

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

Annual Report and Financial Statements

For the year ended 31 August 2017

Company No 06548296

Index

Reference and Administrative Details	1
Directors' Report	3
Governance Statement	13
Statement on Regularity, Propriety and Compliance	20
Statement of Directors' Responsibilities	21
Independent Auditor's Report on Financial Statements	22
Independent Auditor's Report on Regularity	25
Statement of Financial Activities (including Income & Expenditure Account)	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements, incorporating	
– Accounting Policies	30
– Other notes to the Financial Statements	35

Financial statements for the year ended 31 August 2017

Reference and Administrative Details

Members	Roderick Barrow Anthony Cann Margot Chaundler Sam Taylor The Haberdashers' Company
Directors	Anthony Cann (Chairman) Roderick Barrow Kimberley Burbidge (resigned 26 October 2017) John Gallagher Jeremy Goulding James Penney (appointed 6 March 2017) Sam Taylor Colin Watt
Members of Abraham Darby Academy Local Governing Body	John Gallagher (Chairman) Kimberley Burbidge (resigned 26 October 2017) Anthony Cann Arun Daniel-Selvaratnam Dilys Fullerton (appointed 16 November 2016) Jeremy Goulding Lee Hadley Jonathan Hamilton (appointed 25 November 2016, resigned 23 November 2017) Robin Jacob Richard Jackson (appointed 16 November 2016) Charles McLaren Charles Parker (Responsible Officer, Adams' Grammar School) Delia Whitworth (appointed 16 November 2016)
Members of Adams' Grammar School Local Governing Body	Sam Taylor (Chairman) Roderick Barrow Sarah Brackwell (resigned 30 November 2017) Anthony Cann Jonathan Hamilton (appointed 25 November 2016, resigned 23 November 2017) Henriette Harnisch Gary Hickey Michael Osborne James Penney (Responsible Officer, Abraham Darby Academy) Matthew Skeate Colin Watt

Financial statements for the year ended 31 August 2017

Reference and Administrative Details

Accounting Officer	Lee Hadley
Chief Financial Officer	Joy Tomkinson
Company Secretary	Adrian Burns
Senior Leadership Team:	
Abraham Darby Academy	
Principal	Lee Hadley
Vice Principal	Angela Bithell
Vice Principal	Ann O'Brien
Vice Principal	Nick Scott
Vice Principal	Joanne Edgar (appointed 1 September 2016)
Bursar	Peter Rowland
Adams' Grammar School	
Headmaster	Gary Hickey
Deputy Head	Peter Pack
Deputy Head	Dan Biggins
Deputy Head	Camilla Whitney-Thomas (appointed 1 January 2017)
Chief Financial Officer	Joy Tomkinson
Company Name	Haberdashers' Adams' Federation Trust
Registered Office	Abraham Darby Academy Ironbridge Road Madeley Telford TF7 5HX
Company Registration Number	06548296
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	Saffery Champness LLP Mitre House North Park Road Harrogate North Yorkshire HG1 5RX

Financial statements for the year ended 31 August 2017

Directors' Report

The Directors submit their annual report and audited financial statements for the year ended 31 August 2017 and confirm that the latter comply with the requirements of the Companies Act 2006, Charities Acts 2006 and 2011 and Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective January 2015).

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 & Skills Funding Agency (ESFA).

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 1 and 2.

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 £2,498 (2016: £2,546).

Method of Recruitment and Appointment or Election of Directors

The members of the Company consist of the Trust sponsor, the Worshipful Company of Haberdashers, up to four members appointed by the sponsor and one person appointed by the Secretary

Financial statements for the year ended 31 August 2017

Directors' Report

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 at least 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 roles 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.

There is also a Careers Committee which meets at least twice a year and whose principal function is to guide and oversee both academies' activities in relation to students' destinations after leaving school.

Financial statements for the year ended 31 August 2017

Directors' Report

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

Arrangements for setting pay and remuneration of key management personnel

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.

Financial statements for the year ended 31 August 2017

Directors' Report

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.

The Trust is currently reviewing its strategy with a view to having a unified strategy which will expand on the existing strategies and include a desire to expand the Trust and ensure its schools are part of their local communities.

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 has increased 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 a Deputy 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 2017

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 1012 including 174 Year 11 students and 125 Sixth Formers; for Adams' the roll was 905 of whom 326 (including 90 girls) were in the Sixth Form and 84 were boarders.

