

Hartismere Family of Schools
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2017



Company Registration Number: 07341583
(England and Wales)

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HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	Marion Ravenhill Barbara Bailey Neil Cave Sara Michell Christopher Aldous
Trustees	Marion Ravenhill, Chair Dr John Battersby Gina Cole (resigned 30 September 2016) Christopher Aldous Simon Hooton Lee Macdonald James McAtear
Company registered number	07341583
Company name	Hartismere Family of Schools
Principal and registered office	Castleton Way Eye Suffolk IP23 7BL
Company secretary	Deborah Ebbage
Chief executive officer	James McAtear
Chief finance officer	Deborah Ebbage
Local Governing Board	Gina Cole, (resigned 30 September 2016) Dr Christina Odams Ian Portway Godfrey Musgrave-Brown, (resigned 31 August 2017) Claire Jones Richard Miller
Independent auditors	CG LEE LIMITED Chartered Certified Accountants Ingram House Meridian Way Norwich Norfolk NR7 0TA
Bankers	Lloyds Bank Cornhill North Ipswich Branch 13 Cornhill Ipswich IP1 1DG

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors

Stone King LLP
Wellington House
East Road
Cambridge
CB1 1BH

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Hartismere Family of Schools' trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. 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, Hartismere School for pupils aged 11-19 and Benjamin Britten Music and Mathematics Academy for pupils aged 11-16 both located in north Suffolk. The academies had a combined pupil roll of 1,691 in the summer term 2017.

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 1.

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.

Trustees' 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 4 full governing body meetings and 3 local governor body meetings.

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

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

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. Department for Education (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

Objectives 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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 complete sponsorship of Woods Loke and Somerleyton Primary Schools
- To set up a range of centralised services including finance, computing, legal and site maintenance

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 - 9 grades for English and Maths to a figure in excess of 65%
- 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 to the Performing Arts, Technology and PE

Benjamin Britten Academy

- Raising the Progress 8 score to better than -0.2

Public Benefit

The trustees acknowledge their 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

- Academy orders have been granted for Woods Loke and Somerleyton Primary Schools

Hartismere School

- Sixth form numbers fell to below 190
- The school continues to be oversubscribed in every year group
- Progress 8 score of +0.8
- 77% of students achieved 4 – 9 grades in English and Mathematics
- Average Points Scores at sixth form are above the County average. Almost 200 students study in the sixth form

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Benjamin Britten Academy joined the trust on 1 May 2016.

The total number of students on roll across the trust in the summer term 2017 numbered 1,691. From 1 September 2010 the academy has a PAN (Pupil Admissions Number) each year of 140.

Hartismere School

Examination results for 2017 were the fourth 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.

Benjamin Britten Academy

Examination results for 2017 were much improved on 2016.

- Expected pupil numbers for 2017 entry are projected to increase from 186 at this point last year to 251

The School Improvement Plan is set to further ensure outstanding results are achieved in 2017.

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 and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the ESFA during the year ended 31 August 2017 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 ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities 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 2017, total expenditure of £10,841,316 exceeded recurrent grant funding together with other income. The excess of expenditure over income for the year before pension and restricted fixed assets was £239,394 represented by a reduction of restricted general funds of £264,537 (excluding pension reserve) and an increase in unrestricted funds of £25,143.

At 31 August 2017 the net book value of fixed assets was £21,813,434 and movements in intangible and tangible fixed assets are shown within notes 15 and 16 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 the pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2017 and supporting note to the accounts number 26.

Reserves Policy

The academy held fund balances at 31 August 2017 of £19,879,808 comprising of £30,657 in unrestricted funds, £268,423 deficit in restricted general funds, £21,750,574 in the restricted fixed asset fund and a £1,633,000 deficit on the pension fund.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The total of restricted and unrestricted general funds held at 31 August 2017 was a deficit of £237,766.

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 and Skills Funding Agency. The academy has an effective system of internal financial controls and this is explained in more detail in the following statement.

