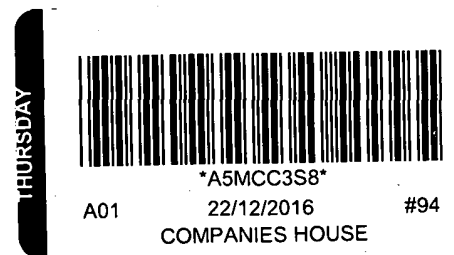


**Hartismere Family of Schools**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year ended 31 August 2016**



**Company Registration Number: 07341583**  
**(England and Wales)**



school  
achievement award  
department for education and skills



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## Reference and Administrative Details

### Members

Marion Ravenhill  
Barbara Bailey  
Neil Cave  
Sara Michell  
Christopher Aldous

### Trustees

Marion Ravenhill (Chair)  
Dr John Battersby  
Gina Cole  
Christopher Aldous  
Simon Hooton  
Lee Macdonald  
James McAtear

### Governors

Gina Cole  
Dr Christina Odams  
Ian Portway  
Godfrey Musgrave-Brown  
Richard Miller  
Claire Jones

### Company Secretary

Deborah Ebbage

### Senior Managers

- Chief Executive Officer
- Chief Finance Officer

James McAtear  
Deborah Ebbage

### Company Name

Hartismere Family of Schools

### Registered Office

Castleton Way  
Eye  
Suffolk  
IP23 7BL

### Company Registration Number

07341583

### Auditors

CG LEE LIMITED  
Chartered Certified Accountants  
Ingram House  
Meridian Way  
Norwich  
NR7 0TA

### Bankers

Lloyds Bank  
Cornhill North Ipswich Branch  
13 Cornhill  
Ipswich  
IP1 1DG

### Solicitors

Stone King LLP  
Wellington House  
East Road  
Cambridge  
CB1 1BH

## **Trustees' Report**

The Hartismere Family of Schools' Trustees 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.

Hartismere School gained approval to become a Multi Academy Trust in December 2015 and following this Benjamin Britten Academy of Music and Mathematics joined the trust in May 2016 as a sponsored academy. The trust now operates 2 secondary schools for pupils aged 11-19 both located in north Suffolk. The academies had a combined pupil roll of 1,689 in the summer term 2016.

## **Structure, Governance and Management**

### ***Constitution***

The Academy is a company limited by guarantee (registration number 07341583) and an exempt charity. The charitable company's articles of association are the primary governing documents of the Academy Trust. The trustees of Hartismere Family of Schools are also the directors of the charitable company for the purposes of law. The charitable company is known as Hartismere Family of Schools.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 3.

### ***Members' Liability***

Each member of the charitable company undertakes to contribute to the assets of the charitable company 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.

### ***Trustee's Indemnities***

There were no provisions required for third party indemnity.

### ***Method of Recruitment and Appointment or Election of Trustees***

The management of the company is the responsibility of the trustees who are appointed under the terms of the articles of association by the members.

Trustees are subject to retirement after a term of 4 years, after the term they are eligible for re-election. The make-up of the members and trustees includes experienced professionals, many of whom have a good understanding of the operational and legal requirements of running an establishment such as Hartismere Family of Schools.

### ***Policies & Procedures Adopted for the Induction and Training of Trustees***

During the period under review, the trustees held 2 full governing body meetings and 2 meetings for each of the principal committees whilst as a single academy. Since becoming a multi academy trust 2 further trustees meeting have been held.

All new trustees are given a tour of the academies and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally only two or three new trustees a year, induction tends to be done informally and is tailored specifically to the individual. New trustees are offered training across a number of areas arranged with an external provider. Training is recorded and reviewed on a regular basis to ensure the appropriate training is arranged for new and existing trustees.

## **Trustees' Report (continued)**

### ***Organisational Structure***

The trust has established a structure which consists of 3 levels: the members; the trustees and local governors. The Chief Executive Officer is the Accounting Officer.

The members are responsible for making major decisions about the strategic direction of the company, appointing new members/trustees and for ensuring that its aims are met and its ethos is maintained.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the company's financial performance and educational outcomes, capital expenditure, making senior staff appointments and approving major investment programmes.

The local governing body at Hartismere School is made up of a mix of local people including staff and parents. They have responsibilities delegated to them by the trustees which are detailed in the scheme of delegation document. This allows a focus on achievement and progress at a local level. There is no local governing body at Benjamin Britten at the present time.

There are senior leadership teams 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.

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. Each group meets regularly throughout the academic year through a series of structured and systematic meetings.

### ***Arrangements for Setting Pay and Remuneration of Key Management Personnel***

Key management personnel for the trust are appointed by the trustees. DfE procedures and advice are followed in setting pay and remuneration.

### ***Related Parties and other Connected Charities and Organisations***

- The trust has continued to work with Schools Direct to provide Initial Teacher Training
- Hartismere School is a founding member of the Suffolk Academies Forum
- Hartismere School is a partner of a Teaching School named 'Encompass'

## **Objectives and Activities**

### ***Objects and Aims***

The trust aims to provide the best teaching and learning opportunities for the students possible.

It further aims to create opportunities for young people to learn to be givers to their community.

Its objective is to develop well-balanced young people who have their minds as sharp as possible but who recognise their responsibilities to make a real contribution to their communities.

