

SAFFRON ACADEMY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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

Members	Mr M. Hayes, Chair of the Academy Trust Dr J Keeler Mr G Berney Mr J Hartley (resigned 31 December 2015)
Trustees	Mr M Hayes, Chair of the Academy Trust Ms C Derbyshire, CEO of the Academy Trust & Headteacher (appointed 1 January 2016) Saffron Educational Trust Mrs L Vincent Dr J Keeler Ms S Brindley Ms R Callaghan Mr D Barrs Mr P Whent Ms B Calland Mr I Murphy Mr N Osborne Mrs J Puxley Mr J Hartley (resigned 31 December 2015) Dr P Eddershaw (resigned 24 September 2015)
Company registered number	07618351
Company name	Saffron Academy Trust
Registered and principal office	Audley End Road Saffron Walden Essex CB11 4UH
Company Secretary	Mr P Wilson
Chief Executive Officer	Ms C Derbyshire
Senior Management Team	Ms C Derbyshire, CEO of the Academy Trust & Headteacher of Saffron Walden County High School (appointed 1 January 2016) Mr T Lawn, Headteacher of Alec Hunter Academy Ms R Callaghan, Headteacher of Katherine Semar Junior School Mrs J Puxley, Headteacher of Katherine Semar Infant School Mr P Wilson, Finance Director Mr J Hartley, (resigned 31 December 2015)
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

SAFFRON ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Saffron Academy Trust for the year ended 31 August 2016. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Saffron Academy Trust (the Charitable Company, SAT or The Trust) currently encapsulates four academy schools, two secondary and two primary academies (the Schools or the Academies) serving a catchment area in North West Essex. The Academies have a combined capacity of 3,582 and had a roll of 3,374 in the October 2016 census with the exception of Alec Hunter Academy all Schools in the trust are operating at or above capacity.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

Saffron Walden County High School (SWCHS) converted on 1st June 2011

Alec Hunter Academy (AHA) converted and joined the Trust on 1st April 2013

Katherine Semar Junior School (KSJ) converted and joined the Trust on 1st December 2014

Katherine Semar Infant School (KSI) converted and joined the Trust on 1st December 2014

The operation of the Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has appointed Local Governing Bodies (LGB) who have delegated authority to administer their Academy within agreed budgets.

Within this Report the term Trustee refers to a member of the MGB and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and details of the costs are disclosed in Note 11 to the accounts.

Method of Recruitment and Appointment or Election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the MGB. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for Saffron Educational Trust (SET) to appoint up to five Directors. Additionally, the sitting Directors of SAT may agree unanimously to appoint such other Directors as they see fit. At the date of approval of this Report, the Directors of SET are Ms S Brindley, Mr D Barrs, Ms R Callaghan, Mr J Keeler, Ms C Derbyshire, Mr M Hayes, Mr I Murphy.

Policies and Procedures Adopted for the Induction and Training of Trustees and Governors

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end The Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to their role they undertake with particular emphasis on the committee work that they will undertake.

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

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The MGB, meets on at least three occasions per year as do its two sub committees Resources (including finance) and Standards.

The MGB is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. The Governors within their LGB's are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLT's) control the Academies at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes.

The Senior Management Team (SMT) looks across the Trust and aligns local SLT and LGB activity with the strategic aims of The Trust as a whole.

The Trust's CEO is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Pay and remuneration of key management personnel is aligned with industry standard pay scales and nationally agreed pay awards. Each school has delegated powers at the LGB level to review their employee's remuneration via an appointed sub-committee. All amendments to central services employee's and key management's pay and remuneration are approved by the appropriate sub-committee and ratified by the MGB. In setting remuneration levels the Trust takes into account contributory factors such as experience, ability to recruit and retain and the scope and complexity of the role, all of which are in accordance with the Trust's appointment and pay policies.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the MGB may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- The 14-19 Delivery Group is a consortium of local secondary schools and post-16 providers who work together to deliver a vocational 14-19 educational programme for young people in the Uttlesford area.
- The School Games Organiser, works with PE staff at local primary schools to increase participation in physical education and sports programmes outside the curriculum.
- Local Delivery Group, a cluster of primary and secondary schools in the North Essex area who receive external funding to support Narrowing the Gap and Extended Schools services for primary and secondary phase students.

The Trust reports the following related parties by nature of common Directors or Trustees.

- Saffron Educational Trust (SET) owns the freehold of the SWCHS site and is effectively this Academy's landlord.
- Saffron Walden County High School Trust administers a modest trust fund whose source of income is generated from private donations. This trust makes donations for specific SWCHS projects.
- Saffron Hall Trust, manages the arts and music offering to the public. It is a separate commercial venture sponsored by the Yellow Car Charitable Trust that works closely with SWCHS to manage the concert hall space outside of normal school hours. The Yellow Car Charitable Trust was founded in 2008. It was set up to make grants to specific projects identified by the Trust as offering particular educational and social benefits. Based in Saffron Walden, Essex, it has a particular interest in supporting initiatives that benefit the local community.