Attendance: The overall aim is to seek attendance above a 96% level. Adams' achieved a level of 98% while Abraham Darby's attendance was 94.4 %.

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:

Examination Results

	2017 Target	2017 Actual
Abraham Darby Academy		
A level APS per entry	30	22
A-Level Progress	+0.1	-0.1
Level 3 vocational APS per entry	42	32
Vocational Progress	+0.41	-0.3
Progress 8	+0.1	-0.27
Attainment 8	40	40.8
5+ English & Maths	35%	28%
4+ English & Maths	60%	52%
Ebacc	24%	7%
6+/B+ Grades (GCSE only)	40%	25%
5+ Grades in English (any English)	50%	49%
5+ Grades in Maths	50%	35%
Gap	0	-0.32

Financial statements for the year ended 31 August 2017

Directors' Report

	2017 Target	2017 Actual
Adams' Grammar School		
Key Stage 4		
Progress 8	+0.4	+0.16
Attainment 8	n/a	71.4
A*/A	80%	59.1%
10 A*-C	100%	78.4%
8+ A*-A	60%	36.9%
EBacc entries	n/a	83%
EBacc achievement	n/a	74%
Key Stage 5		
A*-B	80%	61%
Level 3 value added	0.0	-0.25

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 one full time and three part time members of staff leaving. At Abraham Darby staff turnover was less than in the previous year, with eight staff leaving, representing a 10% turnover.

The 2017 academic results for the academies are set out in the table above.

At Abraham Darby Academy, the Progress 8 score excluding outliers was -0.18. At Sixth 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, the Progress 8 score improved from -0.01 in the previous year to +0.16. A Level results were good, with 190 A or A* grades achieved by 150 students and 61% of results being graded A* to B.

Financial statements for the year ended 31 August 2017

Directors' Report

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.

During the year, the Haberdashers' Adams' Grammar School Charity purchased a former care home, Beaumaris Court, into which, after full refurbishment, Adams' Grammar School has relocated its Senior Boarding. This now offers modern ensuite facilities and has significantly improved the provision.

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 review

The majority of the Trust's Income is obtained from the Education & Skills Funding Agency (ESFA), 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 ESFA during the period ended 31st August 2017 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 ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting By Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities (SOFA) as restricted income in the Fixed Asset Fund. In 2017 the trust has recognised £900k in relation to assets made available for use by the Haberdashers' Adams' Grammar School Charity, this being Beaumaris Court, as previously noted. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Incoming resources, including that from the ESFA, totalled £13,356k (2016: £11,955k). This was used to fund expenditure of £13,125k (2016: £11,870k), giving an operating surplus of £817k (2016: £582k) (before depreciation) and an overall surplus (after depreciation of £586k (2016: £497k)) of £231k (2016: £85k). This surplus is reduced in the SOFA due principally to actuarial movements in the value of the Trust's share of LGPS assets and liabilities resulting in a net £950k increase (2016: £1,668k reduction) in the overall funds balance.

Financial statements for the year ended 31 August 2017

Directors' Report

At the year end, the net book value of fixed assets was £12,298k, after additions in year totalling £1,605k. Movements in tangible fixed assets are shown in Note 11 to the financial statements. The assets were used for providing education and associated support services to the students of the Trust, and to the local community through lettings.

The Trust held fund balances at 31st August 2017 of £11,687k (2016: £10,737), comprising £10,669k (2016: £9,355) of Restricted Funds and £1,018k (2016: £1,382) of Unrestricted General Funds. Movements are shown at Note 16 on page 43.

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 (approximately £1,800k); at present this is £1,018k. 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 Trust has seen an increase in the value of reserves in the year. At 31 August 2017 they stood at £11,687k (2016: £10,737k).

Investment Policy

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.

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, numbers of boarders and failure to continue to improve standards. These risks are actively monitored by the committees.

The key controls used by the Trust include:

- Formal agendas for all committee and board activity;
- Terms of reference for all committees;
- Comprehensive strategic planning, budgeting and management reporting;
- Established organisational structure and clear lines of reporting;

Financial statements for the year ended 31 August 2017

Directors' Report

- Formal written policies;
- Clear authorisation and approval levels;
- Vetting procedures as required by law for the protection of the vulnerable;
- 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 £2,571k at 31 August 2017. 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 1 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.

