

Registered number: 07618351

SAFFRON ACADEMY TRUST

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2014

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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SAFFRON ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2014**

Members	Mr M. Hayes, Chair of the Academy Trust Mr J. Hartley, CEO of the Academy Trust & Headteacher Saffron Educational Trust
Directors	Dr A. Grieg Dr P. Eddershaw Mrs L. Vincent-Van Overloop Mr J. Luke Mr D. Murtagh Mr M. Hansard Dr J. Keeler Ms S. Brindley Ms R. Callaghan Mr D. Barrs Mr P Whent Ms B Calland (appointed 1 January 2014) Mr N Lee (resigned 1 November 2013)
Company registered number	07618351
Registered and principal office	Audley End Road Saffron Walden Essex CB11 4UH
Company secretary	Mrs H Goldsmith
Chief executive officer	Mr J Hartley
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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DIRECTORS REPORT
FOR THE YEAR ENDED 31 AUGUST 2014

The Directors present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2014.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Saffron Academy Trust (SAT or The Trust) is a Charitable Company limited by guarantee and was set up by a Memorandum of Association on 28 April 2011. The Trust currently encapsulates two academy schools namely Saffron Walden County High School (SWCHS), which converted on 1 June 2011, and Alec Hunter Academy (AHA) which converted and joined the Trust on 1st April 2013. Additionally, two Primary schools are scheduled to join the Trust early next year.

Governance

The operation of The Trust's schools and employment of staff are the responsibility of its Directors. The Trust retains control of school budgets and finances, and monitors these through its Finance Committee. Throughout this report the Board of Directors is referred to as the Main Governing Body (MGB). SAT has appointed Local Governing Bodies (LGB) and delegated authority to them to administer the schools within agreed budgets.

Details of the Directors who served throughout the period are included in the Reference and Administrative Details section. Within this report the term Director refers to a member of MGB and Governor to a member of an LGB.

Member's 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.

Director and Governor Indemnities

No provisions were required for third party indemnity moreover; Director and Governor third party indemnity provision is covered by the Trusts' insurance policy.

Method of recruitment and appointment or election of Directors

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.

Policies and Procedures adopted for the induction and training of Directors and Governors

The Trust is committed to providing adequate opportunities for Directors 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 Directors and Governors are required to attend a training programme. The induction programme would involve a tour of the relevant school, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake as Governors with particular emphasis on the committee work that they will undertake.

Governors are appointed for a fixed term. Each Headteacher is an ex officio member of their LGB. Parent Governors and the staff Governors are elected to office or appointed if there are insufficient candidates offering themselves for election.

Organisational Structure

The MGB Directors 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 LGB Governors 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.

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DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

The Senior Leadership Teams (SLT) 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 Trust's CEO is the Accounting Officer.

Risk Management

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 Audit Committee and the SAT Finance Committee. The principal risks facing The Trust at a contextual level are outlined below in the principal risks and uncertainties section; those facing each Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Directors 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.

Connected Organisations and Related Parties

Owing to the nature of The Trust's operations and the composition of the Board of Directors 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 Board may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.

The Trust enjoyed the following working relationships in the period under review.

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. Both Secondary schools participate in their respective local LDG.

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

Saffron Educational Trust (SET), for whom The Trust managed the Auditorium project (Saffron Hall), owns the freehold of the SWCHS site and is effectively The Trust'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.

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DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

OBJECTIVES AND ACTIVITIES

Objects and aims

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.
- To promote outstanding personal development opportunities for all pupils through a rich and varied programme of extra-curricular activities.

Public Benefit

The Directors believe that by working towards the objectives and aims of the underlying schools as detailed above they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

ACHIEVEMENTS AND PERFORMANCE

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 the school.

Saffron Walden County High School

In 2014, 72% of students achieved 5 or more GCSE grades A* - C, including Maths and English; significantly above the national average. 84% of students achieved 5 or more grades A* - C (irrespective of subject). 84% of students made three or more levels of progress in English, an increase of 8% on the previous year, conversely the proportion making three or more levels of progress in Maths declined by 9% to stand at 74%.

A level results in 2014 maintained the outstanding performance of recent years. 92% of all A level grades were in the range A* - C. The proportion of A* grades increased by 3% to 12%, with just under 40% of all A level grades (applied and traditional subjects) at A*/A. The value added performance of our sixth form students was the best in the school's history, with an overall T score of 1 being achieved for the first time. We are confident that the sixth form maintained its position as one of the top performing comprehensive school sixth forms in England.

