

THE HAILEYBURY ACADEMY TRUST

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2016

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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THE HAILEYBURY ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016

Members	Haileybury & Imperial Service College Mr M Gatenby Mr S D Boyden Mr M C Bishop Mr S A Westley
Trustees	Dr L Pugsley (appointed 26 June 2015) Mr M McKeaveney (appointed 26 June 2015) Mr I Richardson (appointed 26 June 2015) Mr R Matcham, Chair of Trustees (appointed 26 June 2015) Mr J Giesen (appointed 26 June 2015) Mr N Taylor (appointed 26 June 2015) Mr D McKendrick-Ness (appointed 26 June 2015) Mr S Boyden (appointed 26 June 2015) Mr D Kilgallon (appointed 26 June 2015) Mrs E Pope (appointed 1 July 2016) Mrs K Farrell-Hall (appointed 26 June 2015) Mr S Westley, Co-opted Governor Mr J Davies (appointed 25 June 2015)
Company registered number	09659808
Company name	The Haileybury Academy Trust
Principal and registered office	Haileybury Academy Trust Mill Lane Cheshunt Hertfordshire EN8 0JU
Accounting Officer	Mr R Newman
Senior Leadership Team	Mr R Newman, Principal Mr M Barrow, Vice Principal Mrs M Goodes, Assistant Principal Miss J Howard, Business Manager Mrs L Megaw, Acting Assistant Principal Mr B Walsh, Assistant Principal 7 Director of Sixth Form Mr N Megew, Assistant Principal Miss K Ward, Professional Tutor & Developing Excellence in Teaching and Learning
Independent Auditors	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016

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

The Trust operates an Academy School for pupils aged 11-19 serving a catchment area in Cheshunt. It has a pupil capacity of 1088 and had a roll of 889 in the 2016 school census.

Structure, Governance and Management

The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee, Director and Governor are interchangeable. The Charitable Company is also known as Haileybury Turnford (the School).

Details of the Trustees who served during the year are included in the Reference and Administrative Details section.

Members' Liability

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

Trustees' and Officers' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

Method of Recruitment and Appointment or Election of Trustees

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

Trustees are appointed for a fixed term. Parent Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election. The Articles of Association make provision for a minimum of 3 Trustees but shall not be subject to a maximum (minimum 2 Parent Trustees, 9 others).

Policies and Procedures Adopted for the Induction and Training of Trustees

The Charitable Company is committed to providing adequate opportunities for Trustees to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust provides an internal programme of continued professional development led by School staff and links with a number of local training providers.

All new Trustees are entitled to an induction to the role, according to their need, which may include, introductory sessions, mentoring and formal courses. This process will involve a meeting with the Chairman of Trustees and Principal or Vice Principal. All Trustees are provided with a handbook plus copies of policies and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

All Trustees receive safeguarding training and hold a full Disclosure & Barring Service (DBS) Check. The Trust subscribes to Hertfordshire County Council's Governors Training Services whereby Trustees can access a range of training covering their role as a Trustee on a general and a specific level.

Organisational Structure

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

The Board of Trustees, which meets on at least 3 occasions per year and each individual committee at least 3 times per year, is responsible for the strategic direction of the Academy. The Board reviews progress towards educational objectives and results; approves major expenditure requests; sets the budget for the following year; sets the organisational staffing structure; agrees the performance objectives of the Principal with the School Improvement Partner, and reviews them.

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

The Principal is the designated Accounting Officer of the Academy and has overall responsibility for the day to day financial management of the Charitable Company. The Principal has delegated responsibility for low values of expenditure to specific budget holders who are responsible for managing their own departments within their allocated budgets. A system of financial controls is in place to manage this process.

The Principal manages the Academy on a daily basis supported by a Senior Leadership Team (SLT). The SLT meets frequently to discuss emerging matters and to help to develop strategies for future development to be put to the Principal and the Board of Trustees as required for approval. Each member of the SLT has specific responsibilities to assist the Principal to manage certain aspects of the Academy.