The Trust does not have a formal sponsor.

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

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 5 and 18.

Objectives, Strategies and Activities

Saffron Academy Trust seeks to operate a local family of schools of exceptional quality.

The following aims arise from that vision:

- to attain standards of achievement which reflect the fact that all pupils have reached their full academic potential and achieved their personal best;
- to promote the maximum opportunities for success by each pupil through excellent teaching and personalised learning;
- to provide a secure and caring community which encourages academic ambition alongside respect and responsibility for all;
- to provide inspirational and motivational leadership which offers clear direction and shared objectives, and management which maximises potential through valuing, supporting and developing people; and
- to promote outstanding personal development opportunities for all pupils through a rich and varied programme of extra-curricular activities.

During the year the Trust has worked towards these aims by:

- Commissioning a new learning resources centre at SWCHS which will encompass a traditional library combined with an IT based teaching space and research area using tablet based technology;
- Applying to the Department of Education to open a Primary Free School in Saffron Walden;
- Improving the quality of teaching and learning and attainment at AHA;
- Restructuring the teaching spaces within SWCHS to improve the efficiency of the delivery of the secondary level education offering on that site; and
- Putting greater emphasis on student progress in targets set, intervention and monitoring

Our success in fulfilling our aims can be measured by:

- The learning resources centre has been completed and was opened in October 2016.
- The Trust's Free School application was successful.
- Favourable feedback resulted from the recent visit to AHA by an education advisor from the DFE on behalf of the Regional Schools Commissioner's office.
- Improved Progress 8 scores by 2018 in both SWCHS and AHA for all and for disadvantaged groups.

Public Benefit

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that students achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided students in suitable progression when they left their Academy.

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

Specific achievements were as follows:

- SWCHS enjoyed its best ever results at every level in 2016. At A level, 100% of students passed, 92% achieved grade A* to C, 41% of all grades were A*/A, and overall the school scored ALPS 2 for progress. At GCSE, attainment was exceptional and progress very good. On the old, but comparable measures, 83% achieved 5 A* to C (including English and Maths), 42% of grades were A*/A and the calculated value-added score would have recorded 1025. These exceeded all previous years. On the new measures, Progress 8 for all was 0.33+ and 0.02+ for disadvantaged pupils. Attainment 8 was a grade B. This indicates that attainment was high and progress above average. The P8 score was above the level achieved (but not published) in 2015.
- AHA continues to improve. On historically comparable measures, results in 2016 show an upwards trajectory: A* to C (including English and Maths) was up from 50% in 2015 to 57% in 2016, largely as a consequence of improved performance in English. A*-C in English hit 70.4%. Clearly the new measures reveal the weaker progress over time and that is not unexpected, since standards have improved rapidly and dramatically since 2011. Progress 8 is a weak - 0.31 and for disadvantaged pupils a concerning -0.65. Poor attendance amongst this group and some challenging individual circumstances form part of the picture here. The area of greatest concern is the very poor progress of the disadvantaged group in Maths at -0.71. A small group of school refusers negatively impacted on this data. Removing them changes progress 8 outcomes considerably: the disadvantaged group P8 moves from -0.65 to -0.29.
- KSI early years results were pleasing. Good levels of development in the early years exceeded local and national levels and rose against previous years to 82%. The PPG group making this good level of development has continued to rise to 71%. In the Phonics screening check, the School outperformed local and national schools with a 93% pass rate.
- At Key Stage 1 at KSI the percentage of children reaching expected levels was 81.7%. This was significantly higher than county and national average performance. At greater depth the percentage was 26.7% compared to 11% for Essex and 9% for England.
- KS2 results at KSJ were significantly higher than Essex and national averages with reading, writing and mathematics achieving 65.2%. Reading at 78.8% (compared to 67% locally and 66% nationally) was more disappointing than in previous years, as was Maths at the greater depth (19.7% compared to 17% nationally and locally).

Key Performance Indicators

The Trustees receive regular management reports at each committee meeting to enable them to monitor the performance of the Trust compared to its aims, strategies, cashflows and financial budgets.

Regular management information reports differentiate between the principle activity of the Trust of delivering education to students and ancillary, or non-principle, activity such as capital projects, after school clubs and school trips etc.

Funding is based on pupil numbers collated from the annual October census, for 2016-17 and 2017-18 the relevant student numbers driving funding at the various key stages are as follows.