Alec Hunter Academy

AHA joined the Trust in April 2013 as a school "with serious weaknesses" (Ofsted, October 2012). The Headteacher and senior team, supported by colleagues from SWCHS, have led the implementation of the post Ofsted improvement plan. In the 2014 GCSE examination results the performance of Maths again improved, with 66% of students achieving grades in the range A* - C (62% in 2013). English however performed less strongly, with only 44% achieving grades in the A* - C range; a 2% decrease on the previous year. The 5 A* - C EM figure was 38%. In terms of teaching, good progress has continued to have been made with just under 80% of lessons being judged to be good or better, and 22% judged outstanding. Attendance figures in 2013-14 showed a notable improvement.

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DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that The Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

FINANCIAL REVIEW

Financial Review

The principal source of funding for The Trust is the General Annual Grant (GAG) funding that it receives from the EFA. For the year ended 31 August 2014 The Trust received £15,477,081 in GAG funding. A high percentage of this funding 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 all of its restricted funds. In addition The Trust made a surplus of £741,210 from its unrestricted funds.

Principal risks and uncertainty

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

- Staff retention and recruitment: The quality of staff (both teaching and support) is crucial in sustaining the high achievements of the schools in The Trust. The recruitment of potentially good and outstanding teachers in shortage subjects remains a challenge. An important factor in addressing this risk is the schools' emphasis on 'high quality, personalised professional development for all staff
- Student rolls: SWCHS has been oversubscribed both at Year 7 and Year 12 for many years and there is every sign of this continuing. AHA has seen a slight drop in Year 7 uptake for the second year running.
- Budget constraints: We continue to operate in a period of constrained public spending on education. Continuing emphasis is placed upon the balance between the breadth of curriculum provision and average class size.
- Whilst a material decrease in income per student is judged to be unlikely, there can be no doubt that funding provision is tightening. The combined budget for 2014-15 has been set at a slight deficit (£350,000) in order to cushion the transition to lower funding levels. Contingency planning in the form of significant planned-for carry-forward from 2013-14 has facilitated this strategy.
- Bank balances & investments contain no significant risks other than an institution ceasing to trade. The Trust continues to spread its investments over a number of government-backed institutions.
- Debtors: there are no material debtors.
- The Trust's credit rating is not in jeopardy, though it has no need for credit facilities.
- The Trust's cash flow is healthy in the short to medium term and financial planning predicts it will remain so, longer term, as the organisation adjusts to reflect future tightening of funding levels.

Reserves policy

The Directors are aware of the requirement to balance current and future needs Whilst the Directors always aim to set a balanced budget with annual income balancing annual expenditure the forthcoming 2014/15 budget was set with a £350,000 overspend. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £2,494,750. This has been built up from a mixture of locally raised income and balances transferred from the predecessor school.

Anticipating reductions in future funding (from general government cuts, falls in the real value of grants and slightly reduced student rolls at Alec Hunter Academy) it is anticipated that the finances of the Trust will become increasingly tight. The Directors, in executing their obligation to maintain The Trust's buildings infrastructure, are aware that future maintenance and refurbishment requires planned adequate funding. In light of these anticipated on-going costs and reducing revenues the Directors have declined to deplete existing contingencies and have chosen instead to retain as much as possible to support future expenditure. This has been achieved without compromising the quality of education offered to the students.

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DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2014

The cash balance of The Trust has been very healthy all year, ending the year with a balance of £4,127,798. The Directors have determined that they should hold a cash contingency of £500,000 to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The remainder of the cash is being held to cover the points noted in the preceding paragraph.

Due to the accounting rules for the Local Government Pension Scheme under FRS17, The Trust is recognising a significant pension fund deficit of £4,924,000 (Prior year: £4,938,000) across both schools. This does not mean that an immediate liability for this amount crystallises and that such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Investment policy

The Trust has a policy of investing its cash balances with a view to maximising returns, but where greater weight is assigned to the safety of the investment. The policy aims to invest cash such that its cash balances and liquid investments at least equal the figure outlined in the reserves policy.

