

SAFFRON ACADEMY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2015

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details of the Academy, its Trustees and Advisers	1
Trustees' Report	2 - 6
Governance Statement	7 - 9
Statement on Regularity, Propriety and Compliance	10
Trustees' Responsibilities Statement	11
Independent Auditors' Report	12 - 13
Independent Reporting Accountant's Assurance Report on Regularity	14 - 15
Statement of Financial Activities	16
Balance Sheet	17
Cash Flow Statement	18
Notes to the Financial Statements	19 - 37

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Members	Mr M. Hayes, Chair of the Academy Trust Mr J. Hartley, CEO of the Academy Trust & Headteacher
Trustees	Mr M. Hayes Mr J. Hartley Saffron Educational Trust Dr A. Grieg Dr P. Eddershaw Mrs L. Vincent-Van Overloop Mr J. Luke (resigned 1 May 2015) Mr D. Murtagh (resigned 27 March 2015) Dr J. Keeler Ms S. Brindley Ms R. Callaghan Mr D. Barrs Mr P. Whent Ms B. Calland Mr I. Murphy (appointed 13 July 2015) Mr N. Osborne (appointed 23 February 2015) Mrs J. Puxley (appointed 23 February 2015)
Company Secretary	Mr P. Wilson
Chief Executive Officer	Mr J. Hartley
Registered and principal office	Audley End Road Saffron Walden Essex CB11 4UH
Company registered number	07618351
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
Senior Management Team	Mr J. Hartley, CEO of the Academy Trust & Headteacher of Saffron Walden County High School Ms R. Callaghan, Headteacher of Katherine Semar Junior School Mr P. Wilson, Finance Director

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees present their Annual Report together with the financial statements and Auditors' report of the Charitable Company for the year ended 31 August 2015.

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 four Schools as below:

Saffron Walden County High School (SWCHS)	converted on 1 June 2011
Alec Hunter Academy (AHA)	converted and joined the Trust on 1st April 2013
Katherine Semar Juniors (KSJ)	converted and joined the Trust on 1st December 2014
Katherine Semar Infants (KSI)	converted and joined the Trust on 1st December 2014

Governance

The operation of The Trust's Schools and employment of staff are the responsibility of its Directors or Trustees. The Trust retains control of school 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). SAT has appointed Local Governing Bodies (LGB) and delegated authority to them to administer the Schools within agreed budgets.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this report the term Trustee refers to a member of the 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.

Trustee and Governor Indemnities

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

Method of recruitment and appointment or election of Trustees

The Articles of Association make provision for Saffron Educational Trust (SET) to appoint up to five Trustees. Additionally the sitting Trustees of SAT may agree unanimously to appoint such other Trustees as they see fit.

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 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 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 are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their School and monitoring performance against that budget and authorised capital limits.

The Senior Leadership Teams (SLT) control the Schools at an executive level implementing policies and reporting to their LGB. Each SLT is responsible for the day to day operation of their School, in particular organising staff, resources

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

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.

Risk Management

The Trust works with the LGB's in maintaining a central risk register identifying the major risks, to which each School 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 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 School 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.

Connected Organisations and Related Parties

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 Trustees 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 a Trustee has a pecuniary interest is only undertaken in accordance with the 'at cost' principle stated in the Academies Financial Handbook.

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.

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 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.

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.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Public Benefit

The Trustees 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 2015 80% of students achieved five or more GCSE grades A*-C, including English and Maths. This represented an 8% increment on the previous year. 87% of students achieved 5 or more grades A*-C (irrespective of subject). Other noteworthy features included a very significant narrowing of the gender gap (both in terms of overall attainment, and progress, the boys and girls performed almost identically); and a much better performance by disadvantaged pupils. A further pleasing aspect was the record number of grades gained at A or A* (40%).

A level results in 2015 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 for the second year running, and now stands at 15%. Nearly 100 students took up places at Russell Group universities - amongst their number were 10 who went to Oxford or Cambridge, and four to either medical or veterinary schools.

Alec Hunter Academy

During the academic year 2014-15 the School overall made some very encouraging progress in terms of developing the quality of teaching, and raising achievement levels. In March 2015, the School was inspected by Ofsted and judged to be "requiring improvement". This compares with the previous judgement of "inadequate, with serious weaknesses" received in the autumn of 2012. The report contained a number of very pleasing comments which, taken together, demonstrated that the School was on a trajectory of improvement. For example, inspectors noted that "standards in English are rapidly improving", and that "teaching in Mathematics.....is consistently strong". Behaviour was described as "good", and the Academy Trust as providing "strong and effective support".