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.

Financial statements for the year ended 31 August 2017

Directors' Report

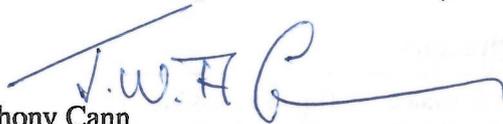
The Trust is examining opportunities for expansion by including primary or other schools and ensuring that its schools are seen as assets of the communities in which they are situated. With the acquisition and bringing into use of Beaumaris Hall for senior boarding, Adams' Grammar School proposes to launch a new marketing campaign for boarding, ensuring that the boarding opportunity is more widely known.

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.

During the year a tender was conducted in accordance with the trust's policies and was won by Saffery Champness LLP, who took on the audit responsibility from Grant Thornton. Having expressed their willingness to continue in office, Saffery Champness 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 14th December 2017 and signed on its behalf by:


Anthony Cann
Chairman

Financial statements for the year ended 31 August 2017

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:

Board of Directors

Director	Meetings Attended	Out of a possible
Roderick Barrow	6	7
Kimberley Burbidge*	0	7
Anthony Cann	7	7
John Gallagher	5	7
Jeremy Goulding	7	7
James Penney	3	3
Sam Taylor	6	7
Colin Watt	7	7

* *did not attend as she was unwell during the period*

Changes in the composition of the Board are set out on page 1.

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 2017

Governance Statement

Finance & Buildings Committee

Director	Meetings Attended	Out of a possible
Roderick Barrow	4	4
Anthony Cann	4	4
John Gallagher	3	4
Michael Osborne	3	4
Charles Parker	3	4
James Penney	4	4
Sam Taylor	4	4
Colin Watt	4	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:

Audit Committee

Director	Meetings Attended	Out of a possible
Roderick Barrow	2	2
John Gallagher	1	2
Michael Osborne	1	2
Charles Parker	2	2
James Penney	2	2
Colin Watt	2	2

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 2017

Governance Statement

Abraham Darby Academy LGB

Director	Meetings Attended	Out of a possible
Anthony Cann	3	3
Arun Daniel-Selvaratnam	1	3
Dilys Fullerton	2	3
John Gallagher	2	3
Jeremy Goulding	3	3
Lee Hadley	2	3
Jonathan Hamilton	3	3
Richard Jackson	3	3
Robin Jacob	3	3
Charles McLaren	3	3
Charles Parker	3	3
Delia Whitworth	3	3

Adams' Grammar School LGB

Director	Meetings Attended	Out of a possible
Roderick Barrow	2	3
Sarah Brackwell	2	3
Anthony Cann	3	3
Jonathan Hamilton	3	3
Henriette Harnisch	2	3
Gary Hickey	3	3
Michael Osborne	2	3
James Penney	3	3
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 2017

Governance Statement

Teaching, Learning & Standards Committee

Director	Meetings Attended	Out of a possible
Anthony Cann	4	4
Jeremy Goulding	4	4
Lee Hadley	4	4
Henriette Harnisch	3	4
Gary Hickey	4	4
Richard Jackson	2	2
Robin Jacob	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:

Pupil Welfare Committee

Director	Meetings Attended	Out of a possible
Sarah Brackwell	3	4
Kimberley Burbidge	1*	4
Anthony Cann	4	4
Arun Daniel-Selvaratnam	3	4
Dilys Fullerton	2	2
Lee Hadley	4	4
Gary Hickey	4	4
Charles McLaren	4	4
Colin Watt	4	4
Delia Whitworth	2	2

* *did not attend thereafter as she was unwell*

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 2017

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 Directors 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:

- Continuing Professional Development. We have encouraged colleagues from similar departments to work and train together. We are also investigating ways to accommodate a colleague from each school to go together as a Federation duo to as many future CPD/INSET days as are appropriate.
- To increase further our collaboration across subject areas in the preparation and dissemination of resources. This is an area that is developing well already and we intend to have a significant bank of resources available to staff and pupils as both hard copy (for use in classrooms) as well as digital (for use as online learning tools when pupils are not in school).
- Through our Outreach programme we have instigated Maths mentoring for Abraham Darby pupils to be delivered by pupils at Adams'. This was very successful in the 2016-2017 academic year, including contributing positively to the 2017 GCSE results in Maths at Abraham Darby. We are now extending this provision to include English as a subject area from January 2018 and then History in the summer of 2018.