### ***Objectives, Strategies and Activities***

The following is a brief summary of some of the main objectives of the trust during the period:

#### **Hartismere Family of Schools**

- To be an approved Multi Academy Trust
- To complete sponsorship of Benjamin Britten High School (now Benjamin Britten Music and Mathematics Academy)
- Centralise financial management for both academies with the implementation of PS Financials software

## **Trustees' Report (continued)**

### **Hartismere School**

- Raising the funds to implement the plan to erect a squash court for school and community use
- Raising the funds to create a suite of sixth form student toilets which allow these to be used individually and which reach an exceptionally high standard
- Achieving a Progress 8 score in excess of +0.2
- Raising the percentage of GCSE 5 A\*-C grades including English and Maths to a figure in excess of 73% for three years running
- Achieving a percentage of GCSE 5 A\*-C grades to a figure in excess of 80%
- Maintaining Sixth form numbers in excess of 190
- Implementing curriculum changes known as comprehensive initial assessments leading to personalised Sports, Computing, Music and Humanities curriculums

### **Benjamin Britten Academy**

- Raising the Progress 8 score that is above the coasting school benchmark

### **Public Benefit**

The trustees acknowledge the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's published general and relevant sub-sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy are for the public benefit.

### **Strategic Report**

The following is a brief summary of some of the main achievements and performance of the trust during the period:

#### **Hartismere Family of Schools**

- Hartismere Family of Schools became an approved Multi Academy Trust
- Sponsorship of Benjamin Britten High School (now Benjamin Britten Music and Mathematics Academy) was completed on 1 May 2016

#### **Hartismere School**

- The financial management for both academies was centralised with the implementation of PS Financials software
- The school has successfully raised funding to repair various leaking roofs
- The school has successfully raised funding to repair and replace two car parking areas to the front of the school
- The estimated contextual value added (VA) score above 1030
- A level of 81% was achieved at GCSE 5 A\*-C grades including English and Maths in 2016
- A level of 85% was achieved at GCSE 5 A\*-C grades
- Average Points Scores at Sixth form are above the County average. Almost 200 students study in the Sixth form

#### **Benjamin Britten Academy**

- The necessary redundancy process at Benjamin Britten has been successfully completed

### **Achievements and Performance**

#### **Key Performance Indicators**

Hartismere School converted to Academy status on 1 September 2010. The school has been rated "outstanding" twice by OFSTED in February 2010 and November 2014. Approval was given in December 2015 for the school to become a multi academy trust and at the same time changed its name to Hartismere Family of Schools. Benjamin Britten Academy joined the trust on 1 May 2016.

The total number of students on roll across the trust in the summer term 2016 numbered 1,689. From 1 September 2010 the Academy has a PAN (Pupil Admissions Number) each year of 140.

#### **Hartismere School**

Examination results for 2016 were the highest in Suffolk.

- At A and AS level candidates achieved an average of over 212 points per entry.
- At GCSE over 80% of grades were A-C and 95% of students achieved 5 or more passes at this level.

## **Trustees' Report (continued)**

### **Benjamin Britten Academy**

Examination results for 2016 were much improved on 2015:

- Expected pupil numbers for 2017 entry are projected to increase from 91 at this point last year to 186

The School Improvement Plan is set to further ensure outstanding results are achieved in 2016.

### **Going Concern**

After making appropriate enquiries, the board of trustees 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.

### **Financial Review**

Most of the academy's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the Education Funding Agency (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 has also been in receipt of capital grants from the EFA. 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 £6,875,135 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £1,628.

At 31 August 2016 the net book value of fixed assets was £22,553,846 and movements in intangible and tangible fixed assets are shown within notes 11 and 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

In accordance with FRS 102, the academy received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2016 and supporting note to the accounts number 26.

### **Reserves Policy**

The Academy held fund balances at 31 August 2016 of £19,831,081 comprising of £5,514 in unrestricted funds, £3,886 deficit in restricted general funds, £22,469,453 in the restricted fixed asset fund and a £2,640,000 deficit on the pension fund.

Trustees also expect to maintain a positive balance of General Annual Grant and to use the grant in the period that it has been granted to ensure no claw back.

### **Investment Policy**

The trust's aim is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. Any investments held will be included in the financial statements.

### **Principal Risks and Uncertainties**

The trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust and its finances. The trustees have implemented a number of systems to assess risks that the school 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 (eg vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover by opting into the Risk Protection Arrangement scheme operated by the Education Funding Agency. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

## **Trustees' Report (continued)**

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Schools' Choice as the Responsible Officer. On a termly basis an independent review of the financial systems is undertaken and a written report provided giving feedback on how the Academy's financial affairs are being discharged. The written report includes action points identifying any areas for improvement.

This provides the Governing body 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 safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

As a multi 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 trustees have identified these areas and manage the impact of cash flow by monitoring monthly cash flows projected at the start of each financial year against actual cash flows and bank balances. Future budgets are monitored in line with staffing levels/costs.

### **Plan For Future Periods**

#### **Hartismere Family of Schools**

- To raise sufficient sums to build a new PE classroom and Sports Pavilion
- To raise sufficient funds to renew the schools' toilet facilities for sixth formers
- To implement the system of comprehensive Initial Assessment planned in full
- To achieve 3 levels of progress for both Maths and English that is more than 5% above the national average
- To maintain a GCSE 5 A\*-C percentage in excess of 85%
- To maintain a GCSE 5 A\*-C percentage including English and Maths in excess of 70%
- To achieve over 213 points per entry at Sixth Form
- To achieve a third consecutive ALPS score in the outstanding range for the Sixth Form
- To implement a programme of lectures and outside speakers in the Sixth Form in conjunction with the General Studies course
- To establish a rotation programme of enrichment activities for all students in year 12
- To develop intervention lessons in some Sixth Form subject areas
- To develop the area at the back of the Sixth Form block as a garden space

#### **Benjamin Britten Academy**

- To develop the quality of the school's grounds
- To remain oversubscribed despite a falling local demographic
- To implement the Music Specialists schools plan

### **Funds Held as Custodian Trustee on Behalf of Others**

The Academy trust does not hold any funds on behalf of others.



