

Company Registration No. 06548296 (England and Wales)

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

Annual report and financial statements
For the year ended 31 August 2019

Haberdashers' Adams' Federation Trust
Financial statements for the year ended 31 August 2019
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Members	Roderick Barrow Andrew Ellison (resigned 31 March 2019) Richard Glover Sam Taylor The Worshipful Company of Haberdashers (WCH)
Directors	Roderick Barrow Anthony Cann (Chairman to 19 July 2019, resigned 31 August 2019) John Gallagher Jeremy Goulding (resigned 31 December 2018) James Penney (Chairman from 20 July 2019) Sam Taylor Colin Watt
Members of Haberdashers' Abraham Darby Local Governing Body	Roderick Barrow (appointed Responsible Officer, Haberdashers' Adams, from 15 November 2018) Anthony Cann (resigned 31 August 2019) Arun Daniel-Selvaratnam Dilys Fullerton (Parent Governor) John Gallagher (Chairman) Jeremy Goulding (resigned 31 December 2018) Lee Hadley Robin Jacob Richard Jackson (Parent Governor) Charles McLaren Anya Navidski (appointed 24 September 2019) Charles Parker (Responsible Officer, Haberdashers' Adams to 14 November 2018) Andrew Tarpey Maurice Walters (appointed 3 October 2018) Delia Whitworth (Parent Governor)
Members of Haberdashers' Adams Local Governing Body	Roderick Barrow (resigned 14 November 2018) Anthony Cann (resigned 31 August 2019) Laura Cotterell (Parent Governor) Betty Halcro (appointed Staff Governor 25 September 2018) Henriette Harnisch (resigned 11 April 2019) Gary Hickey Steven Hodgkiss (Parent Governor) Jonathan Longdon (appointed and becoming Responsible Officer, 14 October 2019) Michael Osborne James Penney (Responsible Officer, Haberdashers' Abraham Darby) Mark Searles (appointed 2 October 2019) Sam Taylor (Chairman) Colin Watt Robert Yetzes (Parent Governor)

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Accounting officer	Lee Hadley
Chief Financial Officer	Joy Tomkinson
Company secretary	Adrian Burns
Senior Leadership Team:	
Haberdashers' Abraham Darby	
Principal	Lee Hadley
Vice Principal	Angela Bithell
Vice Principal	Ann O'Brien (resigned 31 August 2019)
Vice Principal	Nick Scott
Vice Principal	Joanne Edgar
Bursar	Peter Rowland (resigned 31 August 2019)
Haberdashers' Adams	
Headmaster	Gary Hickey
Deputy Head	Peter Pack
Deputy Head	Dan Biggins
Deputy Head	Camilla Whitney-Thomas (resigned 31 December 2018)
Chief Financial Officer	Joy Tomkinson
Registered Office	Haberdashers' Abraham Darby 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 EC1M4BS
Independent Auditor	Saffery Champness Mitre House North Park Road Harrogate North Yorkshire HG1 5RX

Haberdashers' Adams' Federation Trust
Directors' report
For the year ended 31 August 2019

The Directors submit their annual report and audited financial statements for the year ended 31 August 2019 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 Haberdashers' Abraham Darby Academy ("Haberdashers' Abraham Darby") in Madeley, Telford and Haberdashers' Adams Grammar School ("Haberdashers' Adams") 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 the Supplemental Funding Agreement relating to Haberdashers' Abraham Darby and the Supplemental Funding Agreement relating to Haberdashers' Adams, 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 2 and 3.

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 £1,077 (2018: £2,573).

Method of Recruitment and Appointment or Election of Directors

The members of the company consist of the Trust sponsor, the WCH, up to four members appointed by the sponsor and, in the event that the Secretary of State approves a person for this, one person appointed by the Secretary of State for Education. The Trust currently has five 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.

Haberdashers' Adams' Federation Trust
Directors' report
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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 WCH 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 seven 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 and monitor its performance;
- A Teaching, Learning and Standards Committee, whose principal function is to monitor teaching and learning in both academies;
- A Pupil and Staff Welfare Committee, whose principal function is to establish and monitor pupil and staff welfare policies in both academies, and boarding at Haberdashers' Adams;
- An Audit Committee which deals with the Auditors and the annual audit and meets at least twice a year; and
- 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.
- 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 Haberdashers' Abraham Darby Principal and the Haberdashers' Adams Headmaster. The Principal of Haberdashers' Abraham Darby is Lee Hadley, who is also the Accounting Officer. The Headmaster of Haberdashers' Adams is Gary Hickey. The Chief Financial Officer is Joy Tomkinson.

The Trust has a wholly owned subsidiary undertaking, HAFT Trading Limited, which is used to account for the income and expenditure from the running of the school buses, with the intention that profits made are donated to the Trust.

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 senior members of their Senior Leadership Teams, this appraisal was a 360-degree appraisal. The appraisals were carried out by Anthony Cann, Chair of Governors and James Penney Vice Chair, in the case of the Principal and Headmaster, to the 2014 Department for Education (DfE) National Standards for Headteachers.

Trade union facility

The trust did not employ any relevant union officials during the period from 1 September 2018 to 31 August 2019.

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Related Parties and other Connected Charities and Organisations

The Trust's principal sponsor is the WCH, which has a family of schools in the public and private sectors providing education for more than 12,000 students. The WCH is a member and appoints up to four additional members of the Trust.

Other than the aforementioned relationship, the Trust is not part of a wider network which may 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.

