

Samuel Ward Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2016



Company Registration Number:
07400386 (England and Wales)

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Samuel Ward Academy Trust 07400386

Reference and Administrative Details

Members	Victoria de Naeyer (resigned 30/11/16) Linda Maidment (resigned 1/10/2015) Kate McDowell (appointed 1/10/2015) June McNaughton Jon Ward
Directors	Victoria de Naeyer Ian Jacobs Gordon Jones Howard Lay Tim Ogle Paul Reed Jon Ward
Senior Managers: Chief Executive Officer Principal Finance Officer Director of Primary Education Director of Secondary Education Director of HR	Howard Lay Debbie Willson Darren Woodward Mark Neild Joy Griffiths
Company Name	Samuel Ward Academy Trust
Principal and Registered Office	Chalkstone Way Haverhill Suffolk CB9 0LD
Company Registration Number	07400386
Independent Auditor	Crowe Clark Whitehill LLP Carrick House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
Bankers	Lloyds Bank plc 8 High Street Haverhill Suffolk CB9 8BA
Solicitors	Stone King Wellington House East Road Cambridge CB1 1BH

Directors' Report

The Samuel Ward Multi Academy Trust directors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both the trustees report and directors' report under company law.

The academy trust operates a mix of a special free school, five primaries and three secondary academies in Haverhill and the surrounding area, with the aim of developing local clusters of interdependent, self-sustaining outstanding schools that develop:

- Successful learners
- Confident individuals
- Responsible citizens.

Its academies have a combined pupil roll of approximately 4,974.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee (registration number 07400386) and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Samuel Ward Academy Trust was incorporated on 9 August 2013. At this time it comprised of Samuel Ward Academy and Churchill Special Free School. Westfield Primary School joined the academy trust on 1 October 2013 followed by Newmarket College on 1 July 2014. In January 2015 Thomas Gainsborough School, Coupals Primary School and Glemsford Primary School joined the trust. Laureate Primary and Wickhambrook Primary joined the trust on 1 July 2016.

Three members have been appointed to the academy trust for the purposes of company law. Directors act as the trustees for the charitable activities of Samuel Ward Academy Trust. The charitable company is known as Samuel Ward Academy Trust.

Details of the directors who served throughout the period except as noted are included in the Reference and Administrative Details on page 3.

The three members are:

- | | |
|--|--|
| • Chair of trust board: | Victoria de Naeyer (resigned 30/11/16) |
| • Chair of trust board: | Jon Ward |
| • Chair of Samuel Ward Local governing body: | Kate Mcdowell (from 1/10/2015) |
| • Appointed by the Directors | June McNaughton |

The academy trust has the following directors:

Up to 5 academy directors. These are:

- | | |
|-----------------------------------|---------------|
| • Chair of governors Samuel Ward: | Kate Mcdowell |
| • Chair of governors Newmarket: | Paul Reed |

Up to 6 directors appointed by the members. These are:

- Victoria de Naeyer
- Ian Jacobs
- Gordon Jones
- Tim Ogle
- Jon Ward

The CEO is Howard Lay.

Members' Liability

Each member of the academy trust undertakes to contribute to the assets of the academy trust in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Directors' Report (continued)

Directors' Indemnities

The directors are directors of the charitable company for the purpose of the Companies Act 2006 and trustees for the purposes of charity legislation.

Directors of the company are covered by the Education Funding Agency's Risk Protection Arrangements under their directors' indemnity policy.

Method of Recruitment and Appointment of Directors

The management of the academy trust is the responsibility of the directors who are appointed under the terms of the articles of association. The Members can appoint up to 6 Directors through such process as they may determine.

Directors are subject to retirement after a term of 4 years. After the term they are eligible for re-election at the meeting at which they retire.

The make-up of the board includes experienced professionals, many of whom have a good understanding of the operational and legal requirements of running an establishment such as Samuel Ward Academy Trust.

Policies and procedures Adopted for the Induction and Training of Directors

Directors have developed their own handbook and scheme of delegation and provided training for all directors. Additional training has been provided by the academy trust, and external providers including Suffolk County Council.

Organisational Structure

Samuel Ward Academy Trust has established a unified structure to enable its efficient running. The structure consists of 3 levels: the board and its audit committee; the executive group, and local governing bodies at each academy. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The board of directors is responsible for making major decisions about the strategic direction of the trust, ensuring that its aims are met and its ethos is maintained. Specifically, this includes setting general policy, adopting an annual plan and budget, monitoring the trust's financial performance and educational outcomes, making senior staff appointments and approving major investment programmes.

There are senior leadership teams which consist of senior management at each academy. These teams are responsible for the day to day operation of the academies, in particular organising the teaching staff, facilities and students.

The local governing bodies are made up of a mix of local people including staff, parents and sponsor nominees. They act as a 'critical friend' to the principal and academy, a 'sounding' board at a local level and Samuel Ward Academy Trust's values remain at the heart of the academy community.

Each layer of the organisation is structured according to a set of terms of reference with associated delegation of authority for all decision making matters. The board meets regularly throughout the academic year through a series of structured and systematic meetings.

Employee Information

In accordance with the trust's Disability Equality Policy:

- The governing body and head teacher in discussion with disabled staff will endeavour to provide any aids and support that would help them to fulfil their role in the academy.
- Disabled members of staff will be offered the same conditions of service, employment rights, promotion and training opportunities as other staff in the same roles in each academy.
- Disabled staff are encouraged to bring any complaints about their treatment as disabled staff to the notice of the head teacher/principal in the first instance. All staff may use the academy's grievance procedure if they consider this to be the best route.

Arrangements for setting pay and remuneration of key management personnel

- Key Management Personnel salaries are set in accordance with the trust's pay policy. The trust's payscales are set in accordance with the national Teaching and Support staff payscales. These are reviewed annually in line with other trusts.

Directors' Report (continued)

Connected Organisations including Related Party Relationships

The academy trust operates under the Seven Principles of Public Life, known as the Nolan Principles. These are:

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

These principles are reflected in the way we declare and deal with related party transactions so that we are operating fairly, transparently and open to scrutiny. Potential for conflict of interest arises when an individual could gain, or be perceived to gain, from an aspect of the academy trust business. All potential conflicts of interest and pecuniary interests are declared at the start of each meeting. All purchasing decisions made by the academy trust follow the same procurement and/or commissioning procedures. Any business links with directors or other trust officers have been made in accordance with these procedures.

The academy trust board is confident that conflict of interest is handled according to the Seven Principles of Public life and in accordance with The Academies Financial Handbook. Please see note 28 for details of related party transactions.

The academy trust is part of a broader group of schools called Suffolk Borders Teaching Alliance. It consists of Samuel Ward Academy, Thomas Gainsborough School, Newmarket Academy, Churchill Free Special School and 11 primary schools. The Alliance is governed by an executive group comprising of representative governors and leadership team members from many of the schools and is funded by agreed contributions and income from training. The objectives of the Alliance are to support schools through research and development and initial teacher training, provide continuous professional development, peer to peer support, school to school support, talent and succession planning. The academy trust also works with West Suffolk College in order to develop vocational provision.

Objectives and Aims

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carry on, managing and developing a family of schools offering a broad and balanced curriculum for all pupils.

Objectives

The main objectives of the academy trust are:

- To improve outcomes for disadvantaged pupils across all key stages
- To improve progress in English and Mathematics across all key stages
- To ensure that all schools are at least good by Ofsted
- To ensure that outcomes for higher attaining pupils continue to increase
- To further improve post 16 outcomes
- To develop and implement new approaches to key stage three assessment
- To increase the number of outstanding lessons
- To reduce exclusions and increase attendance
- To increase progression post 16 in relation to the percentage attending higher education
- To actively engage students and staff of the academies in learning opportunities beyond the formal curriculum
- To support students in making successful transitions during their progress through the academies and from the academies to employment, further and higher education or other beneficial activities and on to adult life
- To evidence improvements against challenging goals that exceed national minimum targets for examination success and other key performance indicators, such as attendance, exclusions and the quality of spiritual, moral, social and cultural development
- To ensure that students and staff are challenged, supported and safe

Strategies and Activities

Our growth strategy has been very successful with an additional two schools joining the Trust last year and more joining next year. We have been successful in realising our aim of building four clusters of schools in the four large towns of west Suffolk. The additional schools have enabled us to increase Trust capacity and have improved transition between primary

Directors' Report (continued)

and secondary tiers. We have also been involved in leading a successful bid to open a new Sixth Form College in Bury St. Edmunds in 2018 as well as opening our new secondary school in the same town this year.