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 quarterly 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 9 – 5 levels for both Mathematics and English that is more than 5% above the national average
- To achieve over 213 points per entry at sixth form

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- To achieve a fourth 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.

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 18 December 2017 and signed on the Board's behalf by:

Signed



Marion Ravenhill, Chair
Chair of Trustees

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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 Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Marion Ravenhill, Chair	4	4
Dr John Battersby	3	4
Gina Cole	0	4
Christopher Aldous	4	4
Simon Hooton	2	4
Lee Macdonald	2	4
James McAtear	4	4

There was one change to the trustees during the period as Gina Cole ceased being a Trustee on 30 September 2016.

The Local Governing Body at Hartismere also met during the period.

Attendance at meetings in the year was as follows:

Local Governor	Meetings attended	Out of a possible
Ian Portway	3	3
Christina Odams	2	3
Claire Jones	2	3
Richard Miller	2	3
Godfrey Musgrave-Brown	2	3

There was one change to the local governing body during the end of the year as Godfrey Musgrave-Brown ceased being a member on 31 August 2017. A Local Governing Body at Benjamin Britten is not yet established.

Review of Value for Money

As accounting officer, the chief executive officer has responsibility for ensuring that the academy 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 academy'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 has delivered improved value for money during the year by:

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GOVERNANCE STATEMENT (continued)

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.

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 ongoing process designed to identify and prioritise the risks to the achievement of academy 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 year 1 September 2016 to 31 August 2017 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 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 ongoing process for identifying, evaluating and managing the academy's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 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'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 responsible officer's role includes giving advice on financial matters and performing a range of checks on the academy'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

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GOVERNANCE STATEMENT (continued)

- Inventory & Security
- Tax
- Data Security
- Insurance

On a quarterly basis, the responsible officer 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 responsible officer has delivered their schedule as planned for the year ended 31 August 2017 in line with the ESFA's requirements. There were no material control issues arising as a result of the responsible officer's work.

Review of Effectiveness

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

- the work of the responsible officer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

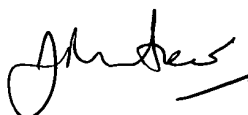
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18/12/2017 and signed on their behalf, by:

Marion Ravenhill
Chair of Trustees



James McAtear
Accounting Officer



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STATEMENT ON 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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 ESFA.



James McAtear
Accounting Officer

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare 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:

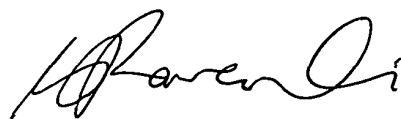
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/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 order of the members of the board of trustees on 18/12/2017 and signed on its behalf by:



Marion Ravenhill
Chair of Trustees

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

Opinion

We have audited the financial statements of Hartismere Family of Schools for the year ended 31 August 2017 which comprise the Statement of financial activities, the Summary income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills 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.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the academy trust incurred a net loss of £1,141,273 during the year ended 31 August 2017 and had net current liabilities of £259,241 at 31 August 2017. As stated in note 1.2, these events or conditions, along with the other matters as set forth in the note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which 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' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, the trustees (who are also the directors of the academy 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust's or to cease operations, or have no realistic alternative but to do so.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
HARTISMERE FAMILY OF SCHOOLS**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



CG LEE LIMITED

Chartered Certified Accountants
Statutory Auditor

Ingram House
Meridian Way
Norwich
Norfolk
NR7 0TA

Date: 18th December 2017

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARTISMERE FAMILY OF SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 18 October 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 year 1 September 2016 to 31 August 2017 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 the ESFA 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 the ESFA 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 the ESFA, 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 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

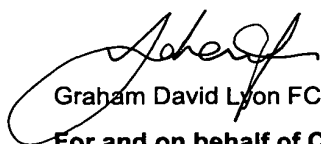
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO
HARTISMERE FAMILY OF SCHOOLS AND THE EDUCATION AND SKILLS FUNDING AGENCY**
(continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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: 18th December 2017

