

THE HAYGROVE ACADEMY TRUST
(formerly known as Haygrove School)
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and administrative details of the academy trust, its trustees and advisers	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements	25 - 45

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Trustees	K Canham R Symons T Stoel-Walker T Hains L Brett K Canham, Headteacher ^{2,3} M Davies ¹ I Dyer ² T Hains, Vice Chair ^{1,3} M Robbins ¹ T Stoel-Walker, Chair ^{2,3} J Stone ^{2,3} R Symons ^{2,3} B Wierzechleyska ¹ J Witts, Staff Trustee ¹ K Pritchard ¹ L Woodley, Staff Trustee ¹ A Fulton ³ L Brett ^{2,3} G Howe (appointed 15 September 2015) K Love (appointed 15 September 2015 , resigned 16 April 2016)
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- ¹ People and Performance
- ² Resource and Environment
- ³ Finance

Company registered number	07665225
Company name	Haygrove School
Principal and Registered office	Durleigh Road Bridgwater Somerset TA6 7HW
Company secretary	Ms T Lee
Accounting officer	Mrs K Canham
Senior leadership team	Mrs K Canham, Headteacher Mr A Reid, Deputy Mrs S Hannigan, Assistant Head Mr G Walters, Assistant Head Miss J Elkerton, Assistant Head Mrs T Lee, Business Manager
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Bankers	Lloyds Bank plc 25 Cornhill Bridgwater Somerset TA6 3AY
Solicitors	Browne Jacobson LLP Dix's Field Exeter Devon EX1 1UP

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 11 to 16 in Bridgwater. It has a pupil capacity of 1,070 and had a roll of 1,069 in the school census on 1 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy.

The Trustees of The Haygrove Academy Trust are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Haygrove School.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £10,000,000.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

On July 1st 2011 the Trustees appointed all those Governors that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, up to 2 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 11 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- Up to 11 Trustees who are appointed by members.

**THE HAYGROVE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- Up to 4 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- Up to 2 staff Trustees appointed by the Board of Trustees.
- The Headteacher who is treated for all purposes as being an ex officio Trustee.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

During the year the Academy submitted an application to become a Multi Academy Trust with final EFA ratification taking place in September 2016. As such the structure of the Trust has changed for the new academic year commencing September 2016.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training process available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. The new Trustees Handbook contains the strategic plan for the year and the expectations and responsibilities of 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. Advantage is taken of specific courses offered by the Local Authority and other bodies. All new or potential Trustees are interviewed by the Headteacher and the Chair of Trustees.

There is a Trustees' away day organised each year which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 3 committees as follows;

- Finance Committee this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee.
- People and Performance Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. It also monitors and evaluations Human Resources Management across the Academy.
- Environment Committee – this meets once a term to look at the fabric of the school, monitoring improvements/ refurbishment and new build within the Academy keeping tight control of the financial commitments. The committee also monitors the Health and Safety for the site.
- Occasional Committees – Discipline, Complaints, Appeals and Pay.

**THE HAYGROVE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, 3 Assistant Heads and the Business Manager. 3 further members of staff are seconded to the SLT on an annual basis. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher, School Business Manager and Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts and where possible always include a Trustee.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of any Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and is subject to a review of performance under Academy appraisal process. The pay policy clearly defines the Academy's approach to awarding pay increases. All pay recommendations made by the Headteacher are submitted to the Governors' Pay Committee for approval. The Headteacher's remuneration is determined by the Pay Committee.

All members of the senior leadership team are appraised annually by the Headteacher using the national Headteacher standards and evidence of achievement of agreed challenging objectives which fit with the aims contained in the school development plan.

The Trustees benchmark against pay levels in other Academies of a similar size at the point of recruitment to ensure parity of pay to enable effective recruitment of quality staff into the Academy.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Haygrove School. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Modern Foreign Languages.

The main aims of the Academy during the year ended 31 August 2016 are summarised below

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- to continue to raise the standard of educational progress and attainment of all pupils with a particular focus of the progress of disadvantaged students
- to provide a broad and balanced curriculum, including extra-curricular activities
- to develop students as more effective learners who demonstrate confidence, self-belief and high self-expectations.
- Ensure that our strategies for [protecting students from radicalisation and extremism are shared with and understood by staff, trustees and students
- to continue to improve the learning environment for students by keeping the focus on our PSPB2 application as well as the potential for developing the green field site at Queenwood Farm
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review
- to maximise the number of students who make more than expected progress
- to maximise the number of students who achieve 5 A* - C GCSE grades including English and Maths
- to ensure that the work of the Directors of learning have an impact on progress in lessons
- to establish ourselves as a MAT, attracting member schools (primary and secondary) who share our values and vision and a common commitment to improving the lives of children and young people in our community
- to provide value for money for the funds expended
- to maintain close links with industry and commerce, providing valuable access to work related opportunities
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness
- develop further succession plans due to changes in school organisation, creating increased capacity and career opportunities
- to promote and develop staff and student welfare