Key financial performance indicators

Performance Indicator	2014/15	2013/14
Staff costs as a % of total income	75.7%	75.5%
Staff costs as a % of GAG income	82%	81.3%
Payroll % split between Teaching and Non-Teaching	82:18	79:21
Headcount % split between Teaching and Non-Teaching	51:49	50:50
Pupil Teacher ratio	15.3	15.6

PLANS FOR FUTURE PERIODS

Plans for the future

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.

The Directors 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 Directors are pleased to announce that the Katherine Semar Primary Schools will join the Trust in 2014/15. Meanwhile the Trust continues to seek further opportunities to engage with local schools, primarily within North West Essex and, with the ultimate aim of building a family of schools of exceptional quality.

Provision of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that;

- so far as that Director is aware, there is no relevant audit information of which The Trust's Auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by The Trust's Auditors in connection with preparing their report and to establish the Trust's Auditors are aware of that information.

This report was approved by order of the Directors on 15/12/14 and signed on its behalf by:


Mr M. Hayes
Chairman of The Trust

SAFFRON ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Directors, 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 Main Trust Board has delegated the day-to-day responsibility to the CEO, 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 Main Trust Board any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' Report and in the Governors' Responsibilities Statement. The Main Trust Board has formally met 5 times during the year. Attendance during the year at meetings of the Main Trust Board was as follows:

Governor	Meetings attended	Out of a possible
Mr M. Hayes	5	5
Mr J. Hartley	5	5
Dr A. Grieg	3	5
Dr P. Eddershaw	4	5
Mrs L. Vincent-Van Overloop	3	5
Mr J. Luke	4	5
Mr D. Murtagh	3	5
Mr M. Hansard	5	5
Dr J. Keeler	3	5
Ms S. Brindley	2	5
Ms R. Callaghan	3	5
Mr D. Barrs	2	5
Mr P Whent	5	5
Ms B Calland	3	3
Mr N Lee	1	1

During the year ended the main Trust Board was responsible for financial and audit matters which were covered at their meetings.

Governance reviews:

During the year the Trust faced a number of challenges. Maintaining high standards of education provision with reducing funding has challenged both schools through reduced sixth form funding at Saffron Walden County High School and a reducing student roll at Alec Hunter Academy. The Trust took the decision to use the brought forward reserves to cushion the impact and protect standards by maintaining teaching levels in the short term. The Trust's support infrastructure has undergone significant change during the year with the implementation of a new accounting system in preparation for additional schools joining the Trust.

The Trust's newly appointed independent internal auditors, Peters Elworthy & Moore, have been commissioned by the Audit Committee to undertake an extensive review of the Trust's Governance structure during next year.

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GOVERNANCE STATEMENT (continued)

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

Attendance at meetings in the year was as follows:

Governor

Mr M. Hayes	5	5
Mr J. Hartley	4	5
Mr D Murtagh	4	5
Ms L. Vincent-Van Overloop	2	5
Mr J. Luke	3	5
Mr P Whent	4	5

The Audit Committee was formed in September 2013. Its purpose is to address financial matters.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr M. Hayes	4	4
Mr J. Hartley	3	4
Mr D. Murtagh	2	3
Mr P Whent	1	2

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Saffron Academy Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

The Main Trust Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Main Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Main Trust Board.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Main Trust Board has considered the need for a specific internal audit function for the year under review appointed Essex County Council as internal auditor. PEM have been appointed with effect from 1 September 2014.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the internal auditor reports to the Main Trust Board on the operation of the systems of control and on the discharge of the Main Trust Board's financial responsibilities.

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GOVERNANCE STATEMENT (continued)

Essex County Council delivered their schedule of works as planned and no material control issues were identified.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the CEO 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;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Main Trust Board on 5/12/14 and signed on its behalf, by:

X 
Mr M Hayes
Chairman of The Trust

X 
Mr J Hartley
Accounting Officer

SAFFRON ACADEMY TRUST
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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 Main Trust Board and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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

X 

Mr J Hartley
Accounting Officer

X Date: 15/12/14

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DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

The Directors (who act as trustees for charitable activities of Saffron Academy Trust and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Main Trust Board on 15/12/14 and signed on its behalf by:

X 

Mr M Hayes
Chairman of The Trust

SAFFRON ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF SAFFRON ACADEMY TRUST

We have audited the financial statements of Saffron Academy Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

SAFFRON ACADEMY TRUST
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS 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 Directors' and Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mr 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

Date:

15 July

SAFFRON ACADEMY TRUST
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**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 2013 to 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Saffron Academy Trust and 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 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 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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2013 to 31 August 2014 have not been applied to purposes intended by Parliament 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 2013 to 2014 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 academy 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mr G Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants

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

Date:

15 July

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Assets received on conversion	2	-	-	-	-	5,286,387
Other voluntary income	2	-	1,047,921	-	1,047,921	812,412
Activities for generating funds	3	1,153,181	-	-	1,153,181	1,138,307
Investment income	4	13,552	-	-	13,552	8,573
Incoming resources from charitable activities						
	5	-	16,214,873	560,785	16,775,658	13,404,947
Other incoming resources	6	174,466	-	-	174,466	68,017
TOTAL INCOMING RESOURCES		1,341,199	17,262,794	560,785	19,164,778	20,718,643
RESOURCES EXPENDED						
Charitable activities	8	599,989	17,718,453	1,152,439	19,470,881	14,574,643
Governance costs	9	-	24,221	-	24,221	58,713
TOTAL RESOURCES EXPENDED	7	599,989	17,742,674	1,152,439	19,495,102	14,633,356
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS						
		741,210	(479,880)	(591,654)	(330,324)	6,085,287
Transfers between funds	17	-	(552,002)	552,002	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR						
		741,210	(1,031,882)	(39,652)	(330,324)	6,085,287
Actuarial gains and losses on defined benefit pension schemes		-	293,000	-	293,000	(307,000)
NET MOVEMENT IN FUNDS FOR THE YEAR						
		741,210	(738,882)	(39,652)	(37,324)	5,778,287
Total funds at 1 September 2013		1,753,540	(4,185,118)	7,859,763	5,428,185	(350,102)
TOTAL FUNDS AT 31 AUGUST 2014		2,494,750	(4,924,000)	7,820,111	5,390,861	5,428,185

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 19 to 34 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	14		7,820,111		7,859,763
CURRENT ASSETS					
Debtors	15	337,186		728,565	
Cash at bank and in hand		4,127,798		4,166,389	
		<u>4,464,984</u>		<u>4,894,954</u>	
CREDITORS: amounts falling due within one year	16	(1,970,234)		(2,388,532)	
NET CURRENT ASSETS			<u>2,494,750</u>		<u>2,506,422</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,314,861</u>		<u>10,366,185</u>
Defined benefit pension scheme liability	21		(4,924,000)		(4,938,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>5,390,861</u></u>		<u><u>5,428,185</u></u>
FUNDS OF THE ACADEMY					
Restricted funds :					
Restricted funds	17	-		752,882	
Restricted fixed asset funds	17	7,820,111		7,859,763	
		<u>7,820,111</u>		<u>8,612,645</u>	
Restricted funds excluding pension liability		7,820,111		8,612,645	
Pension reserve		(4,924,000)		(4,938,000)	
		<u>(4,924,000)</u>		<u>(4,938,000)</u>	
Total restricted funds			<u>2,896,111</u>		<u>3,674,645</u>
Unrestricted funds	17		2,494,750		1,753,540
			<u>2,494,750</u>		<u>1,753,540</u>
TOTAL FUNDS			<u><u>5,390,861</u></u>		<u><u>5,428,185</u></u>

The financial statements were approved by the Directors, and authorised for issue, on X 15/12/14 and are signed on their behalf, by:

X 
Mr M. Hayes
 Chairman of The Trust

The notes on pages 19 to 34 form part of these financial statements.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2014

	Note	2014 £	2013 £
Net cash flow from operating activities	19	502,065	3,033,153
Returns on investments and servicing of finance and interest		13,552	15,723
Capital expenditure		(554,208)	(1,353,444)
(DECREASE)/INCREASE IN CASH IN THE YEAR		<u>(38,591)</u>	<u>1,695,432</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2014

	2014 £	2013 £
(Decrease)/Increase in cash in the year	<u>(38,591)</u>	<u>1,695,432</u>
MOVEMENT IN NET FUNDS IN THE YEAR	<u>(38,591)</u>	<u>1,695,432</u>
Net funds at 1 September 2013	<u>4,166,389</u>	<u>2,470,957</u>
NET FUNDS AT 31 AUGUST 2014	<u><u>4,127,798</u></u>	<u><u>4,166,389</u></u>

The notes on pages 19 to 34 form part of these financial statements.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the DfE.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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

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

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

Any donated services and gifts in kind provided to the Academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

1. ACCOUNTING POLICIES (continued)

1.4 Resources expended

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and are carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate the value of the asset may not be recoverable.

