

Haberdashers' Adams' Federation Trust  
(a company limited by guarantee)

## Annual Report and Financial Statements

---

**For the year ended 31 August 2016**

**Company No 06548296**

Financial statements for the year ended 31 August 2016

# Index

	PAGE
<b>Reference and administrative details</b>	3
<b>Directors' report</b>	6
<b>Governance statement</b>	15
<b>Statement on regularity, propriety and compliance</b>	22
<b>Statement of directors' responsibilities</b>	23
<b>Independent auditor's report on Financial Statements</b>	24
<b>Independent auditor's report on regularity</b>	26
<b>Statement of financial activities incorporating income &amp; expenditure account</b>	28
<b>Balance sheet</b>	29
<b>Cash flow statement</b>	30
<b>Notes to the financial statements, incorporating</b>	
Accounting policies	31
Other notes to the Financial Statements	36

Financial statements for the year ended 31 August 2016

## Reference and Administrative Details

### Members

Roderick Barrow  
Anthony Cann  
Margot Chaundler  
Sam Taylor  
The Haberdashers' Company

### Directors

Anthony Cann (Chairman)  
Roderick Barrow  
Kimberley Burbidge  
Margot Chaundler (resigned 22 July 2016)  
John Gallagher  
Richard Glover (appointed 20 November 2015, resigned 24 November 2016)  
Jeremy Goulding  
Sam Taylor  
Audley Twiston-Davies (resigned 20 November 2015)  
Colin Watt

### Members of Abraham Darby Academy Local Governing Body

John Gallagher (Chairman)  
Kimberley Burbidge  
Anthony Cann  
Laura Collins (resigned 21 July 2016)  
Arun Daniel-Selvaratnam  
Dilys Fullerton (appointed 16 November 2016)  
Jeremy Goulding  
Lee Hadley  
Jonathan Hamilton (appointed 25 November 2016)  
Robin Jacob  
Richard Jackson (appointed 16 November 2016)  
Charles McLaren (appointed 11 February 2016)  
Adrian McMahon Stone (resigned 21 July 2016)  
Charles Parker (Responsible Officer, Adams' Grammar School)  
Delia Whitworth (appointed 16 November 2016)

## Reference and Administrative Details

### **Members of Adams' Grammar School Local Governing Body**

Sam Taylor (Chairman)  
Roderick Barrow  
Sarah Brackwell  
Anthony Cann  
Margot Chaundler (Responsible Officer, Abraham Darby Academy - resigned 22 July 2016)  
David Gradwell (resigned 21 July 2016)  
Jonathan Hamilton (appointed 25 November 2016)  
Henriette Harnisch (appointed 21 March 2016)  
Gary Hickey  
Michael Osborne  
James Penney (appointed 29 April 2016 - Responsible Officer, Abraham Darby Academy)  
Matthew Skeate  
Colin Watt

### **Accounting Officer Chief Financial Officer Company secretary**

Lee Hadley  
Joy Tomkinson  
Adrian Burns

### **Senior Leadership Team Abraham Darby Academy**

Principal  
Vice Principal  
Vice Principal  
Vice Principal  
Vice Principal  
Bursar

Lee Hadley  
Angela Bithell  
Ann O'Brien  
Nick Scott  
Joanne Edgar (appointed 1 September 2016)  
Peter Rowland

### **Adams' Grammar School**

Headmaster  
Deputy Headmaster  
Deputy Headmaster  
Deputy Headmaster  
Assistant Head  
Business Manager

Gary Hickey  
Peter Pack  
Mark Warren-Smith (retired 31 August 2016)  
Dan Biggins (appointed 1 September 2016)  
Camilla Whitney-Thomas (appointed 1 September 2015)  
Joy Tomkinson

### **Company Name**

Haberdashers' Adams' Federation Trust

### **Registered office**

Abraham Darby Academy  
Ironbridge Road  
Madeley  
Telford  
Shropshire TF7 5HX

### **Company Registration Number**

06548296

Haberdashers' Adams' Federation Trust (a company limited by guarantee)

01

Financial statements for the year ended 31 August 2016

## Reference and Administrative Details

**Bankers**

Lloyds TSB Bank plc  
High Street  
Newport  
Shropshire TF10 7AZ

**Solicitors**

Stone King LLP  
16 St John's Lane  
London  
EC1M 4BS

**Independent Auditor**

Grant Thornton UK LLP  
Colmore Plaza  
20 Colmore Circus  
Birmingham  
West Midlands  
B4 6AT

Financial statements for the year ended 31 August 2016

## Directors' Report

The Directors submit their annual report and audited financial statements for the year ended 31 August 2016 and confirm that the latter comply with the requirements of the Companies Act 2006, Charities Acts 2006 and 2011 and the Charities Statement of Recommended Practice (SORP) 2005.

During the year under review, the Trust has operated as a multi-academy model, running both the Abraham Darby Academy in Madeley, Telford and Adams' Grammar School in Newport, Shropshire.

### Structure, governance and management

#### Constitution

The Trust is a company limited by guarantee (registered number 06548296) and an exempt charity. It was incorporated on 28 March 2008.

In the year under review, the principal governing documents of the Trust were its Articles of Association (amended on 17 August 2011) and the Master Funding Agreement and Supplemental Funding Agreement relating to Abraham Darby Academy and Supplemental Funding Agreement relating to Adams' Grammar School all dated 1st September 2011 and the Financial Handbook and Academies Accounts Direction prepared by the Education Funding Agency (EFA).

Details of the directors and governors who served during the year and up to the date of this report are included in the Reference and Administrative Details on pages 3 and 4.

#### Members' Liability

Every member of the charitable company undertakes to contribute such amount as may be required (not exceeding £10) to the charitable company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the charitable company's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

#### Directors' Indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect the Directors, Governors and employees from claims arising from allegations of negligence, errors or omissions occurring whilst in the course of carrying out its business. The insurance provides cover of up to £10m on any one claim at a cost for this year amounting to £2,546 (2015: £2,330).

## Directors' Report

### **Method of Recruitment and Appointment or Election of Directors**

The members of the Company consist of the Trust sponsor, the Worshipful Company of Haberdashers, four members appointed by the sponsor and one person appointed by the Secretary of State for Education, in the event that the Secretary of State approves a person for this. The Trust currently has seven Directors appointed by the members. The Trust may have up to twelve Directors appointed by the members, up to a further four Directors who chair Local Governing Bodies if not already Directors, additional and further Directors appointed by the Secretary of State for Education and up to three co-opted Directors. Each academy has a Local Governing Body, which is a committee of the Board of Directors and includes two people appointed after election by parents as Parent Governors.

