

**Heckmondwike Grammar School Academy Trust
(A Company Limited by Guarantee)**

Company Registration Number 07348329 (England and Wales)

**Annual Report and Financial Statements for the
year ended 31 August 2016**

Heckmondwike Grammar School Academy Trust

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Heckmondwike Grammar School Academy Trust

Reference and Administrative Details

Principal and Registered Office	High Street HECKMONDWIKE West Yorkshire WF16 0AH
Company Registration Number	07348329 (England & Wales)
Independent Auditor	Mazars LLP The Lexicon Mount Street MANCHESTER M2 5NT
Bankers	Natwest Bank plc 2 Northgate DEWSBURY WF13 1EA HSBC Market place DEWSBURY WF13 1DH
Solicitors	Schofield Sweeney LLP Church Bank House Church Bank BRADFORD BD1 4DY

Heckmondwike Grammar School Academy Trust

Members (Governors who are also subscribers & Directors)

M Pinder *	(Chairman)
A K Atherton *	
D Cross *	
E Ineson *	(Chairman Finance & Resources Sub-Committee)

Governors (who are also directors)

S Ahmed	(Appointed 1/01/2016)
Z Aziz	(Appointed 1/01/2016)
N Barker *	(Resigned 30/11/2016)
N Bulley	(Head Teacher and Accounting Officer from 1/9/2016)
V P Clarke	(Resigned 31/12/2015)
M I Cook *	(Head Teacher and Accounting Officer to 31/8/2016)
J Donnelly	
S Doubell	
S Eakin *	
D Glover	
S Hafez	
S Haider	(Resigned 30/11/2016)
D Hall	
G Harris	
J Hodgson *	
J Longridge	(Staff Governor)
V Maynard *	(Resigned 31/10/2016)
S Minto	(Staff Governor, resigned 31/10/2015, re-appointed 1/03/2016, resigned 3/11/2016)
S Morris	(Staff Governor) (Resigned 25/11/2016)
K Naeem	(Resigned 31/12/2015)
T Riddles *	(Resigned 31/08/2016)
K Wilson	(Appointed 4/10/2016)

* Members of the Finance & Resources Sub-Committee

Company Secretary	J Flynn
Clerk to the Governors	J K Wilson (Resigned 30/09/2016)
Clerk to the Governors	S Waterhouse (Appointed 1/09/2016)

Senior Leadership Team:

Headteacher	N Bulley
Deputy Head Teacher	S Gregson
Deputy Head Teacher	C Proud
Deputy Head Teacher	P Roberts
Assistant Head Teacher	J Barnett
Assistant Head Teacher	E Hopkinson
Assistant Head Teacher	S Taylor
Business Manager	J Flynn

Heckmondwike Grammar School Academy Trust

Governors' Report

The governors/trustees present their annual report together with the financial statements and auditor's report of the Charitable Company for the period 1st September 2015 to 31st 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 for pupils aged 11 to 18 serving the catchment area of Heckmondwike and beyond. In October 2015, there were 1,446 pupils on roll, 614 of these were in the sixth form.

Structure, Governance and Management

Constitution & Principal activities

The Academy Trust is a company limited by guarantee with no share capital (registration no.07348329) and an exempt charity which was established on 17th August 2010. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Academy commenced its operations on 1st September 2010.

The governors act as the trustees for the charitable activities of Heckmondwike Grammar School Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Heckmondwike Grammar School and was established to advance, for the public benefit, education in the UK, in particular by establishing, maintaining, carrying on, managing and developing Heckmondwike Grammar School Academy Trust. Heckmondwike Grammar School Academy Trust operates in place of Heckmondwike Grammar School, a foundation school, which ceased to exist as a maintained school on 31st August 2010.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details on page 4.

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.

Method of Recruitment and Appointment or Election of Trustees

The Directors are Directors of the company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation and form the Governing Body of the Academy.

Directors (Governors) serve for a term of 4 years, save that this time limit shall not apply to the Head Teacher who is the Academy Principal. Subject to remaining eligible to be a particular type of Governor, any Governor may be re-appointed or re-elected. The Members of the Trust may appoint up to ten Governors and the Local Authority may appoint one LA Governor.

Parent Governors are elected by parents of registered pupils at the school. Where a vacancy for a parent Governor exists, nominations can be sought from the parents of registered pupils at the school. Where the number nominated exceeds the number of vacancies, a secret ballot is held. If insufficient parents are nominated, the Governing Body may appoint a parent Governor.

Staff Governors are nominated by the staff employed at the school or by secret ballot if there are more nominations than vacancies. If there are insufficient nominations, the Governing Body may appoint a staff Governor from amongst the employees.

During the year under review the Governing Body held 6 meetings of the full Governing Body. In addition there were four meetings of the Finance & Resources Sub-Committee, two meetings of the Staffing Sub-Committee and two meetings of the Curriculum Sub-Committee. There were 3 meetings of the Academy Trustees.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Governors is dependent on their existing experience. Where necessary, induction provides training on charity and educational, legal and financial matters. All Governors receive child protection training.

All new Governors are given a tour of the school and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, accounts, budgets, plans and other documents that they will need to undertake their role as Directors and Governors.

Organisational Structure

The management structure consists of two levels: The Governing Body and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Governing Body is responsible for setting general policy, adopting an annual plan and budget, monitoring by the use of results, and budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The senior leaders are the Head Teacher, the Deputy Head Teachers, Assistant Head Teachers and Business Manager. These managers control the school at an executive level, implementing the policies laid down by the Governing Body and reporting back to them. As a group the senior leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Leadership Team always contain a Governor.

Related Parties and other Connected Charities and Organisations

During the 2014/15 financial year, the Academy procured pupil assessment and counselling services with a value of £1,075 from A J Proud, a specialist consultant in this field trading as Chrysalis Consultancy Ltd. Catherine Proud, a Deputy Head teacher at the Academy, declared an interest in Chrysalis Consultancy Ltd having been made a Director of the company when it was set up in February 2014. In 2015/16 there were no financial transactions between the Academy and Chrysalis Consultancy Ltd.