The Governing Body has overall responsibility for the operations of the Academy. On an ongoing basis it is run by the Principal and SLT and the Governing Body is involved in operations at a strategic level. There are a number of policies in place that codify the operations of the Academy and the delegation of responsibility from the Governing Body to the Finance & General Purposes Committee, the Principal, the Bursar and finally to other members of staff. The policies include the Schedule of Financial Delegation which outlines responsibility for key reports and actions and includes limits on expenditure authorisation, staff payments and staff structure alterations, the Procurement and Tendering Policy which covers purchasing across the school from day-to-day items to large contracts extending over 3-5 years and the Financial Procedures Manual which covers how the Academy's accounts are to be managed in some detail.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Academy Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust.

Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the school group size, ISR, the pay scales for each role and the level of experience of each staff member, the ability to recruit and retain in post, all of which are in accordance with the Trust's Pay policy.

At the Academy the key personnel are deemed to be the Principal and the SLT members. The Principal's salary is set by the Trustees in accordance with standard practice; the salary is established in a band of seven points within the school group size, as defined in the School Teachers' Pay and Conditions. The salary of the Vice Principal and Assistant Principals are set in accordance with the school group size and in relation to that of the Principal.

The Academy uses the pay scales as set down by The School Teachers' Pay & Conditions document annually for all teaching staff. Support staff pay scales are also linked to nationally agreed pay awards; the Hay or Green Book pay scales.

Senior Leadership Team's pay is approved by the Finance & General Purposes committee and ratified by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

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

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

- Haileybury and Imperial Service College
The Academy's sponsor. Support is provided in a number of ways:
 - Opportunities for Academy teaching staff to visit the Sponsor to develop their teaching and learning practice.
 - Teaching staff from the Sponsor spend time at the Academy working with specific groups of students.
 - Opportunities from groups of Academy students to spend time at the Sponsor focusing on specific areas of specific areas of the curriculum.
- CHEXs
- Youth Connexions
- A10 Active
- Hackney Learning Trust
- The Saffron Alliance

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

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of the School to provide free education and care for pupils of different abilities between the ages of 11 and 18.

Objectives, Strategies and Activities

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

- Ensuring ambition, clarity, good communication and consistency at all levels of leadership.
- Improving the quality of teaching and professional development across the School.
- Raising expectations and increasing accountability measures to rapidly accelerate progress.
- Developing and embedding the culture of Haileybury Turnford.

Our success in fulfilling our aims can be measured by:

- Year 11 outcomes: 55% 'Basics' measure; meeting prediction for 5*AC-EM; stronger Progress 8 score than predicted; 0 NEET.
- 'Good' outcomes and Value Add Post 16.
- Creation of a new 7-11 assessment system, locking in an expected trajectory – against GCSE criteria – for each and every student.
- All Faculty Leaders successfully completing their Teaching Leaders' training.
- Successful recruitment into the Maths Department, including key leadership posts.

Public Benefit

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

Strategic Report

Achievements and Performance

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

Specific achievements were as follows:

- Good matriculation rate to university, including 'first choice' university places - post Year 13.
- Improved GCSE outcomes - compared to predecessor school; above floor standards.
- Introduction of a new House system, with increased opportunities for student participation and leadership.
- When compared to their national counterparts, strong GCSE outcomes for Year 11 students with English as an Additional Language (EAL) and students classed as 'travellers'.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the School compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Pupil numbers for 2016 (based on the October 2015 census) were 933 against a forecast of 995.

Another key financial performance indicator is staffing costs as a percentage of total income. For 2015/16 this was £4,531,457 86.3% against set parameters of £4,495,517 85.7%. In the course of the year there was some staff restructuring and the costs are reflected in these figures, which are higher than is recommended. The Board of Trustees is confident that staffing levels are closely monitored to agreed Full Time Equivalent and has approved the staffing structure.