Tangible fixed assets are stated at cost less depreciation. 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
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

1.7 Operating leases

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

1.8 Taxation

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

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

1. ACCOUNTING POLICIES (continued)

1.9 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 21, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate Trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a pension interest adjustment in Note 8. Actuarial gains and losses are recognised immediately in other gains and losses.

2. OTHER VOLUNTARY INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Assets received on conversion	-	-	-	5,286,387
Donations	-	944,816	944,816	612,833
Grants	-	103,105	103,105	199,579
Subtotal	-	1,047,921	1,047,921	812,412
Voluntary income	-	1,047,921	1,047,921	6,098,799

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Hire of facilities	120,450	-	120,450	66,161
Catering	762,582	-	762,582	595,794
Other activities	270,149	-	270,149	476,352
	1,153,181	-	1,153,181	1,138,307

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

4. INVESTMENT INCOME

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	13,552	-	13,552	8,573
	<u>13,552</u>	<u>-</u>	<u>13,552</u>	<u>8,573</u>

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	15,477,081	15,477,081	12,459,111
Other DfE / EFA grants	-	1,032,939	1,032,939	557,722
Startup grants	-	-	-	25,000
	<u>-</u>	<u>16,510,020</u>	<u>16,510,020</u>	<u>13,041,833</u>
Other government grants				
Local authority grants	-	265,638	265,638	363,113
	<u>-</u>	<u>265,638</u>	<u>265,638</u>	<u>363,113</u>
	<u>-</u>	<u>16,775,658</u>	<u>16,775,658</u>	<u>13,404,946</u>

6. OTHER INCOMING RESOURCES

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Other income	174,466	-	174,466	68,017
	<u>174,466</u>	<u>-</u>	<u>174,466</u>	<u>68,017</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

7. RESOURCES EXPENDED

	Staff costs	Non Pay Expenditure	Total	Total
	2014	Premises 2014	Other costs 2014	2014
	£	£	£	£
Provision of education - direct costs	10,939,797	93	2,032,765	12,972,655
Provision of education - support costs	1,925,162	2,413,938	2,159,126	6,498,226
Charitable activities	<u>12,864,959</u>	<u>2,414,031</u>	<u>4,191,891</u>	<u>19,470,881</u>
Governance	-	-	24,221	24,221
	<u>12,864,959</u>	<u>2,414,031</u>	<u>4,216,112</u>	<u>19,495,102</u>
	<u><u>12,864,959</u></u>	<u><u>2,414,031</u></u>	<u><u>4,216,112</u></u>	<u><u>19,495,102</u></u>
				<u>9,808,258</u>
				<u>4,635,385</u>
				<u>14,443,643</u>
				<u>58,713</u>
				<u>14,502,356</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

8. CHARITABLE ACTIVITIES

	Total funds 2014 £	Total funds 2013 £
DIRECT COSTS		
Wages and salaries	8,895,213	6,983,888
National insurance	653,557	546,825
Pension cost	1,224,078	802,276
Educational supplies	1,563,066	1,037,690
Examination fees	314,903	220,802
Staff development	70,154	27,268
Technology costs	23,842	36,854
Educational consultancy	37,007	730
Transport	23,886	16,407
Supply teaching	166,949	135,518
	<u>12,972,655</u>	<u>9,808,258</u>
SUPPORT COSTS		
Wages and salaries	1,597,335	1,329,724
National insurance	70,688	45,747
Pension cost	257,139	408,213
Depreciation	591,654	278,584
Pension interest adjustment	216,000	131,000
Educational supplies	22,439	12,681
Technology costs	230,821	350,044
Travel and subsistence	46,948	32,405
Other costs	826,526	279,500
Recruitment and support	124,860	113,861
Maintenance of premises and equipment	1,114,033	715,681
Cleaning	142,169	59,907
Rates	63,076	48,178
Energy	260,672	216,402
Insurance	145,588	132,267
Security	8,259	10,624
Catering	516,630	418,514
Occupancy costs	90,664	56,148
Bank interest and charges	12,141	9,290
Telephone expenses	29,639	20,597
Printing, postage and stationery	130,945	97,018
	<u>6,498,226</u>	<u>4,766,385</u>
	<u>19,470,881</u>	<u>14,574,643</u>