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 Trust. There are two schools in the Federation: Haberdashers' Abraham Darby at Madeley and Haberdashers' Adams 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. Haberdashers' Abraham Darby provides a broad education for students of wide abilities and Haberdashers' Adams provides education for students using a selective admissions policy.

Our aim is for the Federation to be a significant, well reputed grouping of different primary and secondary schools in and around Telford and Wrekin, which is strong enough to ensure beneficial collaboration between, and assistance and advantages to, each school so that the constituent schools all provide wide and excellent education to all students to enable them to achieve their potential and be prepared for the next stage of their lives, and also are assets to the communities in which they are located.

Objectives, Strategies and Activities

The objectives for the year were to continue 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 embedded the unified Federation Strategy 2018-2023. The principal objectives include:

- developing the Federation to a greater financial scale, including primary schools to get the benefit of continued, consistent education for pupils and possibly further secondary schools;
- pastoral, welfare and safeguarding excellence to ensure pupils are safe, happy and ready for work;
- educational excellence with a broad education and as wide and appropriate curriculum as possible, and excellent differentiated teaching to foster a love of learning as well as enabling pupils to achieve their potential and be best equipped for the next stage of their education or training or for employment and a fulfilling and enjoyable life in the 21st century, with the schools delivering improving examination results for pupils;
- increasing collaboration between the schools in the Federation;
- ensuring a secure financial position and appropriate facilities and estates;
- the schools being grounded in their communities and have increasing links with their communities; and
- excellent boarding provision at Haberdashers' Adams.

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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 nearly 2,000 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 Haberdashers' Adams' admissions policy so as to give preference to children of grammar school ability who qualify for Free School Meals or come from the Newport attendance area, and to give responsibility to staff to build relationships with the local primary schools and community. Each school in the Federation 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 and other services/activities 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 Haberdashers' Adams, within the constraints imposed by its listed, historic buildings.

Volunteers

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

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', LGB meetings and appropriate committees. The main KPIs reported for the year under review for each school include:

Student Roll: The roll for Haberdashers' Abraham Darby was 1083, including 166 Year 11 students and 192 Sixth Formers; for Haberdashers' Adams the roll was 918 of whom 328 (including 90 girls) were in the Sixth Form and 89 were boarders.

Attendance: The overall aim is to seek attendance above a 96% level at Haberdashers' Adams, which achieved a level of 98% while at Haberdashers' Abraham Darby's attendance aim was 95 % and the actual level was 94%.

Admissions: The aim is to ensure that each academy is fully subscribed. At Year 7 Haberdashers' Abraham Darby was over-subscribed on 1st preferences and Haberdashers' Adams was 8:1 oversubscribed.

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

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Examination results

	2019 Target	2019 Actual
Haberdashers' Abraham Darby		
A level average grade per entry	C	C-
A-Level Progress	0	-0.04
Level 3 vocational APS per entry	0	+0.3
Progress 8	0	-0.3
Attainment 8	45	43
5+ English & Maths	35%	28%
4+ English & Maths	60%	51%

	2019 Target	2019 Actual
Haberdashers' Adams		
Key Stage 4		
Progress 8	+0.50	+0.25
Attainment 8	7.34	7.17
GCSE grades 7-9	70%	60%
Key Stage 5		
A*-B	76%	75%
Level 3 value added	0.0	0.11

Teaching & Learning: The targets and achievements for lessons judged to be good or better at Haberdashers' Adams are set out in the table below; lessons are not graded at Haberdashers' Abraham Darby.

Haberdashers' Adams	
Target	Actual
96%	98%

Staffing: Full staffing in each academy is the target. At Haberdashers' Adams, staff turnover, for teaching staff, was again low, with four full time and one part time member of staff leaving. At Haberdashers' Abraham Darby staff turnover was 14, representing a 15% turnover.

At Haberdashers' Abraham Darby, the Progress 8 score excluding those it considers outliers and with contextualised data was +0.14. At Sixth Form level, A level results were in line with national averages and vocational results were above national averages. The school was inspected by Ofsted in October 2019 and was judged 'good' for its Sixth Form and the personal development of pupils and overall as requiring improvement.

At Haberdashers' Adams, the Progress 8 score remained positive at +0.25. A Level results were good, with 232 A or A* grades achieved by 168 students and 75% of results being graded A* to B.

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Capital Projects

Haberdashers' Abraham Darby 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. A Campus Management Agreement has been negotiated but it is intended to be signed only when the lease is signed. Despite these issues the new building and playing fields are fully operational. The principal unresolved issue now lies within the building management system.

During 2018, Haberdashers' Adams successfully secured ESFA capital improvement grants for a new Pavilion. Planning permission was granted in February 2019 and work commenced in July 2019, with completion date of March 2020. This will be a significant improvement to the sporting facilities at the School.

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 Haberdashers' Adams in the form of boarding fees and other private school funds. The grants received from the ESFA during the period ended 31st August 2019 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. 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 £13,440k (2018: £12,542k). This was used to fund expenditure of £13,510k (2018: £13,250k), giving an operating surplus of £487k (2018: deficit of £185k) (before depreciation) and an overall deficit (after depreciation of £557k (2018: £523k)) of £70k (2018: deficit of £708k). This deficit is increased 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 £1,715 decrease (2018: £ 53k increase) in the overall funds balance.