Mr M Cook, Headteacher and Accounting Officer was a Governor at Westborough High School during the 2015/16 financial year. Whilst trainee teachers undertake most of their training at Heckmondwike Grammar School, secondary placements are also undertaken at Westborough High School for which the Academy is charged. During 2015/16 the total charge made for these placements was £5,600 (the equivalent charge in 2014/15 was £2,800).

Arrangements for setting pay and remuneration of key management personnel

The school adopts the *School Teacher's Pay and Conditions Document* (STPCD) as the basis for setting teachers' and senior leaders' pay. Support staff are paid according to the National Joint Council Pay Spine. A Pay Policy is in place and is reviewed annually by the Staffing Committee before being adopted by the full governing body. The Pay Policy indicates the individual salary ranges for all staff including the senior staff.

All staff members including the head/principal and senior staff are subject to annual appraisal and objective setting.

The head teacher/principal reviews the senior staff annually and reports pay recommendations to the governors' staffing committee, which determines pay increments according to the pay policy which in turn reflects the pay ranges in the STPCD. A headteacher's appraisal sub-committee, supported by an independent consultant, reviews the headteacher's performance and pay annually and this is in accordance with the leadership pay range published in the STPCD.

Pay for all other staff including middle leaders and those eligible for threshold pay are reviewed annually by the headteacher and those eligible for incremental progression have their performance reviewed by the headteacher, who reports pay progression recommendations to the staffing sub-committee.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

Objects and Aims

The principal object and activity of the Charitable Company is to advance education in the UK for the public benefit, in particular by establishing, maintaining, carrying on, managing and developing the Academy, offering a broad curriculum. In setting objectives and planning activities the Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

Objectives and Activities

The main objectives of the Trust during the year ended 31st August 2016 are summarised below:

- To ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- To raise the standard of educational achievement of all pupils;
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory and curriculum requirements;
- To maintain close links with industry and commerce; and
- To conduct the Trust's business in accordance with the highest standards of integrity, probity and openness

The vision for Heckmondwike Grammar School Academy Trust is for a school in which pupils feel happy and safe and are challenged and supported to achieve the highest possible academic standards. They are encouraged to participate and excel in a wide range of creative, sporting and cultural fields. They will develop the skills and qualities that prepare them for life in the modern world, such that they become healthy, adaptable, resilient and responsible citizens of the future and enable them to make a profound contribution.

The school culture is aspirational, celebratory, forward thinking and promotes support for others. Mutual respect, tolerance and shared values prevail. All these elements combine to ensure our students will be exceptionally well-prepared for life in modern Britain.

The values which underpin this vision include the identified Fundamental British Values:

Aspiration: Through high achievement we seek to open up the broadest possible range of future opportunities for pupils. Aiming high, including the setting of challenging corporate and personal goals, promotes and supports high achievement.

Inclusion: Diversity enriches us all. Every member of the community is treated with tolerance and respect, regardless of background or any characteristic. We are a cohesive community with clear shared goals and no barriers to access or participation. Understanding other cultures, traditions and beliefs broadens horizons and eradicates prejudice. The diversity within our school helps this understanding to deepen and grow and promotes a sense of equality of opportunity and freedom from discrimination for all.

Lifelong learning: We have a secure belief in the value and satisfaction of learning. The school is a learning community, and all members embrace the potential of lifelong learning. One manifestation of this is the commitment to securing the skills and independence which enable learning to take place outside and beyond school. Another is a commitment to the planned and progressive professional development of teachers and support staff.

Contribution: All members of the community contribute positively to the learning of themselves and others. Contribution to the wider life of the school is encouraged and celebrated.

Responsibility: The vision makes explicit the importance of responsible citizenship. This includes, but is not restricted to, such principles as a sense of duty to others and to society as a whole; showing respect for others' views, beliefs and well-being; responsible attitudes towards property and physical and financial resources; consideration of long-term effects and consequences and thoughtful and respectful conduct online.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

Commitment to Improvement: We seek the highest level of provision by deploying well-qualified and enthusiastic specialist staff, and using the most effective proven methods, techniques and technologies available. We embrace the notion of reflective professional practice and seek to embed continuous improvement through rigorous self-evaluation. In so doing we plan to build upon our previous successes in our drive to be a World Class school.

British Values: We are committed to maintaining a harmonious, inclusive community which celebrates its diversity and we understand our role in terms of protecting groups and individuals within the school from prejudice, intimidation or radicalisation. The values identified by the government as fundamentally British are included in our definition and permeate every aspect of our school. Democracy, the rule of law, individual liberty, mutual respect and tolerance of different faiths and beliefs are embedded in everything we do, but are also highlighted explicitly in our curriculum and are implicit in our approach to daily school life including in the behaviour and reward systems.

Preparation for Life in Modern Britain

Our curriculum is broad, balanced and stretching and prepares students exceptionally well for whatever next steps they wish to choose. The curriculum structure ensures all students have access to a wide range of subjects, develop the full range of skills, and build cultural and artistic awareness. Aspirations are supported by specialist careers education advice and guidance.

The capacity for independent and critical thought is continually developed so that students can make wise judgements that are evidence-based. They are enabled to make decisions that will keep them healthy and safe.

A comprehensive extra-curricular programme equips students with additional vital skills including confidence, organisation and planning, teamwork, self-reliance and communication. There are multiple ways they can contribute to the school community, which help them to become high-functioning adults.

Our diverse population and exceptionally cohesive ethos enables first-hand exchange of cultural and religious viewpoints and philosophies, promotes mutual understanding and dispels mistrust.