## Trustees' Report (continued)

### Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees on 16 December 2016 and signed on the Board's behalf by:

Signed



**M Ravenhill**  
Chair of Trustees

16 December 2016

## Governance Statement

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Hartismere Family of Schools 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 trustees 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 Hartismere Family of Schools and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the *Trustee's Report* and in the *Statement of Trustees' Responsibilities*. In readiness for the change to become a multi academy trust, and the sponsoring of Benjamin Britten Academy, a complete review of the governance structure has taken place during the period to ensure the necessary skills and expertise are in place. The board of trustees has formally met twice during the year, once prior to becoming a multi academy trust and one since. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
James McAtear (CEO and Accounting Officer)	2	2
Marion Ravenhill	2	2
Barbara Bailey	2	2
Neil Cave	1	2
Sara Michell	1	2
Christopher Aldous	2	2
Dr John Battersby	2	2
Gina Cole	1	2
Simon Hooton	0	2
Lee Macdonald	2	2
Dr Christina Odams	1	2
Ian Portway	1	2
Godfrey Musgrave-Brown	1	2
Richard Miller	1	2
Claire Jones	1	2

Prior to approval of the multi academy trust the **Finance and Premises Committee** also met once and attendance was as follows:

Trustee	Meetings attended	Out of a possible
James McAtear (CEO and Accounting Officer)	0	1
Marion Ravenhill	1	1
Barbara Bailey	1	1
Dr John Battersby	1	1
Simon Hooton	0	1
Godfrey Musgrave-Brown	0	1

### Review of Value for Money

As accounting officer, the chief executive 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 trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by ensuring good, robust financial governance and oversight, regular review of controls and risk management, maximising income generation, efficient and effective use of resources, and by raising student attainment. As a multi academy trust we are able to save money using economies of scale with purchases and by centralising the trust's finances.

## **Governance Statement (continued)**

### **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 Hartismere Family of Schools for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has 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 board of trustees 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 period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **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 trustees;
- 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;
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has procured the Responsible Officer Support Service from Schools' Choice. The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- Payroll
- Purchasing
- Petty Cash
- Income Controls
- Monitoring & Review
- Governance
- Planning Cycle & Budget
- Inventory & Security
- Tax
- Data Security
- Insurance

On a termly basis, the RO reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The RO has delivered their schedule as planned for the year ended 31 August 2016 in line with the EFA's requirements. There were no material control issues arising as a result of the RO's work.

## Governance Statement (continued)

### Review of Effectiveness

As accounting officer, the chief executive 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
- 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 trustees and a plan to address the weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the member of the board of trustees on 16 December 2016 and signed on its behalf by:



**M Ravenhill**  
Chair of Trustees



**J McAtear**  
Accounting Officer

### **Statement of Regularity, Propriety and Compliance**

As accounting officer of Hartismere Family of Schools I have considered my responsibility to notify the academy trust board of trustees 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 trustees 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 2015.

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 trustees and EFA.



**J McAtear**  
Accounting Officer

**16 December 2016**

## Statement of Trustees' Responsibilities

The trustees (who act as governors of Hartismere Family of Schools and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' 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 trustees to prepare the financial statements for each financial year. Under company law, the trustees 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 trustees 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees 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 trustees 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 trustees 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 trustees on 16 December 2016 and signed on its behalf by:



**M Ravenhill**  
Chair of Trustees

## **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Hartismere Family of Schools**

We have audited the financial statements of Hartismere Family of Schools for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual 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 academy trust'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including 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 returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graham David Lyon FCCA (Senior statutory auditor)

For and on behalf of CG LEE LIMITED  
Chartered Certified Accountants  
Statutory Auditor  
Ingram House  
Meridian Way  
Norwich  
Norfolk  
NR7 0TA

Date 16<sup>th</sup> December 2016



**Independent Reporting Accountant's Assurance Report on Regularity to Hartismere Family of Schools Trust Limited and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 18 October 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 Hartismere Family of Schools 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 Hartismere Family of Schools and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Hartismere Family of Schools and 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 Hartismere Family of Schools and EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Hartismere Family of Schools' accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Hartismere Family of Schools' funding agreement with the Secretary of State for Education dated 1 September 2010 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 or that the financial transactions do not conform to the authorities which govern them.

**Approach**

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

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

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

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.



CG LEE LIMITED  
Chartered Certified Accountants  
Statutory Auditor  
Ingram House  
Meridian Way  
Norwich  
Norfolk  
NR7 0TA

Date 16<sup>th</sup> December 2016

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

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2016 £	Total 2015 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	100	-	160,105	160,205	100,734
Transfer from local authority on conversion	28	-	(728,000)	13,758,403	13,030,403	-
<b>Charitable activities:</b>						
Funding for the academy trust's educational operations	3	-	6,098,563	-	6,098,563	4,620,504
Other trading activities	4	429,812	52,557	-	482,369	319,635
Investments	5	807	-	-	807	492
<b>Total income and endowments</b>		<b>430,719</b>	<b>5,423,120</b>	<b>13,918,508</b>	<b>19,772,347</b>	<b>5,041,365</b>
<b>Expenditure on:</b>						
Raising Funds	6	218,722	20,975	-	239,697	72,741
<b>Charitable activities:</b>						
Academy trust educational operations	6,7	89,040	5,907,958	638,439	6,635,437	5,358,931
<b>Total expenditure</b>		<b>307,762</b>	<b>5,928,933</b>	<b>638,439</b>	<b>6,875,134</b>	<b>5,431,672</b>
<b>Net income / (expenditure)</b>		<b>122,957</b>	<b>(505,813)</b>	<b>13,280,069</b>	<b>12,897,213</b>	<b>(390,307)</b>
<b>Transfers between funds</b>	17	(121,391)	(280,814)	402,205	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial (losses) / gains on defined benefit pension schemes	17,26	-	(1,020,000)	-	(1,020,000)	(28,000)
Other recognised gains / (losses)		-	-	98,146	98,146	-
<b>Net movement in funds</b>		<b>1,566</b>	<b>(1,806,627)</b>	<b>13,780,420</b>	<b>11,975,359</b>	<b>(418,307)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at September 2015	17	3,948	(837,259)	8,689,033	7,855,722	8,274,029
<b>Funds carried forward at 31 August 2016</b>		<b>5,514</b>	<b>(2,643,886)</b>	<b>22,469,453</b>	<b>19,831,081</b>	<b>7,855,722</b>