At Haygrove School we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy Development Plan which is available from the Headteacher's PA. Improvement focuses identified for this year include:

- Increasing the proportion of students making 2 levels of progress at Key stage 3 and 4 levels of progress across by the time students complete Key stage 4
- Reducing the gap in progress and attainment between all groups of disadvantaged students and their peers

Key activities and targets were identified in the Academy Development Plan. The activities included the following:

- Review of staffing levels in the light of budgetary pressure
- A review of the curriculum structure
- Continued development of systems for tracking and monitoring pupil attainment with the introduction of 4Matrix
- Introduction of Personalised Learning Checklists
- Creation of a more targeted and personalised action plan for Pupil Premium students including a new leadership role
- Focus on 'Growth Mind-set' for all students and staff
- Targeted use of mentors for students who are underperforming
- Closer linkage between CPD and appraisal outcomes

**THE HAYGROVE ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

- Curriculum review ensuring breadth and depth
- Rigorous structure of subject line management enabling greater accountability
- Increased liaison with feeder school to ensure increased academic progress at the Key Stage 2/3 transition stage

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

As an Academy we work closely in partnership with our local primary schools and also link with local secondary schools and provide school to school and leadership support through Somerset Challenge and as a member of the South West Academies Group. We also work closely with our local Chamber of Commerce and a wide range of businesses.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its fifth year of operation and has 1069 students on role as at October 2016. The intake for Year 7 in September 2016 was below our planned admission number by 2 students. The planned admission number for each year group is 214 given a total school population capacity of 1070.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations, which are undertaken by the Department Heads and the Senior Leadership Team.

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The Academy was inspected by OFSTED in 2016 and was judged to be Good.

Ensuring progress for all disadvantaged students was achieved through the use of personalised learning check lists, intervention and mentoring and strategies for raising confidence and self-esteem in learning.

One member of the SLT is undertaking NPQSL. All teachers attend themed programmes Professional Development (CPD). The backbone of the programme is planned and calendared master classes delivered in directed time through our Performance and Welfare sessions. Master classes are delivered by our own staff so are a vehicle to share best practice. Our appraisal model requires attendance for a complete package of CPD and teachers are expected to be able to evidence the impact this has had on their teaching and student learning. In-service training time has been used to develop the Academy Growth Mind Set strategy.

The Pay Policy and Appraisal Policy have been implemented and has run through its second full cycle. Teachers have the opportunity to meet with an appraiser and have objective, evidence based discussions about their successes and identify areas to address through CPD. This appraisal links to pay and more closely links financial reward with successful performance.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Academic Achievement

Progress

- Progress 8 was 0.16
- Progress 8 for boys was 0.03
- Progress 8 for girls was 0.29
- Progress 8 for disadvantaged students was -0.15
- Progress 8 for non-disadvantaged students was 0.22
- Progress 8 for EAL was 0.31
- Progress 8 for SEN students was -0.17
- Progress 8 for non-SEN students was 0.18
- 91% of children made Expected progress in English Language. This compares well with a National figure of 71.1% and a Somerset average of 73.6% in 2015.
- 44% of children made More than Expected progress in English Language.
- 73% of children made Expected progress in Mathematics. This compares well with a National figure of 66.9% and a Somerset average of 69.2% in 2015.
- 27% of children made More than Expected progress in Mathematics.

Attainment

- Attainment 8 was 51.8. This compares well with a National figure of 47.4 in 2015.
- 69.3% of all children achieved 5A*-C EM. This compares well with a National figure of 53.8% and a Somerset average of 58.6% in 2015.
- 24% of children achieved EBACC. The National figure was 22.9% in 2015.
- 16% of all Children achieved 5 A*-A.
- 84% of children achieved A*-C in English. This compares well with a National figure of 60.2% in 2016.
- 75% of children achieved A*-C in Mathematics. This compares well with a National figure of 60.2% in 2016.
- 62% of boys achieved 5A*-C EM. Nationally boys achieved 49% in 2015.
- 77% of girls achieved 5A*-C EM. Nationally girls achieved 58.9% in 2015.
- 45% of disadvantaged children achieved 5A*-C EM. Nationally disadvantaged children achieved 36.7% in 2015.
- 73% of non-disadvantaged children achieved 5A*-C EM. Nationally non-disadvantaged children achieved 64.7% in 2015.
- All 11 EAL children achieved 5A*-C EM

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention - the amount of carry forward is restricted to 12%. In period under review, £12,871 was carried forward representing 0.3% of GAG.