Public Benefit

The Trust considered the Charity Commission's guidance on Public Benefit. The main public benefit delivered by the Trust is the provision of a high quality of education to its students. This has been evidenced through the results achieved and feedback from external assessments.

Heckmondwike Grammar School is a very high performing school, and the last Ofsted report graded it outstanding in every category in November 2007. A review in 2011 indicated that performance had been sustained so Her Majesty's Chief Inspector wrote to say the school would not be subject to a routine inspection in the academic year 2011-12. This exemption continues unless Ofsted's annual desktop risk assessment suggests there is a need to visit the school.

The Governing Body plans to offer up to 180 places at age 11 (6 forms of 30 pupils) in September 2017, this is the planned admission number or PAN for the school. Places are offered to pupils who are identified by means of an entrance examination as being in approximately the top 25% of the ability range. Admission to the school is not based on any voluntary contribution.

All students in year 11 currently at HGS are automatically considered for places in the sixth form and are allocated a meeting with a senior member of staff to consider their A level choices. For those who wish to join our sixth form from other schools, entry to the sixth form is based on academic performance and all courses of study require certain minimum grades at GCSE. Our policy is designed to ensure that all students accepted into the sixth form are placed on appropriate courses of study where they are most likely to succeed.

Heckmondwike Grammar School Academy Trust

Strategic Report

Achievements and Performance

The Trust is now in its sixth year of operation and total students in the year ended 31st August 2016 were as follows:

- o Years 7-11 - 832
- o Years 12-13 - 614

(as at Autumn census date October 2015)

The examination results for the 2015/16 academic year are summarised as follows:

2016 GCSE Results

5+A*C All Subjects	100%
5+A*C Including English and Mathematics	99%
5+A*/A	73.4%
Average points score per subject entry	49.9 (Grade A-)
Capped average points per entry (best 8)	52.2 (Grade A)

As well as some overall excellent results for the school with all of our year 11 securing at least 5 good GCSE grades, there were also over 70% of our students who achieved 5 or more A and A* grades. In addition, over 60% of students secured an impressive 8 or more A and A* grades which is an increase from last year of nearly 10%. Our headline figure of A* and A grades has seen a 5% increase to 63% which is very pleasing.

In addition to these successes, there are also some exceptional individual stories: Two students achieved an amazing 12 A* grades, with five more achieving 11. A further four gained 10 A* grades.

Post 16 Results

There were 100% pass rates in most subjects and the quality of grades achieved was excellent. Excluding general studies, 81% of results were at grade C or better and 70% of these grades were either A*, A or B.

All students in the sixth form now follow a course in academic independent research which prepares them for the Extended Project Qualification, and we had 247 successful submissions, 78% of which were awarded grade C or above.

There were some particularly impressive individual performances. As well as Extended Projects and AQA Baccalaureates, in most cases, 44 students achieved 3 or more grade A* or A passes, and 9 of these achieved 4 or more grade A* or A passes.

These superb results reflect the hard work and dedication of our students and staff, and will enable the students to take their next steps with confidence.

Attendance

During the year, Heckmondwike Grammar School pupils achieved an attendance level of over 97%.

Other accomplishments

The school remains a place where students can gain a vast range of enriching experiences above and beyond the outstanding work done in the classroom. A host of trips and expeditions to UK and foreign destinations, musical and theatrical productions, sports and cultural activities, charity events and competitions combine with the academic curriculum to give opportunities to develop all the skills and attributes that will enable our students to make a profound contribution beyond school.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

This bewildering array of additionality is recorded in the school's annual magazine, *The Heckler*, a copy of which may be viewed or downloaded from the school web site. *The Heckler* runs to over 200 pages, which reflects the variety and scale of what is on offer.

Throughout the year a number of events raised money for charitable causes nominated by the school council and the total donated overall was £15,695 (2015 £11,056).

Support for Westborough High School

Heckmondwike Grammar School Academy Trust is a partner in the Dewsbury Learning Trust, which supports Westborough High School (WHS) in Dewsbury. WHS was a school in National Challenge but, in 2012, managed to exceed floor standards and achieve an Ofsted rating of Good. Despite having met the target set in the action plan, support from Heckmondwike Grammar School continued, and is currently focussed on improving progress in mathematics for higher-attaining pupils, whilst providing support for leadership and governance.

Key Financial Performance Indicators

Financial performance is monitored throughout the year and action is taken to ensure that:

- Actual expenditure incurred does not exceed that planned in any single financial year;
- The trust has sufficient cash on hand to meet all short and medium term financial obligations;
- A minimum revenue reserve equivalent to at least 2% of GAG is held at all times;
- Financial forecasts are prepared to ensure that the Trust remains financially viable;
- No significant audit findings are reported to the Finance & Resources sub-committee as a result of quarterly audits; and
- Statutory accounts are prepared and submitted in line with the timescales laid down by the Education Funding Agency.

For the year ended 31st August 2016, all of these objectives were met.

Going Concern

After making appropriate enquiries, the governing body has an expectation that the Academy 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

Most of the Trust's income is obtained from the Department for Education (DfE), via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31st August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31st August 2016, total expenditure of £8.608m was not covered by recurrent grant funding from the EFA and other incoming resources and the Academy was required to use reserves. The shortfall of income over expenditure for the year was £579k being caused by a deficit on the fixed asset fund.

At 31st August 2016 the net book value of fixed assets was £12,793m and movements in tangible fixed assets are shown in note 11 to the financial statements. The value of fixed assets includes the assets that were 'donated' by Kirklees MBC as part of the transfer agreement in 2010.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with the provisions of FRS 102.

Reserves Policy

The Governors review the reserve levels of the Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trust aims to maintain a minimum reserve balance of at least 2% of General Annual Grant at all times.

For 2015/16 this would equate to approximately £138k. At the year end the Trust held more than this level of unrestricted general fund reserves.

