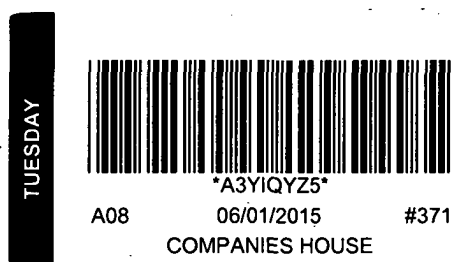


Samuel Ward Academy Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2014



Company Registration Number:
07400386 (England and Wales)

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- Samuel Ward Academy Trust 07400386

Reference and Administrative Details

Directors

Linda Maidment
June McNaughton (June Mahon) (appt 01.09.14)
Victoria de Naeyer (appt 01.09.14)
Robert Shepstone (resigned 31.08.14)
Jon Ward (appt 01.09.14)
Ailie Wilkins (appt 01.09.14)
Howard Lay (appt 01.09.14)

Members

Linda Maidment
June McNaughton
Victoria de Naeyer
Jon Ward
Robert Shepstone (resigned 31.08.14)

Senior Managers

- Chief Executive Officer
- Principle Finance Officer

Howard Lay
Debbie Willson

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 2014. The annual report serves the purpose of both the Trustees Report and Directors Report under Company Law.

The trust operates a mix of special (Churchill Special Free School), primary and 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.

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 9th August 2013. At this time it comprised of Samuel Ward Academy and Churchill Special Free School. Westfield Primary joined The Academy trust on 1st October 2013 followed by Newmarket College on 1st July 2014.

Four 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 four Members are:

- Chair of Trust Board: Victoria de Naeyer
- Vice Chair of Trust Board: Jon Ward
- Chair of Samuel Ward Local Governing Body: Linda Maidment
- One other Member appointed by those Directors that are not Members: June McNaughton.

The Directors are responsible for the management and administration of the Academy Trust. They must ensure that it is solvent, well run, and delivers the outcomes for which it has been set up.

The Academy Trust has the following Directors:

- Up to 5 Academy Directors. These are:
 - Chair of Governors Samuel Ward : Linda Maidment
 - Chair of Governors Westfield: Ailie Wilkins
 - Chair of Governors Churchill: June McNaughton
 - Chair of Governors Newmarket: Paul Reed
- Up to 6 Directors appointed by the members. These are:
 - Victoria de Naeyer
 - Jon Ward
- The CEO. This 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

There were no provisions required for third party indemnity.

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 details of which are as follows :

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.

Policies and Procedures Adopted for the Induction and Training of Trustees Organisational Structure

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.

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.

The Academy Trust is part of a soft federation of Schools called The Samuel Ward Partnership. It consists of Samuel Ward Academy Trust and 7 Primary Schools: Kedington Primary School; New Cangle Primary School; Coupals Primary School; Wickambrook Primary School; Thurlow Primary School; Hundon Primary School and Clare Primary School. The Partnership is governed by a steering group comprising representative Governors and Leadership Team Members from each School and is funded by an agreed amount of money per capita. The objectives of the Partnership are to create coherence of provision across the federation, ensure standards continue to improve and that every School strives for outstanding in Ofsted. The Academy Trust also works with West Suffolk College in order to develop its vocational provision and Castle Manor Community School on specific Post 16 courses. Independent learning is enhanced by:

- Being innovative and creative; and
- Developing and using new technologies.

Directors' Report (continued)

Objectives and Activities

Objectives

The main objectives of the Academy Trust are:

- To improve outcomes for boys at Key Stage 4;
- To improve the level of A* - C grades including English and Maths;
- To ensure that the number of pupils gaining A*/A grades significantly increases;
- To further improve Post 16 outcomes;
- To develop and implement a new Key Stage 3 curriculum;
- To implement a new approach to tutorials and the role of the tutor across the Academy Trust;
- To increase the % of outstanding lessons;
- To reduce exclusions and increase attendance;
- To review the Academy Trust values;
- To increase progression post 16 and % going to Higher Education; and
- To restructure pupil groupings in order to integrate years 7 and 8.

Aim

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, carrying on, managing and developing a family of schools offering a broad and balanced curriculum for all pupils.

Strategies and Activities

This year saw the development of the Academy Trust to include two more academies, taking the total to four, as part of our planned growth.

A tailored programme of improvement and support has been given to each Academy to raise educational outcomes for all.

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.

Strategic Report

Achievements and Performance

The Academy Trust had a very successful year meeting most of its performance targets:

Successful Learning

At secondary level Samuel Ward Academy achieved very strong outcomes with progress at GCSE being outstanding and with a sharp upturn in AS results at Key Stage 5. Newmarket Academy maintained its levels of attainment but increased rates of progress at KS5. At Primary level Westfield Primary Academy made significant progress on the previous year in KS2 outcomes so that it is in line with national figures. Churchill Special Free School also reflected strong progress at KS2.

Enjoyable Learning

Teaching and Learning remains outstanding at Samuel Ward Academy, has improved significantly at Newmarket and Westfield Academies and is moving towards outstanding at Churchill Free Special School. Significant progress has been made on improving the learning environment and technologies at all schools. Behaviour is a strength of all Academy Trust schools and improvements have been particularly marked at Newmarket Academy.