At the year end, the net book value of fixed assets was £ 12,110k, after additions in year totalling £531k. Movements in tangible fixed assets are shown in Note 12 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 2019 of £10,025k (2018: £11,740k), comprising £8,934k (2018: £10,966k) of Restricted Funds and £1,091k (2018: £774k) of Unrestricted General Funds. Movements are shown at Note 16 on page 44.

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 £1,087k. 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 decrease in the value of reserves in the year. At 31 August 2019 they stood at £10,025k (2018: £11,740k).

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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 arrangements are reviewed on a regular basis.

The Directors made the decision to put the Sponsorship received for the creation of Haberdashers' Abraham Darby 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;

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 £4,283k at 31 August 2019. Historically, £995k was inherited by the Trust from Shropshire County Council on 1 September 2008 on conversion of Haberdashers' Abraham Darby and £515k was inherited on 1 September 2011 on conversion of Haberdashers' Adams, 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.

Fundraising

The Trust engages in fundraising for selected charities and projects at individual academy level. There is no obligation for students or parents to contribute to the Trust's ongoing appeals. The Trust has not employed commercial participators or professional fundraisers during the year.

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, apprenticeships or a place in higher education once they leave.

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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 inter-national level.

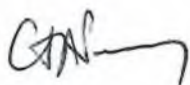
The Trust is examining opportunities for expansion by including primary or other schools and ensuring that its schools are seen as assets of the communities in which they are situated. With the acquisition and bringing into use of Beaumaris Hall for senior boarding, Haberdashers' Adams has launched a new marketing campaign for boarding, ensuring that the boarding opportunity is more widely known across the UK, as well as seeking an appropriate number of boarders resident overseas.

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.

The trusts auditor is Saffery Champness LLP. 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 10 December 2019 and signed on its behalf by:



James Penney
Director/Chairman

Haberdashers' Adams' Federation Trust
Governance statement
For the year ended 31 August 2019

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	7	7
Anthony Cann	7	7
John Gallagher	3	7
Jeremy Goulding	1	3
James Penney	7	7
Sam Taylor	7	7
Colin Watt	7	7

Changes in the composition of the Board are set out on page 2.

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:

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Governance statement (continued)
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Finance & Buildings Committee

Director	Meetings Attended	Out of a possible
Roderick Barrow	4	4
Anthony Cann	4	4
John Gallagher	2	4
Steve Hodgkiss	3	4
David Jones	4	4
Michael Osborne	2	4
Charles Parker	2	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
Charles Parker	1	2
James Penney	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:

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 Governance statement (continued)
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Haberdashers' Abraham Darby LGB

Director	Meetings Attended	Out of a possible
Roderick Barrow	3	3
Anthony Cann	3	3
Arun Daniel-Selvaratnam	2	3
Dilys Fullerton	3	3
John Gallagher	1	3
Jeremy Goulding	1	1
Lee Hadley	2	3
Richard Jackson	2	3
Robin Jacob	3	3
Charles McLaren	2	3
Julia Plant	0	3
Andrew Tarpey	3	3
Maurice Walters	2	3
Delia Whitworth	3	3

Haberdashers' Adams LGB

Director	Meetings Attended	Out of a possible
Anthony Cann	3	3
Laura Cotterell	0	3
Betty Halcro	3	3
Henriette Harnisch	0	2
Gary Hickey	3	3
Steven Hodgkiss	2	3
David Jones	2	3
Michael Osborne	2	3
James Penney	3	3
Charles Parker	2	3
Sam Taylor	3	3
Colin Watt	3	3
Bob Yetzes	2	3

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Governance statement (continued)
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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:

Teaching, Learning & Standards Committee

Director	Meetings Attended	Out of a possible
Anthony Cann	5	5
Jeremy Goulding	2	2
Lee Hadley	5	5
Henriette Harnisch	2	4
Gary Hickey	5	5
Richard Jackson	4	5
Robin Jacob	5	5
James Penney	3	4
Julia Plant	4	4
Maurice Walters	4	4
Bob Yetzes	5	5

The Pupil and Staff 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 Haberdashers' Adams. Attendance at its meetings during the year was as follows:

Pupil and Staff Welfare Committee

Director	Meetings Attended	Out of a possible
Anthony Cann	5	5
Laura Cotterell	2	5
Arun Daniel-Selvaratnam	2	5
Diiys Fullerton	5	5
Lee Hadley	5	5
Betty Halcro	5	5
Gary Hickey	5	5
Charles McLaren	4	5
James Penney	3	4
Colin Watt	5	5
Delia Whitworth	4	5

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Governance statement (continued)
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The Careers Committee is a committee of the Board whose principal function is to guide and oversee both academies' activities in relation to students' destinations after leaving school. Attendance at its meetings during the year was as follows:

Director	Meetings Attended	Out of a possible
Anthony Cann	2	2
Arun Daniel-Selvaratnam	1	2
Dilys Fullerton	2	2
John Gallagher	2	2
Lee Hadley	2	2
Gary Hickey	2	2
Robin Jacob	2	2
Charles McLaren	1	2
James Penney	1	2
Andrew Tarpey	2	2

The Chairman of the Board of the Federation 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.

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:

- Further collaboration across the Federation building on foundations of previous years. Maths and English mentoring take place which has had positive academic outcomes of the pupils involved. This will continue to grow and extend to other subject areas.
- Commenced centralisation of support staff in Finance – it is the intention to look at other areas to further improve efficiency
- Trust finances. The introduction of a consolidated financial system has provided improved financial visibility for the trust as a whole. The governing board regularly reviews and challenges the budget and monthly accounts to ensure expenditure is both efficient and effective to provide best value.