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

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TRUSTEES' REPORT (continued)
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Going Concern

After making appropriate enquiries, the Board of Trustees has 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

The principal source of funding for the Trust is the GAG and other grants that it receives from the Education Funding agency (EFA). For the year ended 31 August 2016 the Trust received £6,992,641 of GAG and other funding. A high percentage of this income is spent on wages and salaries and support costs to deliver the Academy's primary objective of the provision of education. During the year the Trust spent £6,882,652 on general expenditure and transferred £115,862 to support capital new build and improvement projects on the School site. The Academy carry forward for 15/16 is £185,000 restricted funding (excluding fixed assets and pension) and £138,441 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Academy is recognising a significant pension fund deficit of £1,199,000. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

Reserves Policy

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

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £138,441. This has been built up from a mixture of locally raised income and balances transferred from the predecessor School.

The Trustees are holding other unrestricted funds of £138,441 to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust holds a balance for in year contingencies and always plans to have a carry forward of between break even and 2.5% to assist the Trustees in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2016 was £323,441.

The cash balance of the Academy has been very healthy all year, ending the year with a balance of £608,590. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of one months payroll expenditure, currently £335,000, to cover short term cash flow variances.

Investment Policy

A Reserves and Investment Policy was approved by the Board of Trustees on 2 November 2015.

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

Surplus funds can be invested for up to six months in interest-bearing accounts with High Street Banks or Building Societies. Investments for longer than 6 months or in riskier vehicles require the approval in advance of the Finance & General Purposes Committee.

The Academy has no funds invested at the moment; our term cash flow forecast for the next 6 months indicates that our level of surplus funds will be low. It should also be acknowledged that with interest rates set as low as they are at the moment the return on short-term investments is extremely low.

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

Principal Risks and Uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk register process is undertaken on an annual basis and the internal control systems and the exposure to said risks are monitored on behalf of the Trustees at each Finance & General Purposes meeting. The principal risks facing the Trust are outlined below; those facing the Academy at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the EFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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

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

- the Academy has considerable reliance on continued Government funding through the EFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academy is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds - The Academy has appointed Price Bailey LLP to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;
- financial instruments – the Academy only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any school ceasing to exist the main risk to the Academy is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

Plans for Future Periods

Haileybury Turnford aims to be a vibrant school, developing every aspect of our students.

- We will make sure that each student has the opportunity to reach their potential, and can leave us with the qualifications, skills and qualities they need for a successful life.
- We will draw on Haileybury's 150 years of outstanding achievement, and combine that with Turnford's strong sense of community, to create an exceptional School.
- We believe that excellent teaching, academic success, the best pastoral care and enriching co-curricular opportunities are hallmarks of an excellent School, and will mean our students thrive, flourish and succeed.

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TRUSTEES' REPORT (continued)
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Summary of Haileybury Turnford School Improvement Actions for 2016-17.

To drive up standards and raise outcomes in 2017 through these school improvement actions it is critical to ensure there is accountability at all levels – Classroom Teachers, Form Tutors, Year Leaders, Faculty Leaders and the Senior Leadership Team; with the School held robustly to account by the Governing Body with the appropriate challenge and support.

Effectiveness of leadership and management.

- Raise the aspirations of our students, parents and carers and increase the levels of parental engagement.
- Develop partnership work between Haileybury Turnford and Haileybury and Imperial Service College in order to raise student achievement at our School.

Quality of teaching, learning and assessment.

- Develop and embed Haileybury Turnford Principles for great teaching and learning.
- Ensure 80% of teaching is good or better and leads to strong student outcomes.
- Ensure all teachers provide regular feedback to students about how they can improve their work, and insist they respond accordingly.

Personal Development, behaviour and welfare.

- Improve Year 7-11 attendance to 96% (including for vulnerable groups) and ensure persistent absence is at the national average.
- Improve student conduct and respect towards each other and adults.

Outcomes for students.