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

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

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2015 £
<b>Income and endowments from:</b>				
Donations and capital grants	-	-	100,734	100,734
<i>Charitable activities:</i>				
Funding for the academy trust's educational operations	-	4,620,504	-	4,620,504
Other trading activities	319,635	-	-	319,635
Investments	492	-	-	492
<b>Total income and endowments</b>	<b>320,127</b>	<b>4,620,504</b>	<b>100,734</b>	<b>5,041,365</b>
<b>Expenditure on:</b>				
Raising Funds	72,741	-	-	72,741
<i>Charitable activities:</i>				
Academy trust educational operations	69,674	4,796,604	492,653	5,358,931
<b>Total expenditure</b>	<b>142,415</b>	<b>4,796,604</b>	<b>492,653</b>	<b>5,431,672</b>
<b>Net income / (expenditure)</b>	<b>177,712</b>	<b>(176,100)</b>	<b>(391,919)</b>	<b>(390,307)</b>
<b>Transfers between funds</b>	<b>(236,096)</b>	<b>146,664</b>	<b>89,432</b>	<b>-</b>
<b>Other recognised gains / (losses):</b>				
Actuarial (losses) / gains on defined benefit pension schemes	-	(28,000)	-	(28,000)
<b>Net movement in funds</b>	<b>(58,384)</b>	<b>(57,436)</b>	<b>(302,487)</b>	<b>(418,307)</b>
<b>Reconciliation of funds</b>				
Total funds brought forward at 1 September 2014	62,332	(779,823)	8,991,520	8,274,029
<b>Funds carried forward at 31 August 2015</b>	<b>3,948</b>	<b>(837,259)</b>	<b>8,689,033</b>	<b>7,855,722</b>

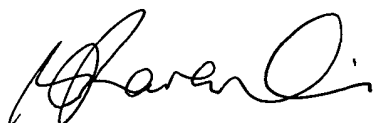
All of the academy's activities derive from continuing operations during the above financial period.

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

# Balance Sheet as at 31 August 2016

	Notes	2016 £	2015 £
<b>Fixed Assets</b>			
Intangible assets	11	27,185	-
Tangible assets	12	<u>22,526,661</u>	<u>8,675,082</u>
		<u>22,553,846</u>	<u>8,675,082</u>
<b>Current assets</b>			
Stock	13	21,865	18,175
Debtors	14	288,840	140,866
Cash at bank and in hand		<u>622,677</u>	<u>307,736</u>
		<u>933,382</u>	<u>466,777</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	15	<u>(951,220)</u>	<u>(366,629)</u>
<b>Net current assets</b>		<u>(17,838)</u>	<u>100,148</u>
<b>Total assets less current liabilities</b>		<u>22,536,008</u>	<u>8,775,230</u>
Creditors: amounts falling due after more than one year	15	<u>(64,927)</u>	<u>(77,508)</u>
<b>Net assets excluding pension liability</b>		<u>22,471,081</u>	<u>8,697,722</u>
Defined benefit pension scheme liability	26	<u>(2,640,000)</u>	<u>(842,000)</u>
<b>Total net assets</b>		<u>19,831,081</u>	<u>7,855,722</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
- Fixed asset fund	17	22,469,453	8,689,033
- General fund	17	(3,886)	4,741
- Pension reserve	17	<u>(2,640,000)</u>	<u>(842,000)</u>
<b>Total restricted funds</b>		<u>19,825,567</u>	<u>7,851,774</u>
<b>Unrestricted income funds</b>	17	5,514	3,948
<b>Total unrestricted funds</b>		<u>5,514</u>	<u>3,948</u>
<b>Total funds</b>		<u>19,831,081</u>	<u>7,855,722</u>

The financial statements on pages 18 to 41 were approved by the trustees, and authorised for issue on 16 December 2016 and are signed on their behalf by:



M Ravenhill  
Chair of Trustees

**Statement of Cash Flows for the period ended 31 August 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	21	828,434	153,231
<b>Cash flows from investing activities</b>	22	(500,942)	492
<b>Cash flows from financing activities</b>	23	(12,551)	(148,888)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>314,941</u>	<u>4,835</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Cash and cash equivalents at 01 September 2015	24	307,736	302,901
<b>Cash and cash equivalents at 31 August 2016</b>		<u>622,677</u>	<u>307,736</u>

## 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.

#### Basis of Preparation

These financial statements are the first financial statements of Hartismere Family of Schools 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 Hartismere Family of Schools 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 trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

#### Explanation of transition to FRS 102

It is the first year that the Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2015. As a consequence of adopting FRS 102 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 Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

#### Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 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.

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

- **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.

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

### 1. Statement of Accounting Policies (continued)

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

#### **Gifted Assets on Conversion**

The conversion of Benjamin Britten High School from a state maintained school to a sponsored academy 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 Benjamin Britten High School to an academy have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised 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 upon conversion, and included within the accounts using the state measurement base. The value was £12,635,705. Other fixed assets were valued at £1,219,644. The pension deficit inherited upon transfer was £728,000. Further details of the transactions are set out in note 28.