Reserves are important to the trust and remain available to be used:

- In support of the revenue budget at a time when government grant income is reducing;
- To meet the cost of any significant but unforeseen items of expenditure;
- To contribute to any capital projects that may be entered into in support of the long term strategic aims of the organisation.

Investment Policy

Governors seek to achieve a balance between return and investment risk to achieve a reasonable return on the funds available in any given year.

During the year, a range of investment instruments were used to reduce the level of risk to which Academy funds were exposed whilst generating interest to be used to further the aims of the Academy.

Principal Risks and Uncertainties

The trust members, governors and senior staff are confident that there is currently no significant risk to the future operation or success of the Academy, although there are changes in funding for future years, which will reduce the amount of grant funding available to fund our educational activities. The changes fall into two categories, all of which will result in reductions which have been anticipated and will be managed. These are:

- Changes to the funding mechanism for post 16 provision; and
- Reductions in specific grant income, most notably the Education Services Grant (ESG)

It is also clear that the Academy is likely to be affected by a fundamental change in the way schools and academies are funded with the introduction of a National Funding Formula effective from 2018/19, although the financial impact of the change will not be known for some time.

Whilst these changes are being phased in and the Academy is protected from dramatic funding losses in any individual year, during the year, Governors considered viable options for managing the changes and have put in place a suitable strategy to manage the changes without affecting the quality of education provision within the Academy.

Credit, cash flow & liquidity risks

Credit Risk

Credit risk arises from academy deposits with banks and other financial institutions. Academy deposits are now held with the two of the top four clearing banks, National Westminster Bank plc and HSBC Bank plc along with three other financial institutions to spread the credit risk to which funds may be exposed. Investments with these institutions, Virgin Money, Holmesdale Building Society and the National Counties Building Society, are actively managed on behalf of the Academy by Jonathan Fry plc.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

The Academy generates a small amount of income from lettings and levies a charge for some services to meet some of the cost of provision (e.g. music lessons) but does not generally offer credit to parents, pupils or external users of academy facilities.

Cash Flow Risk

As most of the activities of the Academy are funded directly by the Education Funding Agency with monthly funding allocations, there is no significant risk that it will be unable to finance its day to day operations. The Academy monitors and manages cash flow on a daily basis to ensure that it has, at all times, short term liquidity to meet all of its financial commitments. During the year, the Academy received £31k of Devolved Formula Capital funding from the Education Funding Agency. This funding, along with other Academy resources was used to invest in ICT infrastructure and improve the fabric of our buildings.

Liquidity Risk

Given that the Academy is funded directly by Government and has significant reserves at 31st August 2016, there are considered to be no significant liquidity risks.

Plans for Future Periods

The Academy continues to strive to improve outcomes for all students in order to maximise their life chances and their choices of higher education or employment opportunities.

The Academy continues to be a lead school for the employment-based initial teacher training programme *School Direct*. This teacher training programme is delivered in conjunction with Westborough High School, supported by the Kirklees School-Centred Initial Teacher Training organisation (SCITT).

In relation to the fabric of the Academy, for 2016/17 our focus is on maintenance, infrastructure developments and smaller scale site improvements.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

This Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 7th December 2016 and signed on the board's behalf by:



Malcolm Pinder,
Trustee and Chair of Governors

Heckmondwike Grammar School Academy Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Heckmondwike Grammar School 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 Heckmondwike Grammar School 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 Governing Body has met six times during the year, attendance at these meetings was as follows:

Governor	Meetings attended	Out of a possible
M Pinder *	6	6
A K Atherton *	4	6
D Cross *	4	6
E Ineson *	6	6
S Ahmed	2	2
Z Aziz	1	2
N Barker *	5	6
V P Clarke	1	3
M I Cook *	6	6
J Donnelly	5	6
S Doubell	5	6
S Eakin *	3	6
D Glover	3	6
S Hafez	4	6
S Haider	4	6
D Hall	4	6
G Harris	3	6
J Hodgson *	5	6
J Longridge	4	5
V Maynard *	6	6
S Minto	2	2
S Morris	2	5
K Naeem	1	3
T Riddles *	5	6

* Member of the Finance & Resources sub-committee

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

Governance reviews:

With the support of the Accounting Officer and Headteacher, Governors have started a comprehensive self review process and hope to conclude this during the Autumn term 2016.

Finance & Resources sub-committee

The finance and resources sub-committee is a sub-committee of the main Governing Body. The purpose of the sub-committee is to:

- Assist the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility;
- ensure sound management of the Academy's finances and resources including the buildings;
- to ensure that there is regular scrutiny over the Academy's financial affairs in line with the requirements of the Academies Financial Handbook;
- ensure that the Academy undertakes proper planning, monitoring and probity;
- ensure that financial transactions represent good value for money;
- make appropriate recommendations on such matters to the governing body on a regular basis; and
- refer major issues to the full governing body for consideration

During the year, Governors considered a wide range of financial issues, including:

- A Condition Improvement Fund (C.I.F.) bid for roof and stone repairs;
- Management of an 'in year' revenue budget shortfall through staff restructuring;

Attendance at meetings of this sub-committee was as follows:

Governor	Meetings attended	Out of a possible
A K Atherton	1	4
N Barker	2	4
M Cook	4	4
D Cross	1	4
S Eakin	2	4
J Hodgson	3	4
E Ineson	4	4
V Maynard	1	2
M Pinder	3	4
T C Riddles	4	4

During the year V Maynard resigned from the Finance & Resources Sub-Committee.

Review of Value for Money

As accounting officer the Headteacher has responsibility for ensuring that the academy 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 and expended.

