

Annual Report and Financial Statements Haberdashers' Adams' Federation Trust (A company limited by guarantee)

For the year ended 31 August 2013

Company No 06548296



Financial statements for the year ended 31 August 2013

Charitable company information

Company registration number	06548296
Registered office	Abraham Darby Academy Ironbridge Road Madeley Telford Shropshire TF7 5HX
Directors	Anthony Cann (Chairman, from 27 March 2013) Kimberley Burbidge (appointed 3 August 2013) Jonathan Bates (appointed 25 November 2013) Margot Chaundler (Responsible Officer – Abraham Darby Academy) John Gallagher (resigned 10 December 2012, reappointed 18 July 2013) Jeremy Goulding (appointed 20 June 2013) Jonathan Hamilton (resigned 26 March 2013) Hennette Harnisch (resigned 18 July 2013) Deborah Knight (resigned 25 November 2012) Mark Powell (appointed 25 November 2012, resigned 25 November 2013) William Russell (Responsible Officer – Adams' Grammar School) Sam Taylor Colin Watt
Members of Abraham Darby Academy Local Governing Body	John Gallagher (Chairman) Piers Bostock Kimberley Burbidge Anthony Cann Laura Collins Jeremy Goulding Steve Hawke Robin Jacob Adrian McMahon Stone William Russell

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Charitable company information

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

Sam Taylor (Chairman)
Michael Barratt
Sarah Brackwell
Anthony Cann
Margot Chaundler
David Gradwell
Michael Osborne
Charles Parker
Matthew Skeate
Colin Watt

Company secretary

Adrian Burns

**Senior leadership team
Abraham Darby Academy**

Principal
Vice Principal
Vice Principal
Vice Principal
Bursar

Steve Hawke
Jerry Larking
Ann O'Brien
Lee Hadley
Peter Rowland

Adams' Grammar School

Headmaster
Deputy Headmaster
Deputy Headmaster
Assistant Headmaster
Business manager

Michael Barratt
Mark Warren-Smith
Gary Hickey
Peter Pack
Joy Tomkinson

Bankers

Lloyds TSB Bank plc
High Street
Newport
Shropshire TF10 7AZ

Solicitors

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

Independent Auditor

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

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Directors' Report

The Directors submit their annual report and audited financial statements for the year ended 31 August 2013 and confirm that the latter comply with the requirements of the Companies Act 2006, Charities Acts 2006 and 2011 and the Charities Statement of Recommended Practice (SORP) 2005

The Trust is a charitable company limited by guarantee (registered number 06548296) and is also an exempt charity

The Trust was incorporated on 28 March 2008

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

Structure, governance and management

Governing Document

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

Governing Body

The members of the Company consist of the Trust sponsor, the Worshipful Company of Haberdashers, four members appointed by the sponsor and one person appointed by the Secretary of State for Education, in the event that the Secretary of State approves a person for this. The Trust currently has nine 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 subcommittee of the Board of Directors and has to include two people appointed after election by parents as Parent Governors.

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 names of the Directors serving at the time of this report and during the year under review and the members of the Local Governing Bodies serving at the date of this report are given on page 1.

Training of Directors and Members of the Local Governing Bodies

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

Financial statements for the year ended 31 August 2013

Directors' Report

Members' Liability

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £10) to the 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 Company's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves

Directors' Indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect the Directors, Governors and employees from claims arising from allegations of negligence, errors or omissions occurring whilst in the course of carrying out its business. The insurance provides cover of up to £10m on any one claim at a cost for this year amounting to £2,068 (Value in 2012 was £2,069)

Organisational management

The Board of Directors meets at least three times a year. The Board has six principal sub-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,
- A Local Governing Body for each academy, whose principal function is to consider strategic and other matters relating to the relevant academy,
- A Teaching, Learning and Standards Committee, whose principal function is to monitor teaching and learning in both academies,
- A Pupil Welfare Committee, whose principal function is to establish and monitor pupil welfare policies in both academies, and
- An Audit Committee which deals with the Auditors and the annual audit and meets at least twice a year

The Board of Directors meets as a Remuneration Committee once a year

The day to day management of the Trust and its academies has been delegated to the Abraham Darby Academy Principal, Steve Hawke, and the Adams' Grammar School Headmaster, Michael Barratt, respectively

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

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

Financial statements for the year ended 31 August 2013

Directors' Report

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, and
- Vetting procedures as required by law for the protection of the vulnerable

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

Objectives and activities

Charitable Objects

The Trust objective is to advance, for the public benefit, education in the United Kingdom, by establishing, maintaining and continuing to develop a federation of schools, known as the Haberdashers' Adams' Federation. There are two schools in the Federation: Abraham Darby Academy at Madeley and Adams' Grammar School at Newport, Shropshire. The two schools are designated as Academies within the meaning of the Academies Act 2010.

Both academies provide education for students aged 11 to 18. Abraham Darby Academy provides education for students of wide abilities with an emphasis on performing arts and business & enterprise and Adams' Grammar School provides education for students using a selective admissions policy.

Aims and intended impact

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

Objectives for the year

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

Strategies to achieve the year's objectives

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

Financial statements for the year ended 31 August 2013

Directors' Report

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

Student Roll The roll for Abraham Darby was 920 and for Adams' was 798, of which 95 were boarders. This was achieved.

Admissions The aim is to ensure that each academy is fully subscribed. Abraham Darby was 3/1 and Adams' was 4/1 oversubscribed.

Attendance The overall aim is to seek attendance above a 96% level. Adams' achieved this target. Abraham Darby achieved a level of 93.2%.