- Improve progress and raise attainment across all year groups and in a wide range of subjects, including in English and Mathematics so that current students make consistently strong progress, developing secure knowledge, understanding and skills, considering their different starting points.
- Raise progress of disadvantaged students, disabled students and those with special educational needs currently on roll so progress is close to or is improving towards that of other students with the same starting points.

Effectiveness of the 16-19 study programmes (Sixth Form).

Improve outcomes for GCSE Mathematics re-sits.

Funds Held as Custodian Trustee on Behalf of Others

Where funds are received for a specific purpose eg Combined Cadet Force they are managed in a manner that ensures that there is a clear audit trail showing how the funds have been utilised.

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

Auditor

Insofar as the Trustees are aware:

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

The Auditors, Price Bailey LLP, were appointed for an initial period of one year from September 2015 renewable on an annual basis for up to four years at the Trustees discretion. The Trustees confirm the reappointment of Price Bailey as auditors for 2016/17.

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

The Trustees' Report, incorporating a Strategic Report, was approved by the Board of Trustees on 21 December 2016 and signed on the Board's behalf by:

Mr R Matcham
Chair of Trustees

THE HAILEYBURY ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Haileybury Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
Dr L Pugsley	4	5
Mr M McKeaveney	4	5
Mr I Richardson	3	5
Mr R Matcham, Chair of Trustees	5	5
Mr J Giesen	4	5
Mr N Taylor	3	5
Mr D McKendrick-Ness	3	5
Mr S Boyden	4	5
Mr D Kilgallon	4	5
Mrs E Pope	4	5
Mrs K Farrell-Hall	5	5
Mr J Davies	5	5

The Board was established in 2015 when the Academy was set up. Mr David Gibbs sadly passed away in January 2016. Mr Russell Matcham is now the Chair of the Governing Body.

No review of governance was undertaken in the period. The Governing Board is newly established and a self-evaluation will take place in late 2017. The Trust feels that it will have given Governors sufficient time to settle into their roles and to become fully acquainted with the School.

Committees

The Finance and General Purposes (F&GP) Committee was formed in Autumn 2015 after the Trust came into being. The original chair was Simon Boyden however a change of circumstances meant that he had to step down. After a short period without a chair Mr Adrian Bradley was co-opted into the role.

There is no separate audit committee. The F&GP Committee will interrogate the accounts, meet the Auditors, request any changes that they consider to be reasonable and justifiable and then recommend to the Board of Trustees that the accounts are approved.

The Executive Committee (Exco) of six Trustees met fortnightly during the year.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

The Accounting Officer for the Academy has delivered improved value for money during the year by:

1. To improve the quality of teaching and learning.

Haileybury Turnford has undertaken a review of staffing and

- There is a clear focus on progress for every student with immediate action taken in response to data analysis about student progress.

2. Maximise income generation

Haileybury Turnford made a successful bid for Condition Improvement Funding and generates income through the hire of the Academy's facilities and through small grant applications for specific projects or curriculum areas.

3. Reviewing controls and managing risk through robust governance and oversight of the Academy's finances.

- Price Bailey, the external auditors, have also been engaged to undertake an internal audit of processes and procedures of key areas.
- The risk register addresses high level, strategic risks and is reviewed at each Finance and General Purposes Committee meeting.
- The Finance and General Purposes Committee interrogates the financial reporting, strategic planning and long term forecasts and it reviews significant expenditure prior to contractual commitment

4. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources. The Academy will

- Review expenditure within each budget heading
- Benchmark financial performance against other academy trusts to demonstrate that the Trust provides good value for money.
- Tender high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.
- Require three quotes for all purchases above £10,000, but below the tender limit.

5. Areas for Development

Haileybury Turnford aims to maximise income generation through increased lettings of the Academy and to achieve value for money in its replacement contractual agreements.