SAT	2013/14 Student #	2014/15 Student #	2015/16 Student #	2016/17 Student #	2017/18 Student #
Key Stage 2	392	422	435	433	431
Key Stage 3	1,525	1,473	1,413	1,386	1,358
Key Stage 4	1,031	998	987	996	961
Key Stage 5	562	597	557	557	624
Total	3,510	3,490	3,392	3,372	3,374

Another key financial performance indicator is staffing costs as a percentage of total income. For 2015/16 this differed between locations in the range 72% - 82% (excluding central costs) but averaged out at 80.8% for the Trust as a whole. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures that have been approved by the MGB during the annual budget process.

The Resources Committee also monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the MGB.

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

Going Concern

After making appropriate enquiries and despite authorising a £0.6m deficit budget for 2016-17, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trust made significant savings in staff costs last year and will continue to review the cost base going forward. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The principal source of funding for the Trust is the General Annual Grant and other grants that it receives from the Education Funding Agency (EFA). For the year ended 31 August 2016 the Trust received £15,399,944 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the year the Trust spent £22,969,101 on expenditure and transferred £310,000 to support capital new build and improvement projects on the various academy sites. The Trust brought forward from 2014-15, £17,854,674 restricted funds and £3,367,963 unrestricted funding. The carry forward for 2015-16 is £12,288,661 restricted funding and £2,580,584 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £9,727,000 (2015: £5,801,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from central finance. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £2,580,584. This has been built up from a mixture of locally raised income and balances transferred from the predecessor Schools.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £4,439,858. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the monthly finance reports and in line with the Reserves policy they attempt to hold a minimum of £500,000 to cover short term cash flow variances. As part of the budget process the Trustees are informed as to the cash impacts of the budgets they authorise and the LGB committees all receive regular cash flow forecasts for their individual Schools.

Anticipating reductions in future funding as a result of falls in the real value of grants and reducing student rolls at Alec Hunter Academy the Trustees acknowledge that the finances of the Trust will inevitably tighten again in the forthcoming year. The Trustees in executing their obligation to maintain the Trust's building infrastructure are aware that future maintenance and refurbishment requires planned adequate funding. In light of these anticipated on-going costs and reducing revenues the Trustees have again declined to deplete historical cash reserves and have chosen instead to retain as much as possible to support future expenditure. This has been achieved without compromising the quality of the education offering to the Trust's students.

Investment Policy

The Financial Reserves and Investment policy was last updated February 2014

The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

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

Principal Risks and Uncertainties

The Trust works with the LGB's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the MGB via the finance sub-committee and a more independent review by the Audit Committee typically undertaken on an annual basis. The internal control systems and the exposure to identified risks are monitored on behalf of the Trustees at each audit committee meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy within the Trust places considerable reliance on continued Government funding through the EFA and 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. In the opinion of the Trustees the current high standard of the Trust's education offering is in all probability unsustainable in the long term unless funding levels match inflationary increases;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust'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 individual Academies is dependent on continuing to attract student applications in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes 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 Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds – At the request of the audit committee the Trust has appointed Peters, Elworthy and Moore (PEM) to carry out independent and external checks on financial systems and processes as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

Plans for Future Periods

The Trust will continue striving to improve the levels of performance of its students at all levels, and will attempt to maintain its recent progress in ensuring the number of students on roll properly reflects the demand for places.

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TRUSTEES' REPORT (continued)
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The Trustees intend to enhance and expand facilities in pursuance of the Schools' commitment to ensure that all students achieve their potential. It is recognised that students with differing abilities and aptitudes will have differing curriculum requirements and that a greater diversity of learning environments will be required to deliver these. The Trustees are pleased to confirm that the DFE have given approval for SAT to participate in the Governments Free School program and have agreed to fund the building and operation of a primary school with Saffron Walden. The Trust continues to seek further opportunities to engage with local schools, primarily within North West Essex, with the ultimate aim of building a family of schools of exceptional quality.

Funds Held as Custodian Trustee on Behalf of Others

The Academy Trust acts as an agent in distributing 16-19 Bursary Funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. For further details please refer to Note 24 to the financial statements.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees consider it good practice to periodically retender the office of Auditor with emphasis placed on quality of service and value for money. This year initial discussions were held with an alternate provider who declined to quote citing their own workload and capacity constraints.

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 12 December 2016 and signed on the Board's behalf by:

Mr M. Hayes
Chairman of The Trust

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Saffron 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Saffron 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
Mr M Hayes	5	5
Ms C Derbyshire (appointed 1 January 2016)	3	3
Mrs L Vincent	4	5
Dr J Keeler	5	5
Ms S Brindley	2	5
Ms R Callaghan	5	5
Mr D Barrs	1	5
Mr P Whent	4	5
Ms B Calland	4	5
Mr I Murphy	1	5
Mr N Osborne	4	5
Mrs J Puxley	5	5
Mr J Hartley (resigned 31 December 2015)	2	2
Dr P Eddershaw (resigned 24 September 2015)	0	0

During the year the MGB was responsible for financial and audit matters which were covered at their meetings.

