital grants from ESFA/DfE	506,555	109,881
Net cash provided by/(used in) investing activities	261,522	(120,552)

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	2,098,327	1,354,672
Total cash and cash equivalents	2,098,327	1,354,672

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

23. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	1,354,672	743,655	2,098,327
Debt due within 1 year	(1,039)	-	(1,039)
Debt due after 1 year	(2,593)	1,034	(1,559)
	<u>1,351,040</u>	<u>744,689</u>	<u>2,095,729</u>

24. Pension commitments

The Trust'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 London Borough of Harrow. 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.

Contributions amounting to £161,110 were payable to the schemes at 31 August 2020 (2019 - £NIL) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

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24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- 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; and
- 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%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £796,996 (2019 - £467,193).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £688,000 (2019 - £626,000), of which employer's contributions totalled £546,000 (2019 - £493,000) and employees' contributions totalled £142,000 (2019 - £133,000). The agreed contribution rates for future years are 20.1 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	2.9	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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24. Pension commitments (continued)

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

	2020 Years	2019 Years
Retiring today		
Males	22.0	21.2
Females	24.3	23.5
Retiring in 20 years		
Males	23.1	22.3
Females	26.3	25

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(270)	(245)
Discount rate -0.1%	270	245
Mortality assumption - 1 year increase	450	376
Mortality assumption - 1 year decrease	(450)	(376)
CPI rate +0.1%	248	207
CPI rate -0.1%	(248)	(207)

Share of scheme assets

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

	2020 £	2019 £
Equities	4,405,000	3,931,040
Corporate bonds	744,000	696,640
Property	400,000	348,320
Cash and other liquid assets	172,000	-
Total market value of assets	5,721,000	4,976,000

The actual return on scheme assets was £163,000 (2019 - £370,000).

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24. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	(990,000)	(746,000)
Past service cost	-	(35,000)
Interest income	95,000	121,000
Interest cost	(179,000)	(206,000)
Total amount recognised in the Statement of Financial Activities	(1,074,000)	(866,000)

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

	2020 £	2019 £
At 1 September	9,407,000	6,946,000
Current service cost	990,000	746,000
Interest cost	179,000	206,000
Employee contributions	142,000	133,000
Actuarial losses	645,000	1,409,000
Benefits paid	(106,000)	(68,000)
Past service costs	-	35,000
At 31 August	11,257,000	9,407,000

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

	2020 £	2019 £
At 1 September	4,976,000	4,048,000
Employer contributions	546,000	493,000
Interest income	95,000	121,000
Actuarial gains	68,000	249,000
Employee contributions	142,000	133,000
Benefits paid	(106,000)	(68,000)
At 31 August	5,721,000	4,976,000

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25. Operating lease commitments

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	41,377	85,856
Later than 1 year and not later than 5 years	3,886	66,606
	<u>45,263</u>	<u>152,462</u>

26. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a Member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a Member.

27. Related party transactions

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

The partner of J Watson and the sister of F Hopkins are employed by the Trust as teaching staff members. The appointments were made in open competition and J Watson and F Hopkins were not involved in the decision-making process regarding the respective appointments. The individuals concerned are paid within the normal pay scale for their role and they receive no special treatment as a result of their relationship to the Trustees. In entering into these transactions, the Trust has complied with the requirements of the Academies Financial Handbook.

No other related party transactions took place in the period of account, other than the above and certain Trustees' remuneration and expenses already disclosed in note 11.