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GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Haileybury Academy Trust for the period 26 June 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 26 June 2015 to 31 August 2016 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

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

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

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 Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Particular checks carried out included:

- A review of Governance was undertaken in the Autumn term.
- A review of the financial musts was undertaken in the Spring term.
- A payroll review has been scheduled.

During the checks it was recommended that within the finance team increased separation of duties was needed to ensure that key information doesn't sit with only one person. A resignation and period of time with one member of the finance team resulted in insufficient separation of responsibilities within the department. This has been resolved through the employment of an accounts assistant. Approval procedures have been tightened on orders and invoices.

Price Bailey LLP have delivered their schedule of works as planned and any control issues identified have been actioned.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 21 December 2016 and signed on their behalf, by:

Mr R Matcham
Chair of Trustees

Mr R Newman
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Haileybury 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 Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

Mr R Newman
Accounting Officer

Date: 21 December 2016

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees (who act as Governors of The Haileybury Turnford School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by the Board of Trustees on 21 December 2016 and signed on its behalf by:

Mr R Matcham
Chair of Trustees

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

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

This Report is made solely to the Charitable Company'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 Charitable Company'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 Charitable Company and its Members, as a body, for our audit work, for this Report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the Directors of the Charitable Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

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 period for which the financial statements are prepared is consistent with the financial statements.

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 FCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 12 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Haileybury Academy Trust during the period 26 June 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of The Haileybury Academy Trust's funding agreement with the Secretary of State for Education dated 27 August 2015, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 26 June 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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; and
- 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.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
HAILEYBURY 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 period 26 June 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Price Bailey LLP

Chartered Accountants

21 December 2016

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
INCOME FROM:					
Donations & capital grants:					
Transferred on conversion	2	358,236	(734,000)	15,113,790	14,738,026
Other donations and capital grants	2	19,701	57,107	200,550	277,358
Charitable activities	3	164,890	6,032,550	-	6,197,440
Other trading activities	4	159,607	-	-	159,607
TOTAL INCOME		<u>702,434</u>	<u>5,355,657</u>	<u>15,314,340</u>	<u>21,372,431</u>
EXPENDITURE ON:					
Charitable activities		563,993	5,828,795	489,864	6,882,652
TOTAL EXPENDITURE	5	<u>563,993</u>	<u>5,828,795</u>	<u>489,864</u>	<u>6,882,652</u>
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		138,441	(473,138)	14,824,476	14,489,779
Transfers between funds	14	-	(115,862)	115,862	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		138,441	(589,000)	14,940,338	14,489,779
Actuarial losses on defined benefit pension schemes	19	-	(425,000)	-	(425,000)
NET MOVEMENT IN FUNDS		<u>138,441</u>	<u>(1,014,000)</u>	<u>14,940,338</u>	<u>14,064,779</u>
RECONCILIATION OF FUNDS:					
Total funds brought forward		-	-	-	-
TOTAL FUNDS CARRIED FORWARD		<u>138,441</u>	<u>(1,014,000)</u>	<u>14,940,338</u>	<u>14,064,779</u>

All of the Academy's activities derive from acquisitions in the current financial period.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 09659808

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £
FIXED ASSETS			
Tangible assets	11		14,940,338
CURRENT ASSETS			
Debtors	12	238,447	
Cash at bank and in hand		608,590	
		847,037	
CREDITORS: amounts falling due within one year	13	(523,596)	
NET CURRENT ASSETS			323,441
TOTAL ASSETS LESS CURRENT LIABILITIES			15,263,779
Defined benefit pension scheme liability	19		(1,199,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			14,064,779
FUNDS OF THE ACADEMY			
Restricted income funds:			
Restricted income funds	14	185,000	
Restricted fixed asset funds	14	14,940,338	
		15,125,338	
Restricted income funds excluding pension liability		15,125,338	
Pension reserve		(1,199,000)	
		13,926,338	
Total restricted income funds			13,926,338
Unrestricted income funds	14		138,441
TOTAL FUNDS			14,064,779

The financial statements were approved by the Trustees, and authorised for issue, on 21 December 2016

