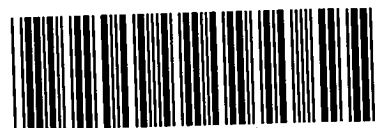


REGISTERED COMPANY NUMBER: 07614421 (England and Wales)

**REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016
FOR
THE HEATH FAMILY (NORTH WEST)**

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

TUESDAY



A16 17/01/2017 #150
COMPANIES HOUSE

THE HEATH FAMILY (NORTH WEST)
CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

	Page
Reference and Administrative Details	1
Report of the Trustees	2 to 7
Governance Statement	8 to 9
Statement on Regularity, Propriety and Compliance	10
Statement of Trustees Responsibilities	11
Report of the Independent Auditors	12 to 13
Independent Accountant's Report on Regularity	14
Statement of Financial Activities	15
Balance Sheet	16 to 17
Cash Flow Statement	18
Notes to the Cash Flow Statement	19
Notes to the Financial Statements	20 to 36

THE HEATH FAMILY (NORTH WEST)
REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

MEMBERS

Mr T P Cook
Mrs E J Ainsworth
Mrs A Parry

TRUSTEES

Mrs E J Ainsworth (Director)
Mrs P Cain (Chief Executive) (resigned 16/11/15)
Mr T P Cook (Company Director)
Mr S J Dewhurst (Vice Principal) (resigned 31/08/16)
Mrs H Mullaney (Executive Principal)
Mrs A I Parry (Director)
Mrs S T Galbraith (Business Consultant) (appointed 23/1/16)
Mr K P Billington (Chartered Accountant) (appointed 06/02/16)
Mr S Heneghan (Business Consultant) (appointed 09/06/16)

REGISTERED OFFICE

Clifton Road
Runcorn
Cheshire
WA7 4SY

REGISTERED COMPANY NUMBER 07614421 (England and Wales)

INDEPENDENT AUDITORS

Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

SOLICITORS

Hill Dickinson
1 St Paul's Square
Old Hall Street
Liverpool
L3 9SJ

SENIOR MANAGEMENT TEAM

Mrs H Mullaney, Executive Principal
Mr S Dewhurst, Vice Principal (resigned 31/08/16)
Mr C Parkinson, Chief Operating Officer (appt'd 01/04/16)

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2016. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education Funding Agency.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Heath Family (North West) is a company limited by guarantee and an exempt registered charity. The Charitable Company's memorandum and articles of association dated 17 February 2015 are the primary governing documents of The Heath Family (North West) Multi Academy Trust.

The Directors act as the Trustees for the charitable activities of The Heath Family (North West) Multi Academy Trust and were also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Heath Family (North West).

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' Indemnities

Qualifying third party indemnity provision has been obtained by the Trust for the benefit of Trustees.

Recruitment and Appointment of New Trustees

Appointment of Directors

The Members may appoint up to 16 Directors

The Members may appoint Staff Directors through such processes as they may determine, provided that the total number of Directors who are employees of the Company does not exceed one third of the total number of Directors.

Associate Directors

The chair of each Local Governing Body shall be an Associate Director for as long as they remain in office as such and shall be appointed by the Directors of the Company. The Chair of a Local Governing Body shall be someone other than the Executive Principal.

Parent Directors

As the Trust has appointed Local Governing Bodies as per Article 100a, and these LGB's include a minimum of 2 parent governors, there is no requirement for the Trust to appoint any Parent Directors.

Chief Executive Officer

The Chief Executive Officer shall be a Director for as long as he or she remains in office as such.

Co-opted Directors

The Directors may appoint up to 3 Co-opted Directors. A 'Co-opted Director' means a person who is appointed to be a Director by being Co-opted by Directors who have not themselves been so appointed.

The Directors may not co-opt an employee of the Company as a Co-opted Director is thereby the number of Directors who are employees of the Company would exceed one third of the total number of Directors including the Chief Executive Officer.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational Structure

The Heath Family (North West) Management Structure has three tiers: the Members, Directors, the Senior Management Team (SMT). Directors are responsible for the setting of general policy, approval of a framework for development and adopting an annual budget plan.

The SMT consists of the Executive Principal and Vice Principal (although the Vice Principal retired on 31.08.16). The SMT control the academy at an executive level implementing the policies laid down by Directors and reporting back to them. The SMT is responsible for the authorisation of spending within agreed budgets and up to a level detailed in the scheme of delegation.

Induction and Training of New Governors

New governors are, upon appointment, issued with a welcome pack and inducted by the Chair of Governors. The Trust schools have access to e-learning modules and a central training programme via amongst others, the National Governors Association.

Arrangements for setting pay and remuneration of key management personnel

It is essential that in order to uphold business stability the trust retain the best talent, and that the pay and remuneration is proportionate to the role the individual plays in promoting the long term success of the trust.

The Heath Family NW have a responsibility to compare similar roles within the region whereby findings are presented to the Board for discussion and agreement.

The key factors in decision making are sustainability and value for money.