Given this positive report, it was important that the 2015 GCSE results confirmed the progress that was being made in raising standards. The 5A*-C EM figure rose by 10% to stand at 48%, and in English 57% of students achieved an A*-C grade which represented an improvement of 13%. Other noteworthy features were improvements in the performance of disadvantaged students (including a small narrowing of the gap between their achievements and other pupils), and the performance of boys.

Katherine Semar Infant School

In 2015, 93% of pupils achieved level 2 or better in Reading, and 95% in Writing and Maths. 57% achieved level 3 in Reading, 42% in Writing and 52% in Maths. These results were significantly above the national average. From their baseline, pupils made outstanding progress in Reading, Writing and Maths.

Attendance at Katherine Semar Infants for 2014-2015 was 98%, which is significantly above the national average particularly when compared with other infant schools.

Katherine Semar Junior School

In 2015, 99% of pupils achieved level 4 or better in Reading, 97% in GPS, and 99% in Maths, with 69% achieving level 5 in Reading, 74% in GPS and 54% in Maths; significantly above the national average. 92% made 2 levels of progress in Reading, 97% made 2 levels in Writing, and 98% made two levels in Maths. In addition, 25% made 3 levels of progress in Reading, 32% made 3 levels in Writing, and 37% made 3 levels in Maths. From their end of Key Stage 1 data, the children made good progress in Reading, Writing and maths.

Attendance at Katherine Semar Juniors for 2014-2015 was 98%, which is significantly above the national average.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Going concern

After making appropriate enquiries and despite authorising a £1m deficit budget for 2015-16 the Trustees have a reasonable expectation that The Trust has adequate resources to continue in operational existence for the foreseeable future. Whilst, the 2015-16 deficit is fully funded The MGB recognises that this is not sustainable and have put in place a high level budget review committee to ensure that by 2016-17 the deficit is closed out. 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 2015 The Trust received £15,917,720 (Prior year: £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 £1,122,364 from its unrestricted funds.

Principal risks and uncertainty

The Trustees 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, indeed sixth form capacity is being increased via expansion of the building. AHA has seen a slight drop in Year 7 uptake for the third year running although the rate of decline shows signs of bottoming out. Both Katherine Semar schools are fully subscribed.
- 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 2015-16 has been set at a deficit (£1,000,000) reflecting both reduced funding and material cost base increases primarily due to a 2.3% rise in employer's teacher pension contributions.
- Contingency planning in the form of significant planned-for carry forward from 2014-15 has cushioned the impact somewhat but reductions in staffing levels are inevitable during 2015-16. This budget deficit does not include any capital expenditure.
- 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 term and financial planning predicts it will remain so, medium to long term, providing the organisation adjusts to reflect future tightening of funding levels.

Accounting policy changes

The freehold premises that The Trust uses to fulfil its charitable objectives at SWCHS is owned by The Saffron Educational Trust. The Trust has not entered into a long term lease nor does it pay rent for the use of the building, this gift in kind has hitherto not been recognised in the statement of financial activities. In compliance with the recent Accounting Directive issued by the EFA The Trust has made a prior year adjustment in order to attach a monetary value to the use of the buildings. This monetary value is referenced to the value of the buildings held by Saffron Educational Trust and predicated on the continuation of any rights to use into the foreseeable future.

Reserves policy

The Trustees are aware of the requirement to balance current and future needs. Whilst the Trustees always aim to set a balanced budget with annual income balancing annual expenditure the forthcoming 2015/16 budget was set with a £1,000,000 overspend. The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £3,367,963 (Prior year: £2,494,750). This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

Anticipating reductions in future funding (from general Government cuts, falls in the real value of grants and slightly reduced

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

student rolls at Alec Hunter Academy) it is anticipated that the finances of the Trust will become increasingly tight. The Trustees, 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 Trustees have again 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.

The cash balance of The Trust has been very healthy all year, ending the year with a balance of £6,801,476 (Prior year: £4,127,798). The Trustees 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 £5,801,000 (Prior year: £4,924,000) across all 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	2015/16	2014/15
Staff costs as a % of total income	75.7%	75.5%
Staff costs as a % of GAG income	82.0%	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 Trustees intend to enhance and expand facilities in pursuance of each School's 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 with the addition of the Katherine Semar Primary Schools the Trust now offers outstanding quality expertise at all the key stages of education within the primary and secondary phases. 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.