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

Abraham Darby Academy		
	Target	Actual
Key Stage 4		
5+A* - C (inc Eng & Maths)	60%	61%
A*/B	40%	29%
EBacc	4%	0%
Key Stage 5		
A* - E	95%	94.2%
Adams' Grammar School		
	Target	Actual
Key Stage 4		
11+A* - C	100%	80.2%
8+ A*/A	65%	56.8%
EBacc	60%	65.1%
Key Stage 5		
A* - B	80%	76.2%

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

Abraham Darby Academy		Adams' Grammar School	
Target	Actual	Target	Actual
90%	86%	95%	97%

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Directors' Report

Staffing Full staffing in each academy is the target. At Adams' Grammar School, staff turnover, for teaching staff, was unusually high, with eight staff leaving (representing a turnover of 15%). However, over the past three years, staff turnover has been 7.4%.

Grant making and social investment policy

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

Equal opportunities policy

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

Disabled persons

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

Volunteers

Both academies have active parent associations which contribute time and resources through fund raising to the academies.

Public Benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Directors consider that the provision of a first class education for over 1,700 students in the two academies provides significant public benefit to the local communities.

Review of achievements and performance for the year

Operational Performance of the Academies

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

At Abraham Darby, 61% of students gained 5 A* - C grades including English and Maths, which is above the national average. At 6th Form level, results improved slightly and nineteen students progressed to places at university or colleges of further education.

At Adams' Grammar School, the A Level results continue on their upward path. 79.6% of students received offers from Sutton Trust universities. Sutton Trust universities are those institutions recognised as the leading group of universities by the Sutton Trust.

Trust Capital Projects

Abraham Darby Academy moved into its new building in the middle of July 2012. Work is ongoing to resolve defect and snagging issues. Discussions also remain ongoing to finalise the details of a Campus.

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Directors' Report

Management Agreement Despite some snagging items, the new building is fully operational and the previous buildings have now been demolished and the site of these buildings is being returned to playing fields

During the year, Adams' Grammar School launched a Campaign Our Dreams, Your Future, to refurbish two buildings, in order to provide a significant improvement to the sixth form facilities and music / performing arts facilities £1,053k was raised successfully and building works started The new Sixth Form Centre was opened to the pupils on the first day of the Autumn term 2013 The Music and Performing Area (MaPA) is being converted in two phases, and phase one was completed during the first week of that term This involved bringing an old coach house into use and creating some very useful practice, ensemble and teaching spaces It is anticipated that the next phase (which will complete the MaPA) will begin during February 2014 - this will comprise further ensemble spaces, a foyer and a small 160-seater auditorium

We also expect work to begin on creating new classroom spaces for Humanities and significant refurbishment of the Maths block at Adams' Grammar School in early 2014

Financial review

The majority of the Trust's Income is obtained from the Education Funding Agency (EFA), some of which is restricted to particular purposes However, additional income is received at Adams' Grammar School in the form of boarding fees and other private school funds The grants received from the EFA during the period ended 31st August 2013 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities

The Trust also receives grants for fixed assets from the EFA In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting By Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities 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

During the year, total expenditure of £11,967k was met by recurrent grant funding from the EFA together with other incoming resources The excess of income over expenditure for the period (excluding Restricted Fixed Assets Funds and transfers to Restricted Fixed Assets Funds) was £413k

At the year end, the net book value of fixed assets was £8,941k Movements in tangible fixed assets are shown in note 14 to the financial statements The assets were used exclusively for providing education and the associated support services to the students of the Trust

The Trust participates in the Shropshire County Council Pension Fund, a Local Government Pension Scheme The pension fund deficit attributable to the Trust was £767k at 31 August 2013 Historically, £995k was inherited by the Trust from Shropshire County Council on 1 September 2008 on conversion of Abraham Darby Academy and £515k was inherited on 1st September 2011 on conversion of Adams' Grammar School, being the dates the Local Authority's Support Staff transferred to employment with the Trust The Directors do not expect to face an immediate liability for this sum and anticipate meeting its liability through its pension contributions over a number of years, without material impact on its cash flow or free reserves

Financial statements for the year ended 31 August 2013

Directors' Report

The Statement of Financial Activities includes the assets and liabilities from the predecessor schools, details of which can be found in Note 30

Reserves Policy

It is the policy of the Trust to seek to maintain unrestricted funds which are free reserves at a level which equates to at least one month's unrestricted expenditure. These reserves are to provide sufficient funds to cover management, administration and operational costs over the stated period. The Trust continues to see a steady improvement in the level of reserves.

Investment Policy and objectives

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

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

Financial Position

The Trust held fund balances at 31st August 2013 of £9,822k, comprising £9,044k of Restricted Funds and £778k of Unrestricted General Funds. Of the Restricted Funds, £9,473k is represented by Tangible Fixed Assets.

Going concern

After careful consideration, 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.

Plans for future periods

The Trust will continue 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 get jobs or a place in higher education once they leave.

The Trust 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. The Trust 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 annually by the SLTs and Governors. It is underpinned by appropriate budget links.

School improvement strategies are highly effective because subjects identified as not performing so well are being addressed through a combination of rigorous monitoring following thorough analysis of

Financial statements for the year ended 31 August 2013

Directors' Report

examination results. The Trust makes good provision for personalised learning, support and intervention programmes for individual students and the quality of provision for inclusion is outstanding due to bespoke programmes aimed at raising achievement.

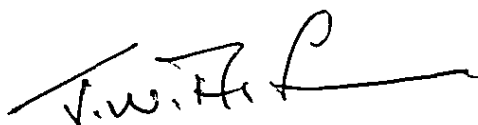
The striving for excellence is evident in many aspects of school life, but particularly in the strong culture of collaboration, openness and commitment to professional learning. Staff CPD is outstanding in the way that all staff work relentlessly at sharing best practice with schools and fulfil the academies'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

Information provided to auditors

In so far as the Directors are aware there is no relevant audit information of which the Trust's auditors are 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 auditors are aware of that information.

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

This Report was approved by the Board on 10th December 2013 and signed on their behalf



J W A Cann

Chairman

Governance Statement

Scope of responsibility

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

The Directors have delegated the day-to-day responsibility to the Principal and Headmaster, as Joint Accounting Officers, 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. They are also responsible for reporting to the Directors any material weaknesses or breakdowns in the internal control.