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations and capital grants	2	10,299	-	19,075	29,374	160,205
Charitable activities	3	-	8,840,491	-	8,840,491	6,098,563
Other trading activities	4	440,004	389,726	-	829,730	482,369
Investments	5	-	448	-	448	807
Transfer from local authority on conversion		-	-	-	-	13,030,403
TOTAL INCOME		450,303	9,230,665	19,075	9,700,043	19,772,347
EXPENDITURE ON:						
Raising funds		355,699	91,260	-	446,959	239,697
Charitable activities	6	69,461	9,304,792	1,020,104	10,394,357	6,635,437
TOTAL EXPENDITURE	8	425,160	9,396,052	1,020,104	10,841,316	6,875,134
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	21	25,143	(165,387)	(1,001,029)	(1,141,273)	12,897,213
		-	(282,150)	282,150	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		25,143	(447,537)	(718,879)	(1,141,273)	12,897,213
Other recognised gains / (losses)		-	-	-	-	98,146
Actuarial gains/(losses) on defined benefit pension schemes	26	-	1,190,000	-	1,190,000	(1,020,000)
NET MOVEMENT IN FUNDS		25,143	742,463	(718,879)	48,727	11,975,359
RECONCILIATION OF FUNDS:						
Total funds brought forward		5,514	(2,643,886)	22,469,453	19,831,081	7,855,722
TOTAL FUNDS CARRIED FORWARD		30,657	(1,901,423)	21,750,574	19,879,808	19,831,081

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
GROSS INCOME IN THE REPORTING PERIOD		450,303	9,230,665	9,680,968	5,853,839
Less: Total expenditure		<u>425,160</u>	<u>9,396,052</u>	<u>9,821,212</u>	<u>6,236,695</u>
NET INCOME/(EXPENDITURE) FOR THE YEAR BEFORE TRANSFERS		25,143	(165,387)	(140,244)	(382,856)
Transfers between funds	21	<u>-</u>	<u>282,150</u>	<u>282,150</u>	<u>(581,205)</u>
Net income for the year after transfers		<u>25,143</u>	<u>116,763</u>	<u>141,906</u>	<u>(964,061)</u>
NET INCOME FOR THE FINANCIAL YEAR	21	<u>25,143</u>	<u>116,763</u>	<u>141,906</u>	<u>(964,061)</u>

The notes on pages 24 to 49 form part of these financial statements.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)
REGISTERED NUMBER: 07341583

BALANCE SHEET
AS AT 31 AUGUST 2017

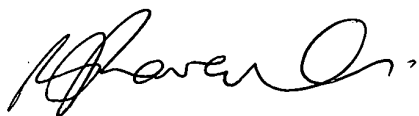
	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	15		27,515		27,185
Tangible assets	16		21,785,919		22,526,661
			<u>21,813,434</u>		<u>22,553,846</u>
CURRENT ASSETS					
Stocks	17	16,950		21,865	
Debtors	18	180,300		288,840	
Cash at bank and in hand		181,718		622,677	
			<u>378,968</u>	<u>933,382</u>	
CREDITORS: amounts falling due within one year	19	(638,209)		(951,220)	
NET CURRENT LIABILITIES			<u>(259,241)</u>		<u>(17,838)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,554,193</u>		<u>22,536,008</u>
CREDITORS: amounts falling due after more than one year	20		<u>(41,385)</u>		<u>(64,927)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>21,512,808</u>		<u>22,471,081</u>
Defined benefit pension scheme liability	26		<u>(1,633,000)</u>		<u>(2,640,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>19,879,808</u>		<u>19,831,081</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	21	(268,423)		(3,886)	
Restricted fixed asset funds	21	21,750,574		22,469,453	
Restricted income funds excluding pension liability			<u>21,482,151</u>	<u>22,465,567</u>	
Pension reserve			<u>(1,633,000)</u>	<u>(2,640,000)</u>	
Total restricted income funds			<u>19,849,151</u>		<u>19,825,567</u>
Unrestricted income funds	21		<u>30,657</u>		<u>5,514</u>
TOTAL FUNDS			<u>19,879,808</u>		<u>19,831,081</u>