Related Parties

The Heath School was a company limited by guarantee and an exempt registered charity which was set up to provide outstanding educational opportunities for students of different abilities between the ages of 11-16. It relied on government funding to finance and to carry out its statutory obligations.

The Heath School converted from a single academy to a multi academy trust. Initially the Heath was the sole member of the trust but on 1 September 2013 Sir William Stanier School, a Sponsored Secondary Academy, joined the trust. On 1 March 2014, The Park Primary, a Sponsored Primary Academy, also joined, renaming to Bridgewater Park Primary School. On the 1st March 2015, Litherland High School, a Sponsored Academy joined the trust, followed by Knowsley Park Centre for Learning on 1 August 2016 (which was renamed The Prescott School). The Trust's family of schools is expected to increase in number in future years to reach a group total of 20 schools.

In addition, during the year The Heath School held a franchise for the Liverpool Institute of Performing Arts (LIPA) and the company Heath Perform Ltd used the site as a base for its activities. Both of these arrangements ended during this period. The Heath Tennis Club is a community tennis club located on The Heath School site and uses the school facilities.

OBJECTIVES AND ACTIVITIES

Objects and aims

VISION

The Heath Family Multi Academy Trust is centred on raising standards of achievement and aspirations for all students to the highest standard by developing and nurturing both primary and secondary academies. We will be part of a local strategy to increase choice and diversity in education encompassing innovative approaches to curriculum, teaching and learning, leadership and management. We will place an emphasis on talent management, developing leaders and enhanced professional development for all staff.

We will extend our impact in terms of raising standards of education for more young people and help break the cycle of underachievement and low aspirations which is a feature of significant parts of the Merseyside and Cheshire area.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

OUR VALUES

- We recognise that everyone is of equal worth and has a valuable contribution to make
- We work collaboratively, sharing good ideas and best practice
- We are concerned at all times for our own health and safety and that of others
- We seek ways always to remain positive, enthusiastic and optimistic about our work and to promote all that we do well within our local community
- We recognise staff and students as individual learners whom we shall support to develop high levels of skill and understanding and to keep abreast of leading edge practice
- We consider the welfare of students to be paramount

AIMS:

OUR STUDENTS/CHILDREN WILL:

- have high expectations and make maximum progress
- understand and celebrate the diversity of their community
- develop resilience and a love of learning
- take an important role in being a positive impact on their community.
- feel safe and secure

OUR STAFF WILL:

- dedicate themselves to achieving the best outcomes for all students
- have a clear understanding of their roles and responsibilities and be accountable for their impact
- develop their skills and knowledge in pursuit of the highest standards
- work together to develop outstanding practice
- be committed to lifelong learning
- deploy their resources to secure best value and high outcomes for students
- adopt robust ways of tracking the progress of students
- be committed to achieving sustainable improvement
- set high expectations for learning and expect all students to achieve challenging targets
- be committed to safeguarding and promoting the welfare of all students

Objectives, Strategies and Activities

The principal object and activity of the charitable company is the operation of the Heath Family (North West), to provide outstanding educational opportunities for students of different abilities between the ages of 4 -19.

The main objectives of the Trust during the period ending 31st August 2016 are summarised below:

- To ensure that every student experiences the same high quality education in terms of resources, tuition and care
- To raise the standard of educational achievement and progress for all students
- To improve the effectiveness of the Trust schools by keeping the curriculum and organisational structure under continual review
- To provide value for money for the funds expended
- To maintain existing and develop new links with the community, industry & commerce
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness
- To support vulnerable schools outside of the Trust

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

Significant activities

The core purpose of the Trust is teaching and learning. The deployment and effectiveness of staff and resources are constantly measured by their contribution to the overall quality of teaching and learning and therefore the standards achieved by its students. Moreover the emphasis of everyone's work is 'learning'.

Key actions which support the main purpose of the organisation are:

- A robust quality assurance process for the observation of teaching and learning
- A secure use and understanding of data to track and measure the progress of students and inform intervention
- Targeted CPD and training opportunities to ensure maximum effectiveness and value for money

Public benefit

In setting our objectives and planning our activities the directors and governors have given careful consideration to the Charity Commission's general guidance on public benefit. Students are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Students are admitted from a wide range of backgrounds and the curriculum offered is broad and balanced.

STRATEGIC REPORT

Achievement and Performance

Internal and external factors

We are in a period of expansion; The Prescot School joined the Trust on 1 August 2016. Two schools are very close to joining; one outstanding converter primary school and one sponsored rebrokerage from a single stand alone academy trust into our MAT due to its vulnerability.

Halsnead made its official application to join the Trust on July 2016; we are awaiting an Academy Order. Two further primary schools have submitted expressions of interest. Initial discussions have taken place for the rebrokerage of one of our Secondary schools due to its geographical isolation as our Trust is developing in a Mersey-centric Trust. We are delighted to report that the building work at The Heath School began on 15th August 2016 after a two year delay. Completion date should be 21 December 2017.