Mr R Matcham
Chair of Trustees

The notes on pages 22 to 37 form part of these financial statements.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	16	724,452
		<hr/>
Cash flows from investing activities:		
Purchase of tangible fixed assets		(115,862)
		<hr/>
Net cash used in investing activities		(115,862)
		<hr/>
Change in cash and cash equivalents in the period		608,590
Cash and cash equivalents brought forward		-
		<hr/>
Cash and cash equivalents carried forward	17	608,590
		<hr/> <hr/>

All of the cash flows are derived from acquisitions in the current financial period.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

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

1.2 Company status

The Academy is a company limited by guarantee. The Members of the Academy are the Trustees named on page 1. In the event of the Academy being wound up, the liability in respect of the guarantee is limited to £10 per Member of the Academy.

1.3 Fund accounting

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

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

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

1.4 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.7 Tangible fixed assets and depreciation

All assets costing more than £2,500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/ Term Leasehold Land	-	125 years
L/Term Leasehold Property	-	50 years
L/Term Leasehold improvements	-	35 years
Plant and machinery	-	10 years
Motor vehicles	-	5 years
Fixtures and fittings	-	5 years
Computer equipment	-	5 or 3 years

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Interest receivable

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

1.9 Liabilities and provisions

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

1.10 Taxation

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

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 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. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Turnford School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities Incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 18.

1.13 Agency arrangements

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

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Transferred on conversion	358,236	(734,000)	15,113,790	14,738,026
Donations	19,701	57,107	-	76,808
Total donations and capital grants	377,937	(676,893)	15,314,340	15,015,384

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant (GAG)	-	4,234,668	4,234,668
Start Up Grants	-	155,000	155,000
Other DfE/EFA grants	-	1,292,277	1,292,277
	-	5,681,945	5,681,945
Other government grants			
Local Authority grants	-	350,605	350,605
	-	350,605	350,605
Other funding			
Catering income	164,890	-	164,890
	164,890	-	164,890
	164,890	6,032,550	6,197,440

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Hire of facilities	106,899	-	106,899
Other income generated	52,708	-	52,708
	159,607	-	159,607

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

5. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Provision of Education:				
Direct costs	3,922,042	-	978,723	4,900,765
Support costs	609,415	797,247	575,226	1,981,888
	<u>4,531,457</u>	<u>797,247</u>	<u>1,553,949</u>	<u>6,882,653</u>

In 2016, of the total expenditure, £563,993 was to unrestricted funds and £6,318,659 was to restricted funds.

6. CHARITABLE ACTIVITIES

	2016 £
Direct costs	4,900,765
Support costs	1,981,888
	<u>6,882,653</u>

Analysis of support costs	2016 £
Support staff costs	609,415
Depreciation	289,314
Technology costs	33,893
Premises costs	507,933
Other support costs	508,891
Governance costs	32,442
	<u>1,981,888</u>

7. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets:	
- owned or leased by the Academy	289,314
Auditors' remuneration - audit	6,750
Auditors' remuneration - non audit	7,270
	<u>293,334</u>

THE HAILEYBURY ACADEMY TRUST
(A Company Limited by Guarantee)

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

8. STAFF COSTS

Staff costs were as follows:

	2016 £
Wages and salaries	3,381,142
Social security costs	257,472
Pension costs	529,725
	4,168,339
Supply teacher costs	218,111
Staff restructuring costs	145,007
	4,531,457

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

	2016 No.
Teachers	58
Admin & Support	39
Management	6
	103

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

	2016 No.
In the band £ 70,001 - £ 80,000	1
In the band £110,001 - £120,000	1

The key management personnel of the Academy Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by the Senior Leadership Team for their services to the Academy Trust was £418,936.

9. TRUSTEE'S REMUNERATION AND EXPENSES

No Trustees received any remuneration in the period.

