

**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 2015**

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
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)

N Barker *	
V P Clarke	
M I Cook *	(Head Teacher and Accounting Officer)
J Donnelly	
S Doubell	
S Eakin *	
D Glover	(Appointed 1 December 2014)
S Hafez *	
S Haider	
D Hall	(Appointed 1 September 2014)
G Harris	(Appointed 1 December 2014)
S Hewitt	(Responsible Officer, Resigned 24 August 2015)
J Hodgson *	
J Longridge	(Staff Governor)
V Maynard	
S Minto	(Staff Governor, resigned 31 October 2015)
S Morris	(Staff Governor)
K Naeem	
F Rehman	(Resigned 30 November 2014)
T Riddles *	

* Members of the Finance & Resources Sub-Committee

Company Secretary	J Flynn
Clerk to the Governors	J K Wilson

Senior Leadership Team:

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
Academy 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 2014 to 31st August 2015. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

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 3 meetings of the full Governing Body and a further 11 sub-committee meetings. There were 4 meetings of the Trust.

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.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

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 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.

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 2015 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 will make them healthy, adaptable, responsible citizens of the future and enable them to make a profound contribution. The values which underpin this vision include: aspiration, inclusion, lifelong learning, contribution and commitment to improvement.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

The Governing Body's principal aim for the current period of their development plan is to further build on outstanding standards and achievement and the positive ethos which already exists in the school thereby creating an institution in which:

- students achieve the highest possible standards in all areas of the curriculum;
- students enjoy their learning in a safe and caring environment where they develop the qualities of adaptability, enterprise, self-reliance and responsibility in preparation for a productive and healthy life;
- well-being is outstanding and all members of the community are valued and respected and show tolerance and understanding;
- there is an ethos of continuous improvement and an appreciation of the value and satisfaction of hard work; and
- the school specialisms and academy status enable it to further broaden opportunity and promote high achievement both in the school and wider community.

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.

Strategic Report

Achievements and Performance

The Trust is now in its fifth year of operation and total students in the year ended 31st August 2015 were as follows:

- o Years 7-11 - 805
- o Years 12-13 - 582

(as at Autumn census date October 2014)

The examination results for the 2014/15 academic year are summarised as follows:

2015 GCSE Results

5+A*C All Subjects	98.8%
5+A*C Including English and Mathematics	100%
5+A*/A	70%
Average points score per subject entry	49.4 (Grade A-)
Capped average points per entry (best 8)	52 (Grade A)

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Governors' Report (continued)

The quality of grades achieved was very high; 85% of GCSE grades awarded were at grade B or better and two thirds of these grades were either A or A*. Particularly pleasing was that 434 A* grades were awarded, despite a continued national downward trend in the award of top grades.

There were some outstanding individual performances. Out of 164 candidates:

- 115 students achieved five or more A or A* grades, and 85 of these achieved eight or more;
- 38 students achieved 5 or more grades at A*;
- 15 students achieved a remarkable 10 or more grades at A*;

Post 16 Results

Our 285 students achieved almost 1000 A-level passes plus over 450 AS levels and a record 273 extended project qualifications.

There were 100% pass rates in almost all subjects and the quality of grades achieved was excellent. Excluding general studies, 82% of results were at grade C or better and 72% of these grades were either A*, A or B.

There were some particularly impressive individual performances. 44 students achieved 3 or more grade A* or A passes, and 11 of these achieved 4 or more grade A* or A passes.

The best performing student attained six full A levels including four at A* in the Extended Project and a Distinction in the AQA Baccalaureate.

These superb results, which come against a background of downward pressure on grades nationally, 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. 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 £11,056 (2014 £13,439).

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.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

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 by the Responsible Officer as a result of his work; 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 2015, 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 2015 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 2005), 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 2015, total expenditure of £8.536m 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 £132k.

At 31st August 2015 the net book value of fixed assets was £13.300m 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.

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 17.

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 2014/15 this would equate to approximately £143k. At the year end the Trust held this level of unrestricted general fund reserves.

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Governors' Report (continued)

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 Governors considered the investment guidance issued by the Charity Commission ('Charities & Investment Matters, a guide for trustees') and took the decision to increase the range of investment instruments used by the Academy. This is intended to reduce the level of risk to which Academy funds are exposed but also has the potential to increase the amount of interest earned which can then 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 three 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;
- Rationalisation of the Local Authority Funding Formula which is used by the EFA when funding academies; and
- Replacement of LACSEG (Local Authority Central Spend Equivalent Grant) with the Education Services Grant (ESG) with an associated reduction in funding from this source.