### **Policies and Procedures Adopted for the Induction and Training of Directors and Members of the Local Governing Bodies**

On appointment, Directors and members of the Local Governing Bodies receive extensive information relating to the Trust and attend a briefing on the role and responsibilities. An induction process for new Directors and members of Local Governing Bodies includes information about the Company, its academies, its policies and its activities. During the year, Directors and Governors are offered training, particularly in liaison with the Haberdashers' Company and from Telford & Wrekin Council.

### **Organisational Structure**

The Directors are responsible for setting the strategy of the Trust and for the general policy, adopting annual plans, budgets and targets for the Trust and its academies and for monitoring the performance of the Trust and the academies, including capital expenditure. They are also responsible for preparing the Directors' report and financial statements, maintaining proper accounting records, safeguarding the assets of the Trust and for financial statements which show a true and fair view.

The Board of Directors meets at least three times a year. The Board has six principal committees which meet at least three times a year except as indicated below:

- A Finance and Buildings Committee whose principal function is to oversee all finance and building issues relating to both academies;
- Two Local Governing Bodies, one for each academy, whose principal function is to consider strategic and other matters relating to the relevant academy;
- A Teaching, Learning and Standards Committee, whose principal function is to monitor teaching and learning in both academies;
- A Pupil Welfare Committee, whose principal function is to establish and monitor pupil welfare policies in both academies, and boarding at Adams' Grammar School; and
- An Audit Committee which deals with the Auditors and the annual audit and meets at least twice a year.

The Directors meet as a Remuneration Committee once a year, or more often if required.

The day to day management of the Trust and its academies has been delegated to the Accounting Officer, the Chief Financial Officer, the Abraham Darby Academy Principal and the Adams' Grammar School Headmaster. The Principal of Abraham Darby Academy is Lee Hadley, who is also the



Financial statements for the year ended 31 August 2016

## Directors' Report

Accounting Officer. The Headmaster of Adams' Grammar School is Gary Hickey. The Chief Financial Officer is Joy Tomkinson.

The remuneration of the Principal, Headmaster and other key management personnel are agreed by the Remuneration Committee by reference to the scales in the School Teachers Pay and Conditions Document in the light of the appraisal of their performance. Each employee is appraised annually and, in the case of the Principal, the Headmaster and the senior members of their Senior Leadership Teams, this appraisal was a 360 degree appraisal, using a survey form produced by Edge Hill University. The appraisals were carried out by an external former Head of a London Academy by reference, in the case of the Principal and Headmaster, to the 2014 Department for Education (DfE) National Standards for Headteachers.

### **Related Parties and other Connected Charities and Organisations**

The Trust is not part of a wider network having a relationship which might impact on its operating policies. Nor does it have relationships with related parties or other organisations with which it might cooperate in the pursuit of charitable activities.

Its principal sponsor is the Haberdashers' Company, which has a family of schools in the public and private sectors providing education for more than 12,000 students.

### **Objectives and activities**

#### **Objects and Aims**

The Trust's objective is to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining and continuing to develop a federation of schools, known as the Haberdashers' Adams' Federation. There are two schools in the Federation: Abraham Darby Academy at Madeley and Adams' Grammar School at Newport, Shropshire. The two schools are designated as academies within the meaning of the Academies Act 2010. Both academies provide education for students aged 11 to 18. Abraham Darby Academy provides a broad education for students of wide abilities and Adams' Grammar School provides education for students using a selective admissions policy.

Our aim is that all students are inspired to reach their full potential, no matter their ability or background, where aspirations and achievements are constantly raised and where the improvement of standards reflects the needs of the local and wider communities, through the highest quality academic, personal and vocational teaching and guidance.

#### **Objectives, Strategies and Activities**

The objectives for the year were to focus on continued attainment of academic performance, broadening experience through extension activities and continuing to operate effectively and efficiently within budgets.

During the year the Trust followed three detailed Strategy Plans. These are the Federation Strategy Document for activities across the Trust, with additional Strategy Plans for the individual academies. They form the basis for review of the achievement of the objectives against the Plans.



Financial statements for the year ended 31 August 2016

## Directors' Report

### **Public Benefit**

The Directors confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties when reviewing the charity's aims and objectives and in planning future activities. In particular, the Directors consider that the provision of a first class education for over 1,900 students in the two academies provides significant public benefit to the local communities. This local focus will increase from 2016 following the Trust's decision, after consultation, to amend Adams' Grammar School's admissions policy so as to give preference to children of grammar school ability who qualify for Free School Meals or come from the Newport catchment area, and to appoint an Assistant Head for Outreach, whose role includes building relationships with the local primary schools and community. Each school helps the other to be as effective as possible for the benefit of the other's students.

### **Grant making and social investment policy**

The Trust seeks to ensure that all pupils have equal access to the education on offer at the academies, regardless of parental income.

### **Equal opportunities policy**

The Directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Trust aims to establish equal opportunities in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

### **Disabled persons**

The Trust complies fully with DDA regulations and is equipped to welcome and/or teach any child or adult with a disability and in the case of Adams' Grammar School, within the constraints imposed by its listed, historic buildings.

### **Volunteers**

Both schools have active parent associations which contribute time and resources through fund raising.

Financial statements for the year ended 31 August 2016

## Directors' Report

### Strategic Report

#### Achievements and Performance

**Key Performance Indicators** The Principal and the Headmaster, respectively, report on Key Performance Indicators (KPIs) at each main Board of Directors' meeting and appropriate committees. The main KPIs reported for the year under review for each school include:

**Student Roll:** The roll for Abraham Darby was 1031 including 178 Year 11 students and 128 Sixth Formers; for Adams' the roll was 896 of whom 316 (including 82 girls) were in the Sixth Form and 91 were boarders.

**Attendance:** The overall aim is to seek attendance above a 96% level. Adams' achieved a level of 98% while Abraham Darby achieved 94.8%.

**Admissions:** The aim is to ensure that each academy is fully subscribed. Abraham Darby was 3:1 and Adams' was 6:1 oversubscribed.