#### **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.

- **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	33%
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## Notes to the Financial Statements for the Year Ended 31 August 2016

### 1. Statement of Accounting Policies (continued)

#### Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the 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 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 Buildings (Hartismere)	2%
• Freehold Main School Buildings (Hartismere)	3.7%
• Historic Cost Assets (Hartismere)	12.5%
• Biomass Boiler (Hartismere)	7%
• Long Leasehold Buildings (Benjamin Britten)	2.85%
• Lighting Upgrades	5%
• Furniture and Equipment	10%
• Computer hardware	33%
• All Weather Surface Pitches	10%

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.

#### Stock

Unsold uniforms 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.



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

### 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.

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 26, 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 trustees.

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 26, 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 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.

## 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
	£	£	£	£
<b>Capital grants</b>				
Devolved Formula Capital	-	39,332	39,332	20,639
Condition Improvement Fund 2015/16	-	40,773	40,773	80,095
Environment Improvement Grant	-	80,000	80,000	-
<b>Other donations</b>	-	-	-	-
Donation	100	-	100	-
	<b>100</b>	<b>160,105</b>	<b>160,205</b>	<b>100,734</b>

## 3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
<b>DfE/EFA Revenue Grants</b>				
General Annual Grant	-	5,406,806	5,406,806	4,157,184
Pupil Premium	-	178,456	178,456	127,260
MAT Start Up Grants	-	205,000	205,000	-
Rates	-	26,580	26,580	21,493
Year 7 Catch Up Grant	-	10,000	10,000	11,000
Core Maths Project Grant	-	8,430	8,430	20,470
EFA Redundancy Grant	-	-	-	25,117
16-19 Vulnerable Student Bursary	-	-	-	1,200
	-	5,835,272	5,835,272	4,363,724
<b>Other Government Grants</b>				
School Games Organiser Salary Grant	-	23,800	23,800	23,800
School Games Organiser Competitions	-	2,565	2,565	3,414
National Leaders In Education Grant	-	6,000	6,000	-
High Tariff Needs Funding	-	21,703	21,703	11,250
	-	54,068	54,068	38,464
<b>Other income from the academy trust's educational operations</b>				
Academy Trips	-	209,223	209,223	218,316
	-	6,098,563	6,098,563	4,620,504

## 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	33,292	-	33,292	41,194
Items Sold	140,609	-	140,609	71,810
Insurance Claims	-	-	-	2,824
Catering Income	138,827	-	138,827	93,135
Fundraising	14,583	-	14,583	-
NPQML/School Experience Programme	-	51,315	51,315	-
Football Foundation Grant	-	1,242	1,242	-
Income from Services Provided	47,332	-	47,332	110,672
Uniform Sales	26,764	-	26,764	-
Product Donations	10,392	-	10,392	-
Exam Resits	9,311	-	9,311	-
Music Tuition Contributions	8,702	-	8,702	-
	<b>429,812</b>	<b>52,557</b>	<b>482,369</b>	<b>319,635</b>

## 5 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Bank Interest	807	-	807	492
	<b>807</b>	<b>-</b>	<b>807</b>	<b>492</b>

## 6 Expenditure

	Non Pay Expenditure			Total 2016	Total 2015
	Staff Costs £	Premises £	Other £	£	£
Expenditure on raising funds	-	-	239,697	239,697	72,741
Academy's educational operations					
• Direct Costs	3,959,526	638,439	753,542	5,351,507	4,396,030
• Allocated Support Costs	687,137	311,260	285,533	1,283,930	962,901
	<b>4,646,663</b>	<b>949,699</b>	<b>1,278,772</b>	<b>6,875,134</b>	<b>5,431,672</b>

## Net Income/(expenditure) for the period includes:

	2016 £	2015 £
Operating lease rentals	31,671	21,288
Depreciation	634,042	492,653
Amortisation of intangible fixed assets (included within Charitable Activities - Academy trust educational operations)	4,400	-
Fees payable to auditor for:		
- audit	6,500	5,025
	<b>676,613</b>	<b>518,966</b>

During the period there were no compensation payments, gifts made by the trust, fixed asset losses, stock losses, unrecoverable debts, cash losses or ex-gratia payments.

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

## 7 Charitable Activities

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Direct costs - educational operations</b>	<b>5,351,507</b>	<b>4,396,030</b>
<b>Support costs - educational operations</b>	<b>1,283,930</b>	<b>962,901</b>
	<b><u>6,635,437</u></b>	<b><u>5,358,931</u></b>

	<b>Educational Operations £</b>	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>Analysis of support costs</b>			
Support staff costs	687,137	687,137	549,645
Technology costs	20,068	20,068	1,382
Premises costs	311,260	311,260	248,118
Other support costs	256,352	256,352	156,327
Governance costs	9,113	9,113	7,429
<b>Total support costs</b>	<b><u>1,283,930</u></b>	<b><u>1,283,930</u></b>	<b><u>962,901</u></b>

## 8 Staff

	<b>Total 2016 £</b>	<b>Total 2015 £</b>
<b>a. Staff costs</b>		
Staff costs during the period were:		
Wages and salaries	3,697,187	2,979,082
Social security costs	310,612	217,788
Operating costs of defined benefit pension schemes	638,864	464,740
	<b><u>4,646,663</u></b>	<b><u>3,661,610</u></b>
Supply staff costs	-	31,506
Staff restructuring costs	-	83,013
	<b><u>4,646,663</u></b>	<b><u>3,776,129</u></b>

### b. Non statutory/non-contractual staff severance payments

There were no staff restructuring costs during the period (2015: £14,001).

### c. Staff numbers

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

	<b>2016 No.</b>	<b>2015 No.</b>
Teachers	97	58
Administration and support	128	63
Management	6	4
	<b><u>231</u></b>	<b><u>125</u></b>

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****d. Higher paid staff**

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

	2016 No.	2015 No
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£100,001 - £110,000	-	1
£130,001 - £140,001	1	-

**e. Key management personnel**

The key management personnel of the academy trust comprise of the trustees and the senior management team at each academy. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £564,602 (2015: £455,966).