Provision of information to Auditors

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that; so far as that Trustees is aware, there is no relevant audit information of which The Trust's Auditors are unaware, and that Trustee has taken all the steps that ought to have been taken as a Trustee 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 the Board of Trustees on 14 December 2015 and signed on its behalf by:

Mr M. Hayes
Chairman of The Trust

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

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 Trustees' Responsibilities Statement. 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
Mr J. Hartley	5	5
Dr A. Grieg	2	5
Dr P. Eddershaw	3	5
Mrs L. Vincent-Van Overloop	2	5
Mr J. Luke	1	3
Mr D. Murtagh	2	3
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	2	5
Mr I Murphy	1	1
Mr N Osborne	3	3
Mrs J Puxley	3	3

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 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, pending a review of the likely impacts of future years funding.

Governance reviews:

The Trust's independent Internal Auditors, Peters Elworthy & Moore, were commissioned by the Audit Committee to undertake reviews of Corporate Governance, Management reporting, Budgetary control and Financial controls.

Next year the focus will be on the provision of Human Resources across the Trust.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the MGB. Its purpose is to address financial matters. In addition to the six Trustees there is an independent member.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr M. Hayes	5	5
Mr J. Hartley	5	5
Mr D Murtagh	3	3
Ms L. Vincent-Van Overloop	3	5
Mr J. Luke	2	4
Mr P Whent	4	5

The Audit Committee was formed in September 2013. Its purpose is to address financial matters. In addition to the four Trustees there are four independent members.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr P Whent	3	4
Mr D. Murtagh	3	3
Mr M. Hayes - associate non voting member	3	4
Mr J. Hartley - associate non voting member	4	4

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 MGB where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- During the year, the MGB reviewed the insurance arrangements in place to ensure value for money. In this respect they had to assess not only the initial outlay of the premium, but the cover from the potential providers and inherent risks associated. After a formal tender process, the MGB decided upon a provider that offered the most appropriate cover and also represented a cost saving.
- During the year the Trust began an expansion project at Saffron Walden County High School to improve the 6th form facilities. With the assistance of project management consultant, six contractors were invited to tender for the project. Following a detailed tender process, a contractor was selected from a shortlist of 3, with a potential saving of over £700,000 based on the estimated total project costs.
- In order to meet growing demand for broadband and to mitigate losses due to systems failures, a formal tender process was initiated during the year to consolidate the data provision across all sites. The Trust-wide review enabled a decision on value for money to incorporate longer term factors rather than short term financial savings.

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 2014 to 31 August 2015 and up to the date of approval of the Annual Report and financial statements.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the 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 2014 to 31 August 2015 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 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 considered the additional control review benefits that a specific internal audit function would offer and appointed 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 financial systems. In particular the checks carried out in the current period included:

- Corporate governance
- Management reporting
- Budgetary control
- Financial controls

The Internal Auditor reports to the Board of Trustees on a rolling review basis upon the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

PEM delivered their schedule of works as planned and no material control issues were identified.

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;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 14 December 2015 and signed on its behalf, by:



Mr M Hayes
Chairman of The Trust



Mr J Hartley
Accounting Officer

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Saffron Academy Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 (2014).

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

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



Mr J Hartley
Accounting Officer

Date: 14 December 2015

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees who 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;
- 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 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 14 December 2015 and signed on its behalf by:


Mr M Hayes
Chairman of The Trust

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAFFRON ACADEMY TRUST

We have audited the financial statements of Saffron Academy Trust for the year ended 31 August 2015 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 2014 to 2015 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 2015 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 2014 to 2015 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 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
14 December 2015

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 2014 to 2015, 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 2014 to 31 August 2015 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in blue ink, appearing to read 'Gary Miller', with a long horizontal stroke extending to the right.