As funding is based on pupil numbers this is also a key performance indicator. Pupil numbers for 2016 remain buoyant with the Academy operating at capacity. Student numbers across the town continue to increase which are likely to lead to an increase in over subscription.

The school awaits commencement of major building or refurbishment works as part of its successful bid for funding under the Priority Schools Building Programme.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Going concern policy.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

FINANCIAL REVIEW

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies. There were no capital grants received during the 2015/16 Academic Year.

During the year ended 31 August 2016, the Academy received total income of £5,324,795 and incurred total expenditure of £5,889,518. The excess of expenditure over income for the year was £564,723.

At 31 August 2016 the net book value of fixed assets was £12,850,370 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued on 31 August 2012 at £11,315,948. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. In addition the reserves will off-set the reduction in funding from the EFA to secure a balanced budget for the 2017/18 Academic Year.

Total reserves of the academy amount to £9,126,836 (including a pension deficit of £3,995,000 and fixed assets of £12,850,370). The remaining £271,466 (representing £251,382 unrestricted funds and £5,803 unspent GAG and £14,281 other restricted funds) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has total reliance on continued Government funding through the EFA. In the last year 94.5% of the Academy's incoming resources were ultimately Government funded. There is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. The Academy is aware that there are further planned cuts to the Education Support Grant and this will continue to place considerable pressure on the Academy to set a balanced budget. The delay in the introduction of the National Funding Formula presents a further challenge as the Academy is likely to be a benefit from its introduction.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed an external reviewer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy has a stable student population, risks to revenue funding from a falling roll are small. However, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

Student numbers are likely to remain buoyant due to major housing development as a result of an increase in both the birth rate and demographics. The construction of Hinkley C will bring additional requirements for housing and student places will increase. There is already a shortage of primary places and new build is necessary.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Academy will continue:

- to strive to provide outstanding education and improve levels of progress of its pupils at all levels and reducing the gaps between groups of students
- to aim to attract high quality teachers and support staff in order to deliver its objectives
- to work with partner schools to improve the educational opportunities for students in the wider community
- to work with the EFA on developing the strategy for the re-build of the main school building as part of PSPB2.
- to improve attendance particularly for vulnerable students
- to establish Trust membership based on the local cross phase mixed format including all through free school for which we are submitting an application in Wave 13.
- to build in our close relationships with our feeder primary schools with the aim of improving academic progress at the transition stage between KS2 to KS3

The Academy is currently applying to become a teaching school to take effect from 1 September 2017 and will seek additional funding for its operations.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 6 December 2016 and signed on the board's behalf by:

**T Stoel-Walker
Chair of Trustees**

**K Canham
Accounting Officer**

**THE HAYGROVE ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, 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 The Haygrove Academy Trust 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 5 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
K Canham	5	6
M Davies	5	6
I Dyer	3	6
T Hains	6	6
M Robbins	2	6
T Stoel-Walker	5	6
J Stone	4	6
R Symons	2	6
B Wierzchleyska	4	6
J Witts, Staff Trustee	4	6
K Pritchard	6	6
L Woodley, Staff Trustee	3	6
A Fulton	4	6
L Brett	5	6
G Howe	4	6
K Love	3	6

Two new Trustees joined the board in September 2015 - Mr G Howe and Mrs K Love.

The Board of Trustees holds an annual Away Day towards the end of each academic year during which it reviews and plans various aspects of School Strategy and School Governance. During the Away Day that occurred in June 2016, areas covered included:

- During the year the board submitted an application to form a MAT and act as a sponsor for other school(s). In doing so, Governance structures and effectiveness were fully reviewed and refined as appropriate to reflect the new trust structure
- Training of trustees at the inaugural conference of the Haygrove Multi Academy Trust
- A review of the roles and responsibilities of trustees
- Recruitment of additional trustees and members to the new Haygrove Academy Trust

In addition to the above a Governor Handbook was developed to provide guidance on the strategic plan for the year and the expectations and responsibilities of trustees.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to review school budget and financial management standards, review assigned school policies, evaluate the school development plan, review pay and review financial performance.