**9 Related Party Transactions - Trustees' Remuneration and Expenses**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees 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 trustees' remuneration was as follows:

J McAtear (chief executive officer and trustee):

Remuneration £135,000 - £140,000 (2015: £105,000 - £110,000)

Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000)

R Miller (staff trustee):

Remuneration £45,000 - £50,000 (2015: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

C Jones (staff trustee):

Remuneration £45,000 - £50,000 (2015: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

G Musgrave-Brown (staff trustee):

Remuneration £25,000 - £30,000 (2015: £25,000 - £30,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £,8338 (2015: £6,047) were reimbursed or paid directly to one trustee (2015: one trustee).

There were no other related party transactions involving the trustees.

**10 Trustees' 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 Trustees 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 Trustees and Officers indemnity element from the overall cost of the RPA scheme.

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

## 11 Intangible Fixed Assets

	IT Software £	Total £
<b>Cost</b>		
At 1 September 2015	-	-
Additions	31,585	31,585
At 31 August 2016	<u>31,585</u>	<u>31,585</u>
<b>Amortisation</b>		
At 1 September 2015	-	-
Charged in year	4,400	4,400
At 31 August 2016	<u>4,400</u>	<u>4,400</u>
<b>Carrying Amount</b>		
At 31 August 2015	-	-
At 31 August 2016	<u>27,185</u>	<u>27,185</u>

## 12 Tangible Fixed Assets

	Freehold Land and Buildings £	Leasehold Land and Buildings £	IT Equipment £	Furniture and Equipment £	Plant & Machinery £	Assets Under Construction £	Total £
<b>Cost</b>							
At 1 September 2015	8,255,031	-	168,799	987,226	931,653	-	10,342,709
Transferred from Local Authority	-	12,635,705	101,097	1,118,547	-	-	13,855,349
Additions	2,327	-	99,644	528,298	-	-	630,269
Disposals	-	-	(8,277)	-	-	-	(8,277)
At 31 August 2016	<u>8,257,358</u>	<u>12,635,705</u>	<u>361,263</u>	<u>2,634,071</u>	<u>931,653</u>	<u>-</u>	<u>24,820,050</u>
<b>Depreciation</b>							
At 1 September 2015	959,771	-	157,927	294,757	255,172	-	1,667,627
Charged in year	312,799	88,525	22,028	144,130	66,557	-	634,039
Disposals	-	-	(8,277)	-	-	-	(8,277)
At 31 August 2016	<u>1,272,570</u>	<u>88,525</u>	<u>171,678</u>	<u>438,887</u>	<u>321,729</u>	<u>-</u>	<u>2,293,389</u>
<b>Net Book Values</b>							
At 31 August 2015	7,295,260	-	10,872	692,469	676,481	-	8,675,082
At 31 August 2016	<u>6,984,788</u>	<u>12,547,180</u>	<u>189,585</u>	<u>2,195,184</u>	<u>609,924</u>	<u>-</u>	<u>22,526,661</u>

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

## 12 Tangible Fixed Assets (Continued)

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on Benjamin Britten Academy for £12,635,705 over a term of 125 years

## 13 Stock

	2016	2015
	£	£
Uniform	21,865	18,175
	<u>21,865</u>	<u>18,175</u>

## 14 Debtors

	2016	2015
	£	£
VAT recoverable	102,504	17,114
Other debtors	5,126	-
Prepayments and accrued income	181,210	123,752
	<u>288,840</u>	<u>140,866</u>

## 15 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	388,073	12,702
Taxation and social security	126,258	62,135
Other creditors	121,852	86,031
Accruals and deferred income	315,037	205,761
	<u>951,220</u>	<u>366,629</u>

## Deferred Income

	2016	2015
	£	£
Deferred Income at 1 September 2015	105,286	106,149
Resources deferred in the year	107,296	105,286
Amounts released from previous years	(105,286)	(106,149)
Deferred Income at 31 August 2016	<u>107,296</u>	<u>105,286</u>

At the balance sheet date the academy trust was holding funds received in advance for EFA rates reimbursed, academy trips and funds received in advance of goods and services.

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

## 16 Creditors: amounts falling due after more than one year

	2016 £	2015 £
Other Creditors	64,927	77,508
	<u>64,927</u>	<u>77,508</u>

Included within other creditors are two Salix loans of £64,297 from Suffolk County Council which are provided for lighting upgrades at Benjamin Britten Academy and repayable over terms of five years.

## 17 Funds

	Balance at 1 September 2015 £	Income £	Expenditure £	transfers £	Gains / (Losses) £	Balance at 31 August 2016 £
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	5,406,806	(5,122,246)	(314,466)	-	(29,906)
Start Up Grant	-	205,000	(60,894)	(144,106)	-	-
Pupil Premium	-	178,456	(178,456)	-	-	-
Other EFADfE Grants	1,369	45,010	(45,010)	-	-	1,369
Other Restricted Funds	3,372	315,848	(293,327)	(1,242)	-	24,651
Pension reserve	(842,000)	(728,000)	(229,000)	179,000	(1,020,000)	(2,640,000)
	<u>(837,259)</u>	<u>5,423,120</u>	<u>(5,928,933)</u>	<u>(280,814)</u>	<u>(1,020,000)</u>	<u>(2,643,886)</u>
<b>Restricted fixed asset funds</b>						
Transfer on Conversion	-	13,758,403	(137,044)	-	-	13,621,359
DfE/EFA Capital Grants	1,061,621	160,105	(2,106)	-	-	1,219,620
Capital expenditure from GAG	9,133	-	-	135,466	-	144,599
Donated Assets	7,384,922	-	(491,221)	-	-	6,893,701
Other Capital Income	233,357	-	(8,068)	266,739	98,146	590,174
	<u>8,689,033</u>	<u>13,918,508</u>	<u>(638,439)</u>	<u>402,205</u>	<u>98,146</u>	<u>22,469,453</u>
<b>Total restricted funds</b>	<u>7,851,774</u>	<u>19,341,628</u>	<u>(6,567,372)</u>	<u>121,391</u>	<u>(921,854)</u>	<u>19,825,567</u>
<b>Unrestricted funds</b>						
	3,948	430,719	(307,762)	(121,391)	-	5,514
<b>Total unrestricted funds</b>	<u>3,948</u>	<u>430,719</u>	<u>(307,762)</u>	<u>(121,391)</u>	<u>-</u>	<u>5,514</u>
<b>Total funds</b>	<u>7,855,722</u>	<u>19,772,347</u>	<u>(6,875,134)</u>	<u>-</u>	<u>(921,854)</u>	<u>19,831,081</u>