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2017

The financial statements on pages 19 to 49 were approved by the trustees, and authorised for issue, on
18/12/2017 and are signed on their behalf, by:

Marion Ravenhill
Chair of Trustees



HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	23	<u>(157,248)</u>	<u>828,434</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		448	807
Purchase of tangible fixed assets		(264,657)	(630,269)
Capital grants from DfE/ESFA		19,075	160,105
Purchase of intangible fixed assets		<u>(15,035)</u>	<u>(31,585)</u>
Net cash used in investing activities		<u>(260,169)</u>	<u>(500,942)</u>
Cash flows from financing activities:			
Repayments of borrowings		(23,542)	(12,551)
Net cash used in financing activities		<u>(23,542)</u>	<u>(12,551)</u>
Change in cash and cash equivalents in the year		(440,959)	314,941
Cash and cash equivalents brought forward		<u>622,677</u>	<u>307,736</u>
Cash and cash equivalents carried forward	24	<u><u>181,718</u></u>	<u><u>622,677</u></u>

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Hartismere Family of Schools constitutes a public benefit entity as defined by FRS 102.

1.2 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 academy to continue as a going concern. For the year ended 31 August 2017 the academy trust had a net deficit on income of £1,141,273. In addition the academy trust had net current liabilities of £259,241 at 31 August 2017.

This net deficit was as a result of an unexpected increase in pupil numbers at the Benjamin Britten Music and Mathematics Academy, which was not covered by grant funding. The trust is in communication with the Education and Skills Funding Agency regarding this and the trustees are confident that this funding deficit will be reversed going forward. The situation is closely monitored by the chief finance officer who produces regular reports for review by the chief accounting officer and trustees. The Education and Skills Funding Agency are aware of the position and as relevant actions are being taken by the trust, the trustees consider the trust is able to continue as a going concern. In addition, budgets have been prepared to 31 August 2018 which indicate that the academy trust has adequate resources to continue in operational existence for the next academic year. Thus, the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

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

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

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'.

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.5 Intangible fixed assets and amortisation

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, less their estimated residual value, over their expected useful lives on the following bases:

Purchased computer software	-	33%
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1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account. 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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 incorporating income and expenditure account.

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Liabilities and provisions

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

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

1.12 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 19 and 20. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.13 Taxation

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

HARTISMERE FAMILY OF SCHOOLS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 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 liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 and include grants from the Education and Skills Funding Agency and Department for Education.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	10,299	-	-	10,299	100
Capital Grants	-	-	19,075	19,075	160,105
	<u>10,299</u>	<u>-</u>	<u>19,075</u>	<u>29,374</u>	<u>160,205</u>
Total 2016	<u>100</u>	<u>-</u>	<u>160,105</u>	<u>160,205</u>	

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	8,087,964	8,087,964	5,406,806
Pupil Premium	-	328,462	328,462	178,456
MAT Start Up Grants	-	-	-	205,000
Rates	-	61,387	61,387	26,580
Year 7 Catch Up Grant	-	20,341	20,341	10,000
Core Maths Project Grant	-	-	-	8,430
School Games Organiser	-	24,046	24,046	32,365
National Leaders In Education Grant	-	12,000	12,000	-
High Tariff Needs Funding	-	31,505	31,505	21,703
Academy Trips	-	245,592	245,592	209,223
Suffolk CC Challenge Fund	-	988	988	-
PPG LAC Funding	-	8,206	8,206	-
National College of Teaching	-	20,000	20,000	-
	-	8,840,491	8,840,491	6,098,563
Total 2016	-	6,098,563	6,098,563	