In their role as Responsible Officer the Finance Committee has contracted the detailed checking of financial systems and processes to Education Financial Services. Education Financial Services has carried out a

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

programme of checks, which includes a quarterly visit to focus on each of the following areas:

- Purchasing including ordering, invoicing and petty cash
- Payroll
- Income
- Accountancy system including bank reconciliation and budget monitoring

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
L Brett	3	4
K Canham, Head Teacher	3	4
T Hains, Vice Chair	4	4
A Fulton	0	4
T Stoel-Walker	3	4
J Stone	3	4
R Symons, Chair	4	4

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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:

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk
- Considering allocation/targeting/use of resources
- Undertaking the first phase of a review of the curriculum and staffing resulting structures achieving savings in excess of £200,000
- Making comparisons with similar Academies using data provided by the EFA and the Government.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively
- Reviewing quality of curriculum provision and quality of teaching
- Reviewing quality of children's learning to enable children to achieve nationally expected progress
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote
- Reviewing pupil premium funding to target funding at strategies to improve student progress and attainment
- Replacing the reprographics equipment across the school via CPC framework agreement and installation of an embedded print management solution

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 The Haygrove Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy'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 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 decided not to appoint an internal auditor. However, the Trustees have appointed Mrs K Keal from Educational Financial Services as an external reviewer reporting to the Finance Committee who have taken on the role, as Responsible Officer (RO).

The internal reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems ensuring that effective procedures are in place for the administration and authorisation of personnel contracts and payroll activities
- Testing of the school's accountancy system including bank reconciliations and budget monitoring
- Testing of Income systems

The independent reviewer reports to the Board of Trustees, through the Finance Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The independent reviewer has delivered the programme of planned checks and no material control issues have arisen as a result of the checks undertaken. As a result of findings contained within the review the following actions have taken place:

- An Expenses Policy has been written
- Delivery notes will be signed to prove that they have been checked
- Additional guidance has been included within the credit card policy to meet the Internal Controls for Charities Section D4
- Register of Business Interests complete for all Trustees and information is now on the school website

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal 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 HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

- 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 Finance Committee 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 6 December 2016 and signed on their behalf, by:

**T Stoel-Walker
Chair of Trustees**

**K Canham
Accounting Officer**

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Haygrove Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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

**K Canham
Accounting Officer**

Date: 6 December 2016

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Haygrove School 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 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 2015 to 2016;
- 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 the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:

**T Stoel-Walker
Chair of Trustees**

Date: 6 December 2016

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HAYGROVE ACADEMY TRUST**

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

This report is made solely to the Academy'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's members those matters we are required to state to them in an Auditors' 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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HAYGROVE ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

15 December 2016

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
HAYGROVE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 October 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Haygrove Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE HAYGROVE ACADEMY TRUST'S ACCOUNTING OFFICER AND
THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of The Haygrove Academy Trust's funding agreement with the Secretary of State for Education dated 1 July 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
HAYGROVE ACADEMY TRUST AND THE EDUCATION 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

15 December 2016

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	3	30,751	30,636	21,854	83,241	77,621
Charitable activities	4	5,617	5,128,125	-	5,133,742	5,008,879
Other trading activities	5	105,240	1,904	-	107,144	35,278
Investments	6	668	-	-	668	926
TOTAL INCOME		142,276	5,160,665	21,854	5,324,795	5,122,704
EXPENDITURE ON:						
Raising funds		3,445	-	-	3,445	2,854
Charitable activities		135,102	5,392,614	358,357	5,886,073	5,737,639
TOTAL EXPENDITURE	7	138,547	5,392,614	358,357	5,889,518	5,740,493
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	3,729 (12,932)	(231,949) -	(336,503) 12,932	(564,723) -	(617,789) -
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(9,203)	(231,949)	(323,571)	(564,723)	(617,789)
Actuarial losses on defined benefit pension schemes	23	-	(1,561,000)	-	(1,561,000)	(11,000)
NET MOVEMENT IN FUNDS		(9,203)	(1,792,949)	(323,571)	(2,125,723)	(628,789)
RECONCILIATION OF FUNDS:						
Total funds brought forward		780,965	(2,181,967)	12,653,561	11,252,559	11,881,348
TOTAL FUNDS CARRIED FORWARD		771,762	(3,974,916)	12,329,990	9,126,836	11,252,559

The notes on pages 25 to 45 form part of these financial statements.