Gary Miller (Reporting Accountant)

Price Bailey LLP

Chartered Accountants

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

14 December 2015

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 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
INCOMING RESOURCES						
Incoming resources from generated funds:						
Assets received on conversion	2, 22	329,170	(701,000)	3,747,802	3,375,972	-
Other voluntary income	2	62,772	694,515	670,000	1,427,287	1,047,921
Activities for generating funds	3	1,565,232	-	-	1,565,232	1,153,181
Investment income		16,628	-	-	16,628	13,552
Incoming resources from charitable activities	4	-	16,933,410	3,005,060	19,938,470	16,775,658
Other incoming resources		157,517	-	-	157,517	174,466
TOTAL INCOMING RESOURCES		2,131,319	16,926,925	7,422,862	26,481,106	19,164,778
RESOURCES EXPENDED						
Charitable activities	6	820,460	18,569,097	1,363,400	20,752,957	19,470,881
Governance costs	7	-	20,373	-	20,373	24,221
TOTAL RESOURCES EXPENDED	5	820,460	18,589,470	1,363,400	20,773,330	19,495,102
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		1,310,859	(1,662,545)	6,059,462	5,707,776	(330,324)
Transfers between funds	18	(437,646)	661,545	(223,899)	-	-
NET INCOME / (EXPENDITURE) FOR THE YEAR		873,213	(1,001,000)	5,835,563	5,707,776	(330,324)
Actuarial gains and losses on defined benefit pension schemes		-	124,000	-	124,000	293,000
NET MOVEMENT IN FUNDS FOR THE YEAR		873,213	(877,000)	5,835,563	5,831,776	(37,324)
Total funds at 1 September 2014		2,494,750	(4,924,000)	17,820,111	15,390,861	15,428,185
TOTAL FUNDS AT 31 AUGUST 2015		3,367,963	(5,801,000)	23,655,674	21,222,637	15,390,861

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 37 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	As restated 2014 £
FIXED ASSETS				
Tangible assets	13		21,396,224	17,820,111
CURRENT ASSETS				
Debtors	14	937,034	337,186	
Cash at bank and in hand		6,801,476	4,127,798	
		<u>7,738,510</u>	<u>4,464,984</u>	
CREDITORS: amounts falling due within one year	15	<u>(2,087,947)</u>	<u>(1,970,234)</u>	
NET CURRENT ASSETS			5,650,563	2,494,750
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>27,046,787</u>	<u>20,314,861</u>
CREDITORS: amounts falling due after more than one year	16		<u>(23,150)</u>	-
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			27,023,637	20,314,861
Defined benefit pension scheme liability	24		<u>(5,801,000)</u>	<u>(4,924,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>21,222,637</u>	<u>15,390,861</u>
FUNDS OF THE ACADEMY				
Restricted funds :				
Restricted funds excluding pension liability		23,655,674	17,820,111	
Pension reserve		<u>(5,801,000)</u>	<u>(4,924,000)</u>	
Total restricted funds			17,854,674	12,896,111
Unrestricted funds	18		<u>3,367,963</u>	<u>2,494,750</u>
TOTAL FUNDS			<u>21,222,637</u>	<u>15,390,861</u>

The financial statements were approved by the Trustees, and authorised for issue, on 14 December 2015 and are signed on their behalf, by:


Mr M. Hayes
Chairman of The Trust

The notes on pages 19 to 37 form part of these financial statements.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	20	2,835,031	502,065
Returns on investments and servicing of finance and interest		16,628	13,552
Capital expenditure		(507,151)	(554,208)
Cash transferred on conversion to an academy trust		329,170	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		2,673,678	(38,591)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015

	2015 £	2014 £
Increase/(decrease) in cash in the year	2,673,678	(38,591)
MOVEMENT IN NET FUNDS IN THE YEAR	2,673,678	(38,591)
Net funds at 1 September 2014	4,127,798	4,166,389
NET FUNDS AT 31 AUGUST 2015	6,801,476	4,127,798

The notes on pages 19 to 37 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 2015

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, 'Accounting and Reporting by Charities' published in March 2005 (SORP), 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 Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received 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 Trust 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 Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust 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 Trust'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 2015

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 Trust's educational operations.

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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 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 Trust'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 / 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

1.7 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 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.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.9 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 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 quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Trust 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 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 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.