Inclusive Learning

Strategies to improve attendance and reduce exclusions have been successful in all schools. Samuel Ward and Churchill outperforms national figures on both performance indicators, and there have been significant improvements at both other

Directors' Report (continued)

schools in the Academy Trust. The performance gap between pupil premium and other learners has narrowed at all schools. Post 16 participation at Samuel Ward has improved.

Community Learning

Samuel Ward has been successful in gaining Teaching School status. Teaching schools are outstanding schools that work with others to provide high-quality training and development to new and experienced school staff. They are part of the government's plan to give schools a central role in raising standards by developing a self-improving and sustainable school-led system.

Values based learning

The Academy Trust has developed some strong partnerships across its locality and with a range of external providers that have helped increase capacity in a number of areas. The impact has been to help improve teaching and learning and partnership with universities has improved the quality of Information, Advice and Guidance, progression post 16 and outcomes within the sixth form. There have also been notable improvements within leadership especially at Westfield and Newmarket academies.

Key Performance Indicators

Internal reviews of Westfield, Samuel Ward and Newmarket Academy indicate that all schools continue to make strong academic progress in relation to national standards. Churchill has experienced two DfE visits, both of which indicate that the school is at least at good. Internal reviews on the other schools suggest that Samuel Ward remains outstanding, Westfield is now good and Newmarket is on course to move out of the special measures category by the end of the academic year.

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 Education Funding Agency (EFA) during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Academy Trust has also been entitled to £2,489,833 capital grants from the EFA through the bid process for Capital Maintenance Funds. Of this funding, £2,272,463 was received by Churchill Special Free School, of which £820,879 financed assets under construction recognised in the financial year ending 31 August 2013. Samuel Ward Academy recognised £217,370 of the Capital Maintenance Funds, of which £108,411 was received during the year ended 31 August 2014. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £10,035,195 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year was £444,181 represented by restricted general funds of £197,031 (excluding pension reserve) and unrestricted funds of £247,150.

At 31 August 2014 the net book value of fixed assets was £40,616,211. Movements in tangible fixed assets are shown 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 £1,775,970 were acquired during the year ended 31 August 2014 of which £1,732,581 were financed by Capital Grants. Assets of £43,389 were acquired in addition to those assets financed by Capital Grants. Samuel Ward Academy financed assets of £39,630 and Churchill Special Free School financed assets of £3,759 using current year General Annual Grant (GAG). Assets of £18,976,822 were gifted by the Local Authority on conversion to Academy Trust.

In accordance with FRS17, the Academy Trust received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2014 and supporting notes to the financial statements.

Directors' Report (continued)

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 cash flow advances from the EFA. As a result of changes to the Trust structure this objective was not met as at 31 August 2014 and the reserves policy is under review.

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 (eg in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial 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 has identified these areas and manages the impact of cash flow by projecting cash flow based on cash inflows and outflows at the start of the year and reviewing the bank balance. Future budgets are monitored in line with staffing levels/costs.

Plans for Future Periods

The findings reported in the DfE Analysis Report May 2014 "What does a high performing academy sponsor look like?" highlighted that the most difficult period of growth for the Academy Trust is from "cottage industry" with five or fewer academies to "sustainable sponsor" with more than ten. The "growing infrastructure" stage, growing from five to ten academies was the stage that presented maximum challenge.

The Directors recognise that the Academy Trust is at the start of the "growing infrastructure" stage. Given the level of challenge shown in this phase it is important that the Academy Trust plans its growth over this phase, considering the types of schools it wants to attract and the speed at which "sustainable sponsor" is achieved.

On the 1st of January 2015 Thomas Gainsborough a Secondary school with 1255 pupils on roll and two Primary Schools Glemsford Primary and Coupals Primary will become part of Samuel Ward Academy Trust.

Over the next year, the Academy Trust will continue to develop its infrastructure and centralised services and policies in order to support future continued growth.

We will work with the Local Authority and Local Schools' Commissioner to identify potential schools to join the Trust that fit our criteria for growth.

The Academy Trust will focus on improving the education of the children it is responsible for by further improving achievement, teaching and learning and leadership. It will expect Samuel Ward to remain outstanding, Churchill and Westfield to be good and Newmarket to come out of its special measures category.

There is an Academy Trust growth plan that outlines our plans for the future periods of the Trust in more detail.

Directors' Report (continued)

The vision for The Trust is to develop clusters of interdependent self-sustaining outstanding schools that adhere to a single set of shared aims and values and develop:

- Successful Learners
- Confident Individuals
- Responsible Citizens.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has 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.

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 11 December 2014 and signed on the Board's behalf by:



Victoria de Naeyer

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 have 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 Academy Trust any material weaknesses or breakdowns in internal control.

Governance

The information on governance here supplements that described in the Directors Report and in the statement of Directors Responsibilities.

The Directors have formally met 6 times during the year. Attendance during the year at meetings of the was as follows:

Director	Meetings attended	Out of a possible
Linda Maidment	5	6
June McNaughton	6	6
Victoria de Naeyer	6	6
Adrian Orr	1	1
Paul Reed	1	1
Robert Shepstone	6	6
Jon Ward	6	6
Ailie Wilkins	2	3

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 year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Directors have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Academy Trust is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ending 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Directors of the Academy Trust.