During the year, as in the previous year, the Trust faced a number of challenges. Maintaining high standards of education provision with reducing funding has again challenged both secondary Schools through reduced sixth form funding at SWCHS and a reducing student roll at AHA. The Trust took the decision to use the brought forward reserves to cushion the impact and protect standards by maintaining teaching levels at AHA in the short term, whilst reducing staff costs at SWCHS.

The Finance Committee is a sub-committee of the MGB. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Trustee		
Mr M Hayes	5	5
Ms C Derbyshire	3	3
Mr J Hartley	2	2
Ms L Vincent	3	5
Mr P Whent	4	5

In addition to the Trustees there are a further three associate members of the Finance Committee.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- During the year, combined Section 106 and Conditional Improvement Funding of £2m was spent on infrastructure improvements at SWCHS. A robust tender process was used to ensure best value for money.
- During the year, £0.8m of Conditional Improvement Funding was received to replace the heating boiler at AHA. A robust tender process was used to ensure best value for money.
- A significant review of staff contact time was undertaken at SWCHS which resulted in an increase in contact time with pupils of 1 hour every fortnight for all teachers. This resulted in efficiency benefits and an associated reduction in staff costs.

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Saffron 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.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust'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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the MGB of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint PEM as Internal Auditor.

The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's governance, operational and financial systems. The Internal Auditor's reports are received by the Board of Trustees to appraise them on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

PEM delivered their report on HR processes and planned structural improvements that were identified have been implemented.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

- the work of the Internal Auditor;
- the work of the external Auditors;
- the financial management and governance self-assessment process; and
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

Approved by the Board of Trustees on 12 December 2016 and signed on their behalf, by:

Mr M. Hayes
Chair of Trustees

Ms C Derbyshire
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Saffron Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2015.

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

Ms C Derbyshire
Accounting Officer

Date: 12 December 2016

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the EFA, United Kingdom Accounting Standards (UKGAAP) 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The 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 the Board of Trustees on 12 December 2016 and signed on its behalf by:

Mr M Hayes
Chairman of The Trust

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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

We have audited the financial statements of Saffron Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, 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 Trust's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Trust'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 Trust 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 Trustees' Responsibilities Statement, the Trustees 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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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 Trust's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
SAFFRON 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.

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
12 December 2016

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAFFRON
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 August 2013 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 Saffron 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 Saffron Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Saffron Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Saffron Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of Saffron Academy Trust's funding agreement with the Secretary of State for Education dated 28 April 2011, 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 the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration and corroboration of the evidence supporting the Accounting Officers statement on regularity, propriety and compliance.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity.
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, propriety and compliance in particular checking that selected items were appropriately authorised, and appropriate.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SAFFRON
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.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

12 December 2016

SAFFRON 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 £	As restated Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Assets received on conversion	2	-	-	-	-	3,375,972
Other donations and capital grants	2	30,659	829,679	1,244,066	2,104,404	4,432,347
Charitable activities	4	885,338	16,325,850	-	17,211,188	17,737,899
Other trading activities	3	680,613	-	-	680,613	760,743
Investments		25,509	-	-	25,509	16,628
Other income		188,995	-	-	188,995	157,517
TOTAL INCOME		1,811,114	17,155,529	1,244,066	20,210,709	26,481,106
EXPENDITURE ON:						
Charitable activities		786,530	18,870,295	3,312,276	22,969,101	20,806,330
TOTAL EXPENDITURE	5	786,530	18,870,295	3,312,276	22,969,101	20,806,330
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		1,024,584	(1,714,766)	(2,068,210)	(2,758,392)	5,674,776
Transfers between funds	16	(1,811,963)	1,383,766	428,197	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(787,379)	(331,000)	(1,640,013)	(2,758,392)	5,674,776
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(3,595,000)	-	(3,595,000)	157,000
NET MOVEMENT IN FUNDS		(787,379)	(3,926,000)	(1,640,013)	(6,353,392)	5,831,776
RECONCILIATION OF FUNDS:						
Total funds brought forward		3,367,963	(5,801,000)	23,655,674	21,222,637	15,390,861
TOTAL FUNDS CARRIED FORWARD		2,580,584	(9,727,000)	22,015,661	14,869,245	21,222,637