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07665225

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		12,850,370		13,182,152
CURRENT ASSETS					
Debtors	15	117,572		143,384	
Cash at bank and in hand		371,531		429,959	
		489,103		573,343	
CREDITORS: amounts falling due within one year	16	(217,637)		(242,936)	
NET CURRENT ASSETS					
			271,466		330,407
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	23		(3,995,000)		13,512,559
					(2,260,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES					
			9,126,836		11,252,559
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	18	20,084		78,033	
Fixed asset funds	18	12,329,990		12,653,561	
Restricted income funds excluding pension liability		12,350,074		12,731,594	
Pension reserve		(3,995,000)		(2,260,000)	
Total restricted income funds			8,355,074		10,471,594
Unrestricted income funds	18		771,762		780,965
TOTAL FUNDS					
			9,126,836		11,252,559

The financial statements were approved by the Trustees, and authorised for issue, on 6 December 2016 and are signed on their behalf, by:

T Stoel-Walker
Chair of Trustees

The notes on pages 25 to 45 form part of these financial statements.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash used in operating activities	20	<u>(39,986)</u>	<u>(117,928)</u>
Cash flows from investing activities:			
Interest received		668	926
Purchase of tangible fixed assets		(40,964)	(644,031)
Capital grants from DfE/EFA		21,854	457,617
Net cash used in investing activities		<u>(18,442)</u>	<u>(185,488)</u>
Change in cash and cash equivalents in the year		(58,428)	(303,416)
Cash and cash equivalents brought forward		<u>429,959</u>	<u>733,375</u>
Cash and cash equivalents carried forward	21	<u><u>371,531</u></u>	<u><u>429,959</u></u>

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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

The Haygrove Academy Trust constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income from Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

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. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 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 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 funders and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1.4 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 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 in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donations are recognised on a receivable basis where there is certainty of receipt 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.

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

Charitable Activities are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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 and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	10/20/50 years straight line
Motor vehicles	-	5 years straight line
Computer equipment	-	3 years straight line

1.7 OPERATING LEASES

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

1.8 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.

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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 and cash on deposit that has a notice period of less than 30 days.

1.11 LIABILITIES AND PROVISIONS

Liabilities and provisions 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 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 measured at the best estimate of the amounts required to settle the obligation.

1.12 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.13 PENSIONS

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

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 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 23, 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 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 and details of the carrying amount at the end of the reporting period is set out in the notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.14 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in respect of collecting and distributing funds in respect of certain trips. Payments received from students and subsequent disbursement to the trip organiser are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The funds received and paid and any balances held at the year end are disclosed in note 28.

1.15 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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the Academy was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy has not exceeded these limits during the year ended 31 August 2016.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	30,751	30,636	-	61,387	55,953
Capital Grants	-	-	21,854	21,854	21,668
	<u>30,751</u>	<u>30,636</u>	<u>21,854</u>	<u>83,241</u>	<u>77,621</u>

In 2015, of the total income from donations and capital grants, £29,406 was to unrestricted funds, £26,547 was to restricted funds and £21,668 was in relation to the restricted fixed asset fund.

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	4,763,421	4,763,421	4,718,977
Other DfE/EFA grants	-	195,108	195,108	193,115
	<u>-</u>	<u>4,958,529</u>	<u>4,958,529</u>	<u>4,912,092</u>
Other Government grants				
Other Government grants non capital	-	14,076	14,076	26,922
High Needs	-	38,171	38,171	26,433
	<u>-</u>	<u>52,247</u>	<u>52,247</u>	<u>53,355</u>
Other funding				
Sales to students	405	22,224	22,629	9,082
Other	5,212	95,125	100,337	34,350
	<u>5,617</u>	<u>117,349</u>	<u>122,966</u>	<u>43,432</u>
	<u>5,617</u>	<u>5,128,125</u>	<u>5,133,742</u>	<u>5,008,879</u>

In 2015, of the total funding for Academy's educational purposes, £7,136 was to unrestricted funds and £5,001,743 was to restricted funds.

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	12,710	-	12,710	13,495
Other	92,530	1,904	94,434	21,783
	<u>105,240</u>	<u>1,904</u>	<u>107,144</u>	<u>35,278</u>

In 2015, the total income from other trading activities £35,278 was unrestricted.

6. INVESTMENT INCOME

	Total funds 2016 £	Total funds 2015 £
Bank interest	<u>668</u>	<u>926</u>

In 2015, the total investment income of £926 was unrestricted funds.