Governance Statement (continued)**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 Governing Body;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties and
- identification and management of risks.

The Directors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Directors have procured the Responsible Officer Support 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. An appointed RO Governor then presents this report to the Operations and Asset Committees. The report includes action points identifying any areas for improvement.

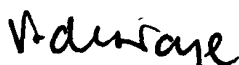
Review of Effectiveness

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 work of the Responsible Officer
- the work of the external Auditor
- the financial management and governance self-assessment process and
- the work of the Executive Managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Operations and Asset Committee and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Samuel Ward Academy Trust on 11 December 2014 and signed on its behalf by:



Victoria de Naeyer
Chair of the Trust Board



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 Governing Body 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. As part of my consideration I have had due regard to the requirements of the Financial Academies Handbook.

I confirm that I and the Directors of Samuel Ward Academy Trust 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.

A handwritten signature in black ink, consisting of a large, stylized 'H' followed by a long, sweeping horizontal line that tapers off to the right.

Howard Lay
Accounting Officer

11th December 2014

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; 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 order of the Board of Samuel Ward Academy Trust on 11 December 2014 and signed on its behalf by:



Victoria de Naeyer
Chair of the Trust Board

Independent Auditor's Report on the Financial Statements to the Board of Directors of Samuel Ward Academy Trust

We have audited the financial statements of Samuel Ward Academy Trust for the year ended 31 August 2014 set out pages 18 to 40.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2013 to 2014 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 Auditing Practices Board'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 (incorporating the Strategic Report) 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 2014 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 2013 to 2014 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report (incorporating the Strategic 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
- certain disclosures of governors' 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 19 December 2014

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

In accordance with the terms of our engagement letter dated 12 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013 to 2014, 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 year 1 September 2013 to 31 August 2014 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 9 August 2013 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 year 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

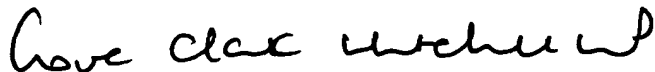
The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy 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 year 1 September 2013 to 31 August 2014 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**

Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date 19 December 2014

Statement of Financial Activities for the year ended 31 August 2014
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2014 £	As restated Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income	2	12,928	2,683	-	15,611	22,425
- Transfer from local authority on conversion	27	221,197	(735,000)	19,016,845	18,503,042	6,122,000
- Activities for generating funds	3	662,541	23,645	-	686,186	565,199
- Investment Income	4	2,658	-	-	2,658	546
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	5	60,990	9,003,226	2,618,446	11,682,662	8,549,676
Total incoming resources		960,314	8,294,554	21,635,291	30,890,159	15,259,846
Resources expended						
<i>Cost of generating funds:</i>						
- Fundraising		149,562	36,910	-	186,472	89,342
<i>Charitable activities:</i>						
- Academy trust educational operations	7	426,540	8,774,911	597,210	9,798,661	7,249,427
- Governance costs	8	-	50,062	-	50,062	15,350
Total resources expended	6	576,102	8,861,883	597,210	10,035,195	7,354,119
Net incoming/(outgoing) resources before transfers		384,212	(567,329)	21,038,081	20,854,964	7,905,727
Gross transfers between funds	17	(137,062)	26,360	110,702	-	-
Net income/(expenditure) for the year		247,150	(540,969)	21,148,783	20,854,964	7,905,727
Other recognised losses and gains						
Actuarial (losses) / gains on defined benefit pension schemes	17, 25	-	(615,000)	-	(615,000)	76,000
Net movement in funds		247,150	(1,155,969)	21,148,783	20,239,964	7,981,727
Reconciliation of funds						
Total funds brought forward at 1 September 2013 (as previously stated)		33,080	(64,577)	13,266,915	13,235,418	11,375,691
Prior year adjustments		-	-	6,122,000	6,122,000	-
Total funds brought forward at 1 September 2013 as restated	17	33,080	(64,577)	19,388,915	19,357,418	11,375,691
Funds carried forward at 31 August 2014		280,230	(1,220,546)	40,537,698	39,597,382	19,357,418

All of the academy's activities derive from continuing operations in the above two financial periods.

The notes on pages 21 to 40 form part of these financial statements.

Balance Sheet as at 31 August 2014

AS
RESTATED
2013
£

	Notes	2014 £	2013 £
Fixed Assets			
Tangible assets	13	<u>40,616,211</u> <u>40,616,211</u>	<u>20,460,629</u> <u>20,460,629</u>
Current assets			
Stock	14	26,690	30,873
Debtors	15	734,793	496,014
Cash at bank and in hand		<u>645,276</u> <u>1,406,759</u>	<u>40,276</u> <u>567,163</u>
Liabilities			
Creditors: Amounts falling due within one year	16	<u>(640,588)</u>	<u>(1,373,374)</u>
Net current assets		<u>766,171</u>	<u>(806,211)</u>
Total assets less current liabilities		<u>41,382,382</u>	<u>19,654,418</u>
Creditors: amounts falling due after more than one year			
Long term liabilities	16	(135,000)	-
Pension scheme liability	25	(1,650,000)	(297,000)
Net assets including pension liability		<u>39,597,382</u>	<u>19,357,418</u>
Funds of the academy trust:			
Restricted income funds			
- Fixed asset fund	17	40,537,698	19,388,915
- General fund	17	429,454	232,423
- Pension reserve	17	(1,650,000)	(297,000)
Total restricted funds		<u>39,317,152</u>	<u>19,324,338</u>
Unrestricted funds			
- General fund	17	280,230	33,080
Total unrestricted funds		<u>280,230</u>	<u>33,080</u>
Total funds		<u>39,597,382</u>	<u>19,357,418</u>

