

Audited Financial Statements
for the year ended
31 August 2020

for

Heathfield Educational Trust
(formerly Heathfield Knoll School)

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for the year ended 31 August 2020

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Report of the Trustees
for the year ended 31 August 2020

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 2020. 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 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's primary object is the advancement of Education. All its charitable activities focus on this object and are undertaken for the public benefit. The trustees have had due regard to guidance published by the Charity Commission on public benefit.

Significant activities

The charity managed Heathfield School, Wolverley, Kidderminster, until February 2020, after which point it transferred the school assets and undertaking to an independent limited company, KSI HKS Limited, which took over the operation of the school thenceforwards.

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Subsequent to the transfer of the operation of Heathfield School to an external entity, the charity will continue to support the school and promote educational advancement in the future by making grants as considered appropriate by the trustees.

Fundraising activities

The charity does not carry out significant fundraising activities addressed to the general public.

FINANCIAL REVIEW

Reserves policy

The reserve fund represents the unrestricted funds arising from past operating results. The unrestricted funds at the end of the year amounted to £1,269,546. The Board of Trustees prepares an annual budget identifying the operating cash flow requirements of the charity, ensuring that anticipated income will meet these. Performance is monitored on a regular basis to ensure any departure from budget can be addressed with appropriate remedial action.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, its Memorandum and Articles, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

The trustees have considered the skills needed with regards to the governance of Heathfield Educational Trust and regularly review this in relation to directors in post. Heathfield Educational Trust actively seeks new trustees where they would bring additional expertise that would be of benefit.

Organisational structure

A Board of trustees who meet regularly, is in overall charge of the charity. The trustees who served during the year are shown below.

Induction and training of new trustees

All new trustees are provided with literature outlining their responsibilities and are briefed through introductory meetings about the organisation and their role before they become trustees.

Key management remuneration

The remuneration of the Headmaster was determined by the trustees after due consideration of comparable salary levels.

Risk management

The trustees confirm that the major risks to which the charity is exposed have been reviewed and that systems have been established to manage those risks.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

04595454 (England and Wales)

Heathfield Educational Trust
(formerly Heathfield Knoll School) (Registered number: 04595454)

Report of the Trustees
for the year ended 31 August 2020

Registered Charity number
1098940

Registered office

Heathfield School
Wolverley
Near Kidderminster
Worcestershire
DY10 3QE

Trustees

A H Higgs (appointed 9.1.20)
D Jackson
A Barker (appointed 9.1.20)
Mrs S Burns (resigned 9.1.20)
M Barnett (resigned 9.1.20)
L Nicholas (resigned 9.1.20)
J Hine (resigned 9.1.20)

Auditors

Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Heathfield Educational Trust (formerly Heathfield Knoll School) for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and 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"

Company law requires the trustees to prepare financial statements for each financial year which 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 Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 proper accounting records which 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.

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.

AUDITORS

The auditors, Nicklin Audit Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Heathfield Educational Trust
(formerly Heathfield Knoll School) (Registered number: 04595454)

Report of the Trustees
for the year ended 31 August 2020

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 28.4.21 and signed on its behalf by:


D Jackson - Trustee

Opinion

We have audited the financial statements of Heathfield Educational Trust (formerly Heathfield Knoll School) (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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'.

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 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 charitable company'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.

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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

Use of our report

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.

DPW:qlc

David Wright FCA (Senior Statutory Auditor)
for and on behalf of Nicklin Audit Limited
Chartered Accountants
Statutory Auditors
Church Court
Stourbridge Road
Halesowen
West Midlands
B63 3TT

Date: 17.5.21.

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 August 2020

		2020 Unrestricted fund £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies	3	126	979
Charitable activities	4		
Provision of education		1,047,134	1,971,210
Total		<u>1,047,260</u>	<u>1,972,189</u>
EXPENDITURE ON			
Charitable activities	5		
Provision of education		947,306	2,067,624
NET INCOME/(EXPENDITURE)		<u>99,954</u>	<u>(95,435)</u>
RECONCILIATION OF FUNDS			
Total funds brought forward		1,169,592	1,265,027
TOTAL FUNDS CARRIED FORWARD		<u><u>1,269,546</u></u>	<u><u>1,169,592</u></u>

Heavenfield Educational Trust
(formerly Heavenfield Knoll School) (Registered number: 04595454)