**Examination Results:** The targets and achievement of each school are set out in the table below:

	Target	Actual
<b>Abraham Darby Academy</b>		
Key Stage 4		
5+A* - C (inc Eng & Maths)	65%	46%
A*/B	45%	35%
EBacc	30%	23%
Key Stage 5		
APS per A level	25 (C-)	21.42 (D)
APS per Voc entry	37 (D+)	39.28 (D+)
Progress 8	+0.25	-0.21
<b>Adams' Grammar School</b>		
Key Stage 4		
A*/A	80%	59.1%
10 A*- C	100%	65.9%
8+ A*/A	60%	42.1%
EBacc	60%	60.9%
Key Stage 5		
A* - B	80%	80%

Financial statements for the year ended 31 August 2016

## Directors' Report

**Teaching & Learning:** The targets and achievements of each school for lessons judged to be good or better are set out in the table below:

Abraham Darby Academy		Adams' Grammar School	
Target	Actual	Target	Actual
90%	84%	95%	98%

**Staffing:** Full staffing in each academy is the target. At Adams' Grammar School, staff turnover, for teaching staff, was again unusually low, with two full time and one part time member of staff leaving. At Abraham Darby staff turnover was less than in the previous year, with eight staff leaving, representing a 10% turnover.

The 2016 academic results for the academies are set out in the table above.

At Abraham Darby Academy, the Progress 8 score when all pupils are included was -0.21. This is an improvement on the previous year's score of -0.3 but still below average for schools with a similar intake. Disaggregation of three students who withdrew themselves from education before sitting the exams, and three who were catered for by the school's ADAPT facility, would improve the score to -0.08. At 6th Form level, A level results remained static but vocational results were above national averages. Abraham Darby was inspected by Ofsted in June 2015 and was judged "good" overall and in all main categories except Sixth Form provision, where improvement was beginning to be seen.

At Adams' Grammar School, A Level results were good, with 268 A or A\* grades achieved by 158 students and 80% of results being graded A\* to B.

### **Capital Projects**

Abraham Darby Academy moved into its new building in the middle of July 2012. Some work remains outstanding in resolving defect issues and consequently the lease of the premises has not yet been executed. Progress has been made in finalising the details of a Campus Management Agreement but it has not yet been concluded. Despite these issues the new building and playing fields are fully operational. The major issues of the soffits and the aesthetics of the concrete walls have been addressed. The attenuation tanks have been reinstated and the cricket nets will be in due course.

### **Going concern**

After making appropriate enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial statements for the year ended 31 August 2016

## Directors' Report

### **Financial review**

The majority of the Trust's Income is obtained from the Education Funding Agency (EFA), some of which is restricted to particular purposes. Additional income is received at Adams' Grammar School in the form of boarding fees and other private school funds. The grants received from the EFA during the period ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting By Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities (SOFA) as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Income from generated funds and from charitable activities, including that from the EFA, totalled £11,955k. This was used to fund expenditure of £11,373k, giving an operating surplus of £582k (before depreciation) and an overall surplus (after depreciation of £497k) of £85k. This surplus is reduced in the SOFA due to actuarial movements in the value of the Trust's share of LGPS assets and liabilities resulting in a net £1,668k reduction in the overall funds balance.

At the year end, the net book value of fixed assets was £11,279k, after additions in year totalling £171k. Movements in tangible fixed assets are shown in Note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

The Trust held fund balances at 31st August 2016 of £10,737k, comprising £9,355k of Restricted Funds and £1,382k of Unrestricted General Funds. Movements are shown at Note 16 on page 47.

### **Reserves Policy**

It is the policy of the Trust to seek to have free cash reserves at a level which equates to an average of two months' expenditure. These reserves are to provide sufficient funds to cover unexpected costs or events such as the failure of plant or machinery, for example building repairs, or to meet part of the academies' Local Government Pension Scheme Liabilities within the Shropshire County Council Pension Fund in the event of additional short term costs arising from revaluation. The reserves include a sinking fund whose main purpose is to provide for major maintenance and refurbishment of Abraham Darby Academy over the first 25 years of the life of the buildings and a small sinking fund to cover major maintenance and refurbishment of the buildings erected at Adams' Grammar School in 2014 with funds from Building Schools for the Future. The Trust has seen a reduction in the value of reserves in the year. At 31 August 2016 they stood at £10,737k. Since the year end £97k has been spent on creating a Sixth Form Centre at Abraham Darby Academy.

### **Investment Policy and objectives**

Under the Articles of Association, the Trust has the power to invest funds not immediately required for its own purposes in any way the Directors see fit. The Trust has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

The Directors made the decision to put the Sponsorship received for the creation of Abraham Darby Academy onto deposit with the Haberdashers' Charity Cash Pool. This money needed to be invested in such a way that the balance was readily available and whilst a small return has been generated by way of interest earned, the preservation of the capital balance has been maintained.

## Directors' Report

### Principal Risks and Uncertainties

The Directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management is undertaken on an annual basis. The Directors have identified the principal risks affecting the Trust as reduced state funding, failure to control costs while maintaining excellent staff and attractive premises and failure to continue to improve standards. These risks are actively monitored by the committees.

The key controls used by the Trust include:

1. Formal agendas for all committee and board activity;
2. Terms of reference for all committees;
3. Comprehensive strategic planning, budgeting and management reporting;
4. Established organisational structure and clear lines of reporting;
5. Formal written policies;
6. Clear authorisation and approval levels;
7. Vetting procedures as required by law for the protection of the vulnerable;
8. Three year forecasts and cash flows monitored regularly.

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

The Trust participates in the Shropshire County Council Pension Fund, a Local Government Pension Scheme. The pension fund liability attributable to the Trust was £2,925k at 31 August 2016. Historically, £995k was inherited by the Trust from Shropshire County Council on 1 September 2008 on conversion of Abraham Darby Academy and £515k was inherited on 1st September 2011 on conversion of Adams' Grammar School, being the dates the Local Authority's Support Staff transferred to employment with the Trust. The Directors do not expect to face an immediate liability for this sum and anticipate meeting its liability through its pension contributions over a number of years, without material impact on its cash flow or free reserves.

### Plans for future periods

The Trust will continue to give a broad education, striving to improve the levels of performance of its students at all levels and will continue its efforts to ensure that all of its students learn work skills and get jobs or a place in higher education once they leave.

The Trust emphasises the help that each school in the Federation can give to the other. It has a clear understanding of its strengths and areas for development based on rigorous analysis of data and monitoring of teaching and learning. The Trust also makes good use of external validation to secure its judgement on the quality of provision and subsequent outcomes. Each academy has adopted its own Self Evaluation process and has identified areas for improvement. This is based on regular analysis of data which is meticulously analysed by the Principal and Headmaster and the senior leadership teams (SLTs). This is regularly monitored and amended by the SLTs and Governors.