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on fundraising trading	3,445	-	-	3,445	2,854
Education:					
Direct costs	3,781,708	297,292	491,571	4,570,571	4,455,171
Support costs	727,428	116,301	471,773	1,315,502	1,282,468
	<u>4,512,581</u>	<u>413,593</u>	<u>963,344</u>	<u>5,889,518</u>	<u>5,740,493</u>

In 2015, the total expenditure on raising funds of £2,854 was from unrestricted funds. In 2015, of the total expenditure on charitable activities, £61,951 was from unrestricted funds, £5,283,068 was from restricted funds and £392,620 was in relation to the restricted fixed asset fund.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	89,000	87,000
Educational supplies	291,766	225,452
Examination fees	83,278	83,650
Other costs	7,942	-
Supply teachers	55,542	89,752
Wages and salaries	2,941,909	2,924,661
National insurance	252,937	224,870
Pension cost	531,320	476,140
Depreciation	316,877	343,646
	<u>4,570,571</u>	<u>4,455,171</u>

9. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Other costs	5,108	14,889
Supply teachers	28,258	21,344
Recruitment and support	63,255	53,434
Maintenance of premises and equipment	108,055	113,205
Cleaning	15,851	26,100
Rent and rates	32,801	29,051
Energy costs	65,748	70,210
Insurance	28,550	30,756
Security and transport	6,232	7,007
Catering	21,978	24,188
Technology costs	37,420	20,988
Office overheads	88,199	65,624
Legal and professional	31,468	30,262
Bank interest and charges	258	362
Governance costs	26,074	18,052
Wages and salaries	573,261	566,432
National insurance	29,863	29,094
Pension cost	96,046	95,309
Depreciation	57,077	66,161
	<u>1,315,502</u>	<u>1,282,468</u>

During the year ended 31 August 2016, the Academy incurred the following Governance costs:

Auditors' remuneration audit - £7,460 (2015: £7,420); Auditors' remuneration non audit - £4,795 (2015: £1,235); Responsible Officer costs - £1,032 (2015: 2,144); Legal and professional - £3,272 (2015: £1,380); Other costs - £4,195 (2015: £823); Wages and salaries - £5,320 (2015: £5,050).

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. NET INCOMING/(EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	373,954	409,808
Auditors' remuneration - audit	7,460	7,420
Auditors' remuneration - non audit	4,795	1,235
Operating lease rentals	28,678	27,320
	=====	=====

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	3,515,141	3,486,380
Social security costs	284,031	254,132
Operating costs of defined benefit pension schemes	627,375	571,507
	<u>4,426,547</u>	<u>4,312,019</u>
Supply teacher costs	83,800	111,096
Staff restructuring costs	2,234	7,341
	<u>4,512,581</u>	<u>4,430,456</u>

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

	2016 No.	2015 No.
Teachers	65	59
Administration and support	81	85
Management	6	7
	<u>152</u>	<u>151</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	60	59
Administration and support	53	55
Management	6	7
	<u>119</u>	<u>121</u>

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

	2016 No.	2015 No.
In the band £60,001 - £70,000	3	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0

The key management personnel of the Academy comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £434,844 (2015: £480,536).

As staff trustees are not remunerated in respect of their role as a trustee, where staff trustees do not form part of the key management personnel other than in their role as trustee, their remuneration as set out in note 14 has not been included in the total benefits received by key management personnel above.

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £108 (2015: £NIL) were reimbursed to 1 Trustee (2015: 0).

The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: K Canham: Remuneration £90,000 - £95,000 (2015: £85,000 - £90,000), Employer's pension contributions £15,000 - £20,000 (2015: £10,000 - £15,000), L Woodley: Remuneration £25,000 - £30,000 (2015: £20,000 - £25,000), Employer's pension contributions £NIL - £5,000 (2015: £NIL - £5,000) and J Witts: Remuneration £20,000 - £25,000 (2015: £20,000 - £25,000), Employer's pension contributions £NIL - £5,000 (2015: £NIL - £5,000).

Other related party transactions involving the trustees are set out in note 25.

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2015	14,007,442	29,121	313,903	388,047	14,738,513
Additions	21,519	-	-	20,653	42,172
Disposals	-	-	-	(1,208)	(1,208)
At 31 August 2016	14,028,961	29,121	313,903	407,492	14,779,477
DEPRECIATION					
At 1 September 2015	1,069,150	23,268	122,226	341,717	1,556,361
Charge for the year	297,292	5,853	32,197	38,612	373,954
On disposals	-	-	-	(1,208)	(1,208)
At 31 August 2016	1,366,442	29,121	154,423	379,121	1,929,107
NET BOOK VALUE					
At 31 August 2016	12,662,519	-	159,480	28,371	12,850,370
At 31 August 2015	12,938,292	5,853	191,677	46,330	13,182,152

Included in land and buildings is freehold land at valuation of £1,880,270 (2015: £1,880,270).