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07618351

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		20,856,103		21,396,224
CURRENT ASSETS					
Debtors	13	1,249,104		937,034	
Cash at bank and in hand		4,539,858		6,801,476	
		<u>5,788,962</u>		<u>7,738,510</u>	
CREDITORS: amounts falling due within one year	14	<u>(2,042,898)</u>		<u>(2,087,947)</u>	
NET CURRENT ASSETS			<u>3,746,064</u>		<u>5,650,563</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>24,602,167</u>		<u>27,046,787</u>
CREDITORS: amounts falling due after more than one year	15		<u>(5,922)</u>		<u>(23,150)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>24,596,245</u>		<u>27,023,637</u>
Defined benefit pension scheme liability	20	(9,727,000)		(5,801,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>14,869,245</u></u>		<u><u>21,222,637</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted fixed asset funds		22,015,661		23,655,674	
Pension reserve		<u>(9,727,000)</u>		<u>(5,801,000)</u>	
Total restricted income funds			<u>12,288,661</u>		<u>17,854,674</u>
Unrestricted income funds	16		<u>2,580,584</u>		<u>3,367,963</u>
TOTAL FUNDS			<u><u>14,869,245</u></u>		<u><u>21,222,637</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:

Mr M. Hayes
Chairman of The Trust

The notes on pages 21 to 36 form part of these financial statements.

SAFFRON 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)/provided by operating activities	18	(2,010,048)	2,835,031
Returns on investments and servicing of finance and interest			
Dividends, interest and rents from investments		25,509	16,628
Purchase of tangible fixed assets		(277,079)	(507,151)
Cash transferred on conversion to an academy trust		-	329,170
Net cash used in investing activities		<u>(251,570)</u>	<u>(161,353)</u>
Change in cash and cash equivalents in the year		(2,261,618)	2,673,678
Cash and cash equivalents brought forward		6,801,476	4,127,798
Cash and cash equivalents carried forward		<u><u>4,539,858</u></u>	<u><u>6,801,476</u></u>

SAFFRON 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), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation of financial statements

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

First time adoption of FRS 102

These financial statements are the first financial statements of Saffron 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 Saffron 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 25.

1.2 Company status

The Trust is a company registered in England and Wales and limited by guarantee. The Members of the Company are the Trustees named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Trust. The Trust's registered office is Audley End Road, Saffron Walden.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the DfE.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised 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 is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and governance costs 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.

1.6 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 Trust 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..

1.7 Tangible fixed assets and depreciation

All assets costing more than £5,000 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 Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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:

Leasehold land	-	125 years straight line / 50 years straight line to residual value of £10,000,000.
Long term leasehold property	-	30 years straight line
Premises improvement	-	30 years straight line
Motor vehicles	-	10 years straight line
Fixtures and fittings	-	3-10 years straight line
Computer equipment	-	3 years straight line
Assets under construction	-	Not depreciated

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.9 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the bank.

1.10 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Debtors

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

1.12 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.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 Bursary Funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. Where the funds have not been fully applied in the accounting period then an amount will be included as amounts due to the EFA.

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Academy Trust 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 20, 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.

SAFFRON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Assets received on conversion	-	-	-	-	3,375,972
Donations	30,659	828,517	83,789	942,965	1,427,287
Government grants	-	1,162	1,160,277	1,161,439	3,005,060
Subtotal	30,659	829,679	1,244,066	2,104,404	4,432,347
Total donations and capital grants	30,659	829,679	1,244,066	2,104,404	7,808,319

In 2015, of the total income from donations and capital grants, £391,942 was to unrestricted funds and £7,416,377 was to restricted funds

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Hire of facilities	147,204	-	147,204	192,700
Other activities	533,409	-	533,409	568,043
	680,613	-	680,613	760,743

In 2015, of the total income from other trading activities, £760,743 was to unrestricted funds and £ NIL was to restricted funds.

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	As restated Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	15,399,944	15,399,944	15,917,720
Other DfE / EFA grants	-	563,840	563,840	544,146
Local Authority grants	-	271,183	271,183	255,364
Other government grants	-	90,883	90,883	216,180
Catering income	885,338	-	885,338	804,489
	885,338	16,325,850	17,211,188	17,737,899

In 2015, of the total income from charitable activities, £804,489 was to unrestricted funds and £16,933,410 was to restricted funds.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
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5. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Provision of education:					
Direct costs	12,070,884	-	2,228,812	14,299,696	13,873,608
Support costs	2,839,163	4,500,970	1,329,272	8,669,405	6,932,722
	<u>14,910,047</u>	<u>4,500,970</u>	<u>3,558,084</u>	<u>22,969,101</u>	<u>20,806,330</u>

In 2016, of the total expenditure, £786,530 (2015 - £820,460) was to unrestricted funds, £18,870,295 (2015 - £18,622,470) was to restricted funds and £3,312,276 (2015 - £1,363,400) was to restricted fixed asset fund.