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. The approved major changes have been effected since. 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 2017 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

Financial statements for the year ended 31 August 2017

Governance Statement

school communities, despite the appointment of three new parent Governors at ADA and various other 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 2018.

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 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 2016 to 31 August 2017 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 2017 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.

Financial statements for the year ended 31 August 2017

Governance Statement

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: James Penney, a governor on the Adams' Grammar School Local Governing Body ("LGB"), as RO for Abraham Darby Academy; 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.

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 14th December 2017 and signed on their behalf by


Anthony Cann
Chairman


Lee Hadley
Accounting Officer

Financial statements for the year ended 31 August 2017

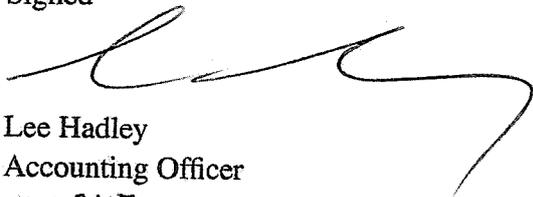
Statement on regularity, propriety and compliance

As Accounting Officer of Haberdashers' Adams' Federation Trust I have considered my responsibility to notify the Academy Trust governing body and the Education & Skills Funding Authority of material irregularity, impropriety and non-compliance with ESFA 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.

Declarations of interest were not published on the Trust's website during the year. With this exception, which has been rectified since the year end, 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 ESFA.

Signed



Lee Hadley
Accounting Officer
14/12/17.

Financial statements for the year ended 31 August 2017

Statement of Directors' Responsibilities

The Directors (who act as Directors 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 & Skills 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 2016 to 2017;
- make judgements 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 14th December 2017 and signed on its behalf by:



Anthony Cann
Chairman

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

Opinion

We have audited the financial statements of Haberdasher' Adams' Federation Trust for the year ended 31 August 2017 which comprise Statement of Financial Activities, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the charitable company's state of affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 21 the trustees (who are also directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and report in accordance with that Act.

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

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



.....
Jonathan Davis
Senior Statutory Auditor
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Date: 19/12/17 .

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Independent Reporting Accountant's Assurance Report on Regularity to Haberdashers' Adams' Federation Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 July 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA 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 ESFA 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 ESFA, 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 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Independent Reporting Accountant's Assurance Report on Regularity to Haberdashers' Adams' Federation Trust and the Education and Skills 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, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- Declaration of interests were not published on the Trust's website during the year, this has now been updated post year end



.....
Jonathan Davis
Reporting accountant
For and on behalf of

Saffery Champness LLP
Chartered Accountants
Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Date: 19/12/17

Financial statements for the year ended 31 August 2017

Statement of Financial Activities
for the year ended 31 August 2017
(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	80	130	99	309	24
Assets made available for use	2	-	-	907	907	-
Charitable activities:						
Funding for the academy trust's educational operations	3	526	9,757	-	10,283	10,067
Provision of boarding activities	27	-	1,032	20	1,052	1,055
Other trading activities	4	800	-	-	800	801
Investments	5	5	-	-	5	8
Total		1,411	10,919	1,026	13,356	11,955
Expenditure on:						
Raising funds	6	697	-	-	697	349
Charitable activities:						
Academy trust educational operations	7	465	10,448	547	11,460	10,559
Provision of boarding activities	27	-	929	39	968	962
Total		1,162	11,377	586	13,125	11,870
Net income / (expenditure)		249	(458)	440	231	85
Transfers between funds	16	(613)	502	111	-	(301)
Other recognised gains/(losses):						
Actuarial gains / (losses) on defined benefit pension schemes	16, 24	-	719	-	719	(1,452)
Net movement in funds		(364)	763	551	950	(1,668)
Reconciliation of funds						
Total funds brought forward		1,382	(2,914)	12,269	10,737	12,405
Total funds carried forward		1,018	(2,151)	12,820	11,687	10,737