An Executive Leadership Team has been established, meeting on a monthly basis, to focus on the Framework for MAT Development which has now been embedded at all levels.

Our successful Northern Fund bid has allowed us to expand the School Improvement Team, via yearlong secondments from our schools, together with external support, focussing on primary strategies.

The Trust is undertaking a review of Leadership and Management structures, which has included clarification of roles, clear lines of responsibility and accountability and expansion of both the finance and business team and school improvement team.

The Heath Family has been approached by several schools and organisations, looking at setting up Trusts, who have seen our model and are looking to use some of our strategies in their development.

The Executive Principal attended a CEO Think Tank with the National Schools Commissioner which explored the ways in which MAT performance could be evaluated and supported.

Key financial performance indicators

Financial performance is monitored monthly against budget and established expenditure profiles, which will have increased relevancy as the Trust becomes established and there is more historical data on which to build projections.

Income and cashflow are also monitored on a monthly basis to ensure funding is received in line with agreements and that the financial liquidity of the Trust is maintained.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

The Academy held fund balances at 31 August 2016 of £39,578K (2015: £46,177K) comprising £1,002K (2015: £807K) of unrestricted funds, £594K (2015 £997K) of restricted general funds, a pension deficit of £11,878K (2015 £5,335K) and fixed asset restricted funds of £49,860K (2015 £49,708K).

The pension deficit increase is due to two principal factors; the deficit inherited on conversion of The Prescot School £2,417K and an actuarial loss of £4,594K.

The Trust Board monitors and reviews the financial performance of all schools on a regular basis. Individual schools report through their Chair of Governors to the Board.

It is the Trust's aim to maintain an in year balanced budget to secure the longer term financial future of the Trust. Despite a challenging financial climate, the Trust has been able to consolidate its position during this year, although there is further work to be done in ensuring future sustainability.

Financial Review

Investment policy and objectives

The Vice Principal (Chief Operating Officer from 01/09/16) liaises with the Commercial Account Manager at Lloyds Bank to explore the best available rate of return on any reserves.

Reserves policy

It is prudent and sound financial practice to establish an adequate level of reserves for the following reasons:

- To build up a contingency for unforeseen events.
- To allow for delays in funding and allow the finances to cope with short term cash flow problems.
- To establish a provision to allow funding for lifecycle costs which will increase as the building, plant and equipment ages. The fund will also be required to refresh the ICT resources which have a relatively short lifespan.

As funding for the Trust will not increase to allow for increased costs resulting from ageing as detailed above, it is necessary to make allowance from budgets available and carry the reserve forwards.

This will help achieve the objectives set above, however the level of reserves will need to be revisited if additional use of reserves is required to ensure that the finances of the Trust are managed on a long term sustainable basis.

The Trust Board review the reserve levels on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Board have determined that the appropriate level of free reserves should be equivalent to a months' expenditure, which is currently £1.6m.

The reason for this is to provide sufficient funds to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Trust's current level of revenue reserves is £1,596K (2015 £1,804K).

The pension deficit noted above would generally result in a cash flow effect for the Trust in the form of an increase in employers' pension contributions over a period of years. This presents a significant risk to the Trust and will be monitored closely.

Going concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that The Heath Family (North West) 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.

THE HEATH FAMILY (NORTH WEST)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2016

Principal Risks and Uncertainties

The Trust is funded directly from the EFA funding streams and as such these are considered to be reasonably safe and secure. The main risk likely to be encountered is a change in government policy and subsequent possible cuts in funding levels. Falling numbers is considered the next most serious risk to any school within the Trust.

Financial and Risk Management Objectives and Policies

The majority of income is from the Education Funding Agency in the form of GAG. The objective is to spend the GAG resources efficiently and to build up reserves through other activities.

Future Plans

All Trust schools will be IQM/IIP accredited or working towards accreditation. By August 2017 our aim is to have 4/5 Secondary Schools and 6 Primary Schools which are closely linked to one of our Secondary Schools. There will be two Strategic Academy Improvement Leads; one primary, one secondary, who will lead the work of the Primary & Secondary Principals and AIPs and other school improvement leads, ie Closing the Gap, Attendance, EYFS Transition, Mathematics and English. They will meet with the teams each half term, evaluate success and identify gaps and put in place collaborative work streams to address the gaps. They will report to the Executive Principal every half term.

The roles of Chief Operating Officer, Financial Controller, Company Secretary (HR Lead) will be embedded. The work of the Business & Finance Committee will be to hold to account the COO and FC.

From September 2016 the Top-Slice will be increased to 3.5% of GAG funding with the intention of building a MAT reserve.

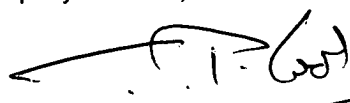
From April 2017 we will be in receipt of Formulaic Condition Improvement Funding which will allow us to improve learning environments, particularly in our Primary schools and to roll out a cross-MAT ICT strategy.

The Trust is committed to working with Knowsley in the development of the commission to improve the educational outcomes for all the young people of Knowsley.