The purpose of the system of internal financial controls

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risk to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Haberdashers' Adams' Federation Trust for the year ended 31 August 2013 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 there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 31 August 2013 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 Building Committee 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

Financial statements for the year ended 31 August 2013

Governance Statement

The Directors have considered the need for a specific internal audit function and have decided to appoint an internal audit committee. In addition, the Directors have appointed Margot Chaundler, a governor, as Responsible Officer ('RO') for Abraham Darby Academy and William Russell, a governor, as RO for Adams' Grammar School. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The ROs report to the Board three times a year, on the operation of the systems of control and on the discharge of the Directors' financial responsibilities.

Review of effectiveness

As Joint Accounting Officers, the Principal and the Headmaster respectively have 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,
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Joint Accounting Officers have been advised of the implications of the result of their review of the system of internal control by the Finance and Buildings Committee and a plan to address weaknesses and ensure continuous improvements of the systems is in place.

Approved by order of the Directors on 10 December 2013 and signed on their behalf by



J W A Cann

Chairman

Financial statements for the year ended 31 August 2013

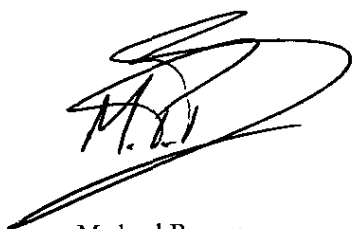
Statement on regularity, propriety and compliance

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

We confirm that we and the academy trust governing body are able to identify any material irregularity 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.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

Signed



Michael Barratt

Accounting officer



Steve Hawke

Accounting officer

Financial statements for the year ended 31 August 2013

Statement of directors' responsibilities

The Directors (who act as trustees for the charitable activities 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 Requirements issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the income and expenditure, of the charitable company 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,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards 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 the charitable company applies financial and other controls which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Financial statements for the year ended 31 August 2013

Statement of directors' responsibilities

The Directors confirm that

- so far as each Director is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information

Approved by order of the Directors of the Academy Trust on 10 December 2013 and signed on its behalf by

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

J W A Cann

Chairman

Financial statements for the year ended 31 August 2013

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

We have audited the financial statements of Haberdashers' Adams' Federation Trust for the year ended 31 August 2013 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2013 issued by the Education Funding Agency and applicable law.

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on pages 15 and 16, the directors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Financial statements for the year ended 31 August 2013

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Kyla Bellingall

Date 20 December 2013

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

Independent reporting auditor's assurance report on Regularity to the Directors of Haberdashers' Adams' Federation Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, 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 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to Haberdashers' Adams' Federation Trust and the EFA in accordance with the terms of our engagement letter dated 26 September 2013. Our review work has been undertaken so that we might state to Haberdashers' Adams' Federation Trust and the EFA those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Haberdashers' Adams' Federation Trust and the EFA, for our review work, for this report, or for the conclusion we have formed

Respective responsibilities of Haberdashers' Adams' Federation Trust's Joint Accounting Officers and the reporting auditor

The accounting officers are 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 2012, 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 2013. 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 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Financial statements for the year ended 31 August 2013

Independent reporting auditor's assurance report on Regularity to the Directors of Haberdashers' Adams' Federation Trust and the Education Funding Agency

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Statutory auditor

Birmingham

Date 20 December 2013

Financial statements for the year ended 31 August 2013

Company number 06548296

Statement of financial activities (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Un-restricted funds	Restricted funds	Restricted fixed asset fund	Total 2013	Total 2012 (restated – note 31)
		£'000	£'000	£'000	£'000	£'000
Incoming resources						
Income from generated funds						
Voluntary income	3	2	-	18	20	990
Transfer from local authority on conversion	30	-	-	-	-	7,582
Activities for generating funds	4	775	574	7	1,356	661
Investment income	5	18	-	-	18	17
Income from charitable activities						
Funding for the academy's educational operations	6	-	9,492	136	9,628	9,263
Provision of boarding activities	29	-	884	46	930	926
Total incoming resources		795	10,950	207	11,952	19,439
Resources expended						
Costs of generating funds						
Costs of generating voluntary income						
Activities for generating funds	8	295	639	-	934	391
Charitable activities						
Educational operations	9	-	9,297	589	9,886	9,214
Provision of boarding activities	29	-	937	46	983	907
Governance costs	10	-	164	-	164	83
Total resources expended		295	11,037	635	11,967	10,595
Net incoming resources before transfers		500	(87)	(428)	(15)	8,844
Transfers between funds	20		(75)	75	0	
Net incoming resources for the year		500	(162)	(353)	(15)	9,110

Financial statements for the year ended 31 August 2013

Company number 06548296

Statement of financial activities (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Un- restricted funds £'000	Restricted funds £'000	Restricted fixed asset fund £'000	Total 2013 £'000	Total 2012 £'000
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	27	0	198	0	198	(206)
Net movement in funds		500	36	(353)	183	8,904
Reconciliation of funds						
Funds brought forward at 1 September 2012	20	278	(465)	9,806	9,619	714
Funds carried forward at 31 August 2013	20	778	(429)	9,453	9,802	9,618

All the above results are derived from continuing activities and acquisitions in the current periods

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

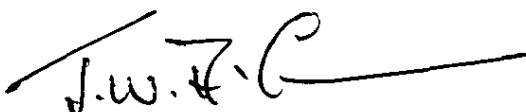
Financial statements for the year ended 31 August 2013