The 2013 figures only include 5 months of Alec Hunter Academy activity as it only became a member of the Trust on 1 April 2013. The land and buildings used by the Saffron Academy Trust are owned by Saffron Educational Trust. SAT has not entered into a long term lease and therefore does not pay rent for the use of the land and buildings.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

9. GOVERNANCE COSTS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Internal audit costs	-	2,600	2,600	1,200
Statutory auditors' remuneration	-	12,000	12,000	12,000
Auditors' non audit costs	-	8,637	8,637	2,350
Academy costs	-	-	-	42,165
Governors' training	-	984	984	998
	<u>-</u>	<u>24,221</u>	<u>24,221</u>	<u>58,713</u>

10. STAFF

a. Staff costs

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	10,492,548	8,313,612
Social security costs	724,245	592,572
Other pension costs (Note 21)	1,481,217	1,210,489
	<u>12,698,010</u>	<u>10,116,673</u>
Supply teacher costs	166,949	135,518
	<u>12,864,959</u>	<u>10,252,191</u>

b. Staff numbers

The average number of persons (including the senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

	2014 No.	2013 No.
Teachers	201	198
Administration and support	179	184
Management	13	11
	<u>393</u>	<u>393</u>

c. Higher paid staff

The number of employees whose emoluments, excluding pensions, fell within the following bands was:

	2014 No.	2013 No.
In the band £ 60,001 - £ 70,000	4	5
In the band £ 70,001 - £ 80,000	1	0
In the band £ 80,001 - £ 90,000	1	1
In the band £110,001 - £120,000	1	1
	<u>7</u>	<u>7</u>

SAFFRON ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

10. STAFF (continued)

6 of the above employees participated in the Teachers Pensions Scheme during the year ended 31 August 2013. The Academy made contributions of £64,700 (2013: £49,475) for these members of staff during the period. The other member of staff participated in the Local Government Pension Scheme and contributions of £7,626 (2013: £275) were made during the period.

11. GOVERNORS' REMUNERATION AND EXPENSES

The Headteacher and other staff Governors of SAT only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, other than expenses, from the Academy in respect of their role as Governors. The value of Governors' remuneration, including pension contributions, fell within the following bands:

	2014 £'000	2013 £'000
Mr J Hartley	130-135	125-130
Mr M. Hansard	35-40	40-45
Mr N Lee	45-50	45-50

During the year, no Governors received any benefits in kind (2013 - £nil).

During the year, Governors expenses totalling £3,654 (2013 - £1,136) were reimbursed to 2 Governors (2013 - 3). These related to reimbursements for activities undertaken in respect of their services to the academy as staff members.

12. CENTRAL SERVICES

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

- Insurance costs
- Financial coordination

The academy charges for these services on the following basis:

Insurance costs are recharged to each academy based on the ratio of respective funding received. Financial coordination costs relating to the Finance Director are apportioned equally to each academy.

The actual amounts charged during the year were as follows:

Saffron Walden County High School	102,364
Alec Hunter Academy	68,657
	171,021
Total	171,021

13. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2014. The cost of this insurance is included in the total insurance cost.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

14. TANGIBLE FIXED ASSETS

	Long term leasehold £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2013	6,378,400	44,536	284,027	451,304	1,101,939	8,260,206
Additions	-	22,125	158,258	110,426	261,193	552,002
At 31 August 2014	6,378,400	66,661	442,285	561,730	1,363,132	8,812,208
Depreciation						
At 1 September 2013	143,004	13,484	150,835	93,120	-	400,443
Charge for the year	295,280	8,770	99,466	188,138	-	591,654
At 31 August 2014	438,284	22,254	250,301	281,258	-	992,097
Net book value						
At 31 August 2014	5,940,116	44,407	191,984	280,472	1,363,132	7,820,111
At 31 August 2013	6,235,396	31,052	133,192	358,184	1,101,939	7,859,763

15. DEBTORS

	2014 £	2013 £
Trade debtors	60,878	66,808
Other debtors	45,198	591,228
Prepayments and accrued income	231,110	70,529
	<u>337,186</u>	<u>728,565</u>

**16. CREDITORS:
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	-	669,850
Other taxation and social security	190,304	222,641
Other creditors	245,997	169,918
Accruals	1,071,820	725,282
Funds held on behalf of third parties	462,113	600,841
	<u>1,970,234</u>	<u>2,388,532</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014**