AUDITORS

The auditors, Howard Worth, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the Board of Trustees, as the company directors, on 22 December 2016 and signed on the Board's behalf by:


.....
Mr T P Cook - Company Director

THE HEATH FAMILY (NORTH WEST)
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Heath Family (North West) 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 of loss.

The Board of the Trustees has delegated the day-to-day responsibility to the Executive Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Heath Family (North West) 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 Report of the Trustees 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:

Board Member	Meetings attended	Out of a possible
Mr T P Cook	5	5
Mrs E J Ainsworth	5	5
Mrs A Parry	0	5
Mrs H Mullaney	5	5
Mr S J Dewhurst	5	5
Mrs P Cain	1	2
Mr K P Billington	4	5
Mrs S T Galbraith	3	3
Mr S Heneghan	2	2
Mr D Cooper (Associate)	4	5
Mrs W Heap (Associate)	0	5
Mr R Pritchard (Associate)	2	5

Review of Value for Money

As accounting officer the principal has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Continually reviewing staffing structures to maximise efficiencies;
- Ensuring a competitive tendering process is in place for all major purchases;
- Closely monitoring spend against budget and investigating variances of spend against budget.

The Purpose of the System of Internal Control and capacity to handle risk

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 charitable company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Heath Family (North West) for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. The Board of Trustees has reviewed the key risks to which The Heath Family (North West) 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 charitable company's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE HEATH FAMILY (NORTH WEST)
GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The Risk and Control Framework

The Heath Family (North West)'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 Local Governing Body at school level and by the Trust Board at a Trust level;
- regular reviews by the appropriate 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;
- identification and management of risks.

Howard Worth have been appointed to conduct Responsible Officer (RO) visits at all of our schools and centrally within the Trust. The reports of these visits are received by the Trust Board and Local Governing Bodies as appropriate. The RO reports comment on the operation of the systems of control and on the discharge of the financial responsibilities of each school's appropriate staff and Governing Bodies.

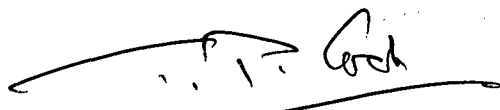
Review of Effectiveness

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

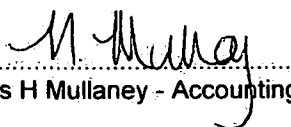
- Responsible Officer Reports;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within The Heath Family (North West) schools who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Members of the Board of Trustees on 22 December 2016 and signed on its behalf by:



Mr T P Cook - Company Director



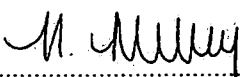
Mrs H Mullaney - Accounting Officer

THE HEATH FAMILY (NORTH WEST)
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of The Heath Family (North West) I have considered my responsibility to notify the charitable company Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the charitable company 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 2015.

I confirm that I and the charitable company Board of Trustees are able to identify any material irregular or improper use of funds by the charitable company, or material non-compliance with the terms and conditions of funding under the charitable company's funding agreement and the Academies Financial Handbook 2015.

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 EFA.


.....
Mrs H Mullaney - Accounting Officer

Date: 22 December 2016

THE HEATH FAMILY (NORTH WEST)
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The trustees (who act as governors of The Heath Family (North West) and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 to 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 the EFA/DfE have been applied for the purposes intended.

In so far 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 steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by order of the Board of Trustees on 22 December 2016 and signed on it's behalf by:



Mr T P Cook - Company Director

THE HEATH FAMILY (NORTH WEST)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

We have audited the financial statements of The Heath Family (North West) for the year ended 31 August 2016 on pages 15 to 36. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 11, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE HEATH FAMILY (NORTH WEST)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Stephen Grayson FCCA (Senior Statutory Auditor)
for and on behalf of Howard Worth
Chartered Accountants and
Statutory Auditors
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 22 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HEATH FAMILY (NORTH WEST) AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Heath Family (North West) during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Heath Family (North West) and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Heath Family (North West) and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Heath Family (North West) and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Heath Family (North West)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Heath Family (North West)'s funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. 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 charitable company's income and expenditure.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Howard Worth
Drake House
Gadbrook Park
Northwich
Cheshire
CW9 7RA

Date: 22 December 2016

THE HEATH FAMILY (NORTH WEST)
(Incorporating the Income & Expenditure Account)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016

				31/8/16	31/8/15
		Unrestricted funds	Restricted funds	Fixed Assets Restricted Funds	Total funds
	Note	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	3	-	-	152,021	152,021
Transfer from Local Authority on conversion	19	-	(1,995,500)	860,000	(1,135,500)
Charitable activities					
Funding for the academy's educational operations	4	-	19,247,139	-	19,247,139
Other trading activities	5	193,063	-	-	193,063
Investment income	6	1,834	-	-	1,834
Total		194,897	17,251,639	1,012,021	18,458,557
EXPENDITURE ON Charitable activities					
Academy's educational operations	7	-	19,837,913	1,070,238	20,908,151
NET INCOME/(EXPENDITURE)		194,897	(2,586,274)	(58,217)	(2,449,594)
Transfers between funds	17	-	(210,121)	210,121	-
Other recognised gains/(losses)					
Actuarial (losses)/gains on defined benefit schemes		-	(4,149,000)	-	(4,149,000)
Net movement in funds		194,897	(6,945,395)	151,904	(6,598,594)
RECONCILIATION OF FUNDS					
Total funds brought forward		806,910	(4,338,223)	49,707,871	46,176,558
TOTAL FUNDS CARRIED FORWARD		1,001,807	(11,283,618)	49,859,775	46,176,558