We have made strong progress in improving educational standards across our schools. Reviews suggest that all have made significant improvements reflected in the academic outcomes in the summer of 2016 which were very strong in most schools. Several of our schools will have an Ofsted inspection in 2017 and we are confident that most will improve on their previous ratings.

The Trust had a 'Health Check' commissioned by the National Schools Commissioner just before the summer which showed strengths across many key strategic areas, demonstrating our capacity for further growth. As a result of expansion, we are reviewing our leadership and governance structures so that we can continue to provide the immediate support that schools often require. Although the central team has grown our strategy of limiting management costs in order to ensure that the maximum resources are spent on learning is also being realised. Central recharges to schools have not increased but the quality of service has improved.

The Trust has also been successful in developing a school led system. Increasing numbers of staff are applying to work across schools, bringing additional support and capacity to schools that require help in specific areas. This combined with the use of some educational consultants ensures that the full time Trust team has remained small in number, although some key back office functions like HR and finance have grown.

The Samuel Ward Teaching Alliance has developed into the training and development 'engine' driving research and development in Trust schools. It is helping 'grow' more leaders and has played a significant role in the recruitment and retention of staff. It has been successful in a number of bids that are helping improve teaching and learning across all school phases.

The learning environments of many of our schools have improved as the result of investment by the Trust through our own capital monies or through external bids. Most of our schools are oversubscribed which has meant that additional accommodation has been provided in some schools by Suffolk County Council. We have also invested in IT following the development of a new IT strategy which is helping many of our schools.

School Reviews continue to be a key mechanism for evaluating school progress and informing interventions. Over 40 school staff have now been trained and as the result of rigorous quality assurance the impact on school improvement has been significant.

The Trust is now in the position to play an increasingly strategic regional role. We have developed strong links with community leaders, other Trusts and Councils across the Eastern region which is informing educational strategy, improving communications, and building capacity. We are committed to supporting the DfE, the Office of Regional Schools Commissioners and Suffolk County Council in their strategic focus of educational improvement in the East.

Public Benefit

The directors 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. The directors consider that the academy trust's aims are demonstrably to the public benefit.

Strategic Report

Achievement and Performance

The academy trust had a very successful year meeting most of its performance targets:

Successful Learners

At secondary level Samuel Ward Academy Trust achieved good to outstanding results (with some measures at Newmarket Academy requiring improvement). Across the Trust our FFT Aspire dashboard show that SWAT achieved 64% EM compared to a national of 62%, which given the low prior attainment of our students is a positive result. Progress is where the Trust achieved best with an overall Trust score of +0.35 for Progress 8 which is significantly above the national average (0). Progress in EM is also significantly above national with a score of +8% when compared to students nationally of a similar ability.

Directors' Report (continued)

Under a new national assessment system, strong progress and attainment was seen in our primary schools in Writing (all above the national attainment average of 73%, almost all with positive progress scores). There was broadly good attainment (around or above the national average of 70%) and reasonably good progress in Maths (in line with the new 'zero' score); however progress and attainment in reading was not strong in some of our primaries with some schools well below the national average of 66%, though all schools met the new 'sufficient progress' measure. All primary schools reached the 'sufficient progress' floor standard. Progress for disadvantaged pupils was similar and in some cases better than their non-disadvantaged peers.

Confident Individuals

There was a marked increase in attendance figures across most schools, most notably at Newmarket Academy where attendance moved to above the national average from significantly below. Exclusions fell across schools. Behaviour remains a strength across trust schools, last year reflected strong improvements within Newmarket Academy which the Trust now judges as good.

Responsible Citizens

Trust schools have been successful in developing a stronger sense of independence for pupils. Improvements have been most significant in Newmarket Academy where pupils are showing far greater pride in their community but all schools have engaged more positively with a values based approach and all primary schools are now implementing the International Primary Curriculum, for example.

Key Performance Indicators

Following inspections in 2015, Churchill Special Free School is rated as outstanding by Ofsted and Westfield is rated as good. Trust reviews continue to rate Samuel Ward as outstanding and Thomas Gainsborough also achieved outstanding. Newmarket and Coupals are good whilst Glemsford remains requiring improvement.

Financial Review

Most of the academy trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to educational purposes. These grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy trust was awarded a School Condition Allowance capital grant for £532,233 from the EFA due to the size of the Trust. The funding was awarded to the Central Trust and corresponding assets have been recognised in the financial statements for the year ending 31 August 2016.

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 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 ended 31 August 2016, total expenditure of £25,799,999 exceeded recurrent grant funding from the EFA together with other income. The excess of expenditure over income for the year before pension and restricted fixed assets was £117,609 represented by a reduction of restricted general funds of £1,388,278 (excluding pension reserve) and an increase in unrestricted funds of £1,270,669.

At 31 August 2016 the net book value of fixed assets was £75,045,689. Movements in intangible fixed assets are shown in note 12 and tangible assets in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

Assets of £602,703 were acquired during the year ended 31 August 2016 of which £557,350 were financed by capital grants. Assets of £45,353 were acquired in addition to those assets financed by capital grants. Assets of £29,180 were financed using current year General Annual Grant (GAG), £7,595 were financed by other restricted funds and £8,578 were financed by unrestricted funds. Assets of £4,425,885 were gifted by the Local Authority on conversion to academy trust. Asset disposals of £4,000 were made in year with a profit on disposal of £137.

In accordance with FRS102, the academy trust received an actuarial assessment of its pension scheme deficit. The deficit balance of £6,665,000 is included within the balance sheet as at 31 August 2016 and supporting notes to the financial statements.

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Directors' Report (continued)

Financial Review (continued)

Deficit balances before pension and restricted fixed asset reserves

£921,798	Samuel Ward Academy
£26,263	Glemsford Primary Academy
£342,774	Newmarket Academy
£85,790	Central Trust
£1,376,625	Total deficit balances

Surplus balances before pension and restricted fixed asset reserves

£46,449	Thomas Gainsborough
£306,761	Churchill Special Free School
£203,256	Coupals Primary Academy
£322,867	Westfield Primary Academy
£358,843	Laureate Primary Academy
£212,999	Wickhambrook Primary Academy
£1,451,175	Total surplus balances

£74,550 surplus before pension and restricted fixed asset reserves.

Samuel Ward Academy

The financial pressure has accumulated since September 2013 as numbers have increased rapidly. Since 2014, the school population has increased at 7% per annum. Whilst this is expected to slow down from October 17 (yet is still a 5% per year increase), this has required a significant level of staffing. Calculations show that for 4 years including the year ahead, taking an additional 80+ students has seen the school under funded by at least £320k per year (cumulative £1.24m) due to lagged funding.

The staffing model for 2016/2017 will still need some increases in terms of staff numbers. This is due to smaller year groups in KS4 such as the 197 in Year 11 leaving next summer, to be replaced by at least 250 into Year 7.

Samuel Ward's PAN for September 16 intake was 220. For the academic year 2015/2016 the academy received 304 first choice applications of which 265 have been accepted following an appeals process. Its popularity is a result of its reputation for outstanding and innovative teaching as well as its very high academic progress and outcomes. It achieved outstanding from Ofsted in 2008 and 2012. It is the highest performing school in Suffolk for value added and has been in the top 5% nationally for the past three years. It is also part of The Samuel Ward Multi Academy Trust, a rapidly growing Trust with an outstanding reputation.

The lagged funding is due to even out in 2017/2018 and a medium term plan shows a rapidly improving financial picture for Samuel Ward.