17. STATEMENT OF FUNDS

	Brought forward £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains-(Losses) £	Carried forward £
Unrestricted funds						
General funds	1,753,540	1,341,199	(599,989)	-	-	2,494,750
Restricted funds						
	Brought forward £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains-(Losses) £	Carried forward £
General Annual Grant (GAG)	508,957	15,477,083	(15,434,038)	(552,002)	-	-
Other DfE grants	-	472,154	(472,154)	-	-	-
Other government grants	243,925	265,636	(509,561)	-	-	-
Trips	-	944,816	(944,816)	-	-	-
Restricted Donations	-	103,105	(103,105)	-	-	-
Pension reserve	(4,938,000)	-	(279,000)	-	293,000	(4,924,000)
	(4,185,118)	17,262,794	(17,742,674)	(552,002)	293,000	(4,924,000)
Restricted fixed asset funds						
	Brought forward £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains-(Losses) £	Carried forward £
Fixed asset fund	7,859,763	-	(591,654)	552,002	-	7,820,111
ACMF - Window Replacement	-	500,000	(500,000)	-	-	-
Capital Grants	-	60,785	(60,785)	-	-	-
	7,859,763	560,785	(1,152,439)	552,002	-	7,820,111
Total restricted funds	3,674,645	17,823,579	(18,895,113)	-	293,000	2,896,111
Total of funds	5,428,185	19,164,778	(19,495,102)	-	293,000	5,390,861

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

General Annual Grant (GAG)

This represents funding from the EFA to cover costs of recurrent expenditure.

Trips

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

Pension reserve

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

Restricted Donations

This represents income received to be used for teacher training courses as part of the Saffron Alliance.

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17. STATEMENT OF FUNDS (continued)

ACMF - Window Replacement

This represents a government grant received for the replacement of windows for the Alec Hunter Academy. The expenditure has been allocated to the income.

Capital maintenance fund

The capital maintenance fund relates to capital grants for maintenance and specific projects.

Restricted fixed asset fund

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £
Saffron Walden County High School	1,625,656
Alec Hunter Academy	869,094
	2,494,750
Total before fixed asset fund and pension reserve	2,494,750
Restricted fixed asset fund	7,820,111
Pension reserve	(4,924,000)
	5,390,861

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 £
Saffron Walden County High School	6,604,927	1,723,227	1,285,009	2,809,532	12,422,695
Alec Hunter Academy	3,875,060	494,796	300,496	1,810,401	6,480,753
	10,479,987	2,218,023	1,585,505	4,619,933	18,903,448

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SUMMARY OF FUNDS

	Brought forward £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains-(Losses) £	Carried forward £
General funds	1,753,540	1,341,199	(599,989)	-	-	2,494,750
Restricted funds	(4,185,118)	17,262,794	(17,742,674)	(552,002)	293,000	(4,924,000)
Restricted fixed asset funds	7,859,763	560,785	(1,152,439)	552,002	-	7,820,111
	<u>5,428,185</u>	<u>19,164,778</u>	<u>(19,495,102)</u>	<u>-</u>	<u>293,000</u>	<u>5,390,861</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2014 £	Restricted funds 2014 £	Restricted fixed asset funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	-	-	7,820,111	7,820,111	7,859,763
Current assets	4,464,984	-	-	4,464,984	4,894,955
Creditors due within one year	(1,970,234)	-	-	(1,970,234)	(2,388,533)
Provisions for liabilities and charges	-	(4,924,000)	-	(4,924,000)	(4,938,000)
	<u>2,494,750</u>	<u>(4,924,000)</u>	<u>7,820,111</u>	<u>5,390,861</u>	<u>5,428,185</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Net incoming resources before revaluations	(330,324)	6,085,287
Returns on investments and servicing of finance	(13,552)	(15,723)
Assets transferred on conversion	-	(6,196,055)
Depreciation of tangible fixed assets	591,654	278,685
Decrease/(increase) in debtors	391,379	(215,055)
(Decrease)/increase in creditors	(416,092)	1,269,014
FRS 17 liability on conversion (Alec Hunter Academy)	-	1,655,000
FRS 17 adjustments	279,000	172,000
Net cash inflow from operations	<u>502,065</u>	<u>3,033,153</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2013 £	Cash flow £	Other non-cash changes £	31 August 2014 £
Cash at bank and in hand:	4,166,389	(38,591)	-	4,127,798
Net funds	<u>4,166,389</u>	<u>(38,591)</u>	<u>-</u>	<u>4,127,798</u>

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NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS

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

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

Contributions amounting to £190,304 were payable to the scheme at 31 August 2014 (2013 - £169,918) 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.