Company number 06548296

Balance sheet

	Note	£'000	2013 £'000	2012 £'000
Fixed assets				
Tangible assets	14		8,941	9,211
Non current assets- Appeals Fund	17			57
Current assets				
Stocks	15	13		11
Debtors	16	662		631
School Funds	17	286		209
Cash at bank and in hand	18	1,577		1,244
Total current assets			<u>2,538</u>	<u>2,095</u>
Creditors' amounts falling due within one year	19		<u>(890)</u>	<u>(878)</u>
Net current assets			<u>1,648</u>	<u>1,217</u>
Total assets less current liabilities and net assets excluding pension liability			<u>10,589</u>	<u>10,485</u>
Pension scheme liability	27		<u>(767)</u>	<u>(867)</u>
Net assets including pension liability			<u>9,822</u>	<u>9,618</u>
Funds				
Restricted fixed asset fund	20	9,473		9,806
Restricted general fund (s)	20	338		402
Pension reserve	20	(767)		(867)
Total restricted funds			<u>9,044</u>	<u>9,341</u>
Unrestricted funds	20	778		278
Loan reserve	20	0		
			<u>778</u>	<u>278</u>
Total funds			<u>9,822</u>	<u>9,619</u>

The financial statements on pages 21 to 47 were approved by the Directors and authorised for issue on 10 December 2013 and are signed on their behalf by



J W A Cann

Chairman

Financial statements for the year ended 31 August 2013

Cash flow statement

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	24	382	188
Returns on investments and servicing of finance			
Interest received		18	17
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(297)	(1,225)
Capital grants from DfE/EFA		16	372
Capital grants from brought forward and deferred		-	(62)
Capital funding received from sponsors and others		214	990
Net cash in-flow from capital expenditure and financial investment		(67)	75
Movement in liquid reserves		0	0
Increase in cash	25	333	280

All cash flows are derived from acquisitions in the current period

Financial statements for the year ended 31 August 2013

Notes to the financial statements

1 Principal accounting policies**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice), the Charity Commission Statement of Recommended Practice Accounting and Reporting by Charities (SORP 2005), the Academies Accounts Direction issued by the EFA and the Companies Act 2006

The principal accounting policies are set out below

Going concern

The Directors assess whether the use of going concern is appropriate, ie 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 approval of these financial statements

Incoming resources

All incoming resources are recognised when the Academy has the entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

Grants receivable

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 entitlement of receipt its recognition is deferred and it is included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Sponsorship income

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable, where there is certainty of receipt

Donations

Donations are recognised on a receivable basis or on an accruals basis where there is certainty of receipt and the amount can be reliably measured

Interest Receivable

Interest receivable is included within the statement of financial activities on a receivable basis

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service

Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category

Allocation of costs

In accordance with the Charities SORP, expenditure has been analysed between the cost of generating funds, the Academy's charitable activities and governance. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost



Financial statements for the year ended 31 August 2013

Notes to the financial statements

category concerned Central staff costs are allocated on the basis of time spent on each activity and depreciation charges on the basis of the proportion of assets' use which is utilised by each activity

Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

Charitable activities

These are costs incurred on the academy trust's educational operations

Governance costs

Governance costs are the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses Such costs include both direct and allocated support costs

All resources expended are inclusive of irrecoverable VAT

Tangible fixed assets

Tangible assets acquired since the Academy was established are included in the financial statements at cost

Assets costing less than £500 are written off in the period of acquisition All other assets 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 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the depreciation policy

Depreciation

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them to their estimated residual value over their expected useful lives No depreciation is provided on freehold land

The principal annual rates used for other assets are

Furniture and equipment	7 years
Computer equipment and software	5 years

Leased assets

Rentals applicable to operating leases where substantially all the benefits and risk of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term

Financial statements for the year ended 31 August 2013

Notes to the financial statements

Stocks

Unused stationery stocks are valued at the lower of cost and net realisable value

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 of Schedule 6 to the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Taxes Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Retirement Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pensions Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), 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 payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Local Government Pension Scheme

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds 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 as part of staff costs are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period till vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

Financial statements for the year ended 31 August 2013

Notes to the financial statements

Restricted fixed assets are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/the Department for Education where the asset acquired or created is held for a specific purpose

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

2 General Annual Grant (GAG)**a) Results and carry forward for the year
Adams' Grammar School**

	£'000
GAG allocation for the year	3,830
Recurrent expenditure from GAG	(3758)
Fixed assets purchased from GAG	(18)
	<u>54</u>

GAG carried forward to next year

Maximum permitted GAG carry forward at end of current year (12% of allocation)	<u>460</u>
--	------------

GAG surrender to DfE	<u>-</u>
	No breach

Abraham Darby Academy

	£'000
GAG brought forward from previous year	24
GAG allocation for the year	5,183
Recurrent expenditure from GAG	(5,037)
Fixed assets purchased from GAG	<u>0</u>

GAG carried forward to next year	<u>170</u>
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Maximum permitted GAG carry forward at end of current year (12% of allocation)	<u>622</u>
--	------------

GAG surrender to DfE	<u>-</u>
	No breach

Financial statements for the year ended 31 August 2013

Notes to the financial statements

b) Use of GAG brought forward from previous year of recurrent purposes

Abraham Darby Academy

	£'000
Recurrent expenditure from GAG	5,037
GAG allocation for the year	5,183
GAG allocation for previous year x 2%	94
GAG brought forward from previous year in excess of 2% used on recurrent expenditure in the year	240
	No breach

3 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset £'000	Total 2013 £'000	Total 2012 £'000
Voluntary Income	-	-	-	-	-
LA Capital sponsorship	-	-	10	10	982
Private capital sponsorship	-	-	8	8	8
SMADA Donations	2	-	-	2	-
Total	2	-	18	20	990

4 Activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset £'000	Total 2013 £'000	Total 2012 £'000
Lettings	31	-	-	31	31
Catering income	85	-	-	85	4
Home to school transport	287	-	-	287	287
Music lessons	68	-	-	68	71
Exam income	34	-	-	34	20
Other income	270	574	7	851	248
Total	775	574	7	1,356	661

5 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Bank Interest	18	-	18	17
Total	18	-	18	17