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the Katherine Semar Schools to the Trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Saffron Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 22.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Assets received on conversion	329,170	3,046,802	3,375,972	-
Donations	62,772	1,364,515	1,427,287	944,816
Grants	-	-	-	103,105
Subtotal	62,772	1,364,515	1,427,287	1,047,921
Voluntary income	391,942	4,411,317	4,803,259	1,047,921

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Hire of facilities	192,700	-	192,700	120,450
Catering	804,489	-	804,489	762,582
Other activities	568,043	-	568,043	270,149
	<u>1,565,232</u>	<u>-</u>	<u>1,565,232</u>	<u>1,153,181</u>

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA grants			
General Annual Grant (GAG)	15,917,720	15,917,720	15,477,081
Other DfE / EFA grants	3,103,245	3,103,245	1,032,939
	<u>19,020,965</u>	<u>19,020,965</u>	<u>16,510,020</u>
Other government grants			
Local authority grants	701,325	701,325	265,638
Other government grants	216,180	216,180	-
	<u>917,505</u>	<u>917,505</u>	<u>265,638</u>
	<u>19,938,470</u>	<u>19,938,470</u>	<u>16,775,658</u>

5. RESOURCES EXPENDED

	Staff costs 2015 £	Premises 2015 £	Non Pay Expenditure Other costs 2015 £	Total 2015 £	Total 2014 £
Provision of education - direct costs	11,495,211	-	2,354,743	13,849,954	12,972,655
Provision of education - support costs	3,033,813	1,833,039	2,036,151	6,903,003	6,498,226
Charitable activities	<u>14,529,024</u>	<u>1,833,039</u>	<u>4,390,894</u>	<u>20,752,957</u>	<u>19,470,881</u>
Governance	<u>-</u>	<u>-</u>	<u>20,373</u>	<u>20,373</u>	<u>24,221</u>
	<u>14,529,024</u>	<u>1,833,039</u>	<u>4,411,267</u>	<u>20,773,330</u>	<u>19,495,102</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. CHARITABLE ACTIVITIES

	Total funds 2015 £	Total funds 2014 £
DIRECT COSTS		
Wages and salaries	9,418,787	8,906,778
National insurance	713,531	653,557
Pension cost	1,281,475	1,224,078
Educational supplies	1,527,171	1,551,501
Examination fees	289,943	314,903
Staff development	76,446	70,154
Technology costs	33,240	23,842
Educational consultancy	214,876	37,007
Transport	62,975	23,886
Supply teaching	231,510	166,949
	<u>13,849,954</u>	<u>12,972,655</u>
SUPPORT COSTS		
Wages and salaries	2,204,120	1,597,335
National insurance	109,219	70,688
Pension cost	570,382	257,139
Depreciation	678,840	591,654
LGPS adjustment	181,000	216,000
Educational supplies	-	22,439
Technology costs	213,561	230,821
Travel and subsistence	36,305	46,948
Other costs	492,517	826,526
Recruitment and support	7,487	124,860
Maintenance of premises and equipment	1,141,507	1,114,033
Cleaning	152,116	142,169
Rates	62,785	63,076
Energy	279,197	260,672
Insurance	37,028	145,588
Security	2,546	8,259
Catering	531,149	516,630
Occupancy costs	133,020	90,664
Bank interest and charges	15,868	12,141
Telephone expenses	45,039	29,639
Printing, postage and stationery	9,317	130,945
	<u>6,903,003</u>	<u>6,498,226</u>
	<u>20,752,957</u>	<u>19,470,881</u>

Katherine Semar schools joined the Trust on 1st December 2014. Consequently the year ended 31 August 2015 includes an additional 9 months of primary school costs, amounting to £1,884,640 inclusive of annual depreciation.

A new accounting system was implemented for 2015 that is more cost centre focused which, in some cases, has led to differences in how costs are grouped for comparison purposes year on year.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

7. GOVERNANCE COSTS

	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Internal audit costs	2,411	2,411	2,600
Auditors' remuneration	12,000	12,000	12,000
Auditors' non audit costs	5,962	5,962	8,637
Governors' training	-	-	984
	<u>20,373</u>	<u>20,373</u>	<u>24,221</u>

8. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets: - owned or leased by the Trust	678,840	591,654
Operating lease rentals: - other operating leases	<u>18,127</u>	<u>36,169</u>

9. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	11,622,907	10,504,113
Social security costs	822,750	724,245
Other pension costs	1,851,857	1,481,217
	<u>14,297,514</u>	<u>12,709,575</u>
Supply teacher costs	231,510	166,949
	<u>14,529,024</u>	<u>12,876,524</u>

b. Staff numbers

The average number of persons (including the Senior Management Team) employed by the Trust during the year expressed as full time equivalents was as follows below. Katherine Semar Schools joined The Trust on 1 December 2014, adding 52 to the average total staff numbers.