The financial statements on pages 18 to 40 were approved by the Directors of Samuel Ward Academy Trust, and authorised for issue on 11th December 2014 and are signed on their behalf by:

V. de Naeyer

Victoria de Naeyer
Chair of the Trust Board

Cash Flow Statement for the year ended 31 August 2014

	Notes	2014 £	2013 £
Net cash (outflow) / inflow from operating activities	21	(696,016)	945,439
Cash transferred on conversion to Academy Trust	27	311,882	-
Returns on investments and servicing of finance	22	2,658	546
Capital expenditure and servicing of finance	23	986,476	(932,457)
Increase in cash in the period		<u>605,000</u>	<u>13,528</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2013	24	40,276	26,748
Net funds at 31 August 2014		<u>645,276</u>	<u>40,276</u>

Notes to the Financial Statements for the Year Ended 31 August 2014

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 charitable company to continue as a going concern. The Directors make this assessment in respect of a period of one year from the date of approval of the financial statements. Following this assessment the Directors see the Academy Trust as a going concern.

Incoming Resources

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt 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 goods have been provided or on completion of the service.

- **Gifted assets on conversion**

The conversion from a state maintained school to the Academy Trust involved the transfer of identifiable net assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Westfield Community Primary School and Newmarket College 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. Their 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 voluntary income as net income 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 property on a 125 year leasehold for nil consideration. The property was measured and valued within the accounts at depreciated cost. The value of Westfield Community Primary School land and buildings was £3,862,000. Other fixed assets were valued at £95,178. The pension deficit inherited upon transfer was £111,000. The value of Newmarket College land and buildings was £14,874,000. Other fixed assets were £145,644. The pension deficit inherited upon transfer was £603,000. Further details of the transactions are set out in note 27.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred on the Academy Trust's educational operations.
- **Governance Costs**
These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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

Freehold and Leasehold Land	0%
Freehold and Leasehold Buildings	2%
Plant and Machinery	20%
Furniture and Equipment	20%
Computer Equipment and Software	33%
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.

Leased Assets

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

Stock

Unsold uniform 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 chapter 3 part 11 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.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**1. Statement of Accounting Policies (continued)****Pensions Benefits**

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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 quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Prior Period Adjustment

Prior period adjustments are made when material errors are found in prior year end figures. The comparative figures are adjusted to allow comparability between periods.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**2 Voluntary Income**

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Donations - Revenue	12,928	2,683	15,611	22,425
	12,928	2,683	15,611	22,425

3 Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Hire of Facilities	16,200	-	16,200	15,425
Items Sold	64,423	-	64,423	50,714
Insurance Claims	4,037	-	4,037	-
Academy Trips	128,525	-	128,525	116,964
Catering Income	196,726	-	196,726	150,405
Income from Services Provided	252,630	23,645	276,275	231,691
	662,541	23,645	686,186	565,199

4 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2014	Total 2013
	£	£	£	£
Bank Interest	2,658	-	2,658	546
	2,658	-	2,658	546

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**5 Funding for the Academy Trust's Educational Operations**

	Unrestricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Capital Grants				
Devolved Formula Capital	-	31,013	31,013	24,351
Samuel Ward Capital Maintenance	-	217,370	217,370	-
Churchill Capital Maintenance	-	2,272,463	2,272,463	1,623,273
Newmarket Environmental Improvement	-	77,600	77,600	-
Other Capital Grants	-	20,000	20,000	-
	-	2,618,446	2,618,446	1,647,624
DfE/EFA Revenue Grants				
General Annual Grant	-	7,559,109	7,559,109	6,278,072
Start Up Grants	-	361,350	361,350	-
DfE/EFA Grants	-	321,700	321,700	299,779
Pupil Premium	-	307,685	307,685	158,815
Sponsorship Capacity Grant	-	50,000	50,000	-
Newmarket Environmental Improvement	-	22,400	22,400	-
	-	8,622,244	8,622,244	6,736,666
Other Government Grants				
Special Educational Projects	-	58,976	58,976	87,196
High Needs Funding	-	208,042	208,042	41,333
Other Local Authority Grants	60,990	113,964	174,954	-
HypHop	-	-	-	8,915
Other Government Grants	-	-	-	27,942
	60,990	380,982	441,972	165,386
	60,990	11,621,672	11,682,662	8,549,676