Financial statements for the year ended 31 August 2013

Notes to the financial statements

6 Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset £'000	Total 2013 £'000	Total 2012
DfE/EFA revenue grants					
General Annual Grant (note 2)	-	9,013	-	9,013	8,594
Start-up grants	-	-	-	-	217
Capital grants	-	-	24	24	163
Other DfE/EFA grants	-	356	-	356	268
	<u>-</u>	<u>9,368</u>	<u>24</u>	<u>9,393</u>	<u>9,242</u>
Other Government grants		123	112	235	21
Total	<u>-</u>	<u>9,492</u>	<u>136</u>	<u>9,628</u>	<u>9,263</u>

7 Analysis of total resources expended

	Staff costs £'000	Premises costs £'000	Other costs £'000	Total 2013 £'000	Total 2012 (restated - note 31) £'000
Costs of generating voluntary income					
Costs of activities for generating funds	295	639	-	934	391
Academy's educational operations					
- direct costs	6,439	522	550	7,601	7,513
- allocated support costs	1,483	564	328	2,375	1,845
Provision of boarding	937	46	-	983	907
Governance costs	-	-	164	164	83
Total	<u>9,154</u>	<u>1,771</u>	<u>1,042</u>	<u>11,967</u>	<u>10,594</u>

8 Costs of activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Building appeal (including cost of works funded by Other Income per Note 4)	-	554	554	-
Letting expenses	1	-	1	-
Home to school buses	226	-	226	214
Music tutors	68	85	153	177
	<u>295</u>	<u>639</u>	<u>934</u>	<u>391</u>

Financial statements for the year ended 31 August 2013

Notes to the financial statements

9 Charitable activities – academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Direct costs				
Teaching and educational support staff	-	6,515	6,515	6,323
Depreciation	-	397	397	222
Educational supplies	-	764	764	495
Examination fees	-	217	217	247
Staff development	-	40	40	40
Educational consultancy	-	33	33	111
Other direct costs	-	117	117	147
	-	8,083	8,083	7,585
Allocated support staff costs				
Support staff costs	-	1,116	1,116	1,073
Depreciation	-	23	23	6
Recruitment and support	-	40	40	20
Maintenance of premises and equipment	-	401	401	194
Cleaning	-	11	11	32
Bank interest and charges	-	1	1	-
Utilities	-	398	398	307
Rent and rates	-	140	140	108
Insurance	-	84	84	71
Security and transport	-	65	65	93
Catering	-	304	304	475
Other support costs	-	239	239	156
	-	2,822	2,822	2,535
	-	10,905	10,905	10,120

10 Governance costs

	Unrestricted funds £'000	Restricted funds £'000	Total 2013 £'000	Total 2012 £'000
Legal and professional fees	-	122	122	41
Auditor's remuneration	-	31	31	26
Governors' reimbursed expenses and insurance	-	11	11	16
	-	164	164	83

Financial statements for the year ended 31 August 2013

Notes to the financial statements

11 Staff costs

Staff costs during the period were as follows

	2013 £'000	2012 £'000
Wages and salaries	6,331	6,186
Social security costs	453	441
Other pension costs	760	815
	<u>7,544</u>	<u>7,442</u>
Supply teacher costs	103	21
Compensation payments	10	16

The average number of persons employed by the academy during the period, expressed as full time equivalents, was as follows

	Number 2013	Number 2012
Teachers	119	104
Administration and support	125	105
Management	10	12
	<u>254</u>	<u>221</u>

The number of employees whose emoluments fell within the following bands was

	Number 2013	Number 2012
£60,001 to £70,000	3	2
£70,001 to £80,000	1	1
£80,001 to £90,000	-	-
£90,001 to £100,000	-	-
£100,000 to £110,000	1	1

Financial statements for the year ended 31 August 2013

Notes to the financial statements

During the year the following pension contributions were paid in respect of the higher paid employees as shown above

	£'000
Pension contributions to Teachers' Pension Scheme	43
Pension contributions to Local Government Pension Scheme	-

During the period all higher paid employees participated in the Teachers' Pension Scheme

12 Governors' 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 £8,970 were reimbursed to 12 governors (2012 £8,543 reimbursed to 16 governors)

13 Governors' and officers' insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on the academy trust's business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2013 was £2,068 (2012 £2,069).

The charitable company will also insure against any losses of money or goods resulting from fraud or dishonesty by the charitable company's employees.

Financial statements for the year ended 31 August 2013

Notes to the financial statements

14 Tangible fixed assets

	Buildings £'000	Furniture & equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 September 2012	7,872	1,292	317	9,481
Additions	90	41	120	251
Impairment in year	(90)	(4)	-	(94)
Disposal	-	(6)	-	(6)
At 31 August 2013	7,872	1,323	437	9,632
Depreciation				
At 1 September 2012	158	20	93	271
Charged in year	157	159	105	421
Disposal	-	(1)	-	(1)
At 31 August 2013	315	178	198	691
Net book value at				
31-Aug-13	7,557	1,145	239	8,941
31-Aug-12	7,715	1,272	224	9,211

The properties at Adams' Grammar School used by the Academy Trust are legally owned by The Master and Four Wardens of the Fraternity of the Art or Mystery of Haberdashers in the City of London Governors of the Possessions and Revenues of the Free Grammar School of Newport in the County of Salop of the Foundation of William Adams. The Academy 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 assets have been brought onto the balance sheet at 1 September based on a valuation performed by DTZ on behalf of the Department for Education.