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 2019 review, which was considered by the Governors at their summer term meeting, showed that overall governance was still considered to be effective, as were the Board and Committees. The main area of concern was still felt to be the adequacy of communication with the school communities. Further efforts would be made in the year ahead to remedy this, including taking advantage of different social media to reach out to the parent body.

Haberdashers' Adams' Federation Trust
Governance statement (continued)
For the year ended 31 August 2019

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 throughout the year 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 2019 and up to the date of approval of the annual report and the financial statements. This process is regularly reviewed by the Directors.

The risk and control framework

The Academy Trust's system of internal financial control is based on the framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Directors,
- regular reviews by the Finance and Buildings Committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;
- regular monitoring of forecasts and cash flows.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. They have appointed an audit committee, and also a Responsible Officer ("RO") for each school: James Penney, a governor on the Haberdashers' Adams Local Governing Body ("LGB"), as RO for Haberdashers' Abraham Darby; Charles Parker (up to 14th November 2018) and Roderick Barrow (from 15th November 2018), governors on the Haberdashers' Abraham Darby LGB, as RO for Haberdashers' Adams.

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, periodically on the operation of the systems of control and on the discharge of the Directors' financial responsibilities.

Haberdashers' Adams' Federation Trust
Governance statement (continued)
For the year ended 31 August 2019

Review of effectiveness

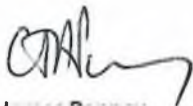
As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

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 10 December 2019 and signed on their behalf by



James Penney
Director/Chairman



Lee Hadley
Accounting Officer

Haberdashers' Adams' Federation Trust
Statement on regularity, propriety and compliance
For the year ended 31 August 2019

As Accounting Officer of Haberdashers' Adams' Federation Trust I have considered my responsibility to notify the Haberdashers' Adams' Federation 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 Haberdashers' Adams' Federation Trust Board of Directors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Directors and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Directors and ESFA:

- **Non-financial issue**

In one instance the trust's procurement process had not been followed in full and only two rather than three quotes had not been obtained for capital expenditure in excess of £10,000 (£14,753).

Signed



10/12/19

Lee Hadley
Accounting Officer

Haberdashers' Adams' Federation Trust
Statement of Directors' Responsibilities
For the year ended 31 August 2019

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:

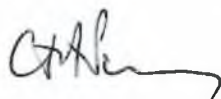
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 ESFA/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 Haberdashers' Adams' Federation Trust on 10 December 2019 and signed on its behalf by:



James Penney
Director/Chairman

Haberdashers' Adams' Federation Trust
Independent Auditor's Report on the Financial Statements to the Members of Haberdashers' Adams' Federation Trust

Opinion

We have audited the financial statements of Haberdashers' Adams' Federation Trust for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, Consolidated and Parent Charitable Company's Balance Sheets, Consolidated Statement of Cash Flows 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 state of the group and of the parent charitable company's state of affairs as at 31 August 2019 and of the group's 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 Companies Act 2006, SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors 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 Directors 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.

Haberdashers' Adams' Federation Trust
Independent Auditor's Report on the Financial Statements 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 Directors' 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 Directors' 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 Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the Directors (who are also trustees of the charitable company) 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 Directors 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 Directors 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 Directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Haberdashers' Adams' Federation Trust
Independent Auditor's Report on the Financial Statements 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.

Use of our report

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



.....
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: 16/12/19

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

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

In accordance with the terms of our engagement letter dated 6 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 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.

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:

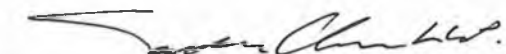
- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements 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.

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

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

In one instance the trust's procurement process had not been followed in full and only two rather than three quotes had not been obtained for capital expenditure in excess of £10,000 (£14,753).



.....
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: 16/12/19 .

Haberdashers' Adams' Federation Trust
Financial statements for the year ended 31 August 2019
Consolidated statement of financial activities (including Income and Expenditure account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 £000
Income and endowments from:						
Donations and capital grants	2	107	51	915	1,073	547
Charitable activities:						
Funding for the Academy Trust's educational operations	3	604	10,112	-	10,716	10,408
Provision of boarding activities	28	-	1,121	-	1,121	1,035
Other trading activities	4	521	-	-	521	543
Investments	5	9	-	-	9	9
Total		1,241	11,284	915	13,440	12,542
Expenditure on:						
Raising funds	6	368	-	-	368	536
Charitable activities:						
Academy Trust educational operations	6	730	10,941	503	12,174	11,765
Provision of boarding activities	28	-	914	54	968	949
Total		1,098	11,855	557	13,510	13,250
Net income / (expenditure)		143	(571)	358	(70)	(708)
Transfers between funds	16	174	(78)	(96)	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension schemes	16, 24	-	(1,645)	-	(1,645)	761
Net movement in funds		317	(2,294)	262	(1,715)	53
Reconciliation of funds						
Total funds brought forward		774	(1,697)	12,663	11,740	11,687
Total funds carried forward		1,091	(3,991)	12,925	10,025	11,740

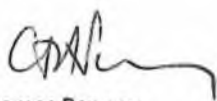
Haberdashers' Adams' Federation Trust
Financial statements for the year ended 31 August 2019
Consolidated balance sheet as at 31 August 2019