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.

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.

Our new classroom block, the Powell building, was completed and occupied in May 2015. In July and August 2015, facilities were improved further through the creation of two new science laboratories and with re modelling of the sixth form to include a new food servery.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

During the year, the Academy received capital funding of £176k from the Education Funding Agency following a successful Condition Improvement Fund (C.I.F.) bid made in January 2015. This funding, together with an Academy contribution of £50k, was used to replace curtain walling and rotten wooden window frames during the summer of 2015.

Liquidity Risk

Given that the Academy is funded directly by Government and has significant reserves at 31st August 2015, 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*, and has successfully increased the number of training places created in the academic year 2015-16. This 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 2015/16 our focus is on maintenance, infrastructure developments and smaller scale site improvements. Our tennis courts are in need of re-surfacing and we still aspire to upgrading the main dining room facilities (subject of course to the availability of funding) in order to improve serving efficiency and the quality of the dining environment for the benefit of all pupils.

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 Tuesday 8th December 2015 and signed on the board's behalf by:



Malcolm Pinder
Chair of Trustees

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 board of trustees has formally met three times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
M Pinder *	3	3
A K Atherton *	1	3
D Cross *	2	3
E Ineson *	3	3
N Barker *	2	3
V P Clarke	2	3
M I Cook *	3	3
J Donnelly	2	3
S Doubell	3	3
S Eakin *	2	3
D Glover	3	3
S Hafez	2	3
S Haider	2	3
D Hall	2	3
G Harris	2	3
S Hewitt	2	2
J Hodgson *	3	3
J Longridge	3	3
V Maynard *	2	3
S Minto	3	3
S Morris	3	3
K Naeem	0	3
F Rehman	0	1
T Riddles *	2	3

* Member of the Finance & Resources sub-committee

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

Governance reviews:

Governors have considered the requirement for a review of their effectiveness as Governors and have agreed that a suitable audit of skills and review of effectiveness will take place during the 2015/16 academic and financial year.

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:

- The likely impact of future funding reductions on the Academy;
- Progress in terms of the construction of the Powell building and associated enabling works; and
- The Condition Improvement Fund (C.I.F.) bid for window and curtain wall replacement

Financial training sessions were delivered in October 2014. This training, which was attended by a majority of Governors, provided information to support financial management and strategic oversight of the Academy's financial affairs.

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

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

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.

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

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

- Carrying out a review and subsequent re-structure of the pastoral arrangements in the Sixth Form, resulting in reduced staffing costs.
- Reducing curriculum breadth in the Sixth Form and removing subjects which had a combination of low entry numbers and no compulsory requirement for further study in Higher Education. These were Geology, Food Technology, Textiles, Music Technology and Law. This enabled a modest reduction in staffing levels, managed by natural movements.
- Increasing the number of admissions to year 7, additional income has been raised but this has also provided scale-based efficiency improvement. More lessons are scheduled but six classes in a year group enabled more efficient timetabling and allowed the managing out of modest staffing surpluses through natural movement. By this means, despite increases in teachers' pay and on-costs, the teaching staff cost is actually lower than previously.

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 2014 to 31 August 2015 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 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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.

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Simon Hewitt, a Governor, to act as Responsible Officer (RO).

The role of the Responsible Officer includes giving advice on financial matters and arranging for a range of checks to be performed on the academy trust's financial systems and transactions.

The checks carried out in the current accounting period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- Review of capital schemes and associated capital transactions

On a quarterly basis, the Responsible Officer reports 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, the Responsible Officer delivered the schedule of work as planned. There were no significant findings resulting from the work undertaken.

In August 2015, Simon Hewitt, a Governor and Responsible Officer stepped down from his position on the Governing Body. Governors considered the impact of this change in October 2015 and agreed that the scrutiny of financial transactions within the Academy would continue through the continuation of the programme of quarterly reviews carried out by external auditors, Mazars LLP and that this work would be overseen and directed by the Finance & Resources Sub-committee throughout the year.

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 Responsible Officer;
- 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 8th December 2015 and signed on its behalf by:



Malcolm Pinder
Trustee & Chair of Governors



Mike Cook
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.