6. CHARITABLE ACTIVITIES

	2016 £	2015 £
Direct costs	14,299,696	13,873,608
Support costs	8,669,405	6,932,722
	<u>22,969,101</u>	<u>20,806,330</u>

Analysis of support costs	2016 £	2015 £
Support staff costs	2,839,163	2,908,486
Depreciation	689,363	678,840
Technology costs	176,638	220,951
Premises costs (excluding depreciation)	3,811,607	1,675,894
Other support costs	1,132,884	1,428,178
Governance costs	19,750	20,373
	<u>8,669,405</u>	<u>6,932,722</u>

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned or leased by the Trust	689,363	678,840
Auditors' remuneration - audit	13,000	12,250
Auditors' remuneration - non - audit	6,750	6,350
Operating lease rentals	145,543	129,613
	<u>859,656</u>	<u>837,053</u>

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8. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	11,658,622	11,622,907
Social security costs	925,397	822,750
Operating costs of defined benefit pension schemes	2,036,790	1,851,857
	<u>14,620,809</u>	<u>14,297,514</u>
Supply teacher costs	289,238	279,929
	<u>14,910,047</u>	<u>14,577,443</u>

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

	2016 No.	2015 No.
Teachers	209	229
Administration and support	255	270
Management	18	23
	<u>482</u>	<u>522</u>

Average headcount expressed as a full time equivalent:

	2016 No.	2015 No.
Teachers	197	198
Administration and support	179	175
Management	18	22
	<u>394</u>	<u>395</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	5	3
In the band £ 70,001 - £ 80,000	3	1
In the band £ 80,001 - £ 90,000	2	1
In the band £100,001 - £110,000	0	1

Nine of the above employees participated in the Teachers' Pension Scheme during the year ended 31 August 2016. The Academy made contributions of £106,806 (2015: £75,145) for these members of staff during the period.

The key management personnel of the Academy Trust comprise the 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 Trust was £503,709 (2015: £427,279).

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9. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

J Puxley (Trustee)

Remuneration £85,000-£90,000 (2015: £45,000-£50,000)

Employer's pension contributions paid £10,000-£15,000 (2015: £5,000-£10,000)

C Derbyshire (CEO of the Academy Trust and Trustee) appointed 1 January 2016

Remuneration £75,000-£80,000 (2015: £Nil)

Employer's pension contributions paid £10,000-£15,000 (2015: £Nil)

R Callaghan (Trustee)

Remuneration £70,000-£75,000 (2015: £45,000-£50,000)

Employer's pension contributions paid £10,000-£15,000 (2015: £5,000-£10,000)

J Hartley (Trustee) resigned 31 December 2015

Remuneration £35,000-£40,000 (2015: £115,000-£120,000)

Employer's pension contribution £5,000-£10,000 (2015: £15,000-£20,000)

During the period 31 August 2016, Trustees expenses totalling £1,822 (2015: £2,451) were reimbursed to 4 Trustees (2015: 1). These related to reimbursements for activities undertaken in respect of their services to the Trust as staff members.

Other related party transactions involving the Trustees are set out in note 22.

10. CENTRAL SERVICES

The Trust has provided the following central services to its Academies during the year, which are recharged in the ratio of the General Annual Grant:

- Insurance
- Financial coordination
- Payroll

The actual amounts charged during the year were as follows:

	2016	2015
	£	£
Saffron Walden County High School	135,805	131,742
Alec Hunter Academy	69,228	74,674
Katherine Semar Junior Academy	11,913	8,347
Katherine Semar Infants School	9,657	6,766
	226,603	221,529
Total	226,603	221,529

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was included in the total insurance cost.

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

12. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2015	21,443,009	66,661	550,932	717,760	288,799	23,067,161
Additions	-	-	113,098	56,352	107,629	277,079
Transfers to revenue expenditure	-	-	-	-	(127,837)	(127,837)
Transfers between classes	-	-	265,946	-	(265,946)	-
At 31 August 2016	<u>21,443,009</u>	<u>66,661</u>	<u>929,976</u>	<u>774,112</u>	<u>2,645</u>	<u>23,216,403</u>
Depreciation						
At 1 September 2015	839,743	31,209	313,705	486,280	-	1,670,937
Charge for the year	421,764	6,605	86,639	174,355	-	689,363
At 31 August 2016	<u>1,261,507</u>	<u>37,814</u>	<u>400,344</u>	<u>660,635</u>	<u>-</u>	<u>2,360,300</u>
Net book value						
At 31 August 2016	<u>20,181,502</u>	<u>28,847</u>	<u>529,632</u>	<u>113,477</u>	<u>2,645</u>	<u>20,856,103</u>
At 31 August 2015	<u>20,603,266</u>	<u>35,452</u>	<u>237,227</u>	<u>231,480</u>	<u>288,799</u>	<u>21,396,224</u>