Samuel Ward is also on the Priority School Building Programme 2 (PSPB2) scheme. Scoping work is already taking place and it is anticipated that a new building will replace the original buildings with an investment from the Education Funding Agency between £12,000,000 and £20,000,000. The building is scheduled to open in September 2018.

Glemsford Primary Academy

There is a small deficit at Glemsford. Due to small pupil numbers as characteristic of a village school their budget is under pressure. There is some work already taking place looking at the possibilities of restructuring and cost savings although the Trust is happy to support Glemsford as they too are in a period of growth in pupil numbers and are also suffering from lagged funding.

Newmarket Academy

Pressure on Newmarket Academy has been primarily caused by pupil number clawbacks. The Funding Agreement on conversion was not suitable for an Academy such as Newmarket. The agreement sets out a total number of 1,100 students; on conversion there were only 749 students on role (including a Year 7 of only 88 pupils due to the school's situation) so immediately we were in a clawback situation. From our experience as a Trust it takes time to turn a failing school around to the point where student numbers grow. Further to this we have also looked at the demographics in Newmarket and currently there are insufficient numbers coming through from the Primaries to make a total of 1,100 achievable. KS5 is challenging with strong competition from other local sixth form providers. The five main primaries in town that could feed Newmarket Academy account for 5 forms of entry (150 pupils maximum) for September 2017 in total. To achieve 1,100 pupils, Newmarket would need 6 forms of entry (180 pupils) fully across KS3 & 4 as well as 200 pupils in the sixth form. This data clearly demonstrates that the funding model is not suitable and we have put forward a business

Directors' Report (continued)

Financial Review (continued)

case to the EFA to request that the funding agreement is changed to a lagged funding basis as any other sponsored academy.

Our commitment to Newmarket Academy is to continue to support them through this period of cost adjustment and significant educational transformation.

Central Trust Costs

The central trust costs are showing a deficit balance although this has reduced in this financial year. This is primarily down to the growth of the trust, resulting in income to the Trust increasing. We have also been successful in bidding for money from the Regional Schools Commissioner to increase capacity to the central team and support some of the new academies. We have invested in a new finance information system which will make consolidation much more robust and reliable. This has also enabled a restructure of the finance team which means moving forward we have enough capacity in our back office support for further growth.

We have done considerable work using the Outwood Grange curriculum/financial modelling tool to look at ways to make cost savings and efficiencies across the trust. A 3 – 5 year consolidated financial plan has been produced which demonstrates an improving financial picture in the next five years.

Reserves Policy

The directors have determined that a level of funds retained should be at least equivalent to one month's total salary commitment to enable the academy trust to react to budget changes within a manageable period without the use of cashflow advances from the EFA. One month's salary commitment for August 2016 was £952,773

The total of restricted and unrestricted general funds (and therefore free reserves) held at 31 August 2016 was a deficit of £74,550 which was below the salary monthly commitment.

This objective was not met as at 31 August 2016. The focus has been on growing capacity in the executive group to be effective in supporting our academies and some of the trust's reserves have gone towards this. The Audit Committee are looking to address this by putting constraints on the amounts each academy uses to set their individual budgets. This will be achieved by setting a percentage of their total allocation for their own use and the remainder will sit with the trust as reserves.

The free reserves are represented by the unrestricted fund. As at 31 August 2016, the free reserves are £1,781,579.

Principal Risks and Uncertainties

The directors have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy trust and its finances.

The directors have implemented a number of systems to assess risks that the academy trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the controls in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

Effective risk management provides the board of directors with assurance that:

- The financial responsibilities of the governing body are being properly discharged;
- Resources are being managed in an efficient, economical and effective manner;
- Sound systems of internal financial control are being maintained; and
- Financial considerations are fully taken into account in reaching decisions.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. As an academy trust, the level of financial risk mainly occurs around certainty of year on year funding, cash flow and actuarial assessed pension fund deficit. The academy trust recognises the need to monitor the impact of cash flow and will project cash flow based on cash inflows and outflows at the start of the year and review the bank balance throughout the year. Future budgets will be monitored in line with staffing levels/costs and follow benchmarking guidelines as set out by the Education Funding Agency.

There is a deficit in the pension scheme of £6,665,000 as disclosed in note 27. The secretary of state has agreed that in the event of the trust closing, the local government pension scheme liabilities would be met by the Department for Education.

Directors' Report (continued)**Plans for future periods**

The academy trust will continue to improve the education of the children it is responsible for by further improving achievement, teaching and learning and leadership. Its expectation is that all its schools will be at least good in Ofsted terms. It will focus on improving writing and assessment approaches within primary schools and the new GCSE

specifications at GCSE level. Middle leadership, governance and outcomes for disadvantaged pupils across all schools remain a high priority.

The board and the executive are working effectively with school leadership teams and local governing bodies but over the next year the trust will continue to develop its infrastructure and centralised services and policies in order to support continued growth.

We will work with the Local Authority, Regional Schools' Commissioner and the Department of Education to identify potential schools to join the trust that fit out criteria for growth.

We will continue to enhance our back office functions for monitoring and challenge.

The vision for the academy trust is to develop four clusters of interdependent, self-sustaining, outstanding schools that adhere to a shared set of values and aims in order to ensure there are:

- Successful learners
- Confident individuals
- Responsible citizens

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust had adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting policies.

The directors believe going concern basis adopted in preparing the financial statements is appropriate because:

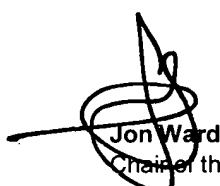
- The EFA has approved an amount of capital funding for new replacement buildings on the Samuel Ward site.
- EFA funding was given to build a new school. Sybil Andrews Academy opened in 1 September 2016. The new building opened 30 November 2016.
- New academies are continuing to be brought onto the trust and it is expected by 31 August 2016 that there will be 21 schools within the trust.
- The reason for the tight cashflow for some schools within the trust is due to lagged funding. The academies are having to bear the costs of higher pupil numbers and staffing without having the associated funding until the following academic year. As noted there are on-going discussions with the EFA regarding this and the trust are hopeful that further funding will be provided.
- The academies are oversubscribed and therefore no risk currently that pupil numbers will drop nor any clawbacks required except for Newmarket Academy.

Auditor

Insofar as the directors are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The directors have taken all 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.

Directors' report, incorporating a strategic report approved by order of the board of directors, as the company directors on 20th December 2016 and signed on the boards behalf by:


Jon Ward
Chair of the Trust Board

Governance Statement

Scope of Responsibility

As directors, we acknowledge we have overall responsibility for ensuring that Samuel Ward Academy 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 board of directors has delegated the day to day responsibility to the Chief Executive Officer, 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 Samuel Ward Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the director's report and in the statement of directors' responsibilities. The board of directors has formally met 6 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Director	Meetings attended	Out of a possible
Victoria de Naeyer	5	6
Ian Jacobs	6	6
Gordon Jones	3	6
Linda Maidment	1	1
Kate McDowell	1	6
Tim Ogle	6	6
Paul Reed	5	6
Jon Ward	5	6

The audit committee as a subcommittee of the main board of directors met on 29th April 2016 and 16th June 2016. Attendance at the meetings of the audit committee were as follows:

Director	Meetings attended	Out of a possible
Victoria de Naeyer	2	2
Ian Jacobs	2	2
Gordon Jones	2	2
Jon Ward	1	2

The terms of reference for the Audit Committee are:

- to monitor the integrity of the financial statements of the trust and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the trust's internal financial controls and the company's internal control and risk management systems;
- to monitor and review the effectiveness of the company's internal audit function;
- to make recommendations to the board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- to report to the board on how it has discharged its responsibilities.

Governance Statement (continued)

Review of Value for Money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the academy 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 has provided 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 accounting officer for the academy trust has delivered improved value for money during the year by:

- long term contracts being regularly reviewed and compared against other providers, in order to achieve the best price without compromising quality;
- a full tender process took place to review the trusts occupational health provision which resulted in a better service at a lower price;
- as a multi academy trust we are able to save money using economies of scale with purchases for example broadband and IT equipment;
- we have also undertaken a review of external services we are currently purchasing to look at opportunities to provide services internally and therefore save money.