Mike Cook
Accounting Officer

8th December 2015

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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFADfE 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 8 December 2015 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 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 17, 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 Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 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, and Strategic Report therein, 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 15 December 2015

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 17 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Heckmondwike Grammar School Academy Trust during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Heckmondwike Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter dated 17 September 2015. 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 review work, for this report, or for the opinion 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 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 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 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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

Date *15 December 2015*

Heckmondwike Grammar School Academy Trust

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

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming Resources						
<i>Incoming resources from generated funds:</i>						
Activities for generating funds	2	537	383	-	920	865
Investment income	3	-	7	-	7	11
<i>Incoming resources from charitable activities:</i>						
Funding for the academy trust's educational operations	4	-	7,270	207	7,477	8,369
Total incoming resources		537	7,660	207	8,404	9,245
Resources expended						
<i>Costs of generating funds:</i>						
<i>Charitable activities:</i>						
Academy trust educational operations	6	234	7,662	602	8,498	8,439
Governance costs	7	-	38	-	38	33
Total resources expended	5	234	7,700	602	8,536	8,472
Net incoming / (outgoing) resources before transfers		303	(40)	(395)	(132)	773
Gross transfers between funds	15	(1,481)	(119)	1,600	-	-
Net (expenditure) / income for the year		(1,178)	(159)	1,205	(132)	773
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	24	-	26	-	26	262
Net movement in funds		(1,178)	(133)	1,205	(106)	1,035
Reconciliation of funds						
Total funds brought forward at 1 September 2014	15	1,321	(191)	12,134	13,264	12,229
Total funds carried forward at 31 August 2015		143	(324)	13,339	13,158	13,264

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

Heckmondwike Grammar School Academy Trust

Balance Sheet as at 31 August 2015

Company number 07348329

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	11		13,339		11,595
Current assets					
Stock	12	3		11	
Debtors	13	269		866	
Cash at bank and in hand		1,615		2,404	
		<u>1,887</u>		<u>3,281</u>	
Liabilities					
Creditors: amounts falling due within one year	14	<u>(949)</u>		<u>(503)</u>	
Net current assets			<u>938</u>		<u>2,778</u>
Total assets less current liabilities			<u>14,277</u>		<u>14,373</u>
Net assets excluding pension liability			<u>14,277</u>		<u>14,373</u>
Pension scheme liability	24		<u>(1,119)</u>		<u>(1,109)</u>
Net assets including pension liability			<u>13,158</u>		<u>13,264</u>
Funds of the academy trust:					
Endowment Funds			25		25
Restricted funds					
Fixed asset fund	15	13,339		12,134	
General fund	15	635		778	
Pension reserve	15	(1,119)		(1,109)	
School Fund	15	135		115	
Total restricted funds			<u>12,990</u>		<u>11,918</u>
Unrestricted income funds					
General fund	15		143		1,321
Total funds			<u>13,158</u>		<u>13,264</u>

The financial statements on pages 22 to 39 were approved by the trustees and authorised for issue on 8th December 2015 and are signed on their behalf by



Malcolm Pinder
Trustee & Chair of Governors

Heckmondwike Grammar School Academy Trust

Cash flow statement for the year ended 31 August 2015

	Note	2015 £'000	2014 £'000
Net cash inflow / (outflow) from operating activities	19	1,344	(109)
Return on investments and servicing of finance	20	7	11
Capital expenditure	21	(2,140)	593
(Decrease) / Increase in cash in the year	22	(789)	495
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2014		2,404	1,909
Net funds at 31 August 2015		1,615	2,404

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015

1. Statement of accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2014 to 2015 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below

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.

Incoming resources

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

- **Grants receivable**

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

- **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 is certainty of receipt and it is measurable.

- **Donations**

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

- **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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

1. Statement of accounting policies (continued)

Resources expended

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

- **Costs of generating 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
- **Governance costs**
These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

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 2015 (continued)

1. Statement of accounting policies (continued)

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.