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

15 Stock

	2013 £'000	2012 £'000
Stock	13	11

Financial statements for the year ended 31 August 2013

Notes to the financial statements

16 Debtors

	2013 £'000	2012 £'000
Lettings/Music/Bus/BDG	1	0
Trade debtors	124	249
Other debtors	131	74
Prepayments and accrued income	406	308
	<u>662</u>	<u>631</u>

17 School Funds

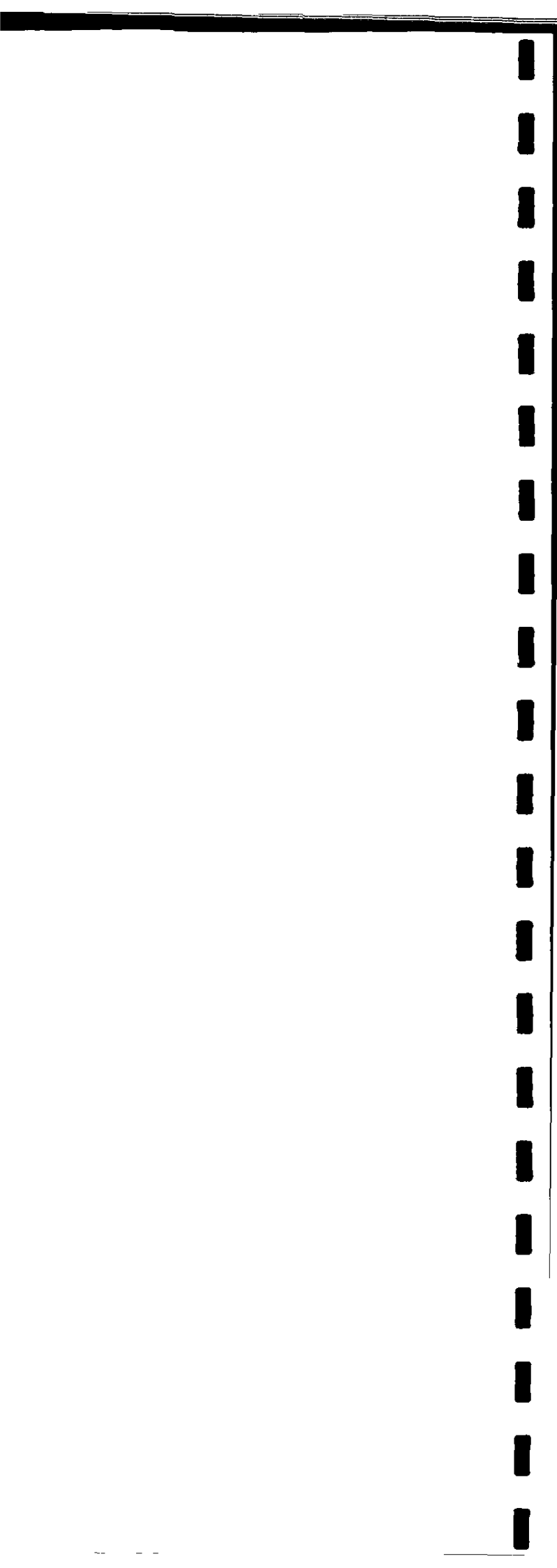
	2013 £'000	2012 £'000
Private School Funds	41	73
Appeals Fund	245	136
	<u>286</u>	<u>209</u>
Due in more than 1 year	0	57
Total	<u>286</u>	<u>266</u>

18 Cash at bank and in hand

	2013 £'000	2012 £'000
School Current	582	68
Boarding account - Adams' Grammar School	(2)	3
Capital funding account	52	2
Treasurer's account	450	600
Haberdashers' Charity	495	571
Total	<u>1,577</u>	<u>1,244</u>

19 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	152	164
PAYE & NI	198	211
Other creditors	0	78
Teachers' Pension	38	0
Accruals and deferred income	502	425
	<u>890</u>	<u>878</u>