13. DEBTORS

	2016 £	2015 £
Trade debtors	20,148	23,751
VAT recoverable	124,070	116,587
Other debtors	52,390	19,418
Prepayments and accrued income	1,052,496	777,278
	<u>1,249,104</u>	<u>937,034</u>

14. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	419,600	569,960
Other taxation and social security	267,684	243,776
Other creditors	267,733	221,552
Accruals and deferred income	1,064,612	1,033,390
Bursaries awaiting disbursement	23,269	19,269
	<u>2,042,898</u>	<u>2,087,947</u>

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14. CREDITORS: Amounts falling due within one year (continued)

	2016 £	2015 £
Deferred income		
Deferred income at 1 September 2015	96,635	242,904
Resources deferred during the year	157,557	96,635
Amounts released from previous years	(96,635)	(242,904)
	157,557	96,635
Deferred income at 31 August 2016	157,557	96,635

Resources deferred at the period end relate to contributions towards future educational visits and EFA funding received in advance for academic year 2016/17.

**15. CREDITORS:
Amounts falling due after more than one year**

	2016 £	2015 £
Other creditors	5,922	23,150
	5,922	23,150

16. STATEMENT OF FUNDS

	Brought forward as restated £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains-(losses) £	Carried forward £
Unrestricted funds						
Unrestricted funds	3,367,963	1,811,114	(786,530)	(1,811,963)	-	2,580,584
	3,367,963	1,811,114	(786,530)	(1,811,963)	-	2,580,584
Restricted funds						
General Annual Grant (GAG)	-	15,399,944	(16,783,710)	1,383,766	-	-
Other DfE/EFA grants	-	563,840	(563,840)	-	-	-
Other government grants	-	363,228	(363,228)	-	-	-
Educational visits	-	828,517	(828,517)	-	-	-
Pension reserve	(5,801,000)	-	(331,000)	-	(3,595,000)	(9,727,000)
	(5,801,000)	17,155,529	(18,870,295)	1,383,766	(3,595,000)	(9,727,000)
	(5,801,000)	17,155,529	(18,870,295)	1,383,766	(3,595,000)	(9,727,000)
Restricted fixed asset funds						
Fixed asset fund	21,903,971	83,789	(689,363)	(442,294)	-	20,856,103
DfE/EFA capital grants	1,751,703	1,160,277	(2,622,913)	870,491	-	1,159,558
	23,655,674	1,244,066	(3,312,276)	428,197	-	22,015,661
Total restricted funds	17,854,674	18,399,595	(22,182,571)	1,811,963	(3,595,000)	12,288,661
Total of funds	21,222,637	20,210,709	(22,969,101)	-	(3,595,000)	14,869,245

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

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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

Other DfE/EFA grants

This represents various grants from the DfE and EFA for the provision of specific services to pupils of the Schools.

Trips

This represents income for trips/events for the pupils of the Schools.

Pension reserve

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from state controlled schools.

Other government grants

This represents various grants from local and national government bodies for the provision of specific services to pupils of the Schools.

Fixed asset fund

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the DfE where the asset acquired or created is held for a specific purpose.

DfE/EFA capital grants

This represents funding from the DfE or EFA for a specific capital projects.

General Annual Grant (GAG)

This represents funding from the EFA to be used for the normal running costs of the Trust, including education and support costs.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Saffron Walden County High School	1,504,101	2,241,706
Alec Hunter Academy	593,624	755,777
Katherine Semar Junior Academy	182,061	198,252
Katherine Semar Infants School	255,370	179,231
Central services	45,428	(7,003)
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,580,584	3,367,963
Restricted fixed asset fund	22,015,661	23,655,674
Pension reserve	(9,727,000)	(5,801,000)
	<hr/>	<hr/>
Total	<u>14,869,245</u>	<u>21,222,637</u>

SAFFRON ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
Saffron Walden						
County High School	7,335,410	1,485,524	1,539,183	3,708,963	14,069,080	12,055,481
Alec Hunter Academy	3,412,939	758,720	483,970	994,711	5,650,340	6,148,520
Katherine Semar Infants School	586,377	269,464	67,020	488,186	1,411,047	904,075
Katherine Semar Junior Academy	736,158	98,852	156,806	152,967	1,144,783	893,183
Central services	-	226,603	-	(222,115)	4,488	93,231
	<u>12,070,884</u>	<u>2,839,163</u>	<u>2,246,979</u>	<u>5,122,712</u>	<u>22,279,738</u>	<u>20,094,490</u>