Balance Sheet
31 August 2020

	Notes	2020 Unrestricted fund £	2019 Total funds £
FIXED ASSETS			
Tangible assets	12	-	1,618,944
CURRENT ASSETS			
Stocks	13	-	7,138
Debtors	14	8,223	122,518
Cash at bank and in hand		1,265,323	1,067
		1,273,546	125,723
CREDITORS			
Amounts falling due within one year	15	(4,000)	(575,075)
NET CURRENT ASSETS		1,269,546	(449,352)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,269,546	1,169,592
NET ASSETS		1,269,546	1,169,592
FUNDS	17		
Unrestricted funds		1,269,546	1,169,592
TOTAL FUNDS		1,269,546	1,169,592

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

The financial statements were approved by the Board of Trustees and authorised for issue on 29.4.21 and were signed on its behalf by:


D Jackson - Trustee

The notes form part of these financial statements

Cash Flow Statement
for the year ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	12,031	(8,633)
Interest paid		(6,970)	(7,734)
Net cash provided by/(used in) operating activities		<u>5,061</u>	<u>(16,367)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(22,484)	(49,360)
Sale of tangible fixed assets		1,620,603	-
Net cash provided by/(used in) investing activities		<u>1,598,119</u>	<u>(49,360)</u>
Change in cash and cash equivalents in the reporting period		<u>1,603,180</u>	<u>(65,727)</u>
Cash and cash equivalents at the beginning of the reporting period	2	<u>(337,857)</u>	<u>(272,130)</u>
Cash and cash equivalents at the end of the reporting period	2	<u><u>1,265,323</u></u>	<u><u>(337,857)</u></u>

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

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	99,954	(95,435)
Adjustments for:		
Depreciation charges	20,825	43,183
Interest paid	6,970	7,734
Decrease in stocks	2,138	822
Decrease in debtors	114,295	12,210
(Decrease)/increase in creditors	(232,151)	22,853
Net cash provided by/(used in) operations	<u>12,031</u>	<u>(8,633)</u>

2. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	229	965
Notice deposits (less than 3 months)	1,265,094	102
Overdrafts included in bank loans and overdrafts falling due within one year	-	(338,924)
Total cash and cash equivalents	<u>1,265,323</u>	<u>(337,857)</u>

3. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
Net cash			
Cash at bank and in hand	1,067	1,264,256	1,265,323
Bank overdraft	(338,924)	338,924	-
	<u>(337,857)</u>	<u>1,603,180</u>	<u>1,265,323</u>
Total	<u>(337,857)</u>	<u>1,603,180</u>	<u>1,265,323</u>

1. STATUTORY INFORMATION

Heathfield Knoll School is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Reference and Administrative Details section of the Report of the Trustees.

2. 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 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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. Income represents donations received, fees for charitable activities and licences fees received.

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.

Tangible fixed assets

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

Freehold buildings	- 2% on reducing balance - buildings only
School equipment, fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

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

Debtors and creditors

Debtors and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

Creditors and provisions are recognised where the trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Redundancy payments

Redundancy payments are recognised as expenditure as soon as they are paid or there is a legal or constructive obligation committing the charity to the expenditure.

Notes to the Financial Statements - continued
for the year ended 31 August 2020

3. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations	<u>126</u>	<u>979</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	2020 Provision of education £	2019 Total activities £
Nursery fees	158,886	342,683
Tuition fees	768,666	1,426,775
Meals	79,321	103,426
Clothing	(52)	350
Examination fees	704	7,651
Entertainment and excursions	(1,891)	155
Music lessons and sheet music	13,043	40,188
After school activities	12,719	30,404
Other income	15,738	19,578
	<u>1,047,134</u>	<u>1,971,210</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 6) £	Totals £
Provision of education	<u>560,822</u>	<u>386,484</u>	<u>947,306</u>

6. SUPPORT COSTS

	Establishment costs £	Administration costs £	Governance costs £	Totals £
Provision of education	<u>105,461</u>	<u>240,797</u>	<u>40,226</u>	<u>386,484</u>

7. NET INCOME/(EXPENDITURE)

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

	2020 £	2019 £
Auditors' remuneration	11,887	7,725
Depreciation - owned assets	<u>20,825</u>	<u>43,183</u>

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2020 nor for the year ended 31 August 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2020 nor for the year ended 31 August 2019.

