

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

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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)

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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
Abraham Darby Academy		
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
Adams' Grammar School		
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%

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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