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 risks 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 Samuel Ward Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval for 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 period 1 September 2015 to 31 August 2016 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Risk and Control Framework

The academy trust's system of internal financial control is based on a 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 board of directors;
- regular reviews 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.

Governance Statement (continued)

The directors have procured the Internal Audit Service from Schools' Choice. On a quarterly basis Schools' Choice undertake an independent review of the financial systems and provide a written report providing feedback on how the academy trust's financial affairs are being discharged. The Chief Executive Officer/Principal Finance Officer presents this report to the Audit Committee which comprises of 4 members of the board of directors. The report includes action points identifying any areas for improvement.

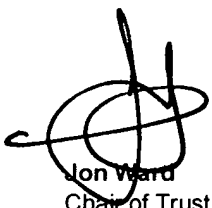
Review of Effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

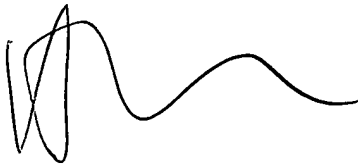
- the internal audit service from Schools' Choice
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address the weaknesses (if relevant) and ensure continuous improvement of the system is in place.

Approved by order of the member of the board of directors on 20th December 2016 and signed on its behalf by:

A stylized, circular signature in black ink.

Jon Ward
Chair of Trust Board

A signature in black ink consisting of a series of loops and a long horizontal stroke.

Howard Lay
Accounting Officer

Statement of Regularity, Propriety and Compliance

As accounting officer of Samuel Ward Academy Trust I have considered my responsibility to notify the academy trust board of directors and the Education Funding Agency 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

A handwritten signature in black ink, consisting of a stylized 'H' followed by a long, wavy horizontal line.

Howard Lay
Accounting Officer

20th December 2016

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare the 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

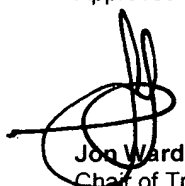
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academy Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed subject to any material departures disclosed and explained in the financial statements; and
- 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 charitable 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 EFA/DfE have been applied for the purposes intended.

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

Approved by the order of the members of the board of directors on 20th December 2016 and signed on its behalf by:



Jon Ward

Chair of Trust Board

Independent Auditor's Report to the Members of Samuel Ward Academy Trust for the year ended 31 August 2016

We have audited the financial statements of Samuel Ward Academy Trust for the year ended 31 August 2016 which comprise the statement of financial activities, the balance sheet, the statement of cashflows and the related notes numbered 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law, 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) and the Academies' Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's 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 statement of directors' responsibilities, the directors (who are also the directors of the charitable company for the purpose 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 Financial reporting Council's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the directors' report including the strategic report and the governance statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report (which includes the strategic report and the governance 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

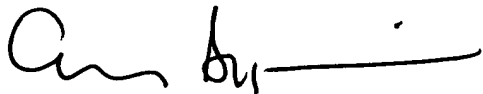
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or

Samuel Ward Academy Trust 07400386

Independent Auditor's Report to the Members of Samuel Ward Academy Trust for the year ended 31 August 2016 (continued)

- 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.



Guy Biggin

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Carrick House

Lypiatt Road

Cheltenham

Gloucestershire

GL50 2QJ

Date: 22 December 2016

Samuel Ward Academy Trust 07400386

Independent Reporting Accountant's Assurance Report on Regularity to Samuel Ward Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 26 April 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Samuel Ward Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Samuel Ward Academy Trust and the EFA those matters we are required to state 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 the governing body and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Samuel Ward Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Samuel Ward Academy Trust's funding agreement with the Secretary of State of Education dated 11 June 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

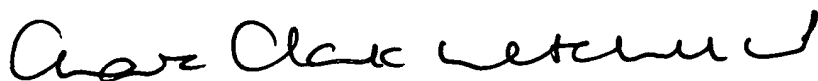
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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 to our conclusion includes a review of the design and implementation of the academy trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy trust and specific transactions identified from our review.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Crowe Clark Whitehill LLP**

Reporting Accountant
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date:

22 December 2016

Samuel Ward Academy Trust 07400386

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

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
Income from:						
Donations and capital grants	2	60,595	4,378	610,465	675,438	16,056,349
Transfer from local authority on conversion	31	542,719	(225,000)	4,432,397	4,750,116	13,532,088
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	3	887,116	21,618,295	-	22,505,411	18,689,737
Other trading activities	4	809,290	199,968	137	1,009,395	698,254
Investments	5	1,721	-	-	1,721	2,418
Total income		2,301,441	21,597,641	5,042,999	28,942,081	48,978,846
Expenditure on:						
Raising Funds	6	145,204	29,615	-	174,819	202,611
<i>Charitable activities:</i>						
Academy trust educational operations	7	878,016	23,470,503	1,276,661	25,625,180	20,668,940
Total expenditure		1,023,220	23,500,118	1,276,661	25,799,999	20,871,551
Net income / (expenditure)		1,278,221	(1,902,477)	3,766,338	3,142,082	28,107,295
Transfers between funds	18	(7,552)	(37,801)	45,353	-	-
Other recognised gains / (losses):						
Actuarial (losses) on defined benefit pension schemes	18, 27	-	(2,482,000)	-	(2,482,000)	(96,000)
Net movement in funds		1,270,669	(4,422,278)	3,811,691	660,082	28,011,295
Reconciliation of funds						
Total funds brought forward at 1 September 2015	18	510,910	(3,949,751)	71,047,518	67,608,677	39,597,382
Funds carried forward at 31 August 2016		1,781,579	(8,372,029)	74,859,209	68,268,759	67,608,677

All of the academy's activities derive from continuing operations during the current financial period.

The notes on pages 24 to 47 form part of these financial statements.

Samuel Ward Academy Trust 07400386

Statement of Financial Activities for the year ended 31 August 2015
(including Income and Expenditure Account) showing comparatives by fund

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income from:				
Donations and capital grants	29,808	4,520	16,022,021	16,056,349
Transfer from local authority on conversion	121,469	(1,627,000)	15,037,619	13,532,088
<i>Charitable activities:</i>				
Funding for the academy trust's educational operations	676,062	18,013,675	-	18,689,737
Other trading activities	658,688	39,566	-	698,254
Investments	2,418	-	-	2,418
Total income	1,488,445	16,430,761	31,059,640	48,978,846
Expenditure on:				
Raising Funds	195,716	6,895	-	202,611
<i>Charitable activities:</i>				
Academy trust educational operations	972,792	18,714,010	982,138	20,668,940
Total expenditure	1,168,508	18,720,905	982,138	20,871,551
Net income / (expenditure)	319,937	(2,290,144)	30,077,502	28,107,295
Transfers between funds	(89,257)	(343,061)	432,318	-
Other recognised gains / (losses):				
Actuarial (losses) on defined benefit pension schemes	-	(96,000)	-	(96,000)
Net movement in funds	230,680	(2,729,205)	30,509,820	28,011,295
Reconciliation of funds				
Total funds brought forward at 1 September 2014	280,230	(1,220,546)	40,537,698	39,597,382
Funds carried forward at 31 August 2015	510,910	(3,949,751)	71,047,518	67,608,677