Financial statements for the year ended 31 August 2016

## Directors' Report

School improvement strategies are highly effective because subjects identified as not performing well are addressed through a combination of rigorous monitoring following thorough analysis of examination results. The Trust makes good provision for personalised learning, support and intervention programmes for individual students and the quality of provision for inclusion is outstanding due to bespoke programmes aimed at raising achievement.

The striving for excellence is evident in many aspects of school life, but particularly in the strong culture of collaboration, openness and commitment to professional learning. Staff CPD is outstanding in the way that all staff work relentlessly at sharing best practice with schools and fulfil the academies' moral imperative of improving the quality of learning at a local, national and international level.

### Auditor

In so far as the Directors are aware there is no relevant audit information of which the Trust's auditor is unaware. The Directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the charitable company receives notice under section 488(1) of the Companies Act 2006.

This Directors' Report, incorporating a strategic report, was approved by the Board on 13th December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A. Cann', with a long horizontal line extending to the right.

**Anthony Cann**

**Chairman**

Financial statements for the year ended 31 August 2016

## Governance Statement

### Scope of responsibility

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

The Directors have delegated the day-to-day responsibility to the 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 Haberdashers' Adams' Federation Trust and the Secretary of State for Education. He is also responsible for reporting to the Directors any material weaknesses or breakdowns in the internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors formally met seven times during the year. Attendance at its meetings during the year was as follows:

Director	Meetings Attended	Out of a possible
Roderick Barrow	5	7
Kimberley Burbidge	3	7
Anthony Cann	7	7
Margot Chaundler	5	7
John Gallagher	4	7
Richard Glover	2	6
Jeremy Goulding	5	7
Sam Taylor	7	7
Audley Twiston-Davies	0	1
Colin Watt	5	7

Changes in the composition of the Board are set out on page 3.

The Finance and Buildings Committee is a committee of the Board. Its principal function is to oversee all finance and building issues relating to both academies. Attendance at its meetings during the year was as follows:



Financial statements for the year ended 31 August 2016

## Governance Statement

Member	Meetings Attended	Out of a possible
Roderick Barrow	2	4
Anthony Cann	4	4
Margot Chaundler	3	4
John Gallagher	2	4
Michael Osborne	3	4
Charles Parker	2	4
Sam Taylor	4	4
Colin Watt	2	4

The Audit Committee is a committee of the Board. It deals with the Auditors and the annual audit and meets at least twice a year. Attendance at its meetings during the year was as follows:

Member	Meetings Attended	Out of a possible
Roderick Barrow	1	2
Margot Chaundler	2	2
John Gallagher	1	2
Michael Osborne	1	2
Charles Parker	1	2
James Penney	0	1

There are two Local Governing Bodies ("LGB"s), one for each academy, whose principal function is to consider strategic and other matters relating to the relevant academy. Attendance at their meetings during the year was as follows:

Financial statements for the year ended 31 August 2016

## Governance Statement

### Abraham Darby Academy LGB

Kimberley Burbidge	2	3
Anthony Cann	3	3
Laura Collins	0	3
Arun Daniel-Selvaratnam	2	3
John Gallagher	2	3
Jeremy Goulding	3	3
Lee Hadley	3	3
Robin Jacob	3	3
Charles McLaren	0	1
Adrian McMahon Stone	1	3
Charles Parker	3	3

### Adams' Grammar School LGB

Roderick Barrow	3	3
Sarah Brackwell	1	3
Anthony Cann	3	3
Margot Chaundler	2	3
David Gradwell	2	3
Henriette Harnisch	0	1
Gary Hickey	3	3
Michael Osborne	2	3
James Penney	1	1
Matthew Skeate	3	3
Sam Taylor	3	3
Colin Watt	3	3

The Teaching, Learning and Standards Committee is a committee of the Board whose principal function is to monitor teaching and learning in both academies. Attendance at their meetings during the year was as follows:

Financial statements for the year ended 31 August 2016

## Governance Statement

Member	Meetings Attended	Out of a possible
Anthony Cann	3	4
Jeremy Goulding	4	4
David Gradwell	3	4
Lee Hadley	4	4
Henriette Harnisch	1	1
Gary Hickey	3	4
Robin Jacob	3	4
Adrian McMahon-Stone	2	4
Matthew Skeate	4	4

The Pupil Welfare Committee is a committee of the Board whose principal function is to establish and monitor pupil welfare policies in both academies, and boarding at Adams' Grammar School. Attendance at its meetings during the year was as follows:

Sarah Brackwell	4	4
Kimberley Burbidge	2	4
Anthony Cann	4	4
Laura Collins	2	4
Arun Daniel-Selvaratnam	4	4
Lee Hadley	3	4
Gary Hickey	4	4
Colin Watt	4	4

The Chairman is grateful for the support given by the Directors and Local Governing Body and committee members throughout the year who, as volunteers, give freely of their time to the Federation.

Financial statements for the year ended 31 August 2016

## Governance Statement

### **Review of Value for Money**

As Accounting Officer, the Principal has responsibility for ensuring that the trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer considers how the Trust's use of its resources provides good value for money during each academic year and reports to the board of trustees where value for money can be improved including the use of benchmarking data where available.

The principles of Best Value are applied in order to secure continuous improvement in both schools' achievements and services through: regular review of the functions of the schools, challenging how and why services are provided and setting targets and performance indicators for improvement; monitoring of outcomes and comparing student performance and financial performance with similar schools; consulting appropriate stakeholders before major decisions are made; promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way. Examples of how the Academy Trust has improved value for money during the year under review include:-

- A move towards changing all lighting to LEDs
- Installing a print management solution designed to reduce the cost of printing within the organisations by approximately 20% by implementing rules and regulations when printing and copying
- Review and rationalisation of non-teaching staff and senior leaders

### **Governance review**

The structure of the Trust's governance and governing body was reviewed with Governors and others involved in 2012/13 and significant changes were suggested. Most of the major changes were effected in 2013/14. All Governors have fixed renewable terms.