Financial statements for the year ended 31 August 2017

Balance Sheet

as at 31 August 2017

	Notes	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	12		12,298		11,279
Current assets					
Stock	13	25		24	
Debtors	14	453		382	
School Funds		147		109	
Cash at bank and in hand		2,552		2,898	
			3,177		3,413
Liabilities					
Creditors: Amounts falling due within one year	15	(1,217)		(1,030)	
Net current assets			1,960		2,383
Total assets less current liabilities			14,258		13,662
Creditors: Amounts falling due after more than one year			-		-
Net assets excluding pension liability			14,258		13,662
Defined benefit pension scheme liability	24	(2,571)		(2,925)	
Total net assets			11,687		10,737
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	16	12,820		12,269	
. Restricted income fund	16	420		11	
. Pension reserve	16	(2,571)		(2,925)	
Total restricted funds			10,669		9,355
Unrestricted income funds	16		1,018		1,382
Total funds			11,687		10,737

The financial statements on pages 27 to 53 were approved by the trustees and authorised for issue on 14 December 2017 and are signed on their behalf by



Anthony Cann
Director

Financial statements for the year ended 31 August 2017

Statement of Cash Flows

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	76	217
Cash flows from investing activities	21	(384)	(73)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(308)</u>	<u>144</u>
Cash and cash equivalents at 1 September 2016		3,007	2,863
Cash and cash equivalents at 31 August 2017	22	<u>2,699</u>	<u>3,007</u>

Notes to the financial statements for the Year Ended 31 August 2017

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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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.

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.

Notes to the financial statements for the Year Ended 31 August 2017

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'.

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.

Notes to the financial statements for the Year Ended 31 August 2017

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.

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
Swimming pool	25 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 of 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.

Notes to the financial statements for the Year Ended 31 August 2017

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

Stocks

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

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 24, 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.

Notes to the financial statements for the Year Ended 31 August 2017

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.

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 24, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Notes to the financial statements for the Year Ended 31 August 2017

2 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
Capital grants	-	78	78	15
Fixed assets made available for use	-	-	907	-
Donations	80	1,058	231	9
	80	1,136	1,216	24

The assets made available for use were from the Haberdashers' Company with a fair value of £907,000. Full details of these transactions are included in note 25.

The income from donations, assets made available for use and capital grants was £1,216,000 (2016: £24,000) of which £80,000 (2016: £4,000) was unrestricted, £130,000 (2016: £5,000) restricted and £1,006,000 (2016: £15,000) restricted fixed asset.

3 Funding for the Academy Trust's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,131	9,131	9,273
Other DfE/ESFA Grants	-	444	444	443
Capital Grant	-	-	-	51
	-	9,575	9,575	9,767
Other Government grants	-	100	100	84
Other income from the academy trust's educational operations	526	82	608	216
	526	9,757	10,283	10,067

The income from funding for the Academy was £10,283,000 (2016: £10,067,000) of which, £9,757,000 (2016: £10,016,000) was restricted, £nil (2016: £51,000) restricted fixed asset and £526,000 (2016 £nil) was unrestricted.

Notes to the financial statements for the Year Ended 31 August 2017

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Lettings	30	-	30	48
Catering income	118	-	118	131
Home to school transport	365	-	365	368
Music lessons	92	-	92	96
Exam income	22	-	22	26
Other income	173	-	173	132
	<u>800</u>	<u>-</u>	<u>800</u>	<u>801</u>

Income from other trading activities of £800,000 (2016: £801,000) was all unrestricted.

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	5	-	5	8
	<u>5</u>	<u>-</u>	<u>5</u>	<u>8</u>

Investment income of £5,000 (2016: £8,000) was all unrestricted.

Notes to the financial statements for the Year Ended 31 August 2017

6 Expenditure

	Non Pay Expenditure				
	Staff	Premises	Other	Total	Total
	Costs			2017	2016
	£000	£000	£000	£000	£000
Expenditure on raising funds (trading activities)	155	-	542	697	349
Academy's educational operations:					
Direct costs	7,130	505	1,133	8,768	8,110
Allocated support costs	1,335	444	913	2,692	2,449
Boarding activities:					
Direct costs	-	-	301	301	288
Allocated support costs	364	120	183	667	674
	8,984	1,069	3,072	13,125	11,870

The total expenditure was £13,125,000 (2016: £11,870,000) of which £1,162,000 was unrestricted (2016: £608,000), £11,377,000 (2016: £10,765,000) was restricted and £586,000 (2016: £497,000) restricted fixed asset.