Financial statements for the year ended 31 August 2013

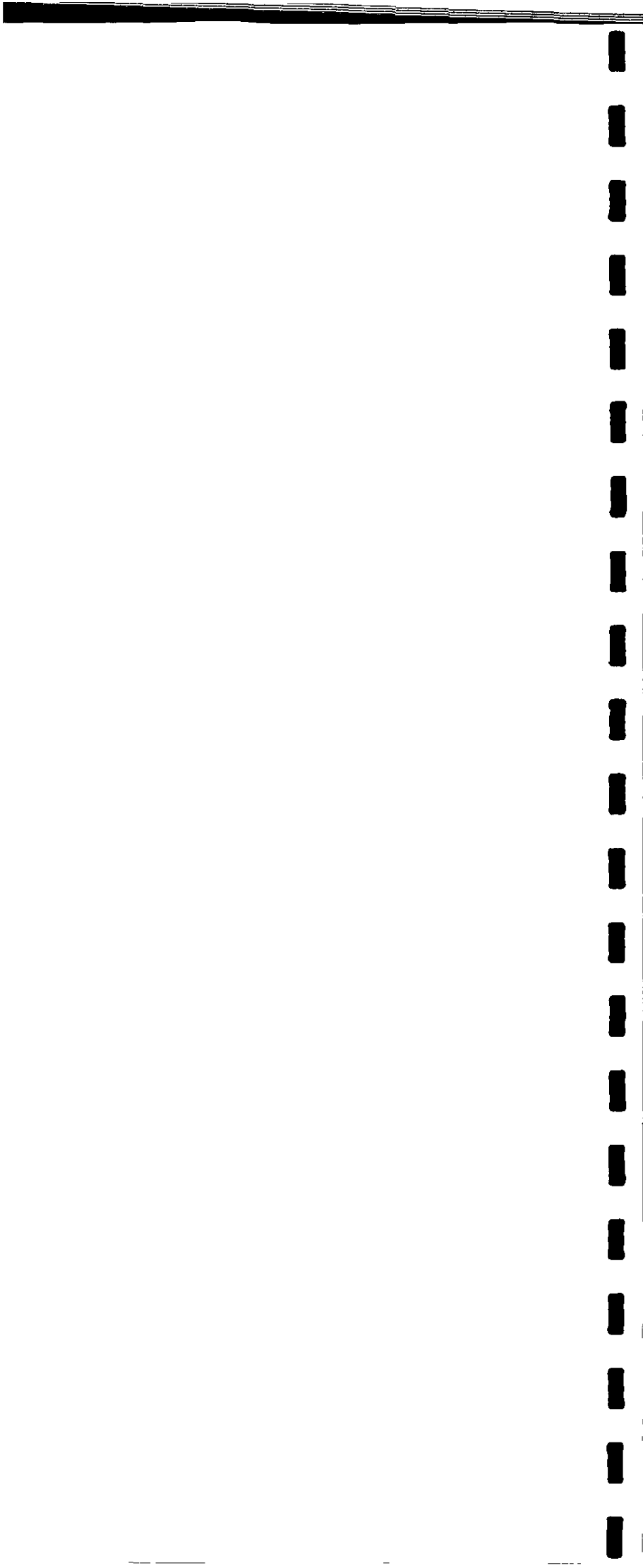
Notes to the financial statements

20 Funds

	Balance at 1 Sept 2012 (restated – note 31) £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Other gains & losses £'000	Balance at 31 Aug 2013 £'000
Restricted general funds						
Pensions reserve	(867)	106	(204)	-	198	(767)
General Annual Grant	(54)	9,013	(8,981)	(75)	-	(97)
Other DfE/EFA grants	27	378	(366)	-	-	39
Provision of boarding (Adams' Grammar School)	163	985	(1,038)	-	-	110
Schools Fund - Appeal Funds	193	512	(460)	-	-	245
Schools Fund - Private School Funds	73	62	(94)	-	-	41
	(465)	11,056	(11,143)	(75)	198	(429)
Restricted fixed asset funds						
DfE/EFA capital grants	262	16	(44)	75	-	309
Capital expenditure from GAG	(214)	-	(425)	-	-	(639)
Private sector/LA capital sponsorship	1,584	214	(169)	-	-	1,629
Transfer on conversion to Academy – Adams' Grammar School	8,174	-	-	-	-	8,174
	9,806	230	(638)	75	-	9,473
Total restricted funds	9,341	11,286	(11,781)	-	198	9,044
Unrestricted funds	278	795	(295)	-	-	778
Total funds	9,619	12,081	(12,076)	123	75	9,822

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

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



Financial statements for the year ended 31 August 2013

Notes to the financial statements

21 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	8,941	8,941
Non current assets	-	-	-	-
Current assets	778	1,228	532	2,537
Current liabilities	-	(890)	-	(890)
Pension scheme liability	-	(767)	-	(767)
Total	<u>778</u>	<u>(429)</u>	<u>9,473</u>	<u>9,822</u>

22 Capital commitments

The Academy Trust had capital commitments of £370k at 31 August 2013

23 Operating lease commitments

At 31 August 2012 the academy trust had annual commitments under non-cancellable operating leases relating to plant and equipment as follows

	2013 £'000	2012 £'000
Expiring within one year	8	4
Expiring within two and five years inclusive	70	51
Expiring after more than five years	-	-
	<u>78</u>	<u>55</u>

Financial statements for the year ended 31 August 2013

Notes to the financial statements

24 Reconciliation of net income to net cash inflow from operating activities

	2013 £'000	2012 £'000
Net income/(expenditure)	(15)	8,845
Depreciation	421	214
Impairment	94	-
Capital grants from DfE and other capital income	(230)	(1,362)
Non cash items transferred on conversion	-	(7,582)
Interest receivable	(18)	(17)
FRS 17 pension cost less contributions payable	65	32
FRS 17 pension finance income/cost	33	40
Increase/decrease in stocks	(2)	(1)
Increase/decrease in debtors	(31)	(568)
Increase/decrease in school funds	77	-
Increase/decrease in creditors	(12)	587
Net cash inflow from operating activities	<u>382</u>	<u>188</u>

25 Analysis of changes in net funds

	At 1 September 2012 £'000	Cash flows £'000	At 31 August 2013 £'000
Cash at bank and in hand	<u>1,244</u>	<u>333</u>	<u>1,577</u>

26 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

27 Retirement benefits

The academy'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 Council Both are defined benefit schemes

The pension costs are assessed in accordance with the recommendations of independent qualified actuaries The latest actuarial valuation of the TPS was as at 31 March 2004 and of the LGPS as at 31 March 2010

Contributions amounting to £38,000 were payable to TPS at the year end and are included in creditors



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Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act. The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations.

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to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015. The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of $1/57^{\text{th}}$, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40/80/100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme (LGPS)

The charitable company is one of several employing bodies included within the Local Government Pension Scheme (LGPS).

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. Contributions to the schemes are determined by qualified actuaries on the basis of triennial valuations using the projected unit method.

The total contribution made for the year ended 31 August 2013 was £241k, of which employer's contributions totalled £172k and employees' contributions totalled £69k. The agreed contribution rates for future years are 11.9% for employers and a tiered contribution rate dependent on salary for employees ranging from 5.5% (for those earning less than £13,700) to 7.5% (for those earning more than £87,100).

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The following information is based upon full actuarial valuations of the funds at 31 March 2010, updated to 31 August 2012 by qualified independent actuaries

The principal actuarial assumptions used by the actuaries were as follows

	Abraham Darby Academy		Adams' Grammar School	
	2013	2012	2013	2012
	%	%	%	%
Discount rate at 31 August 2012	4.5	4.3	4.5	4.3
Expected return on plans' assets at 31 August 2012	5.0	4.7	5.0	4.7
Rate of increase in pensions in payment	2.4	2.2	2.4	2.3
Rate of increase in salaries	3.9	3.7	3.9	3.8
Inflation assumption	2.4	2.2	2.4	2.3
Commutation of pensions to lump sums	50	50	50	50

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

	Abraham Darby Academy		Adams' Grammar School	
	2013	2012	2013	2012
<i>Retiring today</i>				
Males	22.4	22.3	22.4	22.3
Females	25.1	25.0	25.1	25.0
<i>Retiring in 20 years</i>				
Males	24.2	24.1	24.2	24.1
Females	27.1	27.0	27.1	27.0

The expected return on plans' assets is based on market expectations for investment returns over the life of the related obligation