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
REGISTERED COMPANY NUMBER: 07614421 (England and Wales)
BALANCE SHEET
AT 31 AUGUST 2016

				31/8/16	31/8/15
	Note	Unrestricted funds £	Restricted General funds £	Fixed Assets Restricted Funds £	Total funds £
FIXED ASSETS					
Tangible assets	11	-	-	49,859,775	49,707,869
CURRENT ASSETS					
Debtors	12	830,239	1,140,404	-	861,802
Cash at bank and in hand		171,568	830,377	-	1,636,817
		1,001,807	1,970,781	-	2,498,619
CREDITORS					
Amounts falling due within one year	13	-	(1,376,399)	-	(694,930)
NET CURRENT ASSETS		1,001,807	594,382	-	1,803,689
TOTAL ASSETS LESS CURRENT LIABILITIES		1,001,807	594,382	49,859,775	51,511,558
PENSION LIABILITY	18	-	(11,878,000)	-	(5,335,000)
NET ASSETS		1,001,807	(11,283,618)	49,859,775	46,176,558
FUNDS	17				
Unrestricted funds:					
General fund				1,001,807	806,910
Restricted funds:					
General fund				594,382	996,777
Fixed Assets				49,859,775	49,707,871
Pension Reserve				(11,878,000)	(5,335,000)
				38,576,157	45,369,648
TOTAL FUNDS				39,577,964	46,176,558

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)

**BALANCE SHEET - CONTINUED
AT 31 AUGUST 2016**

The financial statements were approved by the Board of Trustees on 22 December 2016 and were signed on its behalf by:

A handwritten signature in black ink, appearing to read 'T P Cook', with a long horizontal line extending from the end of the signature.

Mr T P Cook – Company Director

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	31/8/16 £	31/8/15 £
Cash flows from operating activities:			
Cash generated from operations	1	<u>(426,583)</u>	<u>679,322</u>
Net cash provided by (used in) operating activities		<u>(426,583)</u>	<u>679,322</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(362,144)	(183,836)
Capital grants from DfE/EFA		152,021	63,702
Interest received		<u>1,834</u>	<u>1,629</u>
Net cash provided by (used in) investing activities		<u>(208,289)</u>	<u>(118,505)</u>
Change in cash and cash equivalents in the reporting period		(634,872)	560,817
Cash and cash equivalents at the beginning of the reporting period		<u>1,636,817</u>	<u>1,076,000</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,001,945</u></u>	<u><u>1,636,817</u></u>

The notes form part of these financial statements

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31/8/16 £	31/8/15 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(2,449,594)	18,306,764
Adjustments for:		
Depreciation	1,070,238	828,442
Capital grants from DfE/EFA	(152,021)	(63,702)
Transfer from Local Authority on conversion	1,557,000	(18,264,069)
Interest received	(1,834)	(1,629)
Increase in debtors	(1,108,841)	(177,000)
Increase/(decrease) in creditors	681,469	(149,484)
Difference between pension charge and cash contributions	<u>(23,000)</u>	<u>200,000</u>
Net cash provided by (used in) operating activities	<u><u>(426,583)</u></u>	<u><u>679,322</u></u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value.

The Heath Family (North West) meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of The Heath Family (North West) prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of The Heath Family (North West) for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 company 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Sponsorship income

Sponsorship income provided to the charity which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations and Other income

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably. Other income including the hire of facilities is recognised in the period it is receivable and to the extent the charity has provided the goods or services.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

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

Allocation and apportionment of costs

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Long leasehold	- 0.8% - 2% on cost
Long leasehold improvements	- 10% - 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Included within the value of freehold and leasehold property is a land value of £2,253,000 which is not depreciated. The long leasehold property of the Heath is being depreciated over the lease term of 125 years.

Assets costing £1,000 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Taxation

The academy 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 academy 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.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the academy 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 academy 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. As stated in note 18, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of the 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 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.

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES - continued

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2. GENERAL ANNUAL GRANT

There is no restriction on GAG carried forward in the funding agreement.