Company Number: 06548296

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	12		12,110		12,136
Current assets					
Stock	13	4		16	
Debtors	14	404		421	
School Funds		579		834	
Cash at bank and in hand		2,478		2,087	
		<u>3,465</u>		<u>3,358</u>	
Liabilities					
Creditors: Amounts falling due within one	15	(1,267)		(1,601)	
Net current assets			<u>2,198</u>		<u>1,757</u>
Total assets less current liabilities			<u>14,308</u>		<u>13,893</u>
Creditors: Amounts falling due after more			-		-
Net assets excluding pension liability			<u>14,308</u>		<u>13,893</u>
Defined benefit pension scheme liability	24		(4,283)		(2,153)
Total net assets			<u>10,025</u>		<u>11,740</u>
Funds of the Academy Trust:					
Restricted funds					
- Fixed asset fund	16	12,925		12,663	
- Restricted income fund	16	292		456	
- Pension reserve	16	(4,283)		(2,153)	
Total restricted funds			<u>8,934</u>		<u>10,966</u>
Unrestricted income funds	16		<u>1,091</u>		<u>774</u>
Total funds			<u>10,025</u>		<u>11,740</u>

The consolidated balance sheet includes position of the Academy Trust, including HAFT Trading Limited, a trading subsidiary of Haberdashers' Adams.

The financial statements on pages 27-55 were approved by the Directors and authorised for issue on 10 December 2019 and are signed on their behalf by



James Penney

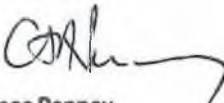
Director/Chairman

Haberdashers' Adams' Federation Trust
 Financial statements for the year ended 31 August 2019
 Balance sheet as at 31 August 2019

Company Number: 06548296

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	12		12,110		12,136
Current assets					
Stock	13	4		16	
Debtors	14	404		421	
School Funds		579		834	
Cash at bank and in hand		2,412		2,084	
		<u>3,399</u>		<u>3,355</u>	
Liabilities					
Creditors: Amounts falling due within	15	(1,201)		(1,598)	
Net current assets			<u>2,198</u>		<u>1,757</u>
Total assets less current liabilities			14,308		13,893
Creditors: Amounts falling due after			-		-
Net assets excluding pension liability			<u>14,308</u>		<u>13,893</u>
Defined benefit pension scheme liability	24		(4,283)		(2,153)
Total net assets			<u>10,025</u>		<u>11,740</u>
Funds of the Academy Trust:					
Restricted funds					
- Fixed asset fund	16	12,925		12,663	
- Restricted income fund	16	292		456	
- Pension reserve	16	(4,283)		(2,153)	
Total restricted funds			<u>8,934</u>		<u>10,966</u>
Unrestricted income funds	16		<u>1,091</u>		<u>774</u>
Total funds			<u>10,025</u>		<u>11,740</u>

The financial statements on pages 27-55 were approved by the Directors and authorised for issue on 10 December 2019 and are signed on their behalf by


 James Penney

Director/Chairman

Haberdashers' Adams' Federation Trust
Financial statements for the year ended 31 August 2019
Consolidated statement of cash flows

	Notes	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	20	(412)	24
Cash flows provided by investing activities	21	551	195
Change in cash and cash equivalents in the reporting period		<u>139</u>	<u>219</u>
Cash and cash equivalents at 1 September 2018		2,918	2,699
Cash and cash equivalents at 31 August 2019	22	<u>3,057</u>	<u>2,918</u>

Haberdashers' Adams' Federation Trust
Financial statements for the year ended 31 August 2019
Notes to the financial statements for the year ended 31 August 2019

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.

1.1 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 2018 to 2019 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.

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Trust and its subsidiary HAFT Trading Limited, which was incorporated on 29 January 2018. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the Trust alone as permitted by section 408 of the Companies Act 2006.

1.2 Going concern

The Directors 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 Directors 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.

1.3 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.

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

1.5 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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. All resources expended are inclusive of irrecoverable VAT.

1.10 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.

1.11 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.

1.12 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.

1.13 Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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.

1.14 Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, 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 and reclassified to freehold or leasehold land and buildings. 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.

1.15 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.

1.16 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.

1.17 Leased assets

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

1.18 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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

1.19 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 27.

1.20 Stocks

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

1.21 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.

1.22 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. TPS is an unfunded multi employer scheme with no underlying assets to assign between employers. 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.

Local Government Pension Scheme

The LGPS is a funded multi-employer 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.

1.23 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 Directors.

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 Haberdashers' Adams.

1.24 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	2018 Total £'000
Capital grants	-	684	684	223
Donated fixed assets	-	-	-	-
Donations	107	282	389	324
	107	966	1,073	547

The income from donations and capital grants was £1,073,000 (2018: £547,000) of which £107,000 (2018: £41,000) was unrestricted, £51,000 (2018: £232,000) restricted and £915,000 (2018: £274,000) restricted fixed asset.

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3. Funding for the Academy Trust's Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	2018 Total £'000
DfE/ESFA grants				
General Annual Grant (GAG)	-	9,338	9,338	9,078
Other DfE/ESFA Grants	-	486	486	401
	-	9,824	9,824	9,479
Other Government grants	-	129	129	125
Other income from the Academy Trust's educational operations	604	159	763	804
Total Funding for Educational Operations	604	10,112	10,716	10,408

The income from funding for the Academy Trust was £10,716,000 (2018: £10,408,000) of which, £10,112,000 (2018: £9,690,000) was restricted and £604,000 (2018: £718,000) was unrestricted.

4. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Lettings	22	-	22	24
Catering income	-	-	-	-
Home to school transport	378	-	378	371
Music lessons	88	-	88	91
Exam income	32	-	32	23
Other income	1	-	1	34
	521	-	521	543

Income from other trading activities of £521,000 (2018: £543,000) was all unrestricted.

5. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 £000
Short term deposits	9	-	9	9
	9	-	9	9

Investment income of £9,000 (2018: £9,000) was all unrestricted.

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6. Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2019 £000	Total 2018 £000
		Premises £000	Other £000		
Expenditure on raising funds (trading activities)	97	-	271	368	536
Academy's educational operations:					
- Direct costs	7,506	503	1,333	9,342	9,192
- Allocated support costs	1,449	787	596	2,832	2,573
Boarding activities:					
- Direct costs	-	-	275	275	291
- Allocated support costs	374	224	95	693	658
	9,426	1,514	2,570	13,510	13,250

The total expenditure was £13,510,000 (2018: £13,250,000) of which £1,098,000 was unrestricted (2018: £933,000), £11,855,000 (2018: £11,794,000) was restricted and £557,000 (2018: £523,000) restricted fixed asset.

Net income/ (expenditure) for the period includes:

	2019 £000	2018 £000
Operating lease rentals	59	41
Depreciation	557	523
Impairment	-	-
Legal and professional fees	55	33
Fees payable to auditor for:		
- Audit	27	28
- other services	7	4

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7. Charitable activities

	Total 2019 £000	Total 2018 £000
Direct costs – educational operations	9,342	9,192
Direct costs – boarding	275	291
Support costs – educational operations	2,832	2,573
Support costs – boarding	693	658
Total charitable spending	13,142	12,714

Analysis of support costs	Boarding £000	Educational operations £000	Total 2019 £000	Total 2018 £000
Support staff costs	374	1,449	1,823	1,613
Depreciation	54	-	54	62
Technology costs	-	4	4	2
Premises costs	171	205	376	395
Other support costs	94	1,099	1,193	1,090
Governance costs	-	75	75	69
Total support costs	693	2,832	3,525	3,231

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.

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8. Staff

a. Staff costs

Staff costs during the period were:

	Total 2019 £000	Total 2018 £000
Wages and salaries	7,149	7,107
Social security costs	648	646
Operating costs of defined benefit pension schemes	1,525	1,371
Apprenticeship levy	20	17
	9,342	9,141
Supply staff costs	84	44
Staff restructuring costs	-	10
	9,426	9,195

Staff restructuring costs comprise:

Redundancy payments	-	10
Severance payments	-	-
	-	10

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	126	136
Administration and support	152	142
Management	9	10
	287	288

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c. Higher paid staff

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

	2019	2018
	No.	No.
£60,001 - £70,000	4	5
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
	6	7

d. Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on pages 2-3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £812,117 (2018: £874,580).

9. Related Party Transactions – Directors' 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 £1,142 were reimbursed to 6 Governors, (2018: £2,250 reimbursed to 3 Governors).

10. Directors' and Officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Directors 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 2019 was £1,077 (2018: £2,573). 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.

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12. Tangible fixed assets (Group and Academy Trust)

	Freehold Land & Buildings	Furniture & equipment	Computer Equipment	Assets under construction	Total
	£000	£000	£000		£000
Cost					
At 1 September	12,788	1,755	856	-	15,399
Additions	85	69	85	292	531
Transfers	-	-	-	-	-
At 31 August 2019	12,873	1,824	941	292	15,930
Depreciation					
At 1 September	1,404	1,096	763	-	3,263
Charged in year	259	241	57	-	557
Impairment	-	-	-	-	-
At 31 August 2019	1,663	1,337	820	-	3,820
Net book values					
At 31 August 2019	11,210	487	121	292	12,110
At 31 August 2018	11,384	659	93	-	12,136

The properties at Haberdashers' Adams 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 Haberdashers' Abraham Darby 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 (Group and Academy Trust)

	2019	2018
	£000	£000
Stock	4	16

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14. Debtors

	Group		Academy Trust	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	20	7	20	7
VAT recoverable	98	97	98	97
Prepayments and accrued income	286	317	286	317
	<u>404</u>	<u>421</u>	<u>404</u>	<u>421</u>

15. Creditors: Amounts Falling due within one Year

	Group		Academy Trust	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade creditors	181	102	181	102
Other taxation and social security	165	269	165	269
Other creditors	346	221	345	221
Accruals and deferred income	575	1,009	510	1,006
	<u>1,267</u>	<u>1,601</u>	<u>1,201</u>	<u>1,598</u>

Deferred income

	Group	Academy Trust
	£000	£000
Deferred income at 1 September 2018	698	695
Released from previous years	(698)	(695)
Resources deferred in the year	<u>505</u>	<u>440</u>
Deferred Income at 31 August 2019	<u>505</u>	<u>440</u>

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16. Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	-	9,338	(9,553)	215	-
Other DfE/ESFA grants	18	486	(486)	-	18
Other grants	-	129	(129)	-	-
Other donations	91	51	(129)	-	13
Other income	-	159	(159)	-	-
Provision for boarding	347	1,121	(914)	(293)	261
Pension reserve	(2,153)	-	(485)	(1,645)	(4,283)
	(1,697)	11,284	(11,855)	(1,723)	(3,991)
Restricted fixed asset funds					
Transfer on conversion	9,600	-	(284)	-	9,316
DfE/ESFA capital grants	426	684	(113)	(79)	918
Capital expenditure from GAG	168	-	(15)	(17)	136
Private sector capital sponsorship	2,469	231	(145)	-	2,555
	12,663	915	(557)	(96)	12,925
Total restricted funds	10,966	12,199	(12,412)	(1,685)	8,934
Total unrestricted funds	774	1,241	(1,098)	174	1,091
Total funds	11,740	13,440	(13,510)	(1,645)	10,025