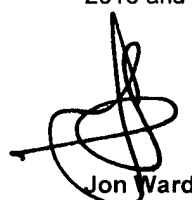
Samuel Ward Academy Trust 07400386

Balance Sheet as at 31 August 2016

	Notes	2016 £	2015 £
Fixed Assets			
Intangible assets	12	79,832	4,408
Tangible assets	13	<u>74,965,857</u>	<u>71,288,399</u>
		<u>75,045,689</u>	<u>71,292,807</u>
Current assets			
Stock	14	82,002	46,434
Debtors	15	2,189,622	1,107,412
Cash at bank and in hand		<u>316,586</u>	<u>811,069</u>
		<u>2,588,210</u>	<u>1,964,915</u>
Liabilities			
Creditors: amounts falling due within one year	16	<u>(2,509,805)</u>	<u>(1,900,605)</u>
Net current assets		<u>78,405</u>	<u>64,310</u>
Total assets less current liabilities		<u>75,124,094</u>	<u>71,357,117</u>
Creditors: amounts falling due after more than one year	17	<u>(190,335)</u>	<u>(117,440)</u>
Net assets excluding pension liability		<u>74,933,759</u>	<u>71,239,677</u>
Defined benefit pension scheme liability	27	<u>(6,665,000)</u>	<u>(3,631,000)</u>
Total net assets		<u>68,268,759</u>	<u>67,608,677</u>
Funds of the academy trust:			
Restricted funds			
- Fixed asset fund	18	74,859,209	71,047,518
- Restricted income funds	18	(1,707,029)	(318,751)
- Pension reserve	18	<u>(6,665,000)</u>	<u>(3,631,000)</u>
Total restricted funds		<u>66,487,180</u>	<u>67,097,767</u>
Unrestricted income funds			
- General fund	18	<u>1,781,579</u>	<u>510,910</u>
Total unrestricted funds		<u>1,781,579</u>	<u>510,910</u>
Total funds		<u>68,268,759</u>	<u>67,608,677</u>

The notes on pages 24 to 47 form part of these financial statements.

The financial statements on pages 20 to 47 were approved by the directors, and authorised for issue on 20th December 2016 and are signed on their behalf by:



Jon Ward
Chair of Trust Board

Samuel Ward Academy Trust 07400386

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(1,115,472)	481,240
Cash transferred on conversion to an academy trust	22	602,673	257,855
Cash flows from investing activities	24	15,177	(562,250)
Cash flows from financing activities	23	3,139	(11,052)
Change in cash and cash equivalents in the reporting period		<u>(494,483)</u>	<u>165,793</u>
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2015	25	811,069	645,276
Cash and cash equivalents at 31 August 2016		<u>316,586</u>	<u>811,069</u>

The notes on pages 24 to 47 form part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies

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

Company information

The company is a private company (limited by guarantee), which is incorporated and registered in England and Wales (no.0700386). The address of the principal office is Samuel Ward Academy Trust, Chalkstone Way, Haverhill, Suffolk, CB9 0LD.

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 (FRS 102), 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 (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Samuel Ward Academy Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 32.

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.

The directors believe going concern basis adopted in preparing the financial statements is correct because:

- The EFA has approved an amount of capital funding for new replacement buildings on the Samuel Ward site.
- EFA funding was given to build a new school. Sybil Andrews Academy opened in 1 September 2016. The new building opened 30 November 2016.
- New academies are continuing to be brought onto the trust and it is expected by 31 August 2016 that there will be 21 schools within the trust.
- The reason for the tight cashflow for some schools within the trust is due to lagged funding. The academies are having to bear the costs of higher pupil numbers and staffing without having the associated funding until the following academic year. As noted there are on-going discussions with the EFA regarding this and the trust are hopeful that further funding will be provided.
- The academies are oversubscribed and therefore no risk currently that pupil numbers will drop nor any clawbacks required except for Newmarket Academy.

Notes to the Financial Statements for the Year Ended 31 August 2016**1. Statement of Accounting Policies (continued)****Income**

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

- **Grants**

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital Grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Donations**

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

- **Other income**

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

Gifted assets on conversion

The conversion from a state maintained school to an academy trust involved the transfer of identifiable net assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Wickhambrook Primary School and Laureate Primary School to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. The fair value is in accordance with the accounting policies set out for Samuel Ward Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Upon transfer, the academy trust received a transfer of leasehold property on a 125 year leasehold for £nil consideration. The property was measured and valued within the accounts at fair value. The value of Wickhambrook Primary School land and buildings was £2,270,459. Other fixed assets were valued at £33,388. The value of Laureate Primary School land and buildings was £2,120,000. Other fixed assets were valued at £3,260. The pension deficit inherited upon transfer for the two schools was £225,000, further details of the transactions are set out in note 31.

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 are attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on raising funds**

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

Notes to the Financial Statements for the Year Ended 31 August 2016**1. Statement of Accounting Policies (continued)**

- **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.

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Purchased computer software	20%
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Tangible Fixed Assets

Tangible 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 required grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Freehold and leasehold buildings	2%
• Plant and machinery	10 - 20%
• Furniture & equipment	20%
• Computer hardware	20%
• Motor vehicles	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

Liabilities

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

Provisions

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

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

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of Accounting Policies (continued)

Stock

Unsold uniform, catering, fuel and other stock are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a multi employer scheme and there is insufficient information available to use the 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit asset/liability 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 scheme assets and the actual return on scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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 and Department for Education.

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 includes the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at

Notes to the Financial Statements for the Year Ended 31 August 2016**1. Statement of Accounting Policies (continued)**

31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

Useful economic lives of intangible and tangible assets

The annual amortisation and depreciation charges for the tangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See above within Note 1 for the useful lives for each class of assets.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA 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 academy trust is also acting as an agent to distribute a one-off amount from the Combined Cadet Force Association. These funds are being held on behalf of the cadets and will be drawn down by the cadets from the academy trust. These funds have been excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds.

The funds received and paid and any balances held are disclosed in note 30.

Debtors

Trade debtors, other debtors and accrued income are recognised at the settlement amount after any discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2 Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Capital grants				
Devolved Formula Capital	-	99,554	99,554	95,634
Condition Improvement Funding	-	510,911	510,911	629,509
Donated fixed assets	-	-	-	15,296,878
Other donations				
Donations - Revenue	60,595	4,378	64,973	34,328
	60,595	614,843	675,438	16,056,349

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
DfE/EFA Revenue Grants				
General Annual Grant	-	18,417,170	18,417,170	15,430,084
Start Up Grant	-	228,000	228,000	50,000
DfE/EFA Grants	-	208,034	208,034	203,760
Pupil Premium	-	866,708	866,708	736,513
Universal Infant Free School Meals	-	106,810	106,810	69,193
Pre-Opening Funding	-	493,000	493,000	634,000
Teaching School Grant	-	31,050	31,050	89,203
	-	20,350,772	20,350,772	17,212,753
Other Government Grants				
Special Educational Projects	-	-	-	137,965
High Needs Funding	-	713,089	713,089	487,260
Early Years Funding	-	181,488	181,488	100,825
Other Local Authority Grants	-	347,946	347,946	73,372
Pre-Opening Funding from LA	-	25,000	25,000	-
	-	1,267,523	1,267,523	799,422
Other income from the academy trust's educational operations				
Apprenticeship grant	-	-	-	1,500
Academy Trips	288,332	-	288,332	239,197
Catering Income	598,784	-	598,784	436,865
	887,116	21,618,295	22,505,411	18,689,737

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

4 Other Trading Activities

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Hire of Facilities	223,254	-	223,254	154,682
Items Sold	190,159	-	190,159	151,276
Sale of Fixed Assets	-	137	137	-
Insurance Claims	11,668	50,512	62,180	14,737
Fundraising	12,273	-	12,273	8,005
Catering Income	15,031	-	15,031	-
Income from Services Provided	356,905	90,706	447,611	369,554
Primary Writing Project Income	-	58,750	58,750	-
	809,290	200,105	1,009,395	698,254

5 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Bank Interest	1,721	-	1,721	2,418
	1,721	-	1,721	2,418

6 Expenditure

	Non Pay Expenditure			Total 2016	Total 2015
	Staff Costs	Premises	Other	2016	2015
	£	£	£	£	£
Expenditure on raising funds	-	-	174,819	174,819	202,611
Academy's educational operations					
• Direct Costs	15,761,626	1,276,661	1,967,483	19,005,770	15,489,820
• Allocated Support Costs	3,306,394	1,135,432	2,177,584	6,619,410	5,179,120
	19,068,020	2,412,093	4,319,886	25,799,999	20,871,551

Net Income/(expenditure) for the period includes:

	2016	2015
	£	£
Operating lease rentals	127,647	92,784
Depreciation	1,272,866	978,864
(Gain)/Loss on disposal of fixed assets	(137)	-
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	3,795	3,274
Fees payable to auditor for:		
- audit	43,600	40,000
- other services	18,005	22,975
	1,465,776	1,137,897

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

7 Charitable Activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	19,005,770	15,489,820
Support costs - educational operations	<u>6,619,410</u>	<u>5,179,120</u>
	<u>25,625,180</u>	<u>20,668,940</u>

	Educational Operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	3,306,394	3,306,394	2,577,429
Technology costs	76,790	76,790	12,970
Premises costs	1,135,432	1,135,432	811,848
Other support costs	2,023,574	2,023,574	1,589,552
Governance costs	77,220	77,220	115,321
Total support costs	<u>6,619,410</u>	<u>6,619,410</u>	<u>5,107,120</u>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8 Staff

	Total 2016 £	Total 2015 £
a. Staff costs		
Staff costs during the period were:		
Wages and salaries	14,792,774	12,285,830
Social security costs	1,197,302	860,934
Operating costs of defined benefit pension schemes	<u>2,603,107</u>	<u>1,931,086</u>
	18,593,183	15,077,850
Supply staff costs	412,533	296,656
Staff restructuring costs	<u>62,304</u>	<u>133,200</u>
	<u>19,068,020</u>	<u>15,507,706</u>

Staff restructuring costs comprise:

Severance payments	<u>62,304</u>	<u>133,200</u>
	<u>62,304</u>	<u>133,200</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non statutory/non contractual severance payments totalling £43,300 (2015: £133,200). Individually, the payments were: £4,004, £5,300, £5,800, £5,800, £9,600, £16,800, £15,000.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**8 Staff Costs (continued)****c. Staff numbers**

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

	2016	2015
	No.	No.
Teachers	265	197
Administration and support	350	179
Management	30	27
	<u>645</u>	<u>403</u>

d. Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	7	-
£70,001 - £80,000	7	1
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

e. Key management personnel

The key management personnel of the academy trust comprises of an Executive Board. This comprises of a CEO, a Director of Primary education, Director of Secondary education, Director of Operations, Director of IT and Director of HR. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £501,139 (2015: £361,768)

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**9 Central Services**

The Academy Trust has provided the following central services to its academies during the year:

- financial and administration services (Finance, ICT Manager, PA to Principal)
- management services (Executive Principal and Business Manager)
- legal and professional services
- learning improvement and educational support services (director of teaching and learning, teaching and learning advisors, quality assurance and teaching and learning handbooks)

The Trust charges for these services on the following basis:

- Business Manager, financial and administration service costs are allocated to the whole trust on the basis of time as a % of FTE.
- Executive Principal, learning improvement and educational support, legal and professional services are directly allocated to the Whole Trust.
- All whole trust costs are charged to each academy on the basis of each Academy's funding as a proportion of the total funding. The apportionment rates for the financial year ending 31 August 2016 were 26.8% for Samuel Ward Academy, 3.01% for Churchill Special Free School, 8.32% for Westfield Primary Academy, 19.33% for Newmarket Academy, 30.41% for Thomas Gainsborough School, 6.08% for Coupals Primary Academy, 4.91% for Glemsford Primary Academy, 0.70% for Laureate Primary Academy and 0.44% for Wickhambrook Primary Academy.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Samuel Ward Academy	223,327	113,791
Churchill Special Free School	25,048	9,021
Westfield Primary Academy	69,283	46,293
Newmarket Academy	161,089	79,087
Thomas Gainsborough School	253,416	92,696
Coupals Primary Academy	50,686	14,233
Glemsford Primary Academy	40,912	9,200
Laureate Primary Academy	5,807	-
Wickhambrook Primary Academy	3,659	-
Samuel Ward Academy Trust	327,000	198,788
	1,160,227	563,109

The trust holds the pension reserve for all of its academies and so pension service costs of £188,000 and pension finance costs of £139,000 from the local government pension scheme are held centrally and not recharged to the academies within the trust.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**10 Related Party Transactions - Directors' Remuneration and Expenses**

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of directors' remuneration was as follows:

H Lay (principal and director):

Remuneration £110,000 - £115,000 (2015: £110,000 - £115,000)

Employers pension contributions £15,000 - £20,000 (2015: £15,000 - £20,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £2,761 (2015: £3,475) were reimbursed or paid directly to 1 director (2015: 1 director).

Other related party transactions involving the directors are set out in note 28

11 Directors' and Officers' Insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Directors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Directors and Officers indemnity element from the overall cost of the RPA scheme.

12 Intangible Fixed Assets

	Computer Software £	Total £
Cost		
At 1 September 2015	21,722	21,722
Transferred from LA	1,222	1,222
Additions	77,997	77,997
At 31 August 2016	<u>100,941</u>	<u>100,941</u>
Amortisation		
At 1 September 2015	17,314	17,314
Charged in year	3,795	3,795
At 31 August 2016	<u>21,109</u>	<u>21,109</u>
Carrying Amount		
At 31 August 2015	4,408	4,408
At 31 August 2016	<u>79,832</u>	<u>79,832</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

13 Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Plant and Machinery £	Computer Hardware £	Motor Vehicles £	Furniture and Equipment £	Assets Under Construction £	Total £
Cost								
At 1 September 2015	62,508,093	9,400,000	441,577	928,338	37,300	341,065	-	73,656,373
Transferred from LA	-	4,390,459	-	13,314	-	22,112	-	4,425,885
Additions	38,457	-	-	123,109	-	207,565	155,575	524,706
Disposals	-	-	-	-	(4,000)	-	-	(4,000)
At 31 August 2016	62,546,550	13,790,459	441,577	1,064,761	33,300	570,742	155,575	78,602,964
Depreciation								
At 1 September 2015	1,420,465	191,167	80,475	521,312	13,236	141,319	-	2,367,974
Charged in year	838,851	161,743	52,269	113,213	8,607	98,183	-	1,272,866
Disposals	-	-	-	-	(3,733)	-	-	(3,733)
At 31 August 2016	2,259,316	352,910	132,744	634,525	18,110	239,502	-	3,637,107
Net Book Values								
At 31 August 2015	61,087,628	9,208,833	361,102	407,026	24,064	199,746	-	71,288,399
At 31 August 2016	60,287,234	13,437,549	308,833	430,236	15,190	331,240	155,575	74,965,857

14 Stock

	2016 £	2015 £
Uniform	76,520	45,110
Catering	4,785	1,324
Fuel	516	-
Other	181	-
	82,002	46,434

15 Debtors

	2016 £	2015 £
Trade debtors	113,349	25,650
VAT recoverable	162,597	158,452
Other debtors	589,714	550,147
Prepayments and accrued income	1,323,962	373,163
	2,189,622	1,107,412

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**16 Creditors: amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	783,495	524,452
Taxation and social security	370,984	287,493
EFA creditor: abatement of GAG	136,635	136,635
Other creditors	494,150	567,584
Accruals and deferred income	724,541	384,441
	<u>2,509,805</u>	<u>1,900,605</u>

Deferred Income

	2016	2015
	£	£
Deferred income at 1 September 2015	187,179	57,675
Resources deferred in the year	197,765	187,179
Amounts released from previous years	<u>(187,179)</u>	<u>(57,675)</u>
Deferred income at 31 August 2016	<u>197,765</u>	<u>187,179</u>

Deferred income at 31 August 2016 includes Universal Infant Free School Meals funding £85,781, EFA Rates Relief £58,129, income for educational visits £43,004, school meal income £813, GP Referral income £7000, income from subscriptions, equipment, and school transport £3,038.

Included within other creditors are Salix loans of £26,548 and a loan from conversion of £22,000 arising from school organisational reviews.

17 Creditors: amounts falling due after more than one year

	2016	2015
	£	£
Other creditors	190,335	117,440
	<u>190,335</u>	<u>117,440</u>

Included within other creditors are Salix loans of £135,452 (2015: £137,940) and a total amount of £54,883 relating to other creditors (2015: £nil).