10. TRUSTEES' AND OFFICERS' INSURANCE

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

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

11. TANGIBLE FIXED ASSETS

	L/term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £
Cost					
At 26 June 2015	-	-	-	-	-
Additions	33,307	-	-	29,281	53,274
Donated on conversion	14,716,000	60,500	1,500	190,713	145,077
At 31 August 2016	<u>14,749,307</u>	<u>60,500</u>	<u>1,500</u>	<u>219,994</u>	<u>198,351</u>
Depreciation					
At 26 June 2015	-	-	-	-	-
Charge for the period	117,728	12,100	1,500	77,669	80,317
At 31 August 2016	<u>117,728</u>	<u>12,100</u>	<u>1,500</u>	<u>77,669</u>	<u>80,317</u>
Net book value					
At 31 August 2016	<u><u>14,631,579</u></u>	<u><u>48,400</u></u>	<u><u>-</u></u>	<u><u>142,325</u></u>	<u><u>118,034</u></u>

	Total £
Cost	
At 26 June 2015	-
Additions	115,862
Donated on conversion	15,113,790
At 31 August 2016	<u>15,229,652</u>
Depreciation	
At 26 June 2015	-
Charge for the period	289,314
At 31 August 2016	<u>289,314</u>
Net book value	
At 31 August 2016	<u><u>14,940,338</u></u>

12. DEBTORS

	2016 £
Trade debtors	24,546
Other debtors	103,397
Prepayments and accrued income	110,504
	<u>238,447</u>

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

13. CREDITORS: Amounts falling due within one year

	2016 £
Trade creditors	219,395
Other taxation and social security	81,795
Other creditors	66,013
Accruals and deferred income	156,393
	523,596
	523,596

There was no deferred income for the period ended 31 August 2016.

14. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (losses) £	Carried forward £
Unrestricted funds						
Unrestricted funds	-	702,434	(563,993)	-	-	138,441
	-	702,434	(563,993)	-	-	138,441
Restricted funds						
General Annual Grant (GAG)	-	4,234,668	(4,078,806)	(115,862)	-	40,000
Start up grant	-	155,000	(155,000)	-	-	-
Other DfE/EFA grants	-	1,292,277	(1,292,277)	-	-	-
Restricted trips	-	57,107	(57,107)	-	-	-
Other Government grants	-	350,605	(205,605)	-	-	145,000
Pension reserve	-	(734,000)	(40,000)	-	(425,000)	(1,199,000)
	-	5,355,657	(5,828,795)	(115,862)	(425,000)	(1,014,000)
	-	5,355,657	(5,828,795)	(115,862)	(425,000)	(1,014,000)
Restricted fixed asset funds						
Restricted fixed asset fund	-	15,113,790	(289,314)	115,862	-	14,940,338
CIF funding	-	178,702	(178,702)	-	-	-
Devolved Formula Capital (DFC) funding	-	21,848	(21,848)	-	-	-
	-	15,314,340	(489,864)	115,862	-	14,940,338
	-	15,314,340	(489,864)	115,862	-	14,940,338
Total restricted funds	-	20,669,997	(6,318,659)	-	(425,000)	13,926,338
	-	20,669,997	(6,318,659)	-	(425,000)	13,926,338
Total of funds	-	21,372,431	(6,882,652)	-	(425,000)	14,064,779
	-	21,372,431	(6,882,652)	-	(425,000)	14,064,779

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

14. STATEMENT OF FUNDS (continued)

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

General funds

The general fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities.

General Annual Grant (GAG)

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

Other DfE and EFA

This represents non-GAG funding received from the DfE/EFA which is restricted in nature.

Pupil premium

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

SEN funding

This represents funding from the Local Authority and it is used towards the education of pupils with special educational needs and disabilities.

Restricted trip donations

This represents contributions made by parents towards the running costs of trips for the pupils of the School and the associated costs.

Other government grants

This represents funding received from other government bodies, local and national, which are restricted in nature.

Pension reserve

This reserve represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS).