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

The accounting officer for the academy trust has delivered improved value for money during the year by, for example:

- Carrying out a restructure of support staff, to achieve an in-year saving of approximately £90k and a full-year annual saving of approximately £240k
- Reviewing and reducing other costs including examination fees and photocopying/printing
- Continuing to monitor carefully the teaching staffing levels and class sizes so as to maintain current full-time equivalent staffing despite increased student numbers

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 on-going process designed to identify and prioritise the risks to the achievement of academy 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 Heckmondwike Grammar School Academy Trust for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period from 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The Risk and Control Framework

The academy 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 finance and resources sub-committee of reports which indicate financial performance against budget 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 not to appoint an internal auditor. Instead, the trustees have instructed the Chair of the Finance & Resources sub-committee to ensure that checks are carried out on key financial systems in order to provide assurance that these are operating effectively and as intended. The Chair of the Finance & Resources sub-committee has appointed external auditors, Mazars LLP to undertake these checks on his behalf.

The checks carried out in the current accounting period include:

- testing of payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations
- review of capital schemes and associated capital transactions

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

On a quarterly basis, reports are presented to the board of trustees, through the Finance & Resources sub-committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. During the year, a schedule of work was delivered as planned and there were no significant findings resulting from the work undertaken.

Review of Effectiveness

As accounting officer the principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

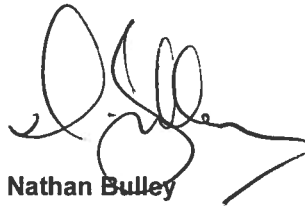
- the work of the Chair of the Finance & Resources Sub-Committee;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and resources committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 7th December 2016 and signed on its behalf by:



Malcolm Pinder
Trustee & Chair of Governors



Nathan Bulley
Accounting Officer

Heckmondwike Grammar School Academy Trust

Statement on Regularity, Propriety and Compliance

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

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

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



Nathan Bulley
Accounting Officer

7th December 2016

Heckmondwike Grammar School Academy Trust

Statement of Trustees' Responsibilities

The trustees (who act as governors of Heckmondwike Grammar School Academy Trust and 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 Academies 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 in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) 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 order of the members of the board of Governors on 7th December 2016 and signed on its behalf by:



Malcolm Pinder
Trustee & Chair of Governors

Heckmondwike Grammar School Academy Trust

Independent auditor's report to the Board of Trustees of Heckmondwike Grammar School Academy Trust

We have audited the financial statements of Heckmondwike Grammar School Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP 2015 (FRS 102)).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, 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 (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report, including the incorporated strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Heckmondwike Grammar School Academy Trust

Independent auditor's report to the Board of Trustees of Heckmondwike Grammar School Academy Trust (continued)

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
- 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.



Janine Fox (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

Date 13 December 2016

Heckmondwike Grammar School Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Heckmondwike Grammar School Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 6th October 2016 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 Heckmondwike Grammar School Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Heckmondwike Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter dated 6th October 2016. Our work has been undertaken so that we might state to Heckmondwike Grammar School Academy Trust and the EFA those matters we are required to state to it 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 Heckmondwike Grammar School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Heckmondwike Grammar School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Heckmondwike Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 26 August 2010 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 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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 trust's income and expenditure.

Heckmondwike Grammar School Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Heckmondwike Grammar School Academy Trust and the Education Funding Agency (continued)

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

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 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Mazars LLP
Mazars LLP
Reporting Accountant
The Lexicon
Mount Street
Manchester
M2 5NT

Date 13 December 2016

Heckmondwike Grammar School Academy Trust

Statement of Financial Activities for the year ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from:						
Donations and capital grants	2	-	10	31	41	207
Charitable activities:						
Funding for the academy trust's educational operations	3	-	7,054	-	7,054	7,270
Other trading activities	4	566	360	-	926	920
Investments	5	-	8	-	8	7
Total		566	7,432	31	8,029	8,404
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	229	7,680	699	8,608	8,643
Total		229	7,680	699	8,608	8,643
Net income / (expenditure)		337	(248)	(668)	(579)	(239)
Transfers between funds	15	(122)	-	122	-	-
Other recognised gains/ (losses):						
Actuarial (losses)/ gains on defined benefit pension schemes	23	-	(1,958)	-	(1,958)	133
Net movement in funds		215	(2,206)	(546)	(2,537)	(106)
Reconciliation of funds						
Total funds brought forward at 1 September 2015	15	143	(324)	13,339	13,158	13,264
Total funds carried forward at 31 August 2016		358	(2,530)	12,793	10,621	13,158

All of the academy trust's activities derive from continuing operations during the above two financial periods. Detailed comparatives for 31st August 2015 Statement of Financial Activities are at note 25.

Heckmondwike Grammar School Academy Trust

Balance Sheet as at 31 August 2016

Company number 07348329

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Tangible assets	11		12,793		13,339
Current assets					
Stock	12	3		3	
Debtors	13	217		269	
Cash at bank and in hand		1,221		1,615	
		<u>1,441</u>		<u>1,887</u>	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(413)</u>		<u>(949)</u>	
Net current assets			<u>1,028</u>		<u>938</u>
Total assets less current liabilities			<u>13,821</u>		<u>14,277</u>
Net assets excluding pension liability			<u>13,821</u>		<u>14,277</u>
Defined benefit pension scheme liability	23		<u>(3,200)</u>		<u>(1,119)</u>
Total net assets			<u>10,621</u>		<u>13,158</u>
Funds of the academy trust:					
Endowment Funds			25		25
Restricted funds					
Fixed asset fund	15	12,793		13,339	
General fund	15	495		635	
Pension reserve	15	(3,200)		(1,119)	
School Fund	15	150		135	
Total restricted funds			<u>10,238</u>		<u>12,990</u>
Unrestricted income funds					
General fund	15		358		143
Total funds			<u>10,621</u>		<u>13,158</u>

The financial statements on pages 23 to 42 were approved by the trustees and authorised for issue on 7th December 2016 and are signed on their behalf by



Malcolm Pinder
Trustee & Chair of Governors

Heckmondwike Grammar School Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Note	2016 £'000	2015 £'000
Cash Flows from operating activities			
Net cash (used in)/provided by operating activities	19	(280)	1,344
Cash Flows used in investing activities	20	(114)	(2,133)
Change in cash & cash equivalents in the reporting period	21	<u>(394)</u>	<u>(789)</u>
Cash & cash equivalents at 1 September 2015		1,615	2,404
Cash & cash equivalents at 31 August 2016		<u>1,221</u>	<u>1,615</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

1. Statement of accounting policies: Basis of Preparation

First time adoption of FRS 102

These financial statements are the first financial statements of Heckmondwike Grammar School Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and the Charities SORP (SORP 2015). The financial statements of Heckmondwike Grammar School Academy Trust for the year to August 2015 were prepared in accordance with the previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. Heckmondwike Grammar School Academy Trust meets the definition of a public benefit entity under FRS 102.