3. DONATIONS AND CAPITAL GRANTS

	31/8/16 £	31/8/15 £
Donations	-	25,831
Grants	<u>152,021</u>	<u>63,701</u>
	<u>152,021</u>	<u>89,532</u>

Grants received, included in the above, are as follows:

	31/8/16 £	31/8/15 £
EFA Capital Grant	<u>152,021</u>	<u>63,701</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31/8/16 Total funds £	31/8/15 Total funds £
Other educational income	-	635,892	635,892	251,000
Grants	<u>-</u>	<u>18,611,247</u>	<u>18,611,247</u>	<u>16,369,225</u>
	<u>-</u>	<u>19,247,139</u>	<u>19,247,139</u>	<u>16,620,225</u>

THE HEATH FAMILY (NORTH WEST)

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31/8/16 Total funds £	31/8/15 Total funds £
DfE/EFA revenue grant				
General Annual Grant(GAG)	-	16,220,658	16,220,658	14,682,786
Other DfE/EFA Grants	-	1,749,176	1,749,176	1,547,478
Start Up Grant	-	50,000	50,000	-
	-	18,019,834	18,019,834	16,230,264
DfE/EFA capital grant				
EFA Capital Grant	-	-	-	-
Other government grant				
Local Authority Grant	-	591,413	591,413	138,961
Other Income				
School Fund	-	-	-	-
	-	18,611,247	18,611,247	16,369,225

5. OTHER TRADING ACTIVITIES

	31/8/16 £	31/8/15 £
Sale of goods and services	22,866	12,692
Hire of facilities	85,829	98,991
Catering income	84,368	91,603
	<u>193,063</u>	<u>203,286</u>

6. INVESTMENT INCOME

	31/8/16 £	31/8/15 £
Deposit account interest	<u>1,834</u>	<u>1,629</u>

7. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31/8/16 Total £	31/8/15 Total £
Charitable activities					
Academies educational operations					
Direct costs	12,913,715	-	1,382,455	14,296,170	12,015,254
Allocated support costs	<u>2,510,171</u>	<u>2,318,600</u>	<u>1,783,210</u>	<u>6,611,981</u>	<u>5,591,723</u>
	<u>15,423,886</u>	<u>2,318,600</u>	<u>3,165,665</u>	<u>20,908,151</u>	<u>17,606,977</u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

7. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	31/8/16 £	31/8/15 £
Auditors' remuneration	15,000	15,000
Auditors' remuneration for non audit work	3,477	6,000
Operating leases	16,946	33,892
Depreciation - owned assets	<u>1,070,238</u>	<u>828,442</u>

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31/8/16 Total funds £	31/8/15 Total funds £
Direct costs	-	14,296,170	14,296,170	12,015,254
Support costs	<u>-</u>	<u>6,611,981</u>	<u>6,611,981</u>	<u>5,591,723</u>
	<u>-</u>	<u>20,908,151</u>	<u>20,908,151</u>	<u>17,606,977</u>

	31/8/16 Total £	31/8/15 Total £
Analysis of support costs		
Support staff costs	2,510,171	2,433,936
Depreciation	277,660	183,975
Technology costs	169,268	53,568
Premises costs	2,268,738	1,861,295
Other support costs	1,317,805	981,738
Governance costs	<u>68,339</u>	<u>77,211</u>
Total support costs	<u>6,611,981</u>	<u>5,591,723</u>

9. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND BENEFITS

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2016 or for the year ended 31 August 2015.

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

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

9. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND BENEFITS - continued

H Mullaney - principal & trustee	
Remuneration £170,000 - £180,000	
Employers pension contribution £20,000 - £25,000	
S Dewhurst – vice principal	
Remuneration £70,000 - £80,000	
Employers pension contribution £5,000 - £10,000	

10. STAFF COSTS

	31/8/16	31/8/15
	£	£
Wages and salaries	11,671,164	9,974,618
Social security costs	944,375	789,885
Other pension costs	<u>2,127,706</u>	<u>1,603,722</u>
	14,743,245	12,368,225
Supply teacher costs	<u>680,641</u>	<u>792,236</u>
	<u><u>15,423,886</u></u>	<u><u>13,160,461</u></u>

The average number of persons (including senior management team) employed by the charitable company during the year was as follows:

	31/8/16	31/8/15
Teachers	290	209
Administrations and support	103	164
Management	<u>35</u>	<u>19</u>
	<u><u>429</u></u>	<u><u>392</u></u>

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

	31/8/16	31/8/15
£60,001 - £70,000	5	5
£70,001 - £80,000	4	4
£90,001 - £100,000	1	1
£160,001 - £170,000	-	1
£170,001 - £180,000	<u>1</u>	<u>-</u>
	<u><u>11</u></u>	<u><u>11</u></u>

Key management remuneration

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £308,000.