Restricted fixed asset fund

Restricted fixed assets fund represents the value of fixed assets held in line with the charitable objectives of the Trust. The transfers between funds represents additions purchased through GAG funding.

EFA capital grants

This represents funding received from EFA specifically for the maintenance and improvement of the Academy's buildings and facilities.

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

15. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	14,940,338	14,940,338
Current assets	662,037	185,000	-	847,037
Creditors due within one year	(523,596)	-	-	(523,596)
Provisions for liabilities and charges	-	(1,199,000)	-	(1,199,000)
	<u>138,441</u>	<u>(1,014,000)</u>	<u>14,940,338</u>	<u>14,064,779</u>

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

	2016 £
Net income for the year (as per Statement of Financial Activities)	14,489,779
Adjustment for:	
Depreciation charges	289,314
(Increase)/decrease in debtors	(238,447)
Increase/(decrease) in creditors	523,596
Defined benefit pension scheme obligation inherited	734,000
Defined benefit pension scheme adjustment	40,000
Donated fixed assets	(15,113,790)
Net cash provided by operating activities	<u>724,452</u>

17. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £
Cash in hand	608,590
Total	<u>608,590</u>

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

18. CONVERSION TO AN ACADEMY TRUST

On 26 June 2015 Turnford School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Haileybury Academy Trust from Hertfordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. 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 a net gain in the Statement of Financial Activities Incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion

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 Incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Leasehold land and buildings	-	-	14,716,000	14,716,000
- Other tangible fixed assets	-	-	397,790	397,790
Budget surplus on Local Authority funds	358,236	-	-	358,236
LGPS pension deficit	-	(734,000)	-	(734,000)
Net assets/(liabilities)	358,236	(734,000)	15,113,790	14,738,026

The above net assets include £358,236 that were transferred as cash.

On conversion, Hertfordshire County Council, the owner of the freehold property, granted a 125 year lease in relation to the leasehold land and buildings.

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

19. 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 Hertfordshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

As described in note 18 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the 2015 year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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 £65,503 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £333,186.

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

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £243,000, of which employer's contributions totalled £202,000. and employees' contributions totalled £41,000. The agreed contribution rates for future years are 25.4% for employers and 6.5% for employees.

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

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.10 %
Rate of increase in salaries	3.60 %
Rate of increase for pensions in payment / inflation	2.10 %

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

	2016
Retiring today	
Males	22.3
Females	24.5
Retiring in 20 years	
Males	24.3
Females	26.7

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

	Fair value at 31 August 2016 £
Equities	569,520
Bonds	253,120
Property	63,280
Cash	18,080
	<hr/>
Total market value of assets	904,000
	<hr/> <hr/>

The actual return on scheme assets was £107,000.

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

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

	2016 £
Current service cost (net of employee contributions)	(195,000)
Net interest cost	(28,000)
Past service cost	(19,000)
	(242,000)
	(242,000)

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

	2016 £
Opening defined benefit obligation	1,288,000
Current service cost	195,000
Interest cost	54,000
Contributions by employees	41,000
Actuarial losses	506,000
Past service costs	19,000
	2,103,000
	2,103,000

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

	2016 £
Opening fair value of scheme assets	554,000
Interest income	26,000
Actuarial gains and (losses)	81,000
Contributions by employer	202,000
Contributions by employees	41,000
	904,000
	904,000

20. OPERATING LEASE COMMITMENTS

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

	2016 £
Amounts payable:	
Within 1 year	8,795
Between 1 and 5 years	11,550
	20,345
	20,345

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

21. 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.

22. RELATED PARTY TRANSACTIONS

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

In the period Mrs K Farrell-Hall recieved £467.59 relating to exam invigilation fees.

No amounts were due to or from the related parties at the balance sheet date.

23. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the Trust received £22,077 and disbursed £13,537 from the fund. An amount of £8,540 is included in other creditors relating to undistributed funds that is repayable to EFA.