Net income/(expenditure) for the period includes:

	2017	2016
	£000	£000
Operating lease rentals	39	32
Depreciation	562	497
Impairment	24	-
Legal and professional fees	54	22
Fees payable to auditor for:		
- audit	25	23
- other services	-	-

Notes to the financial statements for the Year Ended 31 August 2017

7 Charitable Activities

	Total 2017 £000	Total 2016 £000
Direct costs – educational operations	8,768	8,110
Direct costs – boarding	301	288
Support costs – educational operations	2,692	2,449
Support costs – boarding	666	674
	12,427	11,521

Analysis of support costs	Boarding £000	Educational operations £000	Total 2017 £000	Total 2016 £000
Support staff costs	364	970	1,334	1,287
Depreciation	38	19	57	50
Technology costs	-	18	18	-
Premises costs	115	229	344	404
Other support costs	149	1,375	1,524	1,332
Governance costs	-	81	81	50
Total support costs	666	2,692	3,358	3,123

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

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

8 Staff**a. Staff costs**

Staff costs during the period were:

	Total 2017 £000	Total 2016 £000
Wages and salaries	6,934	6,702
Social security costs	634	534
Operating costs of defined benefit pension schemes	1,370	978
Apprenticeship levy	6	-
	<hr/> 8,944	<hr/> 8,214
Supply staff costs	37	-
Staff restructuring costs	3	34
	<hr/> 8,984	<hr/> 8,248

Staff restructuring costs comprise:

Redundancy payments	-	-
Severance payments	3	-
Other restructuring costs	-	34
	<hr/> 3	<hr/> 34

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3k, (2016: £34k). This consisted of one payment of £3k.

c. Staff numbers

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

	2017	2016
	No.	No.
Teachers	140	141
Administration and support	141	138
Management	10	10
	<hr/> 291	<hr/> 289

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

d. Higher paid staff

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

	2017	2016
	No.	No.
£60,001 - £70,000	3	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	
	5	4

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on pages 1 and 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £802,555 (2016: £763,076).

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 £5,769 were reimbursed to 8 governors, (2016: £7,079 reimbursed to 7 governors).

10 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 2017 was £2,498 (2016: £2,330). The cost of this insurance is included in the total insurance cost.

11 Central services

No central services were provided by the trust to its academies during the period and no central charges arose.

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

12 Tangible fixed assets

	Buildings	Furniture & equipment	Computer Hardware	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2016	11,214	1,412	807	13,433
Additions	585	110	10	705
Fixed assets made available for use	900	-	-	900
At 31 August 2017	12,699	1,522	817	15,038
Depreciation				
At 1 September 2016	921	696	537	2,154
Charged in year	227	194	141	562
Impairment	-	-	24	24
At 31 August 2017	1,148	890	702	2,740
Net book values				
At 31 August 2017	11,551	632	115	12,298
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.

13 Stock

	2017	2016
	£'000	£'000
Stock	25	24

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

14 Debtors

	2017	2016
	£'000	£'000
Trade debtors	63	86
VAT recoverable	115	79
Prepayments and accrued income	275	217
	<u>453</u>	<u>382</u>

15 Creditors: Amounts Falling due within one Year

	2017	2016
	£'000	£'000
Trade creditors	143	179
Other taxation and social security	262	267
Other creditors	269	76
Accruals and deferred income	543	507
	<u>1,217</u>	<u>1,030</u>

Deferred income

	£'000
Deferred income at 1 September 2016	274
Released from previous years	(274)
Resources deferred in the year	141
Deferred Income at 31 August 2017	<u>141</u>

At the balance sheet date the majority of the deferred income held by the academy trust (£121k) was boarding deposits for the autumn term 2017.

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

16 Funds

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	(218)	9,131	(9,400)	502	15
Other DfE/ESFA grants	6	444	(420)	-	30
Other grants	-	100	(95)	-	5
School Fund- appeals	109	130	(168)	-	71
Other income	-	82	-	-	82
Provision for boarding	114	1,032	(929)	-	217
Pension reserve	(2,925)	-	(365)	719	(2,571)
	(2,914)	10,919	(11,377)	1,221	(2,151)
Restricted fixed asset funds					
Transfer on conversion	11,310	-	(378)	(1,065)	9,867
DfE/ESFA capital grants	496	78	(131)	(168)	275
Capital expenditure from GAG	(1,818)	-	(33)	1,919	68
Private sector capital sponsorship	1,756	948	(44)	(50)	2,610
Building reserve	525	-	-	(525)	-
	12,269	1,026	(586)	111	12,820
Total restricted funds	9,355	11,945	(11,963)	1,332	10,669
Total unrestricted funds	1,382	1,411	(1,162)	(613)	1,018
Total funds	10,737	13,356	(13,125)	719	11,687

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/ESFA 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 school fund held by Adams' Grammar School for extracurricular activities.
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.