THE HEATH FAMILY (NORTH WEST)

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016**

11. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Improvements to property £	Fixtures and fittings £
COST				
At 1 September 2015	19,300,000	30,448,064	143,339	343,907
Additions	-	250,000	122,946	197,232
At 31 August 2016	<u>19,300,000</u>	<u>30,698,064</u>	<u>266,285</u>	<u>541,139</u>
DEPRECIATION				
At 1 September 2015	184,200	1,036,268	44,424	99,951
Charge for year	<u>368,400</u>	<u>424,178</u>	<u>9,444</u>	<u>37,186</u>
At 31 August 2016	<u>552,600</u>	<u>1,460,446</u>	<u>53,868</u>	<u>137,137</u>
NET BOOK VALUE				
At 31 August 2016	<u>18,747,400</u>	<u>29,237,618</u>	<u>212,417</u>	<u>404,002</u>
At 31 August 2015	<u>19,115,800</u>	<u>29,411,796</u>	<u>98,915</u>	<u>243,956</u>
		Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 September 2015		41,000	1,081,001	51,357,311
Additions		<u>25,812</u>	<u>626,154</u>	<u>1,222,144</u>
At 31 August 2016		<u>66,812</u>	<u>1,707,155</u>	<u>52,579,455</u>
DEPRECIATION				
At 1 September 2015		15,174	269,425	1,649,442
Charge for year		<u>16,727</u>	<u>214,303</u>	<u>1,070,238</u>
At 31 August 2016		<u>31,901</u>	<u>483,728</u>	<u>2,719,680</u>
NET BOOK VALUE				
At 31 August 2016		<u>34,911</u>	<u>1,223,427</u>	<u>49,859,775</u>
At 31 August 2015		<u>25,826</u>	<u>811,576</u>	<u>49,707,869</u>

Included in cost or valuation of land and buildings is freehold and leasehold land of £2,253,000 (2015 - £2,003,000)

During the year the Trust acquired the leasehold land of The Prescott School valued at £250,000. The land was donated when The Prescott School joined the Trust.

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/16	31/8/15
	£	£
Trade debtors	47,188	59,571
Other debtors	147,036	1,081
VAT	570,140	333,343
Prepayments and accrued income	<u>1,206,279</u>	<u>467,807</u>
	<u><u>1,970,643</u></u>	<u><u>861,802</u></u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/8/16	31/8/15
	£	£
Trade creditors	516,730	435,141
Social security and other taxes	417,479	148,609
Other creditors	235,802	91,118
Accruals and deferred income	<u>206,388</u>	<u>20,062</u>
	<u><u>1,376,399</u></u>	<u><u>694,930</u></u>

14. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Other operating leases 31/8/16	31/8/15
	£	£
Expiring:		
Within one year	<u>-</u>	<u>16,946</u>
	<u><u>-</u></u>	<u><u>16,946</u></u>

15. 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.

16. TRUSTEES AND OFFICERS INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance is purchased under the EFA RPA. The policy premium is not separately disclosed.

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

17. MOVEMENT IN FUNDS

	At 1/9/15 £	Net movement in funds £	Transfers between funds £	At 31/8/16 £
Unrestricted funds				
General fund	806,910	194,897	-	1,001,807
Restricted funds				
Fixed asset restricted funds	49,707,871	(58,217)	210,121	49,859,775
General annual grant	261,777	-	(210,121)	51,656
Pension reserve	(5,335,000)	(6,543,000)	-	(11,878,000)
Other restricted general funds	735,000	(192,274)	-	542,726
	45,369,648	(6,793,491)	-	38,576,157
TOTAL FUNDS	<u>46,176,558</u>	<u>(6,598,594)</u>	<u>-</u>	<u>39,577,964</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and (losses) £	Movement in funds £
Unrestricted funds				
General fund	194,897	-	-	194,897
Restricted funds				
Fixed asset restricted funds	1,012,021	(1,070,238)	-	(58,217)
General annual grant	16,220,658	(16,220,658)	-	-
Pension reserve	(2,417,000)	23,000	(4,149,000)	(6,543,000)
Other restricted general funds	3,447,981	(3,640,255)	-	(192,274)
	18,263,660	(20,908,151)	(4,149,000)	(6,793,491)
TOTAL FUNDS	<u>18,458,557</u>	<u>(20,908,151)</u>	<u>(4,149,000)</u>	<u>(6,598,594)</u>

Transfers between funds reflect the financing of capital purchases from revenue funding.

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement. Under the Funding Agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other restricted general funds include, other DfE/EFA grants being additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant and other government grants which include LA funding for Special Educational Needs and other one-off grants received for the furtherance of education.

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

17. MOVEMENT IN FUNDS - continued

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants. Depreciation is charged against the fund.

Analysis of academies funds balance

Fund balances at 31 August 2016 were allocated as follows:

	£,000
The Heath Academy	916
Bridgewater Park Academy	109
Sir William Stanier Academy	(43)
Litherland High School	289
The Prescott School	426
Central Services	<u>(101)</u>
	1,596
Fixed assets funds	49,860
Pension fund	<u>(11,878)</u>
Total	<u><u>39,578</u></u>

The Central Services fund is in deficit. The level of recharges to the academies will be reviewed together with the central services budget in order that steps can be taken to return the fund to a surplus. Sir William Stanier Academy is undertaking a comprehensive staff restructuring project which is expected to produce the cost savings that will return the revenue funds to a positive position.