The amounts charged or in the statement of financial activities are as follows

	2013	2013	2013	2012
	£'000	£'000	£'000	£'000
	ADA	AGS	Total	
Current service cost	144	93	237	201
Past service cost	-	-	-	-
Total operating charge	144	93	237	201
Expected return on plans' assets	69	16	85	85
Interest on pension liabilities	(76)	(42)	(118)	(119)
Pension finance income / (costs)	(7)	(26)	(33)	(34)

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The amounts charged or credited in the statement of financial activities are included in wages and salaries charge

The amounts recognised in the statement of total recognised gains and losses (SOFA) are as follows

	2013 £'000 AGS	2013 £'000 ADA	2013 £'000 Total	2012 £'000
Actuarial gain / (losses) recognised in SOFA	36	162	198	206

The amounts recognised in the consolidated balance sheet are as follows

	2013 £'000 AGS	2013 £'000 ADA	2013 £'000 Total	2012 £'000 Total
Fair value of plans' assets	454	1,743	2,197	1,732
Present value of funded retirement benefit obligations	(1,061)	(1,903)	(2,964)	(2,599)
Net liability	(607)	(160)	(767)	(867)

The major categories of plan asset as a percentage of the total plans' assets, are as follow

	2013 %	2012 %
Equities	57.2	62.3
Bonds	21.8	29.5
Property	2.9	3.4
Cash	8.0	4.8
Other	10.1	-

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Changes in the present value of the defined benefit obligation are as follows

	2013 £'000 AGS	2013 £'000 ADA	2013 £'000 Total	2012 £'000
Opening defined benefit liabilities at 1 September 2012	887	1,712	2,599	1,352
Current service cost	93	144	237	201
Past Service cost	-	-	-	-
Interest cost	42	76	118	119
Actuarial losses	-	-	-	195
Gains on curtailments	-	-	-	-
Contributions by plan participant	28	-	28	68
Business Combinations	-	-	-	667
Benefits paid	11	(70)	(59)	(3)
Closing defined benefit liabilities at 31 August 2013	1,061	1,903	2,964	2,599

Changes in the fair value of plans' assets are as follows

	2013 £'000 AGS	2013 £'000 ADA	2013 £'000 Total	2012 £'000
Opening fair value of plans' assets at 1 September 2012	273	1,459	1,732	1,280
Expected return	16	69	85	85
Actuarial gain / (losses)	36	162	198	(11)
Contributions by employer	90	82	172	161
Contributions by plan participant	28	41	69	68
Business combinations	-	-	-	152
Benefits paid	11	(70)	(59)	(3)
Closing fair value of plans' assets at 31 August 2013	454	1,743	2,197	1,732

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Amounts for the current and previous four periods are as follows

	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of plans' assets at 31 August	2,197	1,732	1,280	1,229
Present value of defined benefit obligation at 31 August	(2,964)	(2,599)	(1,352)	(1,540)
Surplus/(deficit) in the plan	(767)	(867)	(72)	(311)
Experience adjustments arising on plans' assets	0	(11)	(140)	69
Experience adjustments arising on plans' liabilities	0	0	354	0

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.

28 Related party transactions

Owing to the nature of the academy trust's operations and the composition of the board of directors being drawn from local public and private sectors organisations, it is inevitable that transactions will take place with organisations in which a member of the board of directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

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29 Academy Boarding trading account for the year ended 31 August 2013

This account applies to Adams' Grammar School

	2013	2013	2012
	£'000	£'000	(restated- note 31) £'000
Income			
Fee income	884		
Grants	46		
Total income		930	902
Expenditure			
Direct costs			
Staff costs	155		144
Goods and services	291		2
Other direct costs	36		72
Total direct costs		482	218
Indirect costs			
Staff costs	202		219
Utilities	84		72
Rent and rates	8		7
Insurance	14		5
Security	-		4
Buildings maintenance	158		58
Other indirect costs	35		324
Total indirect costs		501	689
Total operating costs		983	907
Surplus/(deficit) on boarding		(53)	19
Surplus/(deficit) at 1 September 2012		19	0
Surplus/(deficit) at 31 August 2013		(34)	19

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30 Prior year conversion to Academy

On 1 September 2011 Adams' Grammar School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Haberdashers' Adams' Federation Trust from Shropshire County Council for £nil consideration

The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net resources expended in the Statement of Financial Activities as other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA for the prior period and opening balances for this financial year

	Unrestricted funds £'000	Restricted general fund £'000	Restricted fixed asset funds £'000	Total
Tangible fixed assets				
Other tangible fixed assets			8,174	8,174
Deficit on LA funds	-155			-155
LG pension deficit		-515		-515
Borrowing obligation	78			78
Net assets/(liabilities) at 31 August 2012	-77	-515	8,174	7,582
At 31 August 2013	Nil	-515	8,174	7,659

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31 Prior period adjustment

Staff costs totalling £144k were omitted from the boarding account in the prior year. This classification error has resulted in the figures for 2012 being restated, with the following impact:

Account	Reference	2012 balance £'000	Restated 2012 balance £'000	Explanation
Statement of financial activities	Charitable activities - provision of educational operations	9,358	9,214	The reclassification of £144k staff costs from educational activities to boarding activities has no impact overall to total expenditure
Statement of financial activities	Charitable activities - provision of boarding activities	763	907	
Note 7	Academy's educational activities – direct costs	7,513	7,369	Being the impact to fund balances as a result of £144k staff costs being reclassified between education activities and boarding activities
Note 7	Provision of boarding	763	907	
Note 20	Restricted boarding fund brought forward 2012	163	19	
Note 20	Restricted general fund brought forward 2012	(54)	90	
Note 29	Boarding surplus for the year 2012	163	19	The reclassification of £144k staff costs from educational activities to boarding activities has no impact overall to total expenditure
Note 29	Boarding surplus brought forward for 2013	163	19	

This reclassification does not affect the Academy's reported financial performance nor overall restricted funds in the balance sheet.