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

	2016 £	2015 £
Trade debtors	5,687	1,546
VAT recoverable	35,810	51,085
Other debtors	19,490	20,554
Prepayments and accrued income	56,585	70,199
	<u>117,572</u>	<u>143,384</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Other taxation and social security	82,344	74,697
Other creditors	72,280	87,839
Accruals and deferred income	63,013	80,400
	<u>217,637</u>	<u>242,936</u>

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	8,973	22,106
Resources deferred during the year	18,191	8,973
Amounts released from previous years	(8,973)	(22,106)
Deferred income at 31 August 2016	<u>18,191</u>	<u>8,973</u>

At the balance sheet date the Academy was holding funds received in advance for educational visits and rates.

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

17. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	5,687	1,546
Accrued income	56,585	70,199
Cash at bank and in hand	371,531	429,959
	<u>433,803</u>	<u>501,704</u>
Financial liabilities measured at amortised cost		
Other creditors	(72,280)	(87,839)
Accruals	(44,822)	(71,427)
	<u>(117,102)</u>	<u>(159,266)</u>
	<u><u>316,701</u></u>	<u><u>342,438</u></u>

18. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	203,584	54,458	(31,526)	(12,932)	-	213,584
Fixed assets	535,977	-	(15,597)	-	-	520,380
Other funds	41,404	87,818	(91,424)	-	-	37,798
	<u>780,965</u>	<u>142,276</u>	<u>(138,547)</u>	<u>(12,932)</u>	<u>-</u>	<u>771,762</u>

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

General Annual Grant (GAG)	63,774	4,763,421	(4,821,392)	-	-	5,803
High Needs	-	38,171	(38,171)	-	-	-
Donations	-	724	(724)	-	-	-
Pupil premium	-	184,608	(184,608)	-	-	-
Other DfE/EFA grant	-	10,500	(10,500)	-	-	-
Other restricted funds	14,259	125,327	(125,305)	-	-	14,281
Other government grants	-	13,786	(13,786)	-	-	-
Sales to students	-	24,128	(24,128)	-	-	-
Pension reserve	(2,260,000)	-	(174,000)	-	(1,561,000)	(3,995,000)
	<u>(2,181,967)</u>	<u>5,160,665</u>	<u>(5,392,614)</u>	<u>-</u>	<u>(1,561,000)</u>	<u>(3,974,916)</u>

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion	10,676,153	-	(226,603)	-	-	10,449,550
Fixed assets purchased from GAG	310,741	-	(69,475)	12,932	-	254,198
DfE/EFA Capital grants	90,057	21,854	(16,787)	-	-	95,124
Academy Capital Maintenance Fund	1,416,506	-	(40,732)	-	-	1,375,774
Donation	160,104	-	(4,760)	-	-	155,344
	<u>12,653,561</u>	<u>21,854</u>	<u>(358,357)</u>	<u>12,932</u>	<u>-</u>	<u>12,329,990</u>
Total restricted funds	<u>10,471,594</u>	<u>5,182,519</u>	<u>(5,750,971)</u>	<u>12,932</u>	<u>(1,561,000)</u>	<u>8,355,074</u>
Total of funds	<u>11,252,559</u>	<u>5,324,795</u>	<u>(5,889,518)</u>	<u>-</u>	<u>(1,561,000)</u>	<u>9,126,836</u>

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

FUND TRANSFERS

During the year, £12,932 was transferred to the Restricted Fixed Asset Funds, representing the cost of fixed assets purchased from non capital funds.

RESTRICTED FUNDS

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

18. STATEMENT OF FUNDS (continued)

Donations - small donations for specific purposes.

Pupil Premium - Pupil premium represents funding received from the EFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Other DfE/EFA grant - This Includes Year 7 catch up grant.

Other restricted funds - This includes PFSA income, family support advisor and a project ability grant which aims to create competitive opportunities for young disabled people within the school games and to increase opportunities for young disabled people.

Other government grants - This relates to income received from the local government.

Sales to students - Income for the purchase of supplies for students.

Pension reserve – This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

RESTRICTED FIXED ASSET FUNDS

Fixed assets transferred on conversion – This represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

DfE/EFA Capital grants – These funds were received for expenditure on fixed asset projects. The balance at the year end represents the NBV of assets.

Academy Capital Maintenance Fund - These funds were received for expenditure on specific fixed asset projects.