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

Reconciliation with previous Generally Accepted Accounting Practice (UK GAAP)

In preparing the accounts, the governors have considered whether, in applying the accounting policies required by FRS 102, the restatement of comparatives was required. These financial statements are the first financial statements that comply with FRS 102. The date of transition is 1st September 2014. The transition to FRS 102 has resulted in a number of conversion changes as explained in note 26.

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 company 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.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, receipt is probable, and the amount can be measured with sufficient reliability.

- **Grants**

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 fund.

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.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related-conditions), where receipt is probable and it is measurable.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related-conditions), where the receipt is probable and the amount can be reliably measured.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

- **Other Income**

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

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy 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 academy trust's accounting policies.

Expenditure

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.

- **Expenditure on raising funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds

- **Charitable Activities**

These are costs incurred on the academy trust's educational operations

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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 carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

- | | |
|------------------------------------|----------|
| • Freehold buildings | 2% – 20% |
| • Fixtures, fittings and equipment | 15% |
| • ICT equipment | 20% |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Liabilities

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 the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Stock

Catering stocks are valued at the lower of cost or net realisable value.

Taxation

The academy 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 academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Restructuring costs including redundancy

The Governing Body will make every effort to avoid compulsory redundancies. In the event that compulsory redundancy is unavoidable, however, Governors will consider the level of compensation to be offered on a case by case basis. In practice, redundancy pay will normally be calculated either under the statutory scheme or contractual scheme whichever is better.

Pensions Benefits

Retirement benefits to employees of the academy 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 Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in note 23, the TPS is a multi-employer scheme and the academy 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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Pensions Benefits (continued)

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 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 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 until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 with restrictions imposed by the funder/donor and include grants from the Education Funding Agency/Department for Education.

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.

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Fixed assets are carried in the accounts using an estimate of current value; they are depreciated from cost value on a straight line basis over their estimated useful life.

2. Donations and Capital Grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Capital grants	-	31	31	207
Donated fixed assets	-	-	-	-
Other donations	-	10	10	-
	-	41	41	207

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	6,909	6,909	7,129
Other DfE / EFA grants	-	92	92	105
	-	7,001	7,001	7,234
Other Government grants				
Local authority grants	-	53	53	36
Special educational projects	-	-	-	-
	-	53	53	36
Other income from the academy trust's educational operations	-	-	-	-
	-	7,054	7,054	7,270

4. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	20	-	20	18
Catering Income	430	-	430	418
Other	116	360	476	484
	566	360	926	920

5. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposits	-	8	8	7
	-	8	8	7

6. Expenditure

	Non Pay Expenditure			Total 2016 £'000	Total 2015 £'000
	Staff costs £'000	Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	5,090	699	947	6,736	6,808
- Allocated support costs	1,166	293	413	1,872	1,835
	6,256	992	1,360	8,608	8,643

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6. Expenditure (continued)

Net (expenditure) / income for the period includes:

	2016 £'000	2015 £'000
Operating lease rentals	27	26
Depreciation	699	602
Fees payable to auditor for:		
Audit	11	10
Other services	4	5

Included within expenditure are the following transactions:

	2016 £'000	2015 £'000
Unrecoverable debts	1	0

7. Charitable activities

	2016 £'000	2015 £'000
Direct costs – educational operations	6,736	6,808
Support costs – educational operations	1,872	1,835

Analysis of support costs	2016 £'000	2015 £'000
Support staff costs	1,166	1,085
Premises costs	293	320
Other support costs	377	392
Governance costs	36	38
Total support costs	1,872	1,835

8. Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £'000	Total 2015 £'000
Wages and salaries	4,896	4,953
Social security costs	400	360
Operating costs of defined benefit pension schemes	868	712
	6,164	6,025
Supply staff costs	74	103
Staff restructuring costs	18	-
	6,256	6,128
Staff restructuring costs comprise:		
Redundancy payments	11	-
Pay in lieu of notice	7	-
	18	-

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

8. Staff (continued)

An explanation of the academy redundancy policy is given on page 28.

b. Staff numbers

The average number of persons employed by the academy during the period expressed as headcount was as follows:

	2016 No.	2015 No.
Teachers	95	96
Administration and support	111	121
Management	8	8
	214	225

c. Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	3	3
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	1	-

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for these staff amounted to £51,854 (2015: £42,778).

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 4. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £783,305 (2015: £735,932).

9. Related party transactions – Trustees' remuneration and expenses

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

M Cook (principal and director):	
Remuneration	£105,000-£110,000 (2015: £95,000 - £100,000)
Employer's pension contributions	£15,000-£20,000 (2015: £10,000 - £15,000)
S Morris (staff governor and director):	
Remuneration	£45,000-£50,000 (2015: £45,000 - £50,000)
Employer's pension contributions	£5,000-£10,000 (2015: £5,000 - £10,000)
J Longridge (staff governor and director):	
Remuneration	£45,000-£50,000 (2015: £45,000 - £50,000)
Employer's pension contributions	£5,000-£10,000 (2015: £5,000 - £10,000)
S Minto (staff governor and director):	
Remuneration	£15,000-£20,000 (2015: £25,000-£30,000)
Employer's pension contributions	£0-£5,000(2015: £0-£5,000)

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9. Related party transactions – Trustees' remuneration and expenses (continued)

During the period ended 31 August 2016, no travel and subsistence expenses were reimbursed to trustees (2015 also £NIL).