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

Teachers' Pension Scheme Changes

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

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

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £636,000, of which employer's contributions totalled £487,000 and employees' contributions totalled £149,000. The agreed contribution rates for future years are 12.3% for employers and between 5.5% and 7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

The amounts recognised in the Balance Sheet are as follows:

	2014 £	2013 £
Present value of funded obligations	(6,875,000)	(6,245,000)
Fair value of scheme assets	1,951,000	1,307,000
	<u> </u>	<u> </u>
Net liability	(4,924,000)	(4,938,000)
	<u> </u>	<u> </u>

The amounts recognised in the Statement of Financial Activities are as follows:

	2014 £	2013 £
Current service cost	(550,000)	(383,000)
Interest on obligation	(306,000)	(179,000)
Expected return on scheme assets	90,000	48,000
	<u> </u>	<u> </u>
Total	(766,000)	(514,000)
	<u> </u>	<u> </u>
Actual return on scheme assets	188,000	141,000
	<u> </u>	<u> </u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2014

21. PENSION COMMITMENTS (continued)

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

	2014 £	2013 £
Opening defined benefit obligation	6,245,000	3,539,000
Current service cost	550,000	383,000
Interest cost	306,000	179,000
Contributions by scheme participants	149,000	102,000
Actuarial (Gains)/losses	(247,000)	400,000
Benefits paid	(128,000)	(13,000)
Present value of defined benefit obligation on conversion	-	1,655,000
	<u>6,875,000</u>	<u>6,245,000</u>
Closing defined benefit obligation	<u>6,875,000</u>	<u>6,245,000</u>

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

	2014 £	2013 £
Opening fair value of scheme assets	1,307,000	735,000
Expected return on assets	90,000	48,000
Actuarial gains and (losses)	46,000	93,000
Contributions by employer	487,000	342,000
Contributions by employees	149,000	102,000
Benefits paid	(128,000)	(13,000)
	<u>1,951,000</u>	<u>1,307,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £293,000 gain (2013 - £307,000 loss).

The Academy expects to contribute £493,000 to its defined benefit pension scheme in 2015.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2014	2013
Equities	64.00 %	65.00 %
Gilts	6.00 %	8.00 %
Other bonds	11.00 %	9.00 %
Property	12.00 %	11.00 %
Cash	3.00 %	3.00 %
Alternative assets	4.00 %	4.00 %

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2014	2013
Discount rate for scheme liabilities	4.00 %	4.70 %
Expected return on scheme assets at 31 August	5.30 %	5.80 %
Rate of increase in salaries	4.50 %	4.70 %
Rate of increase for pensions in payment / inflation	2.70 %	2.90 %
Inflation assumption (CPI)	2.70 %	2.90 %
Inflation assumption (RPI)	3.50 %	3.70 %

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NOTES TO THE FINANCIAL STATEMENTS
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21. 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:

	2014	2013
Retiring today		
Males	22.7	22.7
Females	25.1	25.3
Retiring in 20 years		
Males	24.9	24.2
Females	27.4	26.9

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2014 £	2013 £	2012 £
Defined benefit obligation	(6,875,000)	(6,245,000)	(3,539,000)
Scheme assets	1,951,000	1,307,000	735,000
Deficit	(4,924,000)	(4,938,000)	(2,804,000)
Experience adjustments on scheme assets	46,000	93,000	5,000

22. OPERATING LEASE COMMITMENTS

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

	2014 £	2013 £
Expiry date:		
Within 1 year	27,406	98,244
Between 2 and 5 years	7,465	66,401
After more than 5 years	1,298	1,298

23. RELATED PARTY TRANSACTIONS

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

The freehold premises that the Academy uses to fulfil its charitable objectives is owned by The Saffron Educational Trust. The Academy has not entered into a long term lease and does not pay rent for the use of the land and buildings, however there is a funding agreement between the Saffron Educational Trust and the Academy Trust. A gift in kind in relation to this agreement has not been recognised in the Statement of Financial Activities as the Governors do not consider that the benefit can be reasonably quantified.

24. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.