6 Resources Expended

	Non Pay Expenditure			Total 2014 £	Total 2013 £
	Staff Costs £	Premises £	Other Costs £		
Costs of activities for generating funds	-	-	186,472	186,472	89,342
Academy's educational operations					
• Direct Costs	5,701,633	597,210	1,033,202	7,332,045	5,385,303
• Allocated Support Costs	1,189,520	170,032	1,107,064	2,466,616	1,864,124
	6,891,153	767,242	2,326,738	9,985,133	7,338,769
Governance costs (including allocated support costs)	-	-	50,062	50,062	15,350
	6,891,153	767,242	2,376,800	10,035,195	7,354,119

Incoming /(Outgoing) resources for the year include:

	2014 £	2013 £
Operating leases		
- Other leases	(63,944)	(35,534)
	(63,944)	(35,534)

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**7 Charitable Activities - Academy's Educational Operations**

	Total 2014 £	Total 2013 £
Direct costs- educational operations		
Teaching and educational support staff costs	5,701,633	4,149,960
Depreciation	597,210	365,545
Technology costs	23,640	-
Educational supplies	257,069	203,739
Examination fees	114,757	141,737
Staff development	84,591	86,177
Educational consultancy	102,401	48,323
Other direct costs	450,744	389,822
	<u>7,332,045</u>	<u>5,385,303</u>
Support costs - educational operations		
Support staff costs	1,189,520	912,325
Technology costs	34,729	21,763
Recruitment and support	48,155	16,759
Maintenance of premises and equipment	164,805	86,507
Cleaning	7,595	8,682
Rent, rates and water	72,852	29,227
Energy costs	124,216	113,544
Insurance	103,837	92,791
Travel and subsistence	17,450	49,926
Catering	251,718	184,976
Bank interest and charges	332	2,400
Other support costs	451,407	345,224
	<u>2,466,616</u>	<u>1,864,124</u>
	<u>9,798,661</u>	<u>7,249,427</u>

8 Governance Costs

	Total 2014 £	Total 2013 £
Legal and professional fees	26,237	-
Auditor's remuneration		
- Audit of financial statements	18,500	13,650
- Other audit costs	5,325	1,700
	<u>50,062</u>	<u>15,350</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**9 Staff Costs**

	Total 2014	Total 2013
Staff costs during the period were:	£	£
Wages and salaries	5,574,955	4,141,281
Social security costs	398,770	307,449
Pension costs	834,706	613,555
	6,808,431	5,062,285
Supply Teacher costs	57,722	897
Staff restructuring costs	25,000	-
	6,891,153	5,063,182

Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments for one employee totalling £25,000 (2013: £nil)

Staff numbers

The average number of persons employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No
Charitable Activities		
Teachers	116	69
Administration and support	108	54
Management	21	11
	245	134

The increase in staff numbers is due to the conversion of Newmarket College and Westfield Primary School to the Academy Trust. The average number of staff employed and expressed as full time equivalents is 131 for Samuel Ward Academy and Churchill Special Free School, 81 for Newmarket Academy and 33 for Westfield Primary Academy.

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2014 No.	2013 No
£60,001 - £70,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
	6	3

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014 employer's pension contributions for these staff amounted to £51,613 (2013: £29,388).

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

10 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 2014 were 74.75% for Samuel Ward Academy, 4.03% for Churchill Special Free School, 13.04% for Westfield Primary Academy and 8.18% for Newmarket Academy

The actual amounts charged during the year were as follows:

	2014 £
Samuel Ward Academy	151,306
Churchill Special Free School	8,151
Westfield Primary Academy	26,387
Newmarket Academy	16,563
Samuel Ward Academy Trust	37,211
	<u>239,618</u>

Costs of £37,211 charged to Samuel Ward Academy Trust were funded by the Sponsorship Capacity Grant and not directly recharged to the Academies within the Trust.

11 Related Party Transactions - Directors' Remuneration and Expenses

The Principal and other Staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Directors. The value of Directors' remuneration was as follows:

H Lay (Principal): £120,000 - £125,000 (2013: £105,000 - £110,000)
 J Warner (Staff Governor): £0 (2013: £55,000 - £60,000)
 K Staddon (Staff Governor): £0 (2013: £40,000 - £45,000)
 V Jury (Staff Governor): £0 (2013: £10,000 - £15,000)
 E Hunte (Staff Governor): £0 (2013: £10,000 - £15,000)

During the year ended 31 August 2014, travel and subsistence expenses totalling £1,672 (2013: £nil) were reimbursed to 1 Director.

Other related party transactions involving the Directors are set out in note 26.