HARTISMERE FAMILY OF SCHOOLS
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of Facilities	40,615	-	40,615	33,292
Uniform Sales	12,030	-	12,030	26,764
Product Donations	12,603	-	12,603	10,392
Exam Resits	395	-	395	9,311
Music Services Income	10,909	-	10,909	8,702
Fundraising	16,194	-	16,194	14,582
Catering Income	242,147	-	242,147	138,827
Football Foundation Grant	-	-	-	1,242
NPQML/School Experience Programme	-	24,533	24,533	51,315
Income from Services Provided	8,065	-	8,065	47,333
Items Sold	84,205	-	84,205	140,609
Hospitality Income	891	-	891	-
Head Office Recharge	-	365,193	365,193	-
PCGE/Trainee Student Income	11,950	-	11,950	-
	<u>440,004</u>	<u>389,726</u>	<u>829,730</u>	<u>482,369</u>
<i>Total 2016</i>	<u>429,812</u>	<u>52,557</u>	<u>482,369</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	-	448	448	807
	<u>-</u>	<u>448</u>	<u>448</u>	
<i>Total 2016</i>	<u>-</u>	<u>807</u>	<u>807</u>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

6. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	Total funds 2016 £
Academy trust educational operations	69,461	10,324,896	10,394,357	6,635,437
<i>Total 2016</i>	89,039	6,546,398	6,635,437	

7. CHARITABLE ACTIVITIES

	Total funds 2017 £	Total funds 2016 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	4,679,764	3,148,334
National insurance	479,267	281,705
Pension cost	929,328	529,487
Depreciation	1,020,104	638,439
Other Support Costs	1,386,660	753,542
	<u>8,495,123</u>	<u>5,351,507</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Wages and salaries	814,715	548,853
National insurance	53,144	28,907
Pension cost	176,600	109,377
Technology Costs	28,623	20,068
Premises Costs	469,886	311,260
Other Support Costs	345,813	256,352
Governance Costs	10,453	9,113
	<u>1,899,234</u>	<u>1,283,930</u>
	<u>10,394,357</u>	<u>6,635,437</u>

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8. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	446,959	446,959	239,697
Academy trust educational:					
Direct costs	6,088,359	1,020,104	1,386,660	8,495,123	5,351,507
Support costs	1,044,459	469,885	384,890	1,899,234	1,283,930
	<u>7,132,818</u>	<u>1,489,989</u>	<u>2,218,509</u>	<u>10,841,316</u>	<u>6,875,134</u>
Total 2016	<u>4,646,663</u>	<u>949,699</u>	<u>1,278,772</u>	<u>6,875,134</u>	

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Academy trust educational operations	8,495,123	1,899,234	10,394,357	6,635,437
Total 2016	<u>5,351,507</u>	<u>1,283,930</u>	<u>6,635,437</u>	

Analysis of support costs

	Academy trust educational £	Total 2017 £	Total 2016 £
Staff costs	1,044,460	1,044,460	687,137
Technology Costs	28,623	28,623	20,068
Premises Costs	469,885	469,885	311,260
Other Support Costs	345,813	345,813	256,352
Governance Costs	10,453	10,453	9,113
	<u>1,899,234</u>	<u>1,899,234</u>	<u>1,283,930</u>
At 31 August 2016	<u>1,283,930</u>	<u>1,283,930</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	1,005,399	634,039
Amortisation of intangible fixed assets	14,705	4,400
Auditors' remuneration - audit	6,500	6,500
Operating lease rentals	64,388	31,671

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**NOTES TO THE FINANCIAL STATEMENTS
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11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,398,199	3,697,187
Social security costs	532,411	310,612
Operating costs of defined benefit pension schemes	1,105,928	638,864
	<u>7,036,538</u>	<u>4,646,663</u>
Apprenticeship levy	4,184	-
Supply teacher costs	41,296	-
Staff restructuring costs	50,800	-
	<u>7,132,818</u>	<u>4,646,663</u>

There were staff severance payments amounting to £50,800 (2016 - £Nil) made during the period.