17. 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	-	-	20,856,103	20,856,103	21,396,224
Current assets	4,125,332	-	1,663,630	5,788,962	7,738,510
Creditors due within one year	(1,538,826)	-	(504,072)	(2,042,898)	(2,087,947)
Creditors due in more than one year	(5,922)	-	-	(5,922)	(23,150)
Provisions for liabilities and charges	-	(9,727,000)	-	(9,727,000)	(5,801,000)
	<u>2,580,584</u>	<u>(9,727,000)</u>	<u>22,015,661</u>	<u>14,869,245</u>	<u>21,222,637</u>

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

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(2,758,392)	5,674,776
Adjustment for:		
Depreciation charges	689,363	678,840
Dividends, interest and rents from investments	(25,509)	(16,628)
Transfers from capital to revenue expenditure	127,837	-
Increase in debtors	(312,070)	(599,848)
(Decrease)/increase in creditors	(62,277)	140,863
Pension liability on conversion	-	701,000
Pension liability movements	331,000	333,000
Net gain on assets and liabilities from local authority on conversion	-	(4,076,972)
Net cash (used in)/provided by operating activities	(2,010,048)	2,835,031

19. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	4,539,858	6,801,476
Total	4,539,858	6,801,476

20. PENSION COMMITMENTS

The Trust'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 Essex County Council. Both are 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 £236,759 were payable to the schemes at 31 August 2016 (2015 - £217,801) 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.

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20. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost 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; and
- 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 £1,330,707 (2015 - £1,110,167).

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

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

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 £758,000., of which employer's contributions totalled £584,000 (2015 - £570,000) and employees' contributions totalled £348,000 (2015 - £174,000). The agreed contribution rates for future years are 12.3% for employers and between 5.5% and 12.5% 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 at the balance sheet date (expressed as weighted averages):

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Expected return on scheme assets at 31 August	2.20 %	5.30 %
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 %	2.70 %
Inflation assumption (RPI)	3.20 %	3.60 %

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20. PENSION COMMITMENTS (continued)

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	22.9	22.8
Females	25.3	25.2
Retiring in 20 years		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	2,697,000	1,827,000
Bonds and other managed funds	349,000	281,000
Property	430,000	338,000
Alternative assets	155,000	196,000
Gilts	155,000	113,000
Cash	118,000	56,000
	<u>3,904,000</u>	<u>2,811,000</u>
Total market value of assets	<u>3,904,000</u>	<u>2,811,000</u>

The actual return on scheme assets was £469,000 (2015 - £115,000).

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(694,000)	(689,000)
Net interest cost	(220,000)	(213,000)
Administration expenses	(1,000)	-
	<u>(915,000)</u>	<u>(902,000)</u>
Total	<u>(915,000)</u>	<u>(902,000)</u>

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

	2016 £	2015 £
Opening defined benefit obligation	8,612,000	6,875,000
Upon conversion	-	867,000
Current service cost	694,000	689,000
Interest cost	345,000	306,000
Contributions by employees	174,000	176,000
Actuarial losses/(gains)	3,939,000	(135,000)
Benefits paid	(133,000)	(166,000)
	<u>13,631,000</u>	<u>8,612,000</u>
Closing defined benefit obligation	<u>13,631,000</u>	<u>8,612,000</u>

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

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

	2016	2015
	£	£
Opening fair value of scheme assets	2,811,000	1,951,000
Upon conversion	-	166,000
Interest income	125,000	93,000
Actuarial gains and (losses)	344,000	22,000
Contributions by employer	584,000	570,000
Contributions by employees	174,000	176,000
Benefits paid	(133,000)	(161,000)
Administrative costs	(1,000)	(6,000)
	<u>3,904,000</u>	<u>2,811,000</u>
Closing fair value of scheme assets	<u>3,904,000</u>	<u>2,811,000</u>

21. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	124,321	109,152
Between 1 and 5 years	97,751	120,428
	<u>222,072</u>	<u>229,580</u>
Total	<u>222,072</u>	<u>229,580</u>

22. RELATED PARTY TRANSACTIONS

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

Any transactions where the Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook. The following related party transactions took place in the period of account:

Saffron Educational Trust (SET) - a company with common Directors;

- SET owns the freehold of the SWCHS site and is effectively the Academy's landlord. No rent is payable on the use of the land.

Saffron Hall Trust - a trust in which C Derbyshire, J Hartley and M Hayes are a Director and a Trustee;

- Income of £57,654 (2015 - £51,140) which included concerts costs and minibuss hire.

Comberton Academy Trust - a trust in which J Hartley is a Trustee;

- Income of £26,104 (2015 - £20,597) which included income from the staff for schools network scheme.

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NOTES TO THE FINANCIAL STATEMENTS
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23. MEMBERS' LIABILITIES

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.

24. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £30,767 and disbursed £26,767 from the fund. An amount of £23,269 is included in other creditors relating to undistributed funds that is repayable to EFA.

25. 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.

The policies applied under the Academy Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.