12 Directors' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2014 was £882 (2013: £882).

The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**13 Tangible Fixed Assets**

	Freehold Land and Buildings £	Leasehold Land and Buildings £	Plant and Machinery £	Computer Equipment and Software £	Motor Vehicles £	Furniture and Equipment £	Assets Under Construction £	Total £
Cost								
At 1 September								
2013 as restated	18,315,091	-	54,627	338,642	11,700	139,095	2,407,415	21,266,570
Transferred from LA	14,874,000	3,862,000	-	178,981	-	61,841	-	18,976,822
Additions	1,440,654	-	37,359	90,120	-	21,376	186,461	1,775,970
Transfers	2,407,415	-	-	-	-	-	(2,407,415)	-
At 31 August	37,037,160	3,862,000	91,986	607,743	11,700	222,312	186,461	42,019,362
Depreciation								
At 1 September								
2013	592,267	-	17,797	157,376	4,290	34,211	-	805,941
Charged in year	329,092	65,666	11,409	144,167	2,340	44,536	-	597,210
At 31 August 2014	921,359	65,666	29,206	301,543	6,630	78,747	-	1,403,151
Net Book Values								
At 31 August 2014	36,115,801	3,796,334	62,780	306,200	5,070	143,565	186,461	40,616,211
At 31 August 2013 as restated	17,722,824	-	36,830	181,266	7,410	104,884	2,407,415	20,460,629

14 Stock

	2014 £	2013 £
Uniform	26,690	30,873
	<u>26,690</u>	<u>30,873</u>

15 Debtors

	2014 £	2013 £
Trade debtors	2,344	26,180
VAT recoverable	170,578	368,863
Other debtors	253,054	-
Prepayments and accrued income	308,817	100,971
	<u>734,793</u>	<u>496,014</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**16 Creditors: amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	360,103	52,242
Other creditors	45,921	22,000
Accruals and deferred income	<u>234,564</u>	<u>1,299,132</u>
	<u>640,588</u>	<u>1,373,374</u>

Deferred Income

	2014	2013
	£	£
Deferred Income at 1 September 2013	18,690	25,907
Resources deferred in the year	57,675	18,690
Amounts released from previous years	<u>(18,690)</u>	<u>(25,907)</u>
Deferred Income at 31 August 2014	<u>57,675</u>	<u>18,690</u>

Deferred income of £57,675 includes music tuition of £115, Universal Infant Free School Meals funding of £32,380, Insurance Funding of £13,652 and EFA Rates Relief of £11,528 relating to the 2014/2015 financial year.

Creditors: amounts falling due after more than one year

	2014	2013
	£	£
Other creditors	<u>135,000</u>	<u>-</u>
	<u>135,000</u>	<u>-</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

17 Statement of Funds

	As restated Balance at 1 September 2013 £	Incoming Resources £	Resources Expended £	Gains, (Losses) and Transfers In/(Out) £	Balance at 31 August 2014 £
Restricted General Funds					
General Annual Grant (GAG)	135,397	7,559,109	(7,372,534)	(279,303)	42,669
Start Up Grant	-	361,350	(188,832)	-	172,518
Other DfE/EFA Grants	208,759	394,100	(317,445)	(139,971)	145,443
Other Restricted Funds	(111,733)	407,310	(411,235)	151,504	35,846
Pupil Premium	-	307,685	(275,837)	1,130	32,978
Pension Reserve	(297,000)	(735,000)	(296,000)	(322,000)	(1,650,000)
	<u>(64,577)</u>	<u>8,294,554</u>	<u>(8,861,883)</u>	<u>(588,640)</u>	<u>(1,220,546)</u>
Restricted Fixed Asset Funds					
DfE/EFA Capital Grants	3,179,174	2,598,446	(137,628)	-	5,639,992
Capital expenditure from GAG	90,188	-	(119,937)	110,702	80,953
Donated Assets	-	18,961,901	(335,642)	-	18,626,259
Other Capital Income	16,119,553	74,944	(4,003)	-	16,190,494
	<u>19,388,915</u>	<u>21,635,291</u>	<u>(597,210)</u>	<u>110,702</u>	<u>40,537,698</u>
Total Restricted Funds	19,324,338	29,929,845	(9,459,093)	(477,938)	39,317,152
Unrestricted Funds					
Unrestricted Funds	33,080	960,314	(576,102)	(137,062)	280,230
Total Unrestricted Funds	33,080	960,314	(576,102)	(137,062)	280,230
Total Funds	19,357,418	30,890,159	(10,035,195)	(615,000)	39,597,382

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

The balance of Start Up Grant, specific to Newmarket Academy will be used to finance the ongoing costs as a result of the recent conversion to academy status.

Other DfE and EFA Grants include balances for 16-19 Bursary Funding, PE Teachers Grant and Year 7 Catch up Funding. The balances will remain restricted and be used to continue and further support the pupils of the Academy Trust. Pupil Premium received from EFA includes a balance of £8,293 for Samuel Ward Academy, £892 for Churchill Special Free School, £15,157 for Westfield Primary Academy and £8,636 for Newmarket Academy.

The balance of £35,846 within Other Restricted Funds includes £28,188 of Samuel Ward Schools Partnership funds held by Samuel Ward Academy, £4,315 Summer School PE funds and £1,800 Looked After Children held by Newmarket Academy and £1,800 Donations held by Westfield Primary Academy.

Pension Reserve includes deficit balances of £805,000 for Samuel Ward Academy, £32,000 for Churchill Special Free School, £162,000 for Westfield Primary Academy and £651,000 for Newmarket Academy.

The Government capital funds are provided by the government for specific capital projects.

The fund transfers into the restricted fixed asset fund include £43,389 of revenue funds used to finance fixed assets in the current financial year. £130,387 of unrestricted funds have been used to further finance recurrent spending. £6,675 unrestricted funds have been transferred to support the restricted PE Summer School Grant as nil funds transferred on conversion.