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

- a. GAG is used for the educational operations of the Academy Trust.
- b. Other DfE/ESFA and start up grants are used for the purposes intended by the grant funder.
- c. The pension reserve is the surplus/deficit on the Local Government Pension Scheme.
- d. The provision of boarding accounts show the surplus/deficit on boarding activities at Haberdashers' Adams.
- e. The fixed asset fund includes fixed assets transferred on conversion, additions, depreciation and capital grants and sponsorship received but not yet spent.
- f. Unrestricted reserves include surpluses from activities for generating funds as detailed in Note 4.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2019.

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Transfers between funds:

£215,000 was transferred from unrestricted funds which represented unrestricted expenditure spend on GAG purposes. £17,000 was transferred from restricted fixed asset purchases which represented capital purchases made with unrestricted funds.

£293,000 was transferred from boarding funds to unrestricted funds to represent the capital additions which have been funded from unrestricted funds, which should have been funded by the boarding funds in the last few years. Going forward, future capital additions relating to boarding activities will be funded through boarding activities where ever possible to ensure the surplus on boarding is utilised appropriately.

£79,000 was transferred from the DFC fund to unrestricted funds as in the previous year, a capital addition relating to the Pavilion was funded via unrestricted funds, rather than DFC funds which had been deferred at the previous year end as planning permission has not been obtained for the Pavilion and therefore it was uncertain if this money would have been spent.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Haberdashers' Adams	645	555
Haberdashers' Abraham Darby	738	675
Total before fixed assets and pension reserve	<u>1,383</u>	<u>1,230</u>
Restricted fixed asset fund	12,925	12,663
Pension reserve	(4,283)	(2,153)
Total	<u>10,025</u>	<u>11,740</u>

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 2019 £000	Total 2018 £000
Haberdashers' Adams	3,094	1,083	303	1,508	5,988	6,303
Haberdashers' Abraham Darby	4,509	740	265	693	6,207	6,081
Academy Trust	<u>7,603</u>	<u>1,823</u>	<u>568</u>	<u>2,201</u>	<u>12,195</u>	<u>12,384</u>

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Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	15	9,078	(9,600)	507	-
Other DfE/ESFA grants	30	401	(413)	-	18
Other grants	5	125	(130)	-	-
School Fund- appeals	71	207	(187)	-	91
Other income	82	134	(216)	-	-
Provision for boarding	217	1,035	(905)	-	347
Pension reserve	(2,571)	-	(343)	761	(2,153)
	<u>(2,151)</u>	<u>10,980</u>	<u>(11,794)</u>	<u>1,268</u>	<u>(1,697)</u>
Restricted fixed asset funds					
Transfer on conversion	9,867	-	(267)	-	9,600
DfE/ESFA capital grants	275	223	(72)	-	426
Capital expenditure from GAG	68	-	(15)	115	168
Private sector capital sponsorship	2,610	28	(169)	-	2,469
	<u>12,820</u>	<u>251</u>	<u>(523)</u>	<u>115</u>	<u>12,663</u>
Total restricted funds	10,669	11,231	(12,317)	1,383	10,966
Total unrestricted funds	1,018	1,311	(933)	(622)	774
Total funds	11,687	12,542	(13,250)	761	11,740

17. Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	12,110	12,110
Current assets	1,091	1,559	815	3,465
Current liabilities	-	(1,267)	-	(1,267)
Pension scheme liability	-	(4,283)	-	(4,283)
Total	1,091	(3,991)	12,925	10,025

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Comparative information in respect of the preceding period is as follows:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	12,136	12,136
Current assets	774	2,057	527	3,358
Current liabilities	-	(1,601)	-	(1,601)
Pension scheme liability	-	(2,153)	-	(2,153)
Total	774	(1,697)	12,663	11,740

18. Capital commitments

The Trust had capital commitments of £846,430 as at 31 August 2019 (2018: £nil).

19. Commitments under operating leases

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	60	56
Amounts due between two and five years	95	124
Amounts due after five years	2	-
	<u>157</u>	<u>180</u>

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

	2019 £000	2018 £000
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(70)	(708)
Adjusted for:		
Depreciation (note 12)	557	523
Impairment (note 12)	-	-
Capital grants from DfE and other capital income	(1,073)	(547)
Interest receivable (note 5)	(9)	(9)
Defined benefit pension scheme cost less contributions payable (note 24)	429	285
Defined benefit pension scheme finance cost (note 24)	56	58
Decrease/(increase) in stocks	12	9
Decrease/(increase) in debtors	17	32
(Decrease)/Increase in creditors	(331)	381
Net cash provided by / (used in) operating activities	(412)	24

21. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	9	9
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(531)	(361)
Capital grants from DfE/ESFA	684	223
Capital funding received from sponsors and others	389	324
Net cash provided by / (used in) investing activities	551	195

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22. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand and at bank	2,478	2,084
School fund balances	579	834
Total cash and cash equivalents	3,057	2,918

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 2016.