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

18 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/(out) £	Gains / (Losses) £	Balance at 31 August 2016 £
Restricted general funds						
General Annual Grant (GAG)	(991,551)	18,417,170	(19,872,027)	(773,507)	-	(3,219,915)
Start Up Grant	-	228,000	-	-	-	228,000
Other EFA/DfE Grants	634,183	732,084	(530,972)	-	-	835,295
Other Restricted Funds	34,705	1,290,381	(1,072,570)	(27,168)	-	225,348
Pupil Premium	2,131	866,708	(658,699)	-	-	210,140
Early Years Funding	3,277	181,488	(174,036)	-	-	10,729
Universal Infant Free School Meals	(1,496)	106,810	(101,940)	-	-	3,374
Pension reserve	(3,631,000)	(225,000)	(1,089,874)	762,874	(2,482,000)	(6,665,000)
	(3,949,751)	21,597,641	(23,500,118)	(37,801)	(2,482,000)	(8,372,029)
Restricted fixed asset funds						
DfE/EFA Capital Grants	6,178,154	610,466	(187,450)	-	-	6,601,170
Capital expenditure from GAG	274,677	-	(98,802)	29,180	-	205,055
Transfer on Conversion	48,325,643	4,432,396	(946,760)	-	-	51,811,279
Other Capital Income	16,269,044	137	(43,649)	16,173	-	16,241,705
	71,047,518	5,042,999	(1,276,661)	45,353	-	74,859,209
Total restricted funds	67,097,767	26,640,640	(24,776,779)	7,552	(2,482,000)	66,487,180
Unrestricted funds						
Unrestricted funds	510,910	2,301,441	(1,023,220)	(7,552)	-	1,781,579
Total unrestricted funds	510,910	2,301,441	(1,023,220)	(7,552)	-	1,781,579
Total funds	67,608,677	28,942,081	(25,799,999)	-	(2,482,000)	68,268,759

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

Restricted general funds

The restricted general fund consists of recurrent grants, the use of which is restricted to educational purposes.

Other EFA/DfE Grants includes balances for the Teaching School, PE and Sports Grant, Rates Relief and Year 7 Catch-Up funding. The balances will remain restricted and be used to further support the pupils of the academy trust.

Other restricted funds includes balances for High Tariff Special Educational Needs, Pre-Opening Funding from the Local Authority and Growth funding.

Pupil premium provides funding to raise the attainment of disadvantaged pupils and support pupils with parents in regular armed forces.

Early Years Funding provides funding for 3 to 4 year olds.

Universal Infant Free School Meals includes funding to help the academy trust meet the requirement to provide free school meals to all students in years 1, 2 and R.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Restricted fixed asset funds

The government capital funds are provided by the government for specific capital projects. The trust has also received Condition Improvement Funding of £260,091. The trust has accrued for the remainder of this amount as there is entitlement (£295,685) making the total amount recognised in year £555,776.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**18 Statement of Funds (continued)****Unrestricted funds**

These funds relate to unrestricted income to be used to support the academy trust's objectives and educational activities.

Transfers in/(out)

Transfers of £29,180 from GAG, £8,664 from other restricted funds and £7,509 from unrestricted funds have been made to the restricted fixed asset fund following asset purchases out of these funds.

Transfers of £744,327 from GAG, £18,504 from other restricted funds and £43 from unrestricted funds have been made to the pension reserve.

Analysis of academies by fund balance

Fund balances as at 31 August 2016 were allocated as follows:

	Total £
Samuel Ward Academy	(921,798)
Thomas Gainsborough School	46,449
Coupals Primary Academy	203,256
Glemsford Primary Academy	(26,263)
Churchill Special School	306,761
Westfield Primary Academy	322,867
Newmarket Academy	(342,774)
Laureate Primary Academy	358,843
Wickhambrook Primary Academy	212,999
Central services	(85,790)
Total before fixed assets and pension reserve	<u>74,550</u>
Restricted fixed asset fund	74,859,209
Pension Reserve	(6,665,000)
Total	<u>68,268,759</u>

Samuel Ward Academy is carrying a net deficit of £921,798 on these funds due to financial pressure from lagged funding and increasing numbers of pupils. It is anticipated that deficit position will be resolved as the population increase begins to slow down with lagged funding due to even out by 2017/18.

Glemsford Primary Academy is carrying a net deficit of £26,263 on these funds due pupil numbers. Work is taking place looking at the possibilities of restructuring. The trust is happy to support Glemsford as it is in a period of growth.

Newmarket Academy is carrying a net deficit of £342,774 on these funds partly due to a pupil number clawback. This is due to an insufficient number of students coming from primary schools to meet the high number the academy has been funded on. The trust believes Newmarket's funding model is inappropriate and has applied to the EFA to request that the funding agreement is changed to a lagged funding basis as any other sponsored academy. Our commitment to Newmarket Academy is to continue to support them through this period of cost adjustment and significant educational transformation.

The Central Trust is carrying a net deficit of £225,790 on these funds due to the growth of the trust. Work has been completed to restructure the finance team to support further growth and to help with cost saving and efficiencies across the trust. The deficit amount has reduced from the previous year.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**18 Statement of Funds (continued)**

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Samuel Ward Academy	4,668,482	1,005,985	549,160	1,163,225	7,386,852
Thomas Gainsborough School	4,609,281	1,050,075	479,177	853,058	6,991,591
Coupals Primary Academy	654,774	87,300	82,755	177,355	1,002,184
Glemsford Primary Academy	542,877	66,636	40,625	137,640	787,778
Churchill Special School	688,409	117,371	44,923	106,185	956,888
Westfield Primary Academy	1,114,903	134,882	53,374	331,446	1,634,605
Newmarket Academy	2,700,134	604,653	183,802	553,275	4,041,864
Laureate Primary Academy	127,360	16,198	6,744	23,023	173,325
Wickhambrook Primary Academy	50,428	31,242	1,607	16,310	99,587
Central services	585,564	210,316	120,064	532,720	1,448,664
Academy Trust	15,742,212	3,324,658	1,562,231	3,894,237	24,523,338

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2016 £
Intangible fixed assets	-	-	79,832	79,832
Tangible fixed assets	-	-	74,965,857	74,965,857
Current assets	1,899,550	504,008	184,652	2,588,210
Current liabilities	(117,971)	(2,211,037)	(180,797)	(2,509,805)
Non current liabilities	-	-	(190,335)	(190,335)
Pension scheme liability	-	(6,665,000)	-	(6,665,000)
Total net assets	1,781,579	(8,372,029)	74,859,209	68,268,759

20 Capital Commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements		
Westfield new building	3,450	-
	<u>3,450</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**21 Commitments under Operating Leases****Operating Leases**

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

	2016 £	2015 £
Amounts due within one year	125,658	74,149
Amounts due between one and five years	207,977	190,008
Amounts due after five years	-	1,314
	333,635	265,471

22 Reconciliation of Net Income to Net Cash flow from operating activities

	2016 £	2015 £
Net income for the year (as per the statement of financial activities)	3,142,082	28,179,295
Adjusted for:		
Amortisation (note 12)	3,795	3,274
Depreciation (note 13)	1,272,866	978,864
(Profit)/Loss on disposal of fixed assets	(137)	-
Capital grants from DfE and other capital income	(615,755)	(725,143)
Interest receivable (note 5)	(1,721)	(2,418)
Cash transferred on conversion to an academy trust (note 31)	(602,673)	(257,855)
Fixed assets transferred from Local Authorities (note 31)	(4,427,107)	(15,061,053)
Fixed assets transferred from others (note 2)	-	(15,296,878)
Defined benefit pension scheme obligation inherited (note 27)	225,000	1,627,000
Defined benefit pension scheme cost less contributions payable (note 27)	188,000	154,000
Defined benefit pension scheme finance cost (note 27)	139,000	32,000
(Increase) in stocks	(35,568)	(19,744)
(Increase) in debtors	(1,082,210)	(372,619)
Increase in creditors	678,956	1,242,517
Net cash (used in)/provided by operating activities	(1,115,472)	481,240
Cash transferred on conversion to an academy trust (note 31)	602,673	257,855
Cash transferred on conversion to an academy trust	602,673	257,855

23 Cash Flows from Financing Activities

	2016 £	2015 £
Repayments of borrowing	(41,725)	(11,052)
Cash inflows from new borrowing	44,864	-
Net cash provided by / (used in) financing activities	3,139	(11,052)

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**24 Cash Flows from Investing Activities**

	2016	2015
	£	£
Interest receivable	1,721	2,418
Proceeds from sale of tangible fixed assets	404	-
Purchase of tangible fixed assets	(524,706)	(1,289,811)
Purchase of intangible fixed assets	(77,997)	-
Capital grants from DfE / EFA	610,465	725,143
Capital funding received from Local Authority	5,290	-
Net cash provided by/(used in) investing activities	15,177	(562,250)

25 Analysis of Cash and Cash Equivalents

	At 1 September 2015	Cash flows	At 31 August 2016
	£	£	£
Cash in hand and at bank	811,069	(494,483)	316,586
Total cash and cash equivalents	811,069	(494,483)	316,586

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 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 Suffolk County Council. Both are multi-employer defined-benefit schemes.