Analysis of academies by cost

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

	Teaching & Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other costs (Excluding Depreciation) £'000	Total £'000
The Heath Academy	4,755	829	717	1,005	7,306
Sir William Stanier Academy	3,737	865	264	682	5,548
Litherland High School	3,441	535	360	912	5,248
Bridgewater Park Academy	421	72	41	126	660
The Prescott School	285	52	-	94	431
Central Services	<u>-</u>	<u>432</u>	<u>-</u>	<u>212</u>	<u>644</u>
	<u><u>12,639</u></u>	<u><u>2,785</u></u>	<u><u>1,382</u></u>	<u><u>3,031</u></u>	<u><u>19,837</u></u>

THE HEATH FAMILY (NORTH WEST)

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 AUGUST 2016

18. PENSION AND SIMILAR OBLIGATIONS

Local government pension scheme

The academy 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. The LGPS scheme covers two areas which are managed by Merseyside Pensions and Cheshire Pensions independently. All are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2015.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

18. PENSION AND SIMILAR OBLIGATIONS - continued

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,320,644 (2015: £960,739).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £950,000 (2015: £721,000), of which employer's contributions totalled £777,000 (2015: £576,000) and employees' contributions totalled £173,000 (2015: £145,000). The agreed contribution rates for future years are 5.5% to 12.5% for employees and 15.6% to 23.8% for employers.

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

Principal actuarial assumptions at the balance sheet date:

	31/8/16 % p.a	31/8/15 % p.a
Pension increase rate	2.1%	2.7%
Salary increase rate	3.1%	3.6%
Expected return on assets	2.1%	4.4%
Discount rate	2.1%	3.8%

Mortality

As discussed in the accompanying report, life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

18. PENSION AND SIMILAR OBLIGATIONS - continued

	Males	Females
Retiring today	22.3 years	24.4 years
Retiring in 20 years	24.1 years	26.7 years
Fair value of employer assets		
	31/8/16	31/8/15
	£'000	£'000
Equities	4,533	2,776
Bonds	2,101	1,586
Property	543	451
Cash	90	181
Other	259	36
Total	<u>7,526</u>	<u>5,030</u>

The amounts recognised in the statement of financial activities are as follows

	31/8/16	31/8/15
	£'000	£'000
Current service cost	(748)	(679)
Interest cost	(209)	(256)
Administrative expenses	(3)	-
Total operating charge	<u>(960)</u>	<u>(935)</u>

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

	31/8/16	31/8/15
	£'000	£'000
Opening defined benefit obligation	10,365	7,163
Inherited on conversion	3,205	2,190
Current service cost	748	679
Interest cost	413	318
Contributions by members	173	145
Actuarial losses/(gains)	4,680	(121)
Losses/gains on curtailments	(4)	-
Estimated benefits paid	(176)	(9)
Closing defined benefit obligation	<u>19,404</u>	<u>10,365</u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

18. PENSION AND SIMILAR OBLIGATIONS - continued

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

	31/8/16 £'000	31/8/15 £'000
Opening fair value of employer assets	5,030	3,751
Inherited on conversion	788	272
Expected return on assets	310	159
Interest income	204	62
Contributions by members	173	145
Contributions by the employer	673	576
Actuarial gains	527	74
Benefits paid	(176)	(9)
Administrative expenses	(3)	-
Closing fair value of employer assets	<u>7,526</u>	<u>5,030</u>

19. CONVERSION TO AN ACADEMY TRUST

The Prescott School

On 1 August 2016 The Prescott School joined the Trust. The assets and liabilities were transferred to The Heath Family (North West) for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total £
Tangible Fixed Assets- Long leasehold land and buildings	-		250,000	250,00
- Other tangible fixed assets	-		610,000	610,000
Budget surplus on L A funds	-	421,500	-	421,500
LGPS pension deficit	<u>-</u>	<u>(2,417,000)</u>	<u>-</u>	<u>(2,417,000)</u>
	<u>-</u>	<u>(1,995,500)</u>	<u>860,000</u>	<u>(1,135,500)</u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

20. RELATED PARTY DISCLOSURES

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

In addition to the employee Trustee remuneration disclosed in note 9, the following related party transactions took place for the year ended 31 August 2016.

Mr T Marr is an Education Governor and Vice Chair at Litherland High School as well as being an educational consultant trading as E M Consultancy. During the year Litherland High School was charged £15,000 for educational consultancy services by E M Consultancy. The services were provided at cost. At 31 August 2016 the amount due to E M Consultancy was £Nil.

21. CENTRAL SERVICES

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

The following services are provided:-

Financial services
Educational support

The trust charges for these services at a flat rate, being 3% of the GAG income received by each academy.

The actual amounts charged during the year were as follows:-

	£'000
The Heath	178
Sir William Stanier	148
Bridgewater Park Primary	16
Litherland High School	131
The Prescott School	12
	<u>485</u>

THE HEATH FAMILY (NORTH WEST)
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2016

22. FIRST YEAR ADOPTION

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

The total funds at 1 September 2014 and 31 August 2015 remain unchanged no transitional adjustment were necessary. The change in the recognition of LGPS interest costs was equal to the change in the actuarial loss resulting in no net change to the fund balances.