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

Teachers' Pension Scheme (TPS)

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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 (amended) 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 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 (amended). The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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- a. employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- b. total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- c. an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- d. the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. As a result of the latest valuation based on membership data as at 31 March 2016, TPS employees will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.08%).

The pension costs paid to TPS in the period amounted to £803,397 (2018: £805,000).

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 an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £366,000 (2018: £357,000), of which employer's contributions totalled £268,000 (2018: £262,000) and employees' contributions totalled £98,000 (2018: £95,000). The agreed contribution rates for future years are between 14.4 and 14.7 per cent for employers and between 5.5 and 12.5 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 2019 %	At 31 August 2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase in pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.2	23.1
Females	26.4	26.3
<i>Retiring in 20 years</i>		
Males	25.4	25.3
Females	28.7	28.6

Sensitivity analysis

	At 31 August 2019	At 31 August 2018
Haberdashers' Abraham Darby		
	£000	£000
Discount rate +0.1%	(111)	(80)
Discount rate -0.1%	113	80
Mortality assumption – 1 year increase	98	72
Mortality assumption – 1 year decrease	(96)	(72)
CPI rate +0.1%	112	82
CPI rate -0.1%	(110)	(82)

	At 31 August 2019	At 31 August 2018
Haberdashers' Adams		
	£000	£000
Discount rate +0.1%	(79)	(56)
Discount rate -0.1%	81	56
Mortality assumption – 1 year increase	66	47
Mortality assumption – 1 year decrease	(65)	(47)
CPI rate +0.1%	81	58
CPI rate -0.1%	(79)	(58)

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

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equity instruments	2,364	2,198
Corporate bonds	981	965
Property	222	217
Cash and other liquid assets	85	104
Other	1,066	844
Total market value of assets	4,718	4,328

The actual return on scheme assets was £165,000 (2018: £217,000).

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Amounts recognised in the statement of financial activities

	2019	2018
	£000	£000
Current service cost (net of employee contributions)	(215)	(276)
Past service cost	(204)	-
Net interest cost	(56)	(58)
Administrative expenses	(10)	(9)
Benefit changes, gain on curtailment and gain on settlement	-	-
Total amount recognised in the SOFA	(485)	(343)

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

	2019	2018
	£000	£000
At 1 September	6,481	6,485
Current service cost	483	538
Past service cost	204	-
Interest cost	181	154
Employee contributions	98	95
Actuarial (gain)	1,684	(641)
Benefits paid	(130)	(150)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	9,001	6,481

The past service cost included above is in relation to the potential additional liabilities arising from the McCloud/Sargeant judgement which is a new judgement this year.

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

	2019	2018
	£000	£000
At 1 September	4,328	3,914
Interest income	125	96
Actuarial gain	39	120
Employer contributions	268	262
Employee contributions	98	95
Benefits paid	(130)	(150)
Admin expenses	(10)	(9)
At 31 August	4,718	4,328

25. Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The WCH is a member of the Trust. During the year the following transactions took place:

- a. The trust received other donations of £47,043 (2018: £110,073) from The WCH during the year. £13,344 was outstanding at 31 August 2019 and is included within debtors (2018: £31,420).
- b. The trust paid expenses to The WCH during the year which included rent of £50,000 (2018: £50,000), recharge of insurance of £8,847 (2018: £8,541) during the year. £nil was outstanding at 31 August 2019 and is included within creditors (2018: £12,500).

The Trust purchased services of £400 (2018: £4,090) 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 2019 (2018: £nil).

The Trust received a one off donation of £25,000 in 2018 from Anthony Cann, a member and director, was included within unrestricted donations. No similar donations were received in the current year.

The Trust received a gift aid donation of £107,000 (2018: £nil) in the year from HAFT Trading Limited, a fully owned subsidiary of the Trust, this has been eliminated in the SOFA for consolidation purposes. There were no amounts outstanding at 31 August 2019 (2018: £nil).

In relation to the above transactions, the trustees are comfortable that they are compliant with the AFH and, where relevant, all purchases from Related Parties are provided at no more than cost.

26. Principal subsidiaries

Subsidiary name	HAFT Trading Limited
Company registration number	11175727
Basis of control	100% owned by Haberdashers' Adams'
Total assets at 31 August 2019	£66,597
Total liabilities at 31 August 2019	£66,176
Total equity at 31 August 2019	£421
Turnover for the period ended 31 August 2019	£380,395
Expenditure for the period ended 31 August 2019	£273,065
Result for the period ended 31 August 2019	£107,330

27. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £27,665 (2018: £26,617) and disbursed £26,179 (2018: £11,484) from the fund. An amount of £23,270 (2018: £21,784) is included in other creditors relating to undistributed funds that are repayable to ESFA.

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28. Academy boarding trading account

	2019	2019	2019	2018	2018	2018
	£000	£000	£000	£000	£000	£000
Income						
Fee income		1,070			988	
Other income		15			25	
Grants		36			22	
			1,121			1,035
Expenditure						
Direct costs						
Goods and services	20			24		
Catering	250			249		
Other direct costs	5			18		
Total direct costs		275			291	
Indirect costs						
Staff costs	374			365		
Utilities	80			75		
Rent and rates	18			16		
Insurance	5			4		
Buildings maintenance	68			83		
Other indirect costs	94			71		
Total indirect costs		639			614	
Total operating costs			(914)			(905)
Transfer for capital expenditure			(292)			-
(Deficit)/surplus on Boarding			(85)			130
Surplus brought forward at 1 September 2018			347			217
Surplus carried forward at 31 August 2019			262			347