	2015 No.	2014 No.
Teachers	210	191
Administration and support	164	137
Management	23	17
	<u>397</u>	<u>345</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. STAFF (continued)

c. Higher paid staff

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

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	3	4
In the band £ 70,001 - £ 80,000	1	1
In the band £ 80,001 - £ 90,000	1	1
In the band £100,001 - £200,000	1	1

Six of the above employees participated in the Teachers' Pension Scheme during the year ended 31 August 2015. The Academy made contributions of £75,145 (2014: £64,700) for these members of staff during the period.

10. 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 Hartley (CEO of the Academy Trust and Trustee)
Remuneration £115,000-£120,000 (2014: £110,000-£115,000)
Employer's pension contribution £15,000-£20,000 (2014: £15,000-£20,000)

R Callaghan (Trustee)
Remuneration £60,000-£65,000
Employer's pension contribution £5,000-£10,000

J Puxley (Trustee)
Remuneration £45,000-£50,000
Employer's pension contribution £5,000-£10,000

M Hansard (Trustee)
Remuneration £Nil (2014: £40,000-£45,000)
Employer's pension contribution £Nil (2014: £5,000-£10,000)

N Lee (Trustee)
Remuneration £Nil (2014: £35,000-£40,000)
Employer's pension contribution £Nil (2014: £0-£5,000)

During the period 31 August 2015, Trustees expenses totalling £2,451 (2014: £3,654) were reimbursed to 1 Trustee (2014: 2). 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 26.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

11. CENTRAL SERVICES

The Trust has provided the following central services to its Schools during the year:

- Insurance costs
- Financial coordination
- Payroll costs

The Trust charges for these services on the following basis:

Central services include finance staff costs, insurance costs and payroll costs which are recharged in the ratio of the General Annual Grant.

The actual amounts charged during the year were as follows:

Saffron Walden County High School	131,742
Alec Hunter Academy	74,674
Katherine Semar Junior Academy	8,347
Katherine Semar Infants School	6,766
Total	221,529

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015. 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 2015**

13. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2014 as restated	16,378,400	66,661	442,285	561,730	1,363,132	18,812,208
Additions	-	-	101,662	91,005	314,484	507,151
Transferred on conversion	3,706,666	-	6,985	34,151	-	3,747,802
Transfer between classes	1,357,943	-	-	30,874	(1,388,817)	-
At 31 August 2015	21,443,009	66,661	550,932	717,760	288,799	23,067,161
Depreciation						
At 1 September 2014	438,284	22,254	250,301	281,258	-	992,097
Charge for the year	401,459	8,955	63,404	205,022	-	678,840
At 31 August 2015	839,743	31,209	313,705	486,280	-	1,670,937
Net book value						
At 31 August 2015	20,603,266	35,452	237,227	231,480	288,799	21,396,224
At 31 August 2014	15,940,116	44,407	191,984	280,472	1,363,132	17,820,111

The Trust occupies land and the buildings used by SWCHS provided to it by Saffron Educational Trust, rent free, under a license. The Trustees have considered that while legal title remains with Saffron Educational Trust, sufficient rights of occupation and control of the site have been transferred to the Trust for the foreseeable future. As such an estimated residual value of £10,000,000 has been included in Long term leasehold property in the note above to represent the value of these rights. This value has been estimated by the Trustees using depreciated replacement cost.

14. DEBTORS

	2015 £	2014 £
Trade debtors	23,751	60,878
VAT recoverable	116,587	2,364
Other debtors	19,418	42,834
Prepayments and accrued income	777,278	231,110
	<u>937,034</u>	<u>337,186</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

15. CREDITORS:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	569,960	-
Other taxation and social security	243,776	190,304
Other creditors	221,552	245,997
Accruals and deferred income	1,033,390	1,071,820
Funds held on behalf of Local Delivery Group	-	462,113
Bursaries awaiting disbursement	19,269	-
	<u>2,087,947</u>	<u>1,970,234</u>
		£
Deferred income		
Deferred income at 1 September 2014		242,904
Resources deferred during the year		96,635
Amounts released from previous years		<u>(242,904)</u>
Deferred income at 31 August 2015		<u>96,635</u>

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

	2015 £	2014 £
Other creditors	<u>23,150</u>	<u>-</u>

17. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to recognise the value of the property occupied, but not legally owned, by Saffron Academy Trust, following an amendment to the Academies Accounts Direction as issued by the EFA.