Notes to the financial statements for the Year Ended 31 August 2017

16 Funds (continued)

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2017.

Transfers between funds:

£525,000 was transferred from the building reserve within the restricted fixed asset fund to restricted funds. This related to GAG which had previously been allocated to future maintenance, but as the costs had not yet been incurred these have been transferred back to be included in unspent GAG carried forward.

£613,000 was transferred from unrestricted funds and £23,000 from restricted funds which represented capital expenditure funded by GAG and unrestricted funds.

Total funds analysis by academy

Fund balances at 31 August 2017 were allocated as follows:

	Total	Total
	2017	2016
	£000	£000
Adams' Grammar School	676	902
Abraham Darby Academy	762	491
Total before fixed assets and pension reserve	<u>1,438</u>	<u>1,393</u>
Restricted fixed asset fund	12,820	12,269
Pension reserve	(2,571)	(2,925)
Total	<u><u>11,687</u></u>	<u><u>10,737</u></u>

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

16 Funds (continued)

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 2017 £000	Total 2016 £000
Adams' Grammar School	2,831	1,121	108	2,252	6,312	5,481
Abraham Darby Academy	4,299	733	142	1,052	6,226	5,892
Academy Trust	7,130	1,854	250	3,304	12,538	11,373

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	-	-	12,298	12,298
Current assets	1,018	1,637	522	3,177
Current liabilities	-	(1,217)	-	(1,217)
Pension scheme liability	-	(2,571)	-	(2,571)
Total	1,018	(2,151)	12,820	11,687

18 Capital commitments

The Trust had no capital commitments as at 31 August 2017 (2016: £nil).

Notes to the financial statements for the Year Ended 31 August 2017

19 Commitments under operating leases

At 31 August 2017 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2017 £'000	2016 £'000
<u>Other</u>		
Expiring within one year	37	18
Expiring within two and five years inclusive	50	18
Expiring after more than five years	-	-
	87	36

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

	2017 £'000	2016 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	231	85
Adjusted for:		
Depreciation (note 12)	562	497
Impairment (note 12)	24	-
Capital grants from DfE and other capital income	(1,216)	(69)
Interest receivable (note 5)	(5)	(8)
Defined benefit pension scheme cost less contributions payable (note 24)	305	(191)
Defined benefit pension scheme finance cost (note 24)	60	49
(Increase)/decrease in stocks	(1)	3
(Increase)/decrease in debtors	(71)	186
Increase/(decrease) in creditors	187	(335)
Net cash inflow from operating activities	76	217

Notes to the financial statements for the Year Ended 31 August 2017

21 Cash flows from investing activities

	2017	2016
	£000	£000
Dividends, interest and rents from investments	5	8
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(1,605)	(171)
Capital grants from DfE/ESFA	78	51
Capital funding received from sponsors and others	1,138	39
Net cash provided by / (used in) investing activities	(384)	(73)

22 Analysis of cash and cash equivalents

	2017	2016
	£000	£000
Cash in hand and at bank	2,552	2,898
School fund balances	147	109
Total cash and cash equivalents	2,699	3,007

23 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.

24 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 2017.

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

Notes to the financial statements for the Year Ended 31 August 2017

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

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, 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 £791,000 (2016: £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.

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

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 2017 was £331,000 (2016: £301,000), of which employer's contributions totalled £241,000 (2016: £219,000) and employees' contributions totalled £90,000 (2016: £82,000). 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.