Further reviews of effectiveness of overall governance, including the Board and all Committees, based on broad-ranging questionnaires to all Governors, have been conducted annually in the summer term since then, with comments on the Chairman's performance being sent to the Vice Chairman. The 2016 review, which was considered by the Governors at their summer term meeting, showed that overall governance was still considered to be effective, as were the Board and Committees. The main area of concern was still felt to be the adequacy of communication with the school communities, despite various efforts to improve it. Further efforts would be made in the year ahead to remedy this, to meet the desire for more governor training, and to continue to make improvements in the areas identified in the previous year. In view of the importance of careers provision, the Governors decided to set up, on an ad hoc basis for a trial period, a committee to review careers provision and work skills training in both schools. It is intended that a further review of effectiveness will be conducted in Summer 2017

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risk to the achievement of Academy Trust policies, aims

## Governance Statement

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 Haberdashers' Adams' Federation Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Directors have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Directors are of the view that the formal process for identifying, evaluating and managing the Academy Trust's significant risks has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and the financial statements. This process is regularly reviewed by the Directors.

### **The risk and control framework**

The Academy Trust's system of internal financial control is based on the 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 Directors,
- regular reviews by the Finance and Buildings Committees 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;
- regular monitoring of forecasts and cash flows.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. They have appointed an audit committee, and also a Responsible Officer ("RO") for each school: Margot Chaundler, a governor on the Adams' Grammar School Local Governing Body ("LGB"), as RO for Abraham Darby Academy in 2015/16 and James Penney, also a governor on the Adams' Grammar School LGB, for 2016/17; and Charles Parker, a governor on the Abraham Darby Academy LGB, as RO for Adams' Grammar School.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems and policies. The checks cover significant expenditure on individual items; bank and control accounts; payroll changes; VAT; grant income, including Pupil Premium grant; purchasing and authorisation procedures. The ROs report to the Finance and Buildings Committee, which further reports to the Board, three times a year on the operation of the systems of control and on the discharge of the Directors' financial responsibilities.

## Governance Statement

### Review of effectiveness

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

- the work of the Responsible Officers;
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Directors on 13th December 2016 and signed on their behalf by



**Anthony Cann**  
Chairman



**Lee Hadley**  
Accounting Officer

## Statement on regularity, propriety and compliance

As Accounting Officer of Haberdashers' Adams' Federation Trust I have considered my responsibility to notify the Academy Trust governing body and the Education Funding Authority of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

Signed



**Lee Hadley**  
**Accounting Officer**



Financial statements for the year ended 31 August 2016

## Statement of directors' responsibilities

The Directors (who act as trustees of Haberdashers' Adams' Federation Trust and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting 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 Directors 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Directors of the Academy Trust on 13th December 2016 and signed on its behalf by:



**Anthony Cann**  
Chairman

# Independent auditor's report on Financial Statements to the members of Haberdashers' Adams' Federation Trust

We have audited the financial statements of Haberdashers' Adams' Federation Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Cash Flow Statement and the related notes. 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of trustee and auditor**

As explained more fully in the trustees' responsibilities statement set out on page 15, 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## **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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities

# Independent auditor's report to the members of Haberdashers' Adams' Federation Trust

SORP (FRS 102) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **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.

*Grant Thornton UK LLP*

John Golding  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

19 DECEMBER 2016

# Independent auditor's report on Regularity to the governing body of Haberdashers' Adams' Federation Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 10 October 2016 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 Haberdashers' Adams' Federation Trust 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 Haberdashers' Adams' Federation Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Haberdashers' Adams' Federation Trust and the EFA those matters we are required to state to them 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 Haberdashers' Adams' Federation Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

## **Respective responsibilities of Haberdashers' Adams' Federation Trust's Accounting Officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Haberdashers' Adams' Federation Trust's funding agreement with the Secretary of State for Education dated 1 September 2011 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.

# Independent auditor's report on Regularity to the governing body of Haberdashers' Adams' Federation Trust and the Education Funding Agency

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income and expenditure for the areas identified as high risk.

## 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 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Grant Thornton UK LLP*

Reporting Accountant  
Grant Thornton UK LLP  
Chartered Accountants  
Birmingham

14 DECEMBER 2016

## Financial statements for the year ended 31 August 2016

Statement of Financial Activities  
for the year ended 31 August 2016  
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
<b>Income and endowments from:</b>						
Donations and capital grants	3	4	5	15	24	3,227
Charitable activities:						
Funding for the academy trust's educational operations	4	-	10,016	51	10,067	10,274
Provision of boarding activities	27	-	1,032	23	1,055	1,051
Other trading activities	5	801	-	-	801	773
Investments	6	8	-	-	8	9
<b>Total</b>		813	11,053	89	11,955	15,334
<b>Expenditure on:</b>						
Raising funds	7	349	-	-	349	342
Charitable activities:						
Academy trust educational operations	8	259	9,834	466	10,559	10,878
Provision of boarding activities	27	-	931	31	962	996
<b>Total</b>		608	10,765	497	11,870	12,216
<b>Net income / (expenditure)</b>		205	288	(408)	85	3,118
<b>Transfers between funds</b>	16	-	(519)	218	(301)	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes	16, 25	-	(1,452)	-	(1,452)	(89)
<b>Net movement in funds</b>		205	(1,683)	(190)	(1,668)	3,029
<b>Reconciliation of funds</b>						
Total funds brought forward		1,177	(1,231)	12,459	12,405	9,376
<b>Total funds carried forward</b>		1,382	(2,914)	12,269	10,737	12,405

## Balance Sheet

### as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Tangible assets	12		11,279		11,606
Stock	13	24		27	
Debtors	14	382		568	
School Funds		109		104	
Cash at bank and in hand		2,898		2,759	
		<u>3,413</u>		<u>3,458</u>	
Creditors: Amounts falling due within one year	15	(1,030)		(1,365)	
<b>Net current assets</b>			<u>2,383</u>	<u>2,093</u>	
<b>Total assets less current liabilities</b>			13,662		13,698
Creditors: Amounts falling due after more than					-
<b>Net assets excluding pension liability</b>			<u>13,662</u>	<u>13,698</u>	
Defined benefit pension scheme liability	25		(2,925)		(1,293)
<b>Total net assets</b>			<u>10,737</u>	<u>12,405</u>	
Fixed asset fund	16	12,269		12,459	
Restricted income fund	16	11		62	
Pension reserve	16	(2,925)		(1,293)	
<b>Total restricted funds</b>			<u>9,355</u>	<u>11,228</u>	
Unrestricted income funds	16		1,382		1,177
<b>Total funds</b>			<u>10,737</u>	<u>12,405</u>	

The financial statements on pages 28 - 61 were approved by the trustees and authorised for issue on 13th December 2016 and are signed on their behalf by

  
Anthony Cann  
Trustee



## Statement of Cash Flows

	Notes	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash inflow from operating activities	20	212	120
<b>Cash flows from investing activities</b>	22	(73)	16
<b>Cash flows from financing activities</b>	21	-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>139</u>	<u>136</u>
Cash and cash equivalents at 1 September		2,759	2,623
<b>Cash and cash equivalents at 31 August</b>	23	<u>2,898</u>	<u>2,759</u>

## Notes to the financial statements for the Year Ended 31 August 2016

### 1. Statement of accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2014 to 2015 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Haberdashers' Adams' Federation Trust meets the definition of a public benefit entity under FRS 102.