The effect has been to recognise an asset valued at £10,000,000 from the date of conversion. In the view of the Trustees, the residual value remains at £10,000,000 in the year ended 31 August 2015 and therefore no depreciation has been charged on this amount.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

18. STATEMENT OF FUNDS

	Brought forward as restated £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains- (losses) £	Carried forward £
Unrestricted funds						
Unrestricted funds	2,494,750	2,131,319	(820,460)	(437,646)	-	3,367,963
Restricted funds						
	Brought forward as restated £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains- (losses) £	Carried forward £
General Annual Grant (GAG)	-	15,917,720	(16,579,265)	661,545	-	-
Other DfE/EFA grants	-	544,146	(544,146)	-	-	-
Other government grants	-	471,544	(471,544)	-	-	-
Trips	-	694,515	(694,515)	-	-	-
Pension reserve	(4,924,000)	(701,000)	(300,000)	-	124,000	(5,801,000)
	(4,924,000)	16,926,925	(18,589,470)	661,545	124,000	(5,801,000)
Restricted fixed asset funds						
	Brought forward as restated £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains- (losses) £	Carried forward £
Fixed asset fund	17,820,111	4,863,763	(678,840)	(101,063)	-	21,903,971
DfE/EFA capital grants	-	2,559,099	(684,560)	(122,836)	-	1,751,703
	17,820,111	7,422,862	(1,363,400)	(223,899)	-	23,655,674
Total restricted funds	12,896,111	24,349,787	(19,952,870)	437,646	124,000	17,854,674
Total of funds	15,390,861	26,481,106	(20,773,330)	-	124,000	21,222,637

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

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 Trust.

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.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. STATEMENT OF FUNDS (continued)

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.

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 2015.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Saffron Walden County High School	2,241,707
Alec Hunter Academy	755,777
Katherine Semar Junior Academy	198,252
Katherine Semar Infants School	179,231
Central services	(7,004)
Total before fixed asset fund and pension reserve	3,367,963
Restricted fixed asset fund	23,655,674
Pension reserve	(5,801,000)
Total	21,222,637

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	7,173,059	1,618,240	1,537,110	1,727,072	12,055,481
Alec Hunter Academy	3,584,868	764,231	481,981	1,317,440	6,148,520
Katherine Semar Infants School	395,766	201,658	62,468	244,183	904,075
Katherine Semar Junior Academy	491,610	84,212	175,135	142,226	893,183
Central services	-	215,380	4,000	(126,149)	93,231
	11,645,303	2,883,721	2,260,694	3,304,772	20,094,490

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

SUMMARY OF FUNDS

	Brought forward as restated £	Incoming resources £	Resources expensed £	Transfers in/out £	Gains- (losses) £	Carried forward £
General funds	2,494,750	2,131,319	(820,460)	(437,646)	-	3,367,963
Restricted funds	(4,924,000)	16,926,925	(18,589,470)	661,545	124,000	(5,801,000)
Restricted fixed asset funds	17,820,111	7,422,862	(1,363,400)	(223,899)	-	23,655,674
	<u>15,390,861</u>	<u>26,481,106</u>	<u>(20,773,330)</u>	<u>-</u>	<u>124,000</u>	<u>21,222,637</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	As restated Total funds 2014 £
Tangible fixed assets	-	-	21,396,224	21,396,224	17,820,111
Current assets	5,479,060	-	2,259,450	7,738,510	4,464,984
Creditors due within one year	(2,087,947)	-	-	(2,087,947)	(1,970,234)
Creditors due in more than one year	(23,150)	-	-	(23,150)	-
Provisions for liabilities and charges	-	(5,801,000)	-	(5,801,000)	(4,924,000)
	<u>3,367,963</u>	<u>(5,801,000)</u>	<u>23,655,674</u>	<u>21,222,637</u>	<u>15,390,861</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 £	2014 £
Net incoming resources before revaluations	5,707,776	(330,324)
Returns on investments and servicing of finance	(16,628)	(13,552)
Assets transferred on conversion	(4,076,972)	-
Depreciation of tangible fixed assets	678,840	591,654
(Increase)/decrease in debtors	(599,848)	391,379
Increase/(decrease) in creditors	140,863	(416,092)
FRS 17 liability on conversion	701,000	-
FRS 17 adjustments	300,000	279,000
Net cash inflow from operations	<u>2,835,031</u>	<u>502,065</u>