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

	2017 No.	2016 No.
Teachers	106	97
Administration and support	127	128
Management	6	6
	<u>239</u>	<u>231</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £200,000	1	1

Key Management Personnel

The key management personnel of the academy trust comprises 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 £249,141 (2016: £210,558).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

12. CENTRAL SERVICES

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

- Head office services recharged

The academy charges for these services on the following basis:

The length of time spent per School is apportioned and recharged accordingly.

The actual amounts charged during the year were as follows:

	2017 £	2016 £
Hartismere	175,462	-
Benjamin Britten	190,083	-
	<hr/>	<hr/>
Total	<u>365,545</u>	<u> </u>

13. 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 other staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

During the year ended 31 August 2017, expenses totalling £5,886 (2016 - £8,338) were reimbursed to 1 trustee (2016 - 1).

14. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

15. INTANGIBLE FIXED ASSETS

	Develop- ment £
Cost	
At 1 September 2016	31,585
Additions	15,035
At 31 August 2017	46,620
Amortisation	
At 1 September 2016	4,400
Charge for the year	14,705
At 31 August 2017	19,105
Carrying amount	
At 31 August 2017	27,515
At 31 August 2016	27,185

16. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £
Cost					
At 1 September 2016	8,257,358	12,635,705	931,653	2,634,071	361,263
Additions	-	-	-	228,749	35,908
At 31 August 2017	8,257,358	12,635,705	931,653	2,862,820	397,171
Depreciation					
At 1 September 2016	1,272,570	88,525	321,729	438,887	171,678
Charge for the year	312,720	265,841	66,567	281,068	79,203
At 31 August 2017	1,585,290	354,366	388,296	719,955	250,881
Net book value					
At 31 August 2017	6,672,068	12,281,339	543,357	2,142,865	146,290
At 31 August 2016	6,984,788	12,547,180	609,924	2,195,184	189,585

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16. TANGIBLE FIXED ASSETS (continued)

	Total £
Cost	
At 1 September 2016	24,820,050
Additions	264,657
At 31 August 2017	<u>25,084,707</u>
Depreciation	
At 1 September 2016	2,293,389
Charge for the year	1,005,399
At 31 August 2017	<u>3,298,788</u>
Net book value	
At 31 August 2017	<u>21,785,919</u>
At 31 August 2016	<u>22,526,661</u>

17. STOCKS

	2017 £	2016 £
Finished goods and goods for resale	<u>16,950</u>	<u>21,865</u>

18. DEBTORS

	2017 £	2016 £
Other debtors	8,768	5,123
Prepayments and accrued income	129,426	181,213
VAT recoverable	42,106	102,504
	<u>180,300</u>	<u>288,840</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	100,659	388,073
Other taxation and social security	138,069	126,258
Other creditors	146,742	121,852
Accruals and deferred income	252,739	315,037
	<u>638,209</u>	<u>951,220</u>
	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	107,296	105,286
Resources deferred during the year	119,491	107,296
Amounts released from previous years	(107,296)	(105,286)
Deferred income at 31 August 2017	<u>119,491</u>	<u>107,296</u>

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

20. CREDITORS: Amounts falling due after more than one year

	2017 £	2016 £
Other creditors	<u>41,385</u>	<u>64,927</u>

Included within other creditors are two Salix loans of £41,385 from Suffolk County Council which are provided for lighting upgrades at Benjamin Britten Academy and are repayable over five years.

21. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted Funds						
General Funds - all funds	<u>5,514</u>	<u>450,303</u>	<u>(425,160)</u>	<u>-</u>	<u>-</u>	<u>30,657</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

21. STATEMENT OF FUNDS (continued)

Restricted General Funds

General Annual Grant (GAG)	(29,906)	8,453,606	(8,144,085)	(580,150)	-	(300,535)
Pupil Premium	-	328,462	(328,462)	-	-	-
Other ESFA/DfE Grants	1,369	178,473	(179,842)	-	-	-
Other Restricted Funds	24,651	270,124	(262,663)	-	-	32,112
Pension reserve	(2,640,000)	-	(481,000)	298,000	1,190,000	(1,633,000)
	<u>(2,643,886)</u>	<u>9,230,665</u>	<u>(9,396,052)</u>	<u>(282,150)</u>	<u>1,190,000</u>	<u>(1,901,423)</u>

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants	1,219,620	19,075	-	-	-	1,238,695
Cap Ex from Grants	144,599	-	-	282,150	-	426,749
Other Capital Income	590,174	-	-	-	-	590,174
Transfer on Conversion	20,515,060	-	(1,020,104)	-	-	19,494,956
	<u>22,469,453</u>	<u>19,075</u>	<u>(1,020,104)</u>	<u>282,150</u>	<u>-</u>	<u>21,750,574</u>
Total restricted funds	<u>19,825,567</u>	<u>9,249,740</u>	<u>(10,416,156)</u>	<u>-</u>	<u>1,190,000</u>	<u>19,849,151</u>
Total of funds	<u>19,831,081</u>	<u>9,700,043</u>	<u>(10,841,316)</u>	<u>-</u>	<u>1,190,000</u>	<u>19,879,808</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
Unrestricted Funds						
General Funds - all funds	3,948	430,719	(307,762)	(121,391)	-	5,514
	<u>3,948</u>	<u>430,719</u>	<u>(307,762)</u>	<u>(121,391)</u>	<u>-</u>	<u>5,514</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

21. STATEMENT OF FUNDS (continued)

Restricted General Funds

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 ESFA/DfE 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>

Restricted Fixed Asset Funds

DfE/ESFA Capital Grants	1,061,621	160,105	(2,106)	-	-	1,219,620
Capital expenditure from GAG	9,133	-	-	135,466	-	144,599
Other Capital Income	233,357	-	(8,068)	266,739	98,146	590,174
Transfer on Conversion	7,384,922	13,758,403	(628,265)	-	-	20,515,060
	<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>
Total restricted funds	<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>
Total of funds	<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: £298,000 to the restricted pension fund representing the costs of employer contributions towards the Local Government Pension Scheme, £258,609 to the restricted fixed asset fund for additions and £23,541 to the restricted fixed asset fund representing two salix loan repayments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2017

21. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Hartismere School	62,770	29,019
Benjamin Britten Academy	(300,633)	(27,391)
Central Services	97	-
Total before fixed asset fund and pension reserve	(237,766)	1,628
Restricted fixed asset fund	21,750,574	22,469,453
Pension reserve	(1,633,000)	(2,640,000)
Total	19,879,808	19,831,081

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Benjamin Britten	300,633

The trust is carrying a net deficit of £237,766 on restricted general funds (excluding pension reserve) plus unrestricted funds of £30,657 because of the rapid increase in pupil numbers at Benjamin Britten which has incurred increased costs for staffing and resources.

The academy is taking the following action to return the academies to surplus:

a temporary move to estimated funding has now been agreed with the EFSA and trustees will continue to monitor.

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Hartismere School	3,270,960	384,202	327,863	969,549	4,952,574	4,837,868
Benjamin Britten Academy	2,690,075	485,516	274,948	1,054,053	4,504,592	1,337,933
Central services	127,324	174,741	-	61,979	364,044	60,894
	6,088,359	1,044,459	602,811	2,085,581	9,821,210	6,236,695