Donation - Funds received from non government sources for specific fixed asset projects.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Academy was subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. Note 2 discloses whether the limit was exceeded.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	520,380	-	12,329,990	12,850,370	13,182,152
Current assets	251,382	237,721	-	489,103	573,343
Creditors due within one year	-	(217,637)	-	(217,637)	(242,936)
Pension scheme liability	-	(3,995,000)	-	(3,995,000)	(2,260,000)
	<u>771,762</u>	<u>(3,974,916)</u>	<u>12,329,990</u>	<u>9,126,836</u>	<u>11,252,559</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net expenditure for the year (as per Statement of financial activities)	(564,723)	(617,789)
Adjustment for:		
Depreciation charges	372,746	409,808
Interest received	(668)	(926)
Decrease in debtors	25,812	385,186
Decrease in creditors	(25,299)	(5,590)
Capital grants from DfE and other capital income	(21,854)	(457,617)
Defined benefit pension scheme cost less contributions payable	85,000	82,000
Defined benefit pension scheme finance cost	89,000	87,000
Net cash used in operating activities	<u>(39,986)</u>	<u>(117,928)</u>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	371,531	429,959
Total	<u>371,531</u>	<u>429,959</u>

22. CAPITAL COMMITMENTS

At 31 August 2016 the Academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	7,386

Last year, the commitment was funded by the ACMF unspent grant carried forward for the construction of a new music block.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. 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 Somerset County 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 2013.

Contributions amounting to £66,451 were payable to the schemes at 31 August 2016 (2015: £63,442) and are included within creditors.

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost 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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £383,973 (2015: £336,185).

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

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. PENSION COMMITMENTS (continued)

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £209,000 (2015: £203,000), of which employer's contributions totalled £157,000 (2015: £153,000) and employees' contributions totalled £52,000 (2015: £50,000). The agreed contribution rates for future years are 18.1% for employers and 5.5 - 7.5% for employees.

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:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.30 %

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

	2016	2015
Retiring today		
Males	23.8	23.7
Females	26.2	26.1
Retiring in 20 years		
Males	26.1	26.0
Females	28.5	28.4

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,280,000	1,006,000
Gilts	123,000	96,000
Other bonds	209,000	149,000
Property	188,000	144,000
Cash	52,000	25,000
	1,852,000	1,420,000

The actual return on scheme assets was £251,000 (2015: £40,000).

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

23. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2016	2015
	£	£
Current service cost (net of employee contributions)	(242,000)	(235,000)
Net interest cost	(89,000)	(87,000)
	<u> </u>	<u> </u>
Total	(331,000)	(322,000)
	<u> </u>	<u> </u>

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

	2016	2015
	£	£
Opening defined benefit obligation	3,680,000	3,321,000
Current service cost	242,000	235,000
Interest cost	148,000	138,000
Contributions by employees	52,000	50,000
Actuarial losses	1,752,000	-
Benefits paid	(27,000)	(64,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	5,847,000	3,680,000
	<u> </u>	<u> </u>

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

	2016	2015
	£	£
Opening fair value of scheme assets	1,420,000	1,241,000
Interest income	60,000	52,000
Actuarial gains and (losses)	191,000	(11,000)
Contributions by employer	157,000	153,000
Contributions by employees	52,000	50,000
Benefits paid	(27,000)	(64,000)
Administration expenses	(1,000)	(1,000)
	<u> </u>	<u> </u>
Closing fair value of scheme assets	1,852,000	1,420,000
	<u> </u>	<u> </u>

THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

24. OPERATING LEASE COMMITMENTS

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

	Other 2016 £	Other 2015 £
AMOUNTS PAYABLE:		
Within 1 year	24,262	15,830
Between 1 and 5 years	34,484	21,960
Total	58,746	37,790

25. RELATED PARTY TRANSACTIONS

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

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

26. GENERAL INFORMATION

The Haygrove Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Durleigh Road, Bridgwater, Somerset, TA6 7HW.

27. 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.

28. AGENCY ARRANGEMENTS

The Academy Trust acts as an agent for students through receiving trip income in relation to externally organised trips. In the accounting period ended 31 August 2016 the Academy Trust received £82,777 and distributed £82,146. An amount of £5,251 (2015: £13,663) is included within other creditors relating to payments made in advance of trips.

**THE HAYGROVE ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

29. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		11,881,348	11,252,559
Total funds reported under FRS 102		<u>11,881,348</u>	<u>11,252,559</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £
Net (expenditure) previously reported under UK GAAP		(591,789)
Change in recognition of LGPS interest cost		(26,000)
Net movement in funds reported under FRS 102		<u>(617,789)</u>

Explanation of changes to previously reported funds and net income/(expenditure):

Change in recognition of LGPS interest cost	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £26,000 and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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