9. STAFF COSTS

	2020 £	2019 £
Wages and salaries	561,616	1,239,152
Social security costs	44,537	98,746
Pension contributions	13,923	119,532
	<u>620,076</u>	<u>1,457,430</u>

There were no employees who received total employee benefits exceeding £60,000 (2019: one).

The remuneration of key management personnel amounted in total to £35,376 (2019: £70,705).

The average monthly number of employees during the year was as follows:

	2020	2019
Charitable activities	29	65
Management and administration	1	2
	<u>30</u>	<u>67</u>

The average number of full-time equivalent employees was 30 (2019: 47).

10. EXCEPTIONAL ITEMS

Within charitable activities is an exceptional surplus of £45,285 (2019: £nil) representing the surplus on the transfer of the charity's tangible assets to KSI HKS Limited in March 2020.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £
INCOME AND ENDOWMENTS FROM	
Donations and legacies	979
Charitable activities	
Provision of education	1,971,210
Total	<u>1,972,189</u>
EXPENDITURE ON	
Charitable activities	
Provision of education	2,067,624
NET INCOME/(EXPENDITURE)	<u>(95,435)</u>

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

Unrestricted
fund
£

RECONCILIATION OF FUNDS

Total funds brought forward

1,265,027

TOTAL FUNDS CARRIED FORWARD

1,169,592

12. TANGIBLE FIXED ASSETS

	Freehold buildings £	School equipment, fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2019	1,809,413	425,054	53,209	17,103	2,304,779
Additions	-	-	22,484	-	22,484
Disposals	(1,809,413)	(425,054)	(75,693)	(17,103)	(2,327,263)
At 31 August 2020	-	-	-	-	-
DEPRECIATION					
At 1 September 2019	305,707	314,246	49,123	16,759	685,835
Charge for year	13,962	5,540	979	344	20,825
Eliminated on disposal	(319,669)	(319,786)	(50,102)	(17,103)	(706,660)
At 31 August 2020	-	-	-	-	-
NET BOOK VALUE					
At 31 August 2020	-	-	-	-	-
At 31 August 2019	1,503,706	110,808	4,086	344	1,618,944

13. STOCKS

	2020 £	2019 £
Stocks	-	2,138

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	8,223	107,183
Prepayments and accrued income	-	15,335
	8,223	122,518

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Bank loans and overdrafts (see note 16)	-	338,924
Trade creditors	-	9,641
Other creditors	-	211,632
Accrued expenses	4,000	14,878
	<u>4,000</u>	<u>575,075</u>

16. LOANS

An analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year on demand:		
Bank overdrafts	-	338,924
	<u>-</u>	<u>338,924</u>

17. MOVEMENT IN FUNDS

	At 1.9.19 £	Net movement in funds £	At 31.8.20 £
Unrestricted funds			
General fund	1,169,592	99,954	1,269,546
	<u>1,169,592</u>	<u>99,954</u>	<u>1,269,546</u>
TOTAL FUNDS	<u>1,169,592</u>	<u>99,954</u>	<u>1,269,546</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,047,260	(947,306)	99,954
	<u>1,047,260</u>	<u>(947,306)</u>	<u>99,954</u>
TOTAL FUNDS	<u>1,047,260</u>	<u>(947,306)</u>	<u>99,954</u>

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	At 31.8.19 £
Unrestricted funds			
General fund	1,265,027	(95,435)	1,169,592
	<u>1,265,027</u>	<u>(95,435)</u>	<u>1,169,592</u>
TOTAL FUNDS	<u>1,265,027</u>	<u>(95,435)</u>	<u>1,169,592</u>

17. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,972,189	(2,067,624)	(95,435)
TOTAL FUNDS	<u>1,972,189</u>	<u>(2,067,624)</u>	<u>(95,435)</u>

18. EMPLOYEE BENEFIT OBLIGATIONS

The Charity ceased as a contributor to the Teachers Pension Scheme during the year. It subsequently contributed to a defined contribution pension scheme held in a separately administered pension trust at an employer contribution rate of 3% of relevant earnings.

19. RELATED PARTY DISCLOSURES

Key management personnel remuneration amounted in total to £35,376 (2019: £70,705).