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

21. ANALYSIS OF CHANGES IN NET FUNDS

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	4,127,798	2,673,678	-	6,801,476
Net funds	4,127,798	2,673,678	-	6,801,476

22. CONVERSION TO AN ACADEMY TRUST

Katherine Semar Infant School

On 1 December 2014 Katherine Semar Infant School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Saffron Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Freehold/leasehold land and buildings	-	-	1,773,333	1,773,333
Other tangible fixed assets	-	-	21,870	21,870
Budget surplus on Local Authority funds	166,506	-	-	166,506
LGPS pension deficit	-	(415,000)	-	(415,000)
Net assets/(liabilities)	166,506	(415,000)	1,795,203	1,546,709

The above net liabilities include £166,506 that was transferred as cash.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

Katherine Semar Junior Academy

On 1 December 2014 Katherine Semar Junior School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Saffron Academy Trust from Essex County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
Freehold/leasehold land and buildings	-	-	1,933,333	1,933,333
Other tangible fixed assets	-	-	19,266	19,266
Budget surplus on Local Authority funds	162,664	-	-	162,664
LGPS pension deficit	-	(286,000)	-	(286,000)
Total	162,664	(286,000)	1,952,599	1,829,263

The above net liabilities include £162,664 that was transferred as cash.

23. 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.

24. 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 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 £221,715 were payable to the schemes at 31 August 2015 (2014 - £190,304) 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.

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. 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 year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,110,167 (2014: £1,008,459).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 2015 was £746,000, of which employer's contributions totalled £570,000 and employees' contributions totalled £176,000. 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:

	2015 £	2014 £
Present value of funded obligations	(8,612,000)	(6,875,000)
Fair value of scheme assets	2,811,000	1,951,000
Net liability	(5,801,000)	(4,924,000)

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

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

	2015 £	2014 £
Current service cost	(689,000)	(550,000)
Interest on obligation	(306,000)	(306,000)
Expected return on scheme assets	125,000	90,000
	<u>(870,000)</u>	<u>(766,000)</u>
Total	(870,000)	(766,000)
	<u>114,000</u>	<u>188,000</u>
Actual return on scheme assets	114,000	188,000

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

	2015 £	2014 £
Opening defined benefit obligation	6,875,000	6,245,000
Current service cost	689,000	550,000
Interest cost	306,000	306,000
Contributions by scheme participants	176,000	149,000
Actuarial Gains	(135,000)	(247,000)
Benefits paid	(166,000)	(128,000)
Present value of defined benefit obligation on conversion	867,000	-
	<u>8,612,000</u>	<u>6,875,000</u>
Closing defined benefit obligation	8,612,000	6,875,000

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

	2015 £	2014 £
Opening fair value of scheme assets	1,951,000	1,307,000
Expected return on assets	125,000	90,000
Actuarial (losses) and gains	(11,000)	46,000
Contributions by employer	570,000	487,000
Contributions by employees	176,000	149,000
Benefits paid	(166,000)	(128,000)
Fair value of scheme assets on conversion	166,000	-
	<u>2,811,000</u>	<u>1,951,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities was £499,000 loss (2014 - £623,000 loss).

The Trust expects to contribute £600,000 to its defined benefit pension scheme in 2016.

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

	2015	2014
Equities	65.00 %	64.00 %
Gilts	4.00 %	6.00 %
Other bonds	10.00 %	11.00 %
Property	12.00 %	12.00 %
Cash	2.00 %	3.00 %
Alternative assets	7.00 %	4.00 %

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	5.30 %	5.30 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %
Inflation assumption (RPI)	3.60 %	3.50 %

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

	2015	2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

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

Defined benefit pension schemes

	2015 £	2014 £	2013 £	2012 £
Defined benefit obligation	(8,612,000)	(6,875,000)	(6,245,000)	(3,539,000)
Scheme assets	2,811,000	1,951,000	1,307,000	735,000
Deficit	(5,801,000)	(4,924,000)	(4,938,000)	(2,804,000)
Experience adjustments on scheme assets	(11,000)	46,000	93,000	5,000

25. OPERATING LEASE COMMITMENTS

At 31 August 2015 the Trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	4,143	27,406
Between 2 and 5 years	13,984	7,465
After more than 5 years	-	1,298

SAFFRON ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

26. 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 a Trustee 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.

Specifically, 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 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.

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.