Other related party transactions involving the trustees are set out in note 24.

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 £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £346 (2015: £346). The cost of this insurance is included in the total insurance cost.

11. Tangible fixed assets

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2015	14,806	451	620	15,877
Additions	(11)	23	141	153
Disposals	-	-	(4)	(4)
At 31 August 2016	14,795	474	757	16,026
Depreciation				
At 1 September 2015	2,064	183	291	2,538
Charged in year	508	69	122	699
Disposals	-	-	(4)	(4)
At 31 August 2016	2,572	252	409	3,233
Net book values				
At 31 August 2016	12,223	222	348	12,793
At 31 August 2015	12,742	268	329	13,339

12. Stock

	2016 £'000	2015 £'000
Catering	3	3
	<u>3</u>	<u>3</u>

13. Debtors

	2016 £'000	2015 £'000
Trade debtors	16	14
VAT recoverable	67	127
Other debtors	6	6
Prepayments and accrued income	128	122
	<u>217</u>	<u>269</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

14. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	72	191
Other taxation and social security	117	102
Other creditors	71	143
Accruals and deferred income	153	513
	<u>413</u>	<u>949</u>

	2016 £'000	2015 £'000
Deferred income		
Deferred income at 1 September 2015	82	90
Released from previous years	(82)	(90)
Resources deferred in the year	73	82
Deferred income at 31 August 2016	<u>73</u>	<u>82</u>

At the balance sheet date the academy trust was holding funds received in advance for trips amounting to £57,000 and music lesson fees of £16,000.

15. Funds

	Balance at 31 August 2015 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant	577	6,909	(7,067)	-	419
Other restricted	58	18	-	-	76
School Funds	135	360	(345)	-	150
Pension reserve	(1,119)	-	(123)	(1,958)	(3,200)
Other DfE/EFA grants	-	92	(92)	-	-
Other grants	-	53	(53)	-	-
	<u>(349)</u>	<u>7,432</u>	<u>(7,680)</u>	<u>(1,958)</u>	<u>(2,555)</u>
Restricted fixed asset funds					
Inherited assets	9,628	-	(699)	-	8,929
DfE/EFA capital grants	3,711	31	-	122	3,864
Capital expenditure from GAG	-	-	-	-	-
	<u>13,339</u>	<u>31</u>	<u>(699)</u>	<u>122</u>	<u>12,793</u>
Total restricted funds	<u>12,990</u>	<u>7,463</u>	<u>(8,379)</u>	<u>(1,836)</u>	<u>10,238</u>
Total unrestricted funds	<u>143</u>	<u>566</u>	<u>(229)</u>	<u>(122)</u>	<u>358</u>
Endowment Funds	25	-	-	-	25
Total funds	<u>13,158</u>	<u>8,029</u>	<u>(8,608)</u>	<u>(1,958)</u>	<u>10,621</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

15. Funds (continued)

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

The restricted general funds relate to grants receivable from the EFA and other sources that are used to fund the operating activities of the Academy. School funds represent the balance of voluntary income received from parents that can only be used to fund named school trips and other specific educational activities.

The restricted fixed asset funds represent the net book values of donated assets and assets purchased from EFA and other government grants, which have to be held for the continuing use of the academy trust together with any unspent grants useable for capital purposes. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

During the year, £122k was transferred from unrestricted funds to the restricted fixed asset fund. This transfer represents the difference between capital income of £31k and capital expenditure of £153k.

16. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2016 £'000
Tangible fixed assets	-	-	12,793	12,793
Current assets	358	1,038	45	1,441
Current liabilities		(368)	(45)	(413)
Pension scheme liability	-	(3,200)	-	(3,200)
Total net assets	358	(2,530)	12,793	10,621

17. Capital commitments

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements	-	-

18. Commitments under operating leases

Operating leases

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

	2016 £'000	2015 £'000
Amounts due within one year	36	20
Amounts due between one and five years	112	11
	148	31

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

19. Reconciliation of net income to net cash inflow from operating activities

	2016 £'000	2015 £'000
Net Expenditure for the reporting period (as per the statement of financial activities)	(579)	(132)
Adjusted for:		
Depreciation (note 11)	699	602
Capital grants from DfE and other capital income	(31)	(207)
Interest receivable (note 5)	(8)	(7)
Defined benefit pension scheme cost less contributions payable (note 23)	84	97
Defined benefit pension scheme finance cost (note 23)	39	(60)
Decrease in stocks	-	8
Decrease in debtors	52	597
(Decrease)/increase in creditors	(536)	446
Net cash (used in) / provided by Operating Activities	(280)	1,344

20. Cash flows from investing activities

	2016 £'000	2015 £'000
Dividends, interest and rents from investments	8	7
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(122)	(2,347)
Capital grants from DfE/EFA	-	207
Capital funding received from sponsors and others	-	-
Net cash provided by/(used in) investing activities	(114)	(2,133)

21. Analysis of cash and cash equivalents

	At 1 September 2015 £'000	Cash Flows £'000	At 31 August 2016 £'000
Cash in hand and at bank	1,615	(394)	1,221
	<u>1,615</u>	<u>(394)</u>	<u>1,221</u>

22. 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.

23. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Bradford Metropolitan District Council. Both are multi-employer defined benefit schemes.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

23. Pension and similar obligations (continued)

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 £19,681 (2015: £88,466) 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 14.1% of pensionable pay (including a 0.08% employer administration charge (currently 16.48%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The total pension costs paid to TPS in the period amounted to £905,000 (2015: £825,000), of which employer's contributions totalled £571,000 (2015: £487,000) and employees contributions totalled £334,000 (2015: £338,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS102) 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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

23. Pensions and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £242,000 (2015: £265,000), of which employer's contributions totalled £172,000 (2015: £189,000) and employees' contributions totalled £70,000 (2015: £76,000). The agreed contribution rates for future years are 15.5 per cent for employers and 5.5 per cent to 12.5 per cent 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.