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

There were outstanding contributions at 31 August 2016 amounting to £227,374 (2015: £193,626) for the Teachers' Pension Scheme and £90,118 (2015: £77,208) for the Local Government Pension Scheme. These have been included within Creditors.

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme governed by the Teachers Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full time teachers in academies, and from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**27 Pension and Similar Obligations (continued)****Valuation of the Teachers' Pension Scheme**

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Gap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out on 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Gap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost gap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,653,231 (2015: £1,153,690).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension website](#)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate director-administered funds. The total contribution made for the year ended 31 August 2016 was £968,000 (2015: £791,000), of which employer's contributions totalled £762,000 (2015: £624,000) and employees' contributions totalled £206,000 (2015: £167,000). The agreed contribution rates for future years is 21.8% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,600	5.50%
£13,601 - £21,200	5.80%
£21,201 - £34,400	6.50%
£34,401 - £43,500	6.80%
£43,501 - £60,700	8.50%
£60,701 - £86,000	9.90%
£86,001 - £101,200	10.50%

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.

Samuel Ward Academy Trust 07400386

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**27 Pension and Similar Obligations (continued)****Principal Actuarial Assumptions**

	At 31 August 2016 p.a.	At 31 August 2015 p.a.
Rate of increase in salaries	4.10%	4.50%
Rate of increase for pensions in payment/inflation	2.10%	2.60%
Discount rate for scheme liabilities	2.10%	3.70%
Inflation assumption (CPI)	2.10%	3.70%
Commutation of pensions to lump sums (post-April 2008)	63.00%	63.00%

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.4	22.4
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.3
Females	26.9	26.9

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equity instruments	4,733,000	3,233,000
Debt instruments	1,372,000	1,013,000
Property	686,000	531,000
Cash	69,000	48,000
Total market value of assets	6,860,000	4,825,000

The actual return on scheme assets was £937,000 (2015: £140,000).

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	(950,000)	(778,000)
Net interest cost	(139,000)	(104,000)
Total operating charge	(1,089,000)	(882,000)

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**27 Pension and Similar Obligations (continued)**

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

	2016	2015
	£	£
At 1 September	8,456,000	4,558,000
Current service cost	950,000	778,000
Interest cost	336,000	250,000
Employee contributions	206,000	167,000
Actuarial loss	3,222,000	91,000
Benefits paid	(24,000)	(36,000)
Plan introductions, benefit changes, curtailments and settlements	379,000	2,648,000
At 31 August	13,525,000	8,456,000

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

	2016	2015
	£	£
At 1 September	4,825,000	2,908,000
Interest income	197,000	146,000
Actuarial gain	740,000	(5,000)
Employer contributions	762,000	624,000
Employee contributions	206,000	167,000
Benefits paid	(24,000)	(36,000)
Plan introductions, benefit changes, curtailments and settlements	154,000	1,021,000
At 31 August	6,860,000	4,825,000

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 sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

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

High Fliers: a company in which J McNaughton, a director has a majority interest. During the year there were transactions totalling £109,500 (2015: £68,850). There is a creditor of £49,800 outstanding at the year end (2015: £16,200). The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Ms McNaughton neither participated in, nor influenced. In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

JRWT Ltd: a company which J Ward, a director has a majority interest. During the year there were transactions totalling £38,070 (2015: £23,220). There is a creditor of £2,700 outstanding at the year end (2015: £2,700). The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Ward neither participated in, nor influenced. In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Learning Circle Ltd: a company which V De Nayer has a majority interest. During the year there were transactions totalling £7,368 (2015: £14,228). There is a creditor of £4,200 outstanding at the year end (2015: £nil). The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs V de Nayer neither participated in, nor influenced. In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Paul Reed: a company which P Reed has a majority interest. During the year there were transactions totalling £2,175 (2015: £nil). There were no amounts outstanding at year end (2015: £nil).

The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Reed neither participated in, nor influenced. In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**28 Related Party Transactions (continued)**

Ashwell Electrics: a company which B Parsley has a majority interest. During the year there were transactions totalling £95.41 (2015: nil). There is a creditor of £95.41 outstanding at the year end (2015: £nil).

The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Parsley neither participated in, nor influenced

In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook

29 Events after the end of the reporting period

Since the balance sheet date of 31 August 2016, the following Academies have joined Samuel Ward Academy Trust.

Sybil Andrews School (01/09/2016)

Castle Manor Academy (01/12/2016)

Place Farm Primary Academy (01/12/2016)

Burton End Academy (01/12/2016)

Houldsworth Valley Primary School (01/01/2017)

Woodhall Primary School (01/01/2017)

30 Agency Arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £25,659 and disbursed £14,818 from the fund. £36,977 was brought forward within restricted funds at 01 September 2015. An amount of £47,818 is included in other creditors relating to undistributed funds that is repayable to EFA.

At 31 August 2016 the academy trust was showing £19,400 in other creditors as a one-off amount from the Combined Cadet Force Association. These funds are being held on behalf of the cadets and will be drawn down by the cadets upon application to the trust.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**31 Conversion to Academy Trust**

On 1 July 2016 Wickhambrook Primary School and Laureate Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Samuel Ward Academy Trust from the Suffolk County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 incoming resources in the statement of financial activities as Donations.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Funds £	Total £
Tangible fixed assets				
-Leasehold land and buildings	-	-	4,390,459	4,390,459
-Other Tangible fixed assets	-	-	35,426	35,426
-Intangible fixed assets	-	-	1,222	1,222
Budget surplus on LA funds	472,205	38,803	17,557	528,565
Budget surplus on other school funds	74,108	-	-	74,108
LGPS pension (deficit)	-	(225,000)	-	(225,000)
Other identified assets and liabilities	(3,594)	(38,803)	(12,267)	(54,664)
Net Assets/(Liabilities)	542,719	(225,000)	4,432,397	4,750,116

The above net assets/liabilities include £602,673 that was transferred as cash.

Upon conversion, the academy trust received transfer of property on a 125 year leasehold for nil consideration.

The property was measured and valued within the accounts at deemed cost.

32 Reconciliation to SORP 2005**Explanation of transition to FRS102**

It is the first year that the Academy/Trust has presented its financial statements under SORP 2015 and FRS102. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS102 and SORP 2015 was therefore 1 September 2015. As a consequence of adopting FRS102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions to retrospective application of FRS102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)**32 Reconciliation to SORP 2005 (continued)**

Reconciliations and descriptions of the effect of the transition to FRS102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		39,597,382	67,608,677
Total funds reported under FRS 102		<u>39,597,382</u>	<u>67,608,677</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £
Net income/(expenditure) previously reported under UK GAAP		28,179,295
Change in recognition of LGPS interest cost	A	(72,000)
Net movement in funds reported under FRS102		<u>28,107,295</u>

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £72,000 and increase the credit in other recognised gains and losses in the statement of financial activities by an equivalent amount.