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

General Annual Grant (GAG) must be used for the normal running costs of the trust. The following transfers have been made from GAG: £179,000 to the restricted pension fund representing the cost of employer contributions towards the Local Government Pension scheme, £135,466 to the restricted fixed asset fund for additions and £12,552 representing two salix loan repayments. Transfers of £144,106 from restricted funds and £121,391 from unrestricted funds have also been made to the restricted fixed asset fund for additions.



**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****17 Statement of Funds (continued)**

DfE/EFA and other grants were receivable during the year to support the standard of teaching and learning at the Academy. These grants include School Games Organiser, 16-19 Bursary, High Tariff Needs and Core Maths Teaching Programme.

The trust received start up grants of £205,000 during the period to support the costs involved in setting up a multi academy trust and an Environment Improvement Grant of £80,000 towards capital costs at Benjamin Britten Academy which have been used in full to improve the learning environment.

The trust received the Capital Maintenance Fund 2015/16 bid of £40,773 for Hartismere School which was used to complete window repairs/replacement work the cost of which has been capitalised.

The pension reserve deficit at the year end was £2,640,000 and represents the trusts' share of the deficit of the Local Government Pension Scheme as per pension note 26.

Unrestricted funds include the sale of school meals, uniform sales, hire of facilities, services to other schools and income from services provided. These funds are used to support expenditure from the restricted general funds as required.

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.

The trust is carrying a net surplus of £1,628 on restricted general funds (excluding pension reserve).

**Analysis of academies by fund balance**

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

	<b>Total £</b>
Hartismere School	29,019
Benjamin Britten Academy	(27,391)
Central services	-
Total before fixed assets and pension reserve	<u>1,628</u>
Restricted fixed asset fund	<b>22,469,453</b>
Pension Reserve	<b>(2,640,000)</b>
<b>Total</b>	<b><u>19,831,081</u></b>

Benjamin Britten Academy is carrying a net deficit of £27,391 on these funds due to advanced investment in the learning environment and facilities ahead of the start of the 2016/17 financial year.

The trust has accounted for this advanced spend within the 2016/17 budget plan.

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

	<b>Teaching and Educational Support Staff Costs £</b>	<b>Other Support Staff Costs £</b>	<b>Educational Supplies £</b>	<b>Other Costs (excluding Depreciation) £</b>	<b>Total £</b>
Hartismere School	3,204,406	445,693	316,487	871,282	<b>4,837,868</b>
Benjamin Britten Academy	755,120	204,804	133,914	244,095	<b>1,337,933</b>
Central services	-	36,640	-	24,254	<b>60,894</b>
<b>Academy Trust</b>	<b><u>3,959,526</u></b>	<b><u>687,137</u></b>	<b><u>450,401</u></b>	<b><u>1,139,631</u></b>	<b><u>6,236,695</u></b>

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****18 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	-	-	27,185	27,185
Tangible Fixed assets	-	-	22,526,661	22,526,661
Current assets	73,428	660,634	199,320	933,382
Current liabilities	(67,914)	(664,520)	(218,786)	(951,220)
Non current liabilities	-	-	(64,927)	(64,927)
Pension scheme liability	-	(2,640,000)	-	(2,640,000)
<b>Total net assets</b>	<b>5,514</b>	<b>(2,643,886)</b>	<b>22,469,453</b>	<b>19,831,081</b>

**19 Capital Commitments**

	2016 £	2015 £
Contracted for, but not provided in the financial statements		
Smoothwall Internet Filtering	13,535	-
Furniture & Equipment	60,436	-
IT Equipment	3,369	-
	<b>77,340</b>	<b>-</b>

**20 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	53,427	18,238
Amounts due between one and five years	69,185	11,344
	<b>122,612</b>	<b>29,582</b>

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

## 21 Reconciliation of Net Income/(Expenditure) to Net Cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the year (as per the statement of financial activities)	12,897,213	(390,307)
Adjusted for:		
Amortisation (note 11)	4,400	-
Depreciation (note 12)	634,039	492,653
Capital grants from DfE and other capital income	(160,105)	(100,734)
Interest receivable (note 4)	(807)	(492)
Fixed assets transferred from Local Authorities (note 28)	(13,758,403)	-
Defined benefit pension scheme obligation inherited (note 26)	728,000	-
Defined benefit pension scheme cost less contributions payable (note 26)	10,000	19,000
Defined benefit pension scheme finance cost (note 26)	40,000	4,000
(Increase)/decrease in stocks	(3,690)	2,610
(Increase)/decrease in debtors	(147,974)	(57,844)
Increase/(decrease) in creditors	585,761	184,345
<b>Net cash provided by / (used in) Operating Activities</b>	<b>828,434</b>	<b>153,231</b>

## 22 Cash Flows from Financing Activities

	2016 £	2015 £
Repayments of borrowing	(12,551)	(15,561)
<b>Net cash provided by / (used in) financing activities</b>	<b>(12,551)</b>	<b>(15,561)</b>

## 23 Cash Flows from Investing Activities

	2016 £	2015 £
Dividends, interest and rents from investments	807	492
Purchase of tangible fixed assets	(630,269)	(234,061)
Purchase of intangible fixed assets	(31,585)	-
Capital grants from DfE / EFA	160,105	100,734
<b>Net cash provided by / (used in) investing activities</b>	<b>(500,942)</b>	<b>(132,835)</b>

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

### 24 Analysis of Cash and Cash Equivalents

	At 1 September 2015	Cash flows	At 31 August 2016
	£	£	£
Cash in hand and at bank	307,736	314,941	622,677
<b>Total cash and cash equivalents</b>	<b>307,736</b>	<b>314,941</b>	<b>622,677</b>

### Contingent Liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 25 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.