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**NOTES TO THE FINANCIAL STATEMENTS
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22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	27,515	27,515
Tangible fixed assets	-	-	21,785,919	21,785,919
Current assets	86,950	292,019	-	378,969
Creditors due within one year	(56,293)	(560,442)	(21,475)	(638,210)
Creditors due in more than one year	-	-	(41,385)	(41,385)
Provisions for liabilities and charges	-	(1,633,000)	-	(1,633,000)
	<u>30,657</u>	<u>(1,901,423)</u>	<u>21,750,574</u>	<u>19,879,808</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted general funds 2016 £	Restricted fixed asset funds 2016 £	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
Creditors due within one year	(67,914)	(664,520)	(218,786)	(951,220)
Creditors due in more than one year	-	-	(64,927)	(64,927)
Provisions for liabilities and charges	-	(2,640,000)	-	(2,640,000)
	<u>5,514</u>	<u>(2,643,886)</u>	<u>22,469,453</u>	<u>19,831,081</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,141,273)	12,897,213
Adjustment for:		
Depreciation charges	1,005,399	634,039
Interest receivable	(448)	(807)
(Increase) / decrease in stocks	4,915	(3,690)
(Increase) / decrease in debtors	108,540	(147,974)
Increase / (decrease) in creditors	(313,011)	585,761
Capital grants from DfE and other capital income	(19,075)	(160,105)
Defined benefit pension scheme obligation inherited	-	728,000
Defined benefit pension scheme cost less contributions payable	127,000	10,000
Defined benefit pension scheme finance cost	56,000	40,000
Fixed assets transferred from local authority on conversion	-	(13,758,403)
Amortisation	14,705	4,400
Net cash (used in)/provided by operating activities	(157,248)	828,434

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	181,718	622,677
Total	181,718	622,677

25. CAPITAL COMMITMENTS

At 31 August 2017 the academy had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	-	77,340

26. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £121,169 were payable to the schemes at 31 August 2017 (2016 - £92,114) and are included within creditors.

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NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) 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

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (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 cap 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% 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 is currently underway based on April 2016 data, 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 £684,585 (2016 - £628,863).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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.

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26. PENSION COMMITMENTS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £364,000 (2016 - £220,000), of which employer's contributions totalled £298,000 (2016 - £179,000) and employees' contributions totalled £66,000 (2016 - £41,000). The agreed contribution rates for future years are 26.4% from 1 April 2017 for Hartismere School and 28.0% for Benjamin Britten Academy for employers and future years from 2018/19 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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.00 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %
Inflation assumption (CPI)	2.40 %	2.10 %
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:

	2017	2016
Retiring today		
Males	21.9	22.4
Females	24.4	24.4
Retiring in 20 years		
Males	23.9	24.3
Females	26.4	26.9

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26. PENSION COMMITMENTS (continued)

Sensitivity analysis	At 31 August 2017 £'000	At 31 August 2016 £'000
0.5% decrease in Real Discount Rate	277	346
0.5% increase in the Salary Increase Rate	42	102
0.5% increase in the Pension Increase Rate	231	234

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equity instruments	2,105,190	1,877,400
Debt instruments	640,710	536,400
Property	305,100	268,200
Total market value of assets	3,051,000	2,682,000

The actual return on scheme assets was £(4,000) (2016 - £293,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Net interest cost	(56,000)	(40,000)
Current service cost (net of employee contributions)	(425,000)	(189,000)
Total	(481,000)	(229,000)

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

	2017 £	2016 £
Opening defined benefit obligation	5,322,000	3,716,000
Current service cost	425,000	189,000
Interest cost	113,000	107,000
Actuarial (gains)/losses	(1,190,000)	1,020,000
Benefits paid	(48,000)	(44,000)
Employee contributions	66,000	41,000
Other remeasurements	(4,000)	293,000
Closing defined benefit obligation	4,684,000	5,322,000

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26. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	2,682,000	2,146,000
Employer contributions	298,000	179,000
Employee contributions	66,000	41,000
Interest income	57,000	67,000
Benefits paid	(48,000)	(44,000)
Actuarial gain / (loss)	(4,000)	293,000
	<u>3,051,000</u>	<u>2,682,000</u>
Closing fair value of scheme assets	<u>3,051,000</u>	<u>2,682,000</u>

27. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	54,007	53,427
Between 1 and 5 years	65,910	69,185
Total	<u>119,917</u>	<u>122,612</u>

28. 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.

29. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy'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 academy's financial regulations and normal procurement procedures.

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