	At 31 August 2016	At 31 August 2015
Principal actuarial assumptions		
Rate of increase in salaries	3.50%	3.50%
Rate of increase for pensions in payment / inflation	2.00%	2.00%
Discount rate for scheme liabilities	2.00%	3.80%
Inflation assumption (CPI)	2.00%	2.00%
Commutation of pensions to lump sums	75.00%	75.00%

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

	At 31 August 2016 years	At 31 August 2015 years
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.0	27.8

The academy trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2016 (£'000)	Fair value at 31 August 2015 (£'000)
Equities	3,512	2,995
Bonds	720	592
Property	225	178
Cash	65	59
Other	154	122
Total market value of assets	4,676	3,946
Present value of scheme liabilities	(7,876)	(5,065)
Scheme deficit	(3,200)	(1,119)

The actual return on scheme assets was £745,000 (2015: £54,000)

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

23. Local Government Pension Scheme (continued)

A pensions deficit in respect of pensionable service transferred from Kirklees Metropolitan Council to the Academy on conversion in 2010. Actuarial calculations of the employer contribution rate take into account the amount needed to pay off any past service deficit and meet future accruals over a specified period. Whilst the deficit is substantial, the Charity Commission has advised that this liability does not mean that an academy is trading whilst at risk of insolvency because the deficit is being reduced by the contributions being made using the grant payable by Government. In July 2013 the Department for Education gave a guarantee concerning LGPS liabilities if an academy were to close.

Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current service cost (net of employee contributions)	(257)	(297)
Past service cost	-	-
Total operating charge	<u>(257)</u>	<u>(297)</u>

Analysis of pension finance income

	2016 £'000	2015 £'000
Expected return on pension scheme assets	150	140
Interest on pension liabilities	(189)	(178)
Pension finance income	<u>(39)</u>	<u>(38)</u>

The actuarial gains and losses for the current year are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17/FRS 102 is a £1,909,000 loss (2015: £49,000 gain).

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

	2016 £'000	2015 £'000
At 1 September	5,065	4,784
Current service cost	257	297
Interest cost	189	178
Employee contributions	70	76
Actuarial (gain) / loss	2,553	(219)
Benefits paid	(258)	(51)
At 31 August	<u>7,876</u>	<u>5,065</u>

Movements in the fair value of academy trust's share of scheme assets

	2016 £'000	2015 £'000
At 1 September	3,946	3,675
Interest income on assets	150	140
Remeasurement gains/(losses) on assets	595	(86)
Employer contributions	173	192
Employee contributions	70	76
Benefits paid	(258)	(51)
At 31 August	<u>4,676</u>	<u>3,946</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24. Related party transactions

Owing to the nature of the academy trust's and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

Mr M Cook, Headteacher and Accounting Officer and Mrs C Proud, Deputy Headteacher were Governors at Westborough High School during the 2015/16 financial year. Whilst trainee teachers undertake most of their training at Heckmondwike Grammar School via the Kirklees and Calderdale SCITT, placements are also undertaken at Westborough High School for which the Academy is charged. During 2015/16 the total charge made for these placements was £5,600 (the equivalent charge in 2014/15 was £2,800).

During the 2014/15 financial year, the Academy procured pupil assessment and counselling services with a value of £1,075 from A J Proud, a specialist consultant in this field trading as Chrysalis Consultancy Ltd. Catherine Proud, a Deputy Head teacher at the Academy, declared an interest in Chrysalis Consultancy Ltd having been made a Director of the company when it was set up in February 2014. In 2015/16 there were no financial transactions between the Academy and Chrysalis Consultancy Ltd.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

25. Statement of Financial Activities for the year ended 31 August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000
Income and endowments from:				
Donations and capital grants	-	-	207	207
Charitable activities:				
Funding for the academy trust's educational operations	-	7,270	-	7,270
Other trading activities	537	383	-	920
Investments	-	7	-	7
Total	537	7,660	207	8,404
Expenditure on:				
Charitable activities:				
Academy trust educational operations	234	7,807	602	8,643
Total	234	7,807	602	8,643
Net income/ (expenditure)	303	(147)	(395)	(239)
Transfers between funds	(1,481)	(119)	1,600	-
Other recognised gains/ (losses):				
Actuarial gain on defined benefit pension schemes	-	133	-	133
Net movement in funds	(1,178)	(133)	1,205	(106)
Reconciliation of funds				
Total funds brought forward at 1 September 2015	1,321	(191)	12,134	13,264
Total funds carried forward at 31 August 2016	143	(324)	13,339	13,158

All of the academy trust's activities derive from continuing operations during the above financial period.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

26. Explanation of transition to FRS102

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

Comparative figures have been restated to reflect the adjustments made, except that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 chapter 35 'Transition to this FRS'.

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1st September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £107,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

Operating Leases

Under FRS102 the disclosure of commitments under operating leases must now show the expected future minimum lease payments over the remaining life of the lease. Under UK GAAP disclosure was only required of the annual commitment. This new approach is represented in note 18.

Key Management Personnel

Key management Personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the Academy Trust, directly or indirectly, including any director. The costs associated with the employment of Key Management Personnel (note 8 (d)) have been amended to meet the requirement of FRS 102 and include the cost of the Senior Leadership Team and the employment costs of those members of staff who are also Governors and Directors.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. Although Academy support staff employees are entitled to carry forward any unused holiday entitlement at the reporting date, an assessment of the cost of this showed that the cost to the academy was not material and therefore no expense is recognised in the accounts.