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 2014.

The trust is carrying a net surplus of £429,454 on restricted general funds including £42,669 of General Annual Grant, which is specific to Churchill Special Free School. The trust is carrying a surplus of £280,230 unrestricted funds.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**17 Statement of Funds (cont)****Analysis of Academies by fund balance**

Fund balances as at 31 August 2014 were allocated as follows:

	Total £
Samuel Ward Academy	185,576
Churchill Special Free School	52,840
Westfield Primary Academy	284,848
Newmarket Academy	173,631
Central services	12,789
Total before fixed assets and pension reserve	<u>709,684</u>
Restricted fixed asset fund	40,537,698
Pension Reserve	(1,650,000)
Total	<u>39,597,382</u>

Analysis of academies by cost

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	3,990,557	926,408	638,125	1,340,166	6,895,256
Churchill Special Free School	328,626	20,677	22,459	79,649	451,411
Westfield Primary Academy	843,713	9,974	67,666	221,869	1,143,222
Newmarket Academy	433,461	110,252	28,283	136,482	708,478
Central services	121,679	48,084	20,165	49,690	239,618
Academy Trust	<u>5,718,036</u>	<u>1,115,395</u>	<u>776,698</u>	<u>1,827,856</u>	<u>9,437,985</u>

18 Analysis of Net Assets between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2014 £
Tangible fixed assets	-	-	40,616,211	40,616,211
Current assets	319,806	762,657	324,296	1,406,759
Current liabilities	(39,576)	(333,203)	(267,809)	(640,588)
Non current liabilities	-	-	(135,000)	(135,000)
Pension scheme liability	-	(1,650,000)	-	(1,650,000)
Total net assets	<u>280,230</u>	<u>(1,220,546)</u>	<u>40,537,698</u>	<u>39,597,382</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**19 Capital Commitments**

	2014	2013
	£	£
Contracted for, but not provided in the financial statements		
Media Room	-	20,038
Churchill - Balance funded by EFA	-	1,755,453
Boiler replacement	143,006	-
Modular Building	115,583	-
	<u>258,589</u>	<u>1,775,491</u>

20 Financial Commitments**Operating Leases**

At 31 August 2014 the Academy Trust had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Other		
Expiring within one year	45,050	-
Expiring within two and five years inclusive	18,907	35,009
	<u>63,957</u>	<u>35,009</u>

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

21 Reconciliation of Net Income to Net Cash Inflow

from Operating Activities

	2014 £	2013 £
Net income	20,854,964	1,783,727
Pension scheme deficit transferred in (year 1 only)	735,000	-
Depreciation (note 13)	597,210	365,545
Capital grants from DfE and other capital income	(2,618,446)	(1,670,049)
Fixed assets transferred from Local Authorities (note 27)	(18,976,822)	-
Cash transferred from Local Authorities (note 27)	(311,882)	-
Interest receivable (note 4)	(2,658)	(546)
FRS17 pension cost less contributions payable (note 25)	6,000	5,000
FRS17 pension finance (cost) / income (note 25)	(3,000)	10,000
Decrease / (increase) in stocks	4,183	(30,873)
(Increase) in debtors	(238,779)	(380,437)
(Decrease) / increase in creditors	(741,786)	863,072
Net cash (Outflow) / Inflow from Operating Activities	(696,016)	945,439
Cash transferred from Local Authorities on conversion	311,882	-
Cash transferred from Local Authorities	311,882	-

22 Returns on Investments and Servicing of Finance

	2014 £	2013 £
Interest received	2,658	546
Net cash inflow from returns on investment and servicing of finance	2,658	546

23 Capital Expenditure and Financial Investment

	2014 £	2013 £
Purchase of tangible fixed assets	(1,775,970)	(2,602,506)
Capital grants	2,618,446	1,647,624
Capital funding received from sponsors and other donations	-	22,425
Increase in capital financing	144,000	-
Net cash outflow from capital expenditure and financial investment	986,476	(932,457)

24 Analysis of Changes in Net Funds

	At 1 September 2013 £	Cash flows £	At 31 August 2014 £
Cash in hand and at bank	40,276	605,000	645,276
	40,276	605,000	645,276

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)

25 Pension and Similar Obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are defined-benefit schemes.

As described in note 25 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

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

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**25 Pension and Similar Obligations (continued)**

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

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2014 was £368,000, of which employer's contributions totalled £293,000 and employees' contributions totalled £75,000. The agreed contribution rates for future years are Churchill Special Free School 24% Samuel Ward Academy 25.9% Westfield Primary Academy 28.2% and Newmarket Academy 30% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,500	5.50%
£13,501 - £21,000	5.80%
£21,001 - £34,000	6.50%
£34,001 - £43,000	6.80%
£43,001 - £60,000	8.50%
£60,001 - £85,000	9.90%
£85,001 - £100,000	10.50%
£100,001 - £150,000	11.40%
More than £150,000	12.50%

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.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**25 Pension and Similar Obligations (continued)****Principal Actuarial Assumptions**