These financial statements are the first financial statements of Haberdashers' Adams' Federation Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Haberdasher's Adams' Federation Trust Academy for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

#### 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.

## Notes to the financial statements for the Year Ended 31 August 2016

### **Incoming resources**

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

### **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the 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.

### **Sponsorship income**

Sponsorship income provided to the academy trust 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 the receipt is probable and it can be measured reliably.

### **Donations**

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

### **Other income**

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

### **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

## Notes to the financial statements for the Year Ended 31 August 2016

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

### **Expenditure**

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

### **Expenditure on raising funds**

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

### **Charitable activities**

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

### **Governance costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

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

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

## Notes to the financial statements for the Year Ended 31 August 2016

### Depreciation

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

Freehold Buildings	50 years
Fixtures, Fittings and Equipment	7 years
ICT Hardware	5 years

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.

### Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

### Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### Leased assets

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

### Stocks

Stocks are valued at the lower of cost or net realisable value.



## Notes to the financial statements for the Year Ended 31 August 2016

### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to 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 Chapter 3 Part 11 of the Corporation Taxes 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.

### **Pensions 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 and the assets are held separately from those of the academy trust.

#### *Teachers' Pension Scheme*

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 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

#### *Local Government Pension Scheme*

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 scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

## Notes to the financial statements for the Year Ended 31 August 2016

### **Fund accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency, Department for Education, and other donors which are to be used as specified. This includes the Appeals Fund and Private Schools Funds, both maintained by Adams' Grammar School.

### **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 25, will impact the carrying amount of the pensions 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 2015. 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 (GAG)**

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2016.



## Notes to the financial statements for the Year Ended 31 August 2016

### 3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Capital grants	-	15	15	-
Donated fixed assets	-	-	-	3,200
Donations	4	5	9	27
	<hr/> 4	<hr/> 20	<hr/> 24	<hr/> 3,227

### 4 Funding for the Academy Trust's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	9,716	9,716	9,822
Capital Grant	-	51	51	180
	<hr/> -	<hr/> 9,767	<hr/> 9,767	<hr/> 10,002
Other Government grants	-	84	84	105
Other income from the academy trust's educational operations	-	216	216	167
	<hr/> -	<hr/> 10,067	<hr/> 10,067	<hr/> 10,274

## Notes to the financial statements for the Year Ended 31 August 2016

### 5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Lettings	48	-	48	40
Catering income	131	-	131	121
Home to school transport	368	-	368	361
Music lessons	96	-	96	88
Exam income	26	-	26	16
Other income	132	-	132	147
	<u>801</u>	<u>-</u>	<u>801</u>	<u>773</u>

### 6 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	8	-	8	9
	<u>8</u>	<u>-</u>	<u>8</u>	<u>9</u>

Financial statements for the year ended 31 August 2016

## Notes to the financial statements for the Year Ended 31 August 2016

### 7 Expenditure

	Non Pay Expenditure			Total	Total
	Staff Costs £000	Premises £000	Other £000	2016 £000	2015 £000
Expenditure on raising funds	95	1	253	349	342
Academy's educational operations:					
- Direct costs	6,866	427	817	8,110	8,350
- Allocated support costs	952	411	1,086	2,449	2,528
Boarding activities:					
- Direct costs	-	-	288	288	323
- Allocated support costs	335	116	223	674	673
	8,248	955	2,667	11,870	12,216

Net income/(expenditure) for the period includes:

	2016	2015
	£000	£000
Operating lease rentals	32	18
Depreciation	497	513
Legal and professional fees	22	98
Fees payable to auditor for:		
- audit	23	36
- other services	-	-

## Notes to the financial statements for the Year Ended 31 August 2016

### 8 Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	8,110	8,349
Direct costs – boarding	288	323
Support costs – educational operations	2,449	2,528
Support costs – boarding	674	673
	11,521	11,873

Analysis of support costs	Boarding £000	Educational operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	335	952	1,287	943
Depreciation	31	19	50	20
Technology costs	-	-	-	16
Premises costs	159	245	404	257
Other support costs	149	1,183	1,332	1,150
Governance costs	-	50	50	142
<b>Total support costs</b>	674	2,449	3,123	2,528

## Notes to the financial statements for the Year Ended 31 August 2016

### 9 Staff

#### a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	6,702	6,896
Social security costs	534	469
Operating costs of defined benefit pension schemes	978	963
	<hr/> 8,214	<hr/> 8,328
Supply staff costs	-	-
Staff restructuring costs	34	14
	<hr/> 8,248	<hr/> 8,342

Staff restructuring costs comprise:

Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	34	14
	<hr/> 34	<hr/> 14

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34k, (2015: £14k). Individually, the payments were: £2k, £7k, £11k and £14k.

## Notes to the financial statements for the Year Ended 31 August 2016

### c. Staff numbers

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

	2016	2015
	No.	No.
Teachers	111	112
Administration and support	105	113
Management	15	15
	231	240
	231	240

### d. Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2

### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 3 & 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £337,977 (2015: £337,784).

## Notes to the financial statements for the Year Ended 31 August 2016

### 10 Related Party Transactions – Trustees' remuneration and expenses

The Headmaster, Principal and staff governors only receive remuneration in respect of services they provide undertaking the roles of Headmaster, Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

During the period, travel and subsistence expenses totalling £7,079 were reimbursed to 7 governors, (2015: £7,577 reimbursed to 8 governors).

### 11 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 provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2016 was £2,330 (2015: £2,330). The cost of this insurance is included in the total insurance cost.