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

### 26 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 Council. Both are multi-employer defined-benefit schemes.

The LGPS obligation relates to the employees of the academy trust, who were continued to be employed at Hartismere School plus the employees transferred as part of the conversion from the maintained Benjamin Britten High 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 latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £29,091 (2015: £0) were payable to the schemes at 31 August 2016 and are 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.

##### 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 £628,863 (2015: £326,198).

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.

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

### 26 Pension and Similar Obligations (continued)

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £220,000 (2015: £152,000), of which employer's contributions totalled £179,000 (2015: £123,000) and employees' contributions totalled £41,000 (2015: £29,000). The agreed contribution rates are 26.4% from 1 April 2016 for Hartismere School and 28.0% for Benjamin Britten Academy for employers and future years from 2017/18 will be determined by the funding strategy following the actuarial valuation at March 2016. The contribution rate for employees will be a variable % 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.

#### 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	2.00%	3.70%
Inflation assumption (CPI)	3.80%	3.80%
Commutation of pensions to lump sums	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

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****26 Pension and Similar Obligations (continued)**

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

	<b>Fair value at 31 August 2016 £</b>	<b>Fair value at 31 August 2015 £</b>
Equity instruments	1,086,400	955,000
Debt instruments	310,400	290,000
Property	155,200	138,000
<b>Total market value of assets</b>	<b>1,552,000</b>	<b>1,383,000</b>

The actual return on scheme assets was £281,000 (2015: £57,000).

**Amounts recognised in the statement of financial activities**

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	(143,000)	(142,000)
Net interest cost	(31,000)	(30,000)
<b>Total operating charge</b>	<b>(174,000)</b>	<b>(172,000)</b>

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

	<b>2016 £</b>	<b>2015 £</b>
<b>At 1 September</b>	<b>2,394,000</b>	<b>2,174,000</b>
Current service cost	143,000	142,000
Interest cost	91,000	83,000
Employee contributions	30,000	29,000
Actuarial (gain) / loss	695,000	6,000
Benefits paid	(44,000)	(40,000)
<b>At 31 August</b>	<b>3,309,000</b>	<b>2,394,000</b>

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

	<b>2016 £</b>	<b>2015 £</b>
<b>At 1 September</b>	<b>1,552,000</b>	<b>1,383,000</b>
Interest income	60,000	53,000
Actuarial gain / (loss)	221,000	4,000
Employer contributions	129,000	123,000
Employee contributions	30,000	29,000
Benefits paid	(44,000)	(40,000)
<b>At 31 August</b>	<b>1,948,000</b>	<b>1,552,000</b>

**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****27 Related Party Transactions**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

No related party transaction took place in the period of account.

**28 Conversion to Academy Trust**

On 1 May 2016 the Benjamin Britten Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Hartismere Family of Schools Academy Trust from the Suffolk Local Authority 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 a net gain/loss in the Statement of Financial Activities as a transfer from the local authority on conversion.

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

	<b>Unrestricted Funds £</b>	<b>Restricted General Fund £</b>	<b>Restricted Fixed Asset Funds £</b>	<b>Total £</b>
Tangible fixed assets				
-Leasehold land and buildings	-	-	12,635,705	<b>12,635,705</b>
-Other Tangible fixed assets	-	-	1,219,644	<b>1,219,644</b>
LGPS pension surplus / (deficit)	-	(728,000)	-	<b>(728,000)</b>
Borrowing obligations	-	-	(96,946)	<b>(96,946)</b>
<b>Net Assets/(Liabilities)</b>	<b>-</b>	<b>(728,000)</b>	<b>13,758,403</b>	<b>13,030,403</b>

Upon conversion the academy trust received property on a 125 year leasehold for nil consideration. The property was measured and valued within the accounts using the state measurement base.



**Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)****29 Reconciliation to SORP 2015 and FRS 102**

Reconciliations and descriptions of the effect of the transition to FRS 102 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:

<b>Reconciliation of total funds</b>	<b>Notes</b>	<b>1 September 2014 £</b>	<b>31 August 2015 £</b>
Total funds under previous UK GAAP		8,274,029	7,855,722
Employee benefits accrual	B	-	-
Total funds reported under FRS 102		<u>8,274,029</u>	<u>7,855,722</u>

<b>Reconciliation of net income/(expenditure)</b>	<b>Notes</b>	<b>31 August 2015 £</b>
Net income/(expenditure) previously reported under UK GAAP		(390,307)
Change in recognition of LGPS interest cost	A	(26,000)
Employee benefits accrual	B	-
Net movement in funds reported under FRS102		<u>(416,307)</u>

**A – Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets as an expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/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 £26,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

**B- Recognition of outstanding employee benefits**

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Employees are encouraged to take their holiday entitlement during the period in which it is due. The cost of any unused entitlement is recognised in the period in which the employee's services are received. A provision of £0 was recognised at 1 September 2014, and £0 at 31 August 2015. The movement on this provision of £0 has been charged to the SOFA in the year ended 31 August 2015.