	At 31 August 2014 p.a.	At 31 August 2013 p.a.
Rate of increase in salaries	4.4-4.5%	5.10%
Rate of increase for pensions in payment/inflation	2.6-2.7%	2.80%
Discount rate for scheme liabilities	3.70%	4.60%
Expected return on assets	5.50%	5.90%
Commutations of pensions to lump sums	0.00%	0.00%

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 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.4	21.4
Females	24.4	23.3
<i>Retiring in 20 years</i>		
Males	24.3	23.7
Females	26.9	25.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.40%	1,979,000	6.70%	1,145,000
Bonds	3.40%	611,000	4.10%	348,000
Property	4.50%	290,000	4.70%	149,000
Cash	3.30%	28,000	3.60%	17,000
Total market value of assets		2,908,000		1,659,000
Present value of scheme liabilities				
- Funded		(4,558,000)		(1,956,000)
Deficit in the scheme		(1,650,000)		(297,000)

None of the fair values of the assets shown above includes any of the Academy's own financial instruments or any property occupied by, or other assets used by, the Academy.

The return on the Fund in market value terms for the year to 31 August 2014 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

The actual return on scheme assets was £243,000.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**25 Pension and Similar Obligations (continued)****Amounts recognised in the statement of financial activities**

	2014	2013
	£	£
Current service cost (net of employee contributions)	299,000	186,000
Past service cost	-	-
Total operating charge	299,000	186,000

	2014	2013
	£	£
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	118,000	61,000
Interest on pension liabilities	(115,000)	(71,000)
Pension finance income/(costs)	3,000	(10,000)

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £618,000 loss.

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

	2014	2013
	£	£
At 1 September	3,288,000	1,606,000
Current service cost	299,000	186,000
Interest cost	115,000	71,000
Employee contributions	75,000	50,000
Actuarial loss	808,000	43,000
Benefits paid	(27,000)	-
At 31 August	4,558,000	1,956,000

Movements in the fair value of Academy's share of scheme assets:

	2014	2013
	£	£
At 1 September	2,256,000	1,248,000
Expected return on scheme assets	118,000	61,000
Actuarial gain	193,000	119,000
Employers contributions	293,000	181,000
Employee contributions	75,000	50,000
Benefits paid	(27,000)	-
At 31 August	2,908,000	1,659,000

The estimated value of employer contributions for the year ended 31 August 2015 is £441,000.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**25 Pension and Similar Obligations (continued)**

The history of experience adjustments is as follows:

	2014	2013	2012	2011
	£	£	£	£
Present value of defined benefit obligations	(4,558,000)	(1,956,000)	(1,606,000)	(1,188,000)
Fair value of share of scheme assets	2,908,000	1,659,000	1,248,000	952,000
Deficit in scheme	(1,650,000)	(297,000)	(358,000)	(236,000)
	£	£	£	£
Experience adjustments on share of scheme assets	193,000	119,000	(1,000)	(37,000)
Experience adjustments on scheme liabilities	(808,000)	(43,000)	(143,000)	102,000

26 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 a Director has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

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 – transactions totalling £76,251.84 (2013-£63,003). £8,100 was outstanding at year end.

JRWT and BDO – companies which J Ward, a Director has a majority interest - transactions totalling £25,048.80 in respect of Project Management Services (2013-£16,346). There were no amounts outstanding at year end.

Learning Circle – a company in which V D Naeyer, a Director has a majority interest – transactions totalling £120 (2013-nil). There were no amounts outstanding at year end.

Notes to the Financial Statements for the Year Ended 31 August 2014 (continued)**27 Conversion to Academy Trust**

On 1 October 2013 the Westfield Community Primary School converted to the Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Samuel Ward Academy Trust from Suffolk County Council for £nil consideration.

On 1 July 2014 the Newmarket College converted to the Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Samuel Ward Academy Trust from Suffolk County Council for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £	Restricted General Fund £	Restricted Fixed Asset Funds £	Total 2014 £	As restated Total 2013 £
Tangible fixed assets:					
-Freehold land and buildings	-	-	14,874,000	14,874,000	6,122,000
-Leasehold land and buildings	-	-	3,862,000	3,862,000	-
-Other tangible fixed assets	-	-	240,822	240,822	-
 -Budget surplus on LA funds	220,907	36,031	54,944	311,882	-
 -LGPS pension (deficit)	-	(735,000)	-	(735,000)	-
-Borrowing obligations	-	-	(14,921)	(14,921)	-
-Other identified assets and liabilities	290	(36,031)	-	(35,741)	-
 Net Assets/(Liabilities)	221,197	(735,000)	19,016,845	18,503,042	6,122,000

The above net assets/liabilities include £311,882 that was transferred as cash.

Upon conversion, the Academy Trust received a transfer of property on a 125 year leasehold for nil consideration. The property was measured and valued within the accounts at depreciated cost.

28 Prior Period Adjustment

A prior year adjustment has been made to recognise the value of Samuel Ward land, which was agreed by the Directors as having a fair value of £6,122,000. This also ensures that the accounting treatment for land of each school within the Multi Academy Trust is consistent. This has increased restricted fixed assets by £6,122,000 and therefore the restricted fixed asset fund balance to give a total brought forward figure of £19,388,915.