## Notes to the financial statements for the Year Ended 31 August 2016

### 12 Tangible fixed assets

	Buildings	Furniture & equipment	Computer Hardware	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At 1 September 2015	11,214	1,299	749	13,262
Additions	-	113	58	171
At 31 August 2016	11,214	1,412	807	13,433
<b>Depreciation</b>				
At 1 September 2015	697	517	443	1,657
Charged in year	224	179	94	497
At 31 August 2016	921	696	537	2,154
<b>Net book values</b>				
At 31 August 2015	10,517	783	306	11,606
At 31 August 2016	10,293	716	270	11,279

The properties at Adams' Grammar School used by the Academy Trust are legally owned by The Master and Four Wardens of the Fraternity of the Art or Mystery of Haberdashers in the City of London as Governor of the Possessions and Revenues of the Free Grammar School of Newport in the County of Salop of the Foundation of William Adams. The School has the use of these buildings, including responsibility for the insurance and maintenance of the assets, under a scheme originally dated 27 November 1878.

The scheme has no fixed cessation date and a minimal occupation payment is due. The Directors have considered the accounting treatment of these buildings and consider that as the balance of benefits and risk resides with the Academy Trust that the asset should be recognised on balance sheet, despite not having legal ownership.

The buildings at Abraham Darby Academy are presently occupied under a Licence to Occupy granted to the Trust by Telford & Wrekin Council and are not therefore included in the Balance Sheet.

## Notes to the financial statements for the Year Ended 31 August 2016

13 Stock

	2016	2015
	£'000	£'000
Stock	<u>24</u>	<u>27</u>

14 Debtors

	2016	2015
	£'000	£'000
Trade debtors	86	56
VAT recoverable	79	193
Prepayments and accrued income	<u>217</u>	<u>319</u>
	<u>382</u>	<u>568</u>

## Notes to the financial statements for the Year Ended 31 August 2016

### 15 Creditors: Amounts Falling due within one Year

	2016	2015
	£'000	£'000
Trade creditors	179	273
Other taxation and social security	267	243
Other creditors	76	131
Accruals and deferred income	507	718
	<u>1,030</u>	<u>1,365</u>

Deferred income	£'000
Deferred income at 1 September 2015	283
Released from previous years	-49
Resources deferred in the year	40
Deferred Income at 31 August 2016	<u>274</u>

At the balance sheet date the majority of the deferred income held by the academy trust (£198k) was boarding deposits for the autumn term 2016.

Financial statements for the year ended 31 August 2016

## Notes to the financial statements for the Year Ended 31 August 2016

### 16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(87)	9,428	(9,040)	(519)	(218)
Other DfE/EFA grants	32	555	(580)	-	7
Schools Funds	104	38	(33)	-	109
Provision for boarding	14	1,032	(932)	-	114
Pension reserve	(1,293)	-	(180)	(1,452)	(2,925)
	<b>(1,231)</b>	<b>11,053</b>	<b>(10,765)</b>	<b>(1,971)</b>	<b>(2,914)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	11,310	-	-	-	11,310
DfE/EFA capital grants	405	51	(18)	58	496
Capital expenditure from GAG	(1,349)	-	(479)	10	(1,818)
Private sector capital sponsorship	1,718	38	-	-	1,756
Sinking Fund	375	-	-	150	525
	<b>12,459</b>	<b>89</b>	<b>(497)</b>	<b>218</b>	<b>12,269</b>
<b>Total restricted funds</b>	<b>11,228</b>	<b>11,142</b>	<b>(11,262)</b>	<b>(1,753)</b>	<b>9,355</b>
<b>Total unrestricted funds</b>	<b>1,177</b>	<b>813</b>	<b>(608)</b>	<b>-</b>	<b>1,382</b>
<b>Total funds</b>	<b>12,405</b>	<b>11,955</b>	<b>(11,870)</b>	<b>(1,753)</b>	<b>10,737</b>

## Notes to the financial statements for the Year Ended 31 August 2016

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

1. GAG is used for the educational operations of the academy trust.
2. Other DfE/EFA and start up grants are used for the purposes intended by the grant funder.
3. The pension reserve is the surplus/deficit on the Local Government Pension Scheme.
4. The provision of boarding accounts show the surplus/deficit on boarding activities at Adams' Grammar School.
5. The Schools Fund relates to the Private Schools Fund and Appeals Fund held by Adams' Grammar School for specific projects.
6. The fixed asset fund includes fixed assets transferred on conversion, additions, depreciation and capital grants and sponsorship received but not yet spent.
7. Unrestricted reserves include surpluses from activities for generating funds as detailed in Note 4.

Under the funding agreement with the Secretary of State, the academy trust was subject to limits on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limits were exceeded.

## Notes to the financial statements for the Year Ended 31 August 2016

### 16 Funds (continued)

#### Total funds analysis by academy

Fund balances at 31 August 2016 were allocated as

	Total 2016 £000	Total 2015 £000
Adams' Grammar School	902	951
Abraham Darby Academy	491	288
Total before fixed assets and pension reserve	1,393	1,239
Restricted fixed asset fund	12,269	12,459
Pension reserve	(2,925)	(1,293)
<b>Total</b>	<b>10,737</b>	<b>12,405</b>

#### Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2016 £000	Total 2015 £000
Adams' Grammar School	2,674	451	122	2,234	5,481	5,329
Abraham Darby Academy	4,192	501	224	975	5,892	6,339
<b>Academy Trust</b>	<b>6,866</b>	<b>952</b>	<b>346</b>	<b>3,209</b>	<b>11,373</b>	<b>11,668</b>

## Notes to the financial statements for the Year Ended 31 August 2016

### 17 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	11,279	11,279
Current assets	1,382	1,041	990	3,413
Current liabilities	-	(1,030)	-	(1,030)
Pension scheme liability	-	(2,925)	-	(2,925)
<b>Total</b>	<b>1,382</b>	<b>(2,914)</b>	<b>12,269</b>	<b>10,737</b>

### 18 Capital commitments

The Trust had no capital commitments as at 31 August 2016.