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
	%	%
Rate of increase in salaries	3.7	3.3
Rate of increase in pensions in payment/inflation	2.2	1.9
Discount rate for scheme liabilities	2.4	2.1
Inflation assumption (CPI)	2.2	1.8
Commutations of pensions to lump sums	50.0	50.0

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	23.0	23.9
Females	26.2	26.4
<i>Retiring in 20 years</i>		
Males	25.2	26.2
Females	28.5	29.2

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

Sensitivity analysis

Abraham Darby Academy

	At 31 August 2017	At 31 August 2016
	£'000	£'000
Discount rate +0.1%	891	1,241
Discount rate -0.1%	1,051	1,409
Mortality assumption – 1 year increase	1,043	1,393
Mortality assumption – 1 year decrease	899	1,257
CPI rate +0.1%	1,053	1,410
CPI rate -0.1%	879	1,240

Adams' Grammar School

	At 31 August 2017	At 31 August 2016
	£'000	£'000
Discount rate +0.1%	1,544	1,545
Discount rate -0.1%	1,656	1,655
Mortality assumption – 1 year increase	1,647	1,640
Mortality assumption – 1 year decrease	1,553	1,560
CPI rate +0.1%	1,657	1,657
CPI rate -0.1%	1,543	1,543

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

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equity instruments	2,005	1,767
Corporate bonds	919	655
Property	188	173
Cash and other liquid assets	184	56
Other	618	671
Total market value of assets	3,914	3,322

The actual return on scheme assets was £477,000 (2016: £409,000).

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

Amounts recognised in the statement of financial activities

	2017	2016
	£'000	£'000
Current service cost (net of employee contributions)	(507)	(319)
Net interest cost	(60)	(25)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
	<u>(567)</u>	<u>(344)</u>

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

	2017	2016
	£000	£000
At 1 September	6,247	4,079
Current service cost	507	319
Interest cost	132	162
Employee contributions	90	82
Actuarial (gain)/loss	(336)	1,747
Benefits paid	(185)	(167)
Plan introductions, benefit changes, curtailments and settlements	30	25
At 31 August	<u>6,485</u>	<u>6,247</u>

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

	2017	2016
	£000	£000
At 1 September	3,322	2,786
Interest income	72	114
Actuarial gain/(loss)	383	295
Employer contributions	241	219
Employee contributions	90	82
Benefits paid	(185)	(167)
Admin expenses	(9)	(7)
At 31 August	<u>3,914</u>	<u>3,322</u>

Notes to the financial statements for the Year Ended 31 August 2017

25 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. The following related party transactions took place in the period of account.

The Haberdashers' Company is a member of the Trust. During the year the following transactions took place:

- The Haberdashers' Company purchased Beaumaris Hall for use by the Trust. The property was brought onto the balance sheet at its fair value of £900,000, and a corresponding amount has been included as income within fixed assets made available for use.
- Computer equipment was donated by The Haberdashers' Company during the year. The value of these assets were £7,000 and have been included as a donation in the year.
- The trust received other donations of £28,333 (2016: £nil) from The Haberdashers' Company during the year. No amounts were outstanding at 31 August 2017 (2016: £nil).
- The trust paid expenses to The Haberdashers' Company during the year which included rent of £52,396 (2016: £50,000), recharge of insurance of £7,806 (2016: £11,950) and other expenditure of £470 (2016: £635) during the year. No amounts were outstanding at 31 August 2017 (2016: £2,593).

The Trust purchased services of £4,550 (2016: £3,670) during the period from Headstart, a company owned by R Hickey, the spouse of G Hickey who is a member of key management personnel. There were no amounts outstanding at 31 August 2017 (2016: £nil).

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £20,248 and disbursed £14,670 from the fund. An amount of £12,692 is included in other creditors relating to undistributed funds that is repayable to ESFA.

Financial statements for the year ended 31 August 2017

Notes to the financial statements for the Year Ended 31 August 2017

27 Academy boarding trading account

	2017 £000	2017 £000	2017 £000	2016 £000	2016 £000	2016 £000
Income						
Fee income		975			1,010	
Other income		20				
Grants		57			45	
			1,052			1,055
Expenditure						
Direct costs						
Goods and services	34			14		
Catering	252			260		
Other direct costs	15			14		
Total direct costs		301			288	
Staff costs	364			335		
Utilities	70			71		
Rent and rates	8			7		
Insurance	4			7		
Buildings maintenance	115			158		
Other indirect costs	106			96		
Total indirect costs		667			674	
Total operating costs			(968)			962
Surplus/(Deficit) on Boarding			84			93
Surplus/(Deficit) brought forward at 1 September 2016			102			9
Surplus/(Deficit) carried forward at 31 August 2017			186			102