### 19 Financial Commitments

#### Operating Leases

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

	2016 £'000	2015 £'000
Other		
Expiring within one year	18	19
Expiring within two and five years inclusive	18	-
Expiring after more than five years	-	-
	36	19



## Notes to the financial statements for the Year Ended 31 August 2016

### 20 Reconciliation of Net Income to Net Cash Flow from Operating Activities

	2016	2015
	£'000	£'000
Net income for the reporting period (as per the Statement of Financial Activities)	85	(50)
Adjusted for:		
Depreciation (note 12)	497	515
Capital grants from DfE and other capital income	(69)	(180)
Interest receivable (note 6)	(8)	(9)
Defined benefit pension scheme cost less contributions payable (note 25)	(191)	52
Defined benefit pension scheme finance cost (note 25)	49	107
(Increase)/decrease in stocks	3	16
Increase/(decrease) in school funds	(5)	(16)
(Increase)/decrease in debtors	186	(222)
Increase/(decrease) in creditors	(335)	(93)
	<u>212</u>	<u>120</u>
Net cash inflow from operating activities	<u>212</u>	<u>120</u>

### 21 Cash flows from financing activities

	2016	2015
	£000	£000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	<u>-</u>	<u>-</u>

## Notes to the financial statements for the Year Ended 31 August 2016

### 22 Cash flows from investing activities

	2016	2015
	£000	£000
Dividends, interest and rents from investments	8	9
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(171)	(173)
Capital grants from DfE/EFA	51	167
Capital funding received from sponsors and others	39	13
<b>Net cash provided by / (used in) investing activities</b>	<b>(73)</b>	<b>16</b>

### 23 Analysis of cash and cash equivalents

	2016	2015
	£000	£000
Cash in hand and at bank	2,898	2,759
Notice deposits (less than 3 months)	-	-
<b>Total cash and cash equivalents</b>	<b>2,898</b>	<b>2,759</b>

### 24 Members' Liability

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

## Notes to the financial statements for the Year Ended 31 August 2016

### 25 Pension and Similar Obligations

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, which is managed by Shropshire County Pension Fund. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

#### Teachers' Pension Scheme (TPS)

##### 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);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and

## Notes to the financial statements for the Year Ended 31 August 2016

- 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%.

During the year the employer contribution rate was 16.48% (with effect 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 pension costs paid to TPS in the period amounted to £727,000.

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

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

### **Local Government Pension Scheme (LGPS)**

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 £301,000 (2015: £312,000), of which employer's contributions totalled £219,000 (2015: £227,000) and employees' contributions totalled £82,000 (2015: £85,000) The agreed contribution rates for future years are 14.4 per cent for employers and between 5.5 and 12 per cent for employees, dependent on the level of the individual's salary.

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.

Financial statements for the year ended 31 August 2016

## Notes to the financial statements for the Year Ended 31 August 2016

The principal actuarial assumptions used by the actuaries were as follows:

<b>Abraham Darby Academy</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.3	3.7
Rate of increase in pensions in payment/inflation	1.9	2.2
Discount rate for scheme liabilities	2.1	4.0
Inflation assumption (CPI)	1.8	2.2
Commutations of pensions to lump sums	50.0	50.0

  

<b>Adams' Grammar School</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	3.4	3.7
Rate of increase in pensions in payment/inflation	2.0	2.2
Discount rate for scheme liabilities	2.2	4.0
Inflation assumption (CPI)	1.9	2.2
Commutations of pensions to lump sums	50.0	50.0

## Notes to the financial statements for the Year Ended 31 August 2016

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

<b>Abraham Darby Academy</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	23.9	23.8
Females	26.4	26.1
<i>Retiring in 20 years</i>		
Males	26.2	26.0
Females	29.2	29.0
<b>Adams' Grammar School</b>	<b>At 31 August 2016</b>	<b>At 31 August 2015</b>
<i>Retiring today</i>		
Males	23.9	23.9
Females	26.4	26.3
<i>Retiring in 20 years</i>		
Males	26.2	26.1
Females	29.2	29.1

Financial statements for the year ended 31 August 2016

## Notes to the financial statements for the Year Ended 31 August 2016

The academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	1,767	1,465
Debt instruments	655	685
Property	173	126
Other	727	510
<b>Total market value of assets</b>	<b>3,322</b>	<b>2,786</b>

The actual return on scheme assets was £409,000 (2015: £96,000).

### Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	(319)	(316)
Net interest cost	(25)	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
	<b>(344)</b>	<b>(316)</b>



## Notes to the financial statements for the Year Ended 31 August 2016

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

	2016 £000	2015 £000
<b>At 1 September</b>	4,079	3,486
Current service cost	319	316
Interest cost	162	146
Employee contributions	82	85
Actuarial (gain)/loss	1,747	89
Benefits paid	(167)	(43)
Plan introductions, benefit changes, curtailments and settlements	25	-
<b>At 31 August</b>	<u>6,247</u>	<u>4,079</u>

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

	2016 £000	2015 £000
<b>At 1 September</b>	2,786	2,421
Interest income	114	-
Return on plan assets (excluding net interest on the net defined pension liability)	-	128
Actuarial gain/(loss)	295	(32)
Employer contributions	219	227
Employee contributions	82	85
Benefits paid	(167)	(43)
Plan introductions, benefit changes, curtailments and settlements	(7)	-
<b>At 31 August</b>	<u>3,322</u>	<u>2,786</u>

### 26

#### Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the 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. No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

## Notes to the financial statements for the Year Ended 31 August 2016

### 27 Academy boarding trading account

	2016 £000	2016 £000	2016 £000	2015 £000	2015 £000	2015 £000
<b>Income</b>						
Fee income		1,010			1,007	
Grants		45			44	
			1,055			1,051
<b>Expenditure</b>						
<b>Direct costs</b>						
Goods and services	14			30		
Catering	260			282		
Other direct costs	14			11		
Total direct costs		288			323	
<b>Indirect costs</b>						
Staff costs	335			353		
Utilities	71			76		
Rent and rates	7			8		
Insurance	7			7		
Buildings maintenance	158			156		
Other indirect costs	96			73		
Total indirect costs		674			673	
<b>Total operating costs</b>			962			996
<b>Surplus on Boarding</b>			93			54
Surplus/(deficit) brought forward at 1 September 2015			9			(45)
Surplus carried forward at 31 August 2016			102			9

## Notes to the financial statements for the Year Ended 31 August 2016

28

### 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.

Comparative figures have been restated to reflect the adjustments made.

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	Notes	1 September 2014 £000	31 August 2015 £000
Total funds under previous UK GAAP		9,376	12,405
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		9,376	12,405
Reconciliation of net income	Notes		31 August 2015 £000
Net income previously reported under UK GAAP			3,150
Change in recognition of LGPS interest cost	A		32
Employee benefits accrual	B		-
Net movement in funds reported under FRS 102			3,118

### A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the charge to expenditure by £32k and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

## Notes to the financial statements for the Year Ended 31 August 2016

### **B – Recognition of outstanding employee benefits**

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

A small minority of employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date and therefore the provision for outstanding holiday pay as at the year-end for the Trust is not considered to be material. No provision has been recognised as at 1 September 2014, or at 31 August 2015 and therefore there has been no movement in the year on year provision to charge to the SOFA in the year ended 31 August 2015.