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 quinquennial valuations using a prospective benefit method. As stated in note 24, 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

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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

2. Activities for generating funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Hire of facilities	18	-	18	25
Catering Income	418	-	418	374
Other Income	101	383	484	466
	<u>537</u>	<u>383</u>	<u>920</u>	<u>865</u>

3. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Short term deposits	-	7	7	11
	<u>-</u>	<u>7</u>	<u>7</u>	<u>11</u>

4. Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
DfE / EFA grants				
General annual grant (GAG)	-	7,129	7,129	7,195
Capital grants	-	207	207	973
Other DfE / EFA grants	-	105	105	162
	<u>-</u>	<u>7,441</u>	<u>7,441</u>	<u>8,330</u>
Other Government grants				
Local authority grants	-	36	36	24
Other	-	-	-	15
	<u>-</u>	<u>36</u>	<u>36</u>	<u>39</u>
	<u>-</u>	<u>7,477</u>	<u>7,477</u>	<u>8,369</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

5. Resources expended

	Non Pay Expenditure			Total 2015 £'000	Total 2014 £'000
	Staff costs £'000	Premises £'000	Other £'000		
Academy's educational operations					
Direct costs	5,043	602	1,056	6,701	6,708
Allocated support costs	1,085	364	348	1,797	1,731
	<u>6,128</u>	<u>966</u>	<u>1,404</u>	<u>8,498</u>	<u>8,439</u>
Governance costs including allocated support costs	-	-	38	38	33
	<u>6,128</u>	<u>966</u>	<u>1,442</u>	<u>8,536</u>	<u>8,472</u>

Net (expenditure) / income for the period includes:

	2015 £'000	2014 £'000
Operating leases:		
Plant and machinery	26	28
Fees payable to auditor for:		
Audit	10	9
Other services	5	4

6. Charitable activities

	2015 £'000	2014 £'000
Direct costs – educational operations		
Teaching and educational support staff costs	5,043	5,104
Depreciation	602	556
Technology costs	50	43
Educational supplies	229	230
Examination fees	226	210
Staff development	41	33
School Fund	363	351
Other direct costs	147	181
	<u>6,701</u>	<u>6,708</u>
Support costs – educational operations		
Support staff costs	1,085	1,052
Administration costs	114	101
Equipment costs	17	21
Maintenance of premises and equipment	65	54
Other premises costs	54	58
Rent & rates	30	44
Energy costs	122	113
Insurance	49	47
Security and transport	27	24
Catering	234	217
	<u>1,797</u>	<u>1,731</u>
Total direct and support costs	<u>8,498</u>	<u>8,439</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

7. Governance costs

	2015 £'000	2014 £'000
Legal and professional fees	23	20
Auditor's remuneration		
Audit of financial statements	10	9
Other audit costs	5	4
	<u>38</u>	<u>33</u>

8. Staff

a. Staff costs

Staff costs during the period were:

	Total 2015 £'000	Total 2014 £'000
Wages and salaries	4,953	4,959
Social security costs	360	359
Pension costs	712	766
	<u>6,025</u>	<u>6,084</u>
Supply staff costs	103	72
	<u>6,128</u>	<u>6,156</u>

b. Staff numbers

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

	2015 No.	2014 No.
<i>Charitable activities</i>		
Teachers	81	84
Administration and support	67	70
Management	8	8
	<u>156</u>	<u>162</u>

c. Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2015 No	2014 No
£60,001 - £70,000	3	3
£90,001 - £100,000	1	1
	<u>4</u>	<u>4</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2015, pension contributions for these staff amounted to £42,778 (2014: £40,974)

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

9. Related party transactions – Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees 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 trustees' remuneration and other benefits was as follows:

M Cook (principal and director):

Remuneration £95,000 - £100,000 (2014: £90,000 - £95,000)

Employer's pension contributions £10,000 - £15,000 (2014: £10,000 - £15,000)

S Morris (staff governor and director):

Remuneration £45,000 - £50,000 (2014: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

J Longridge (staff governor and director):

Remuneration £45,000 - £50,000 (2014: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2014: £5,000 - £10,000)

S Minto (staff governor and director):

Remuneration £25,000-£30,000 (2014: £25,000-£30,000)

Employer's pension contributions £0-£5,000 (2014: £0-£5,000)

During the period ended 31 August 2015, no travel and subsistence expenses were reimbursed to governors (2014 also £NIL).

Other related party transactions involving the trustees are set out in note 25.

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 2015 was £346 (2014: £33). 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 2014	12,723	320	505	13,548
Additions	2,083	131	133	2,347
Disposals	-	-	(18)	(18)
At 31 August 2015	14,806	451	620	15,877
Depreciation				
At 1 September 2014	1,625	128	200	1,953
Charged in year	439	55	108	602
Disposals	-	-	(17)	(17)
At 31 August 2015	2,064	183	291	2,538
Net book values				
At 31 August 2015	12,742	268	329	13,339
At 31 August 2014	11,098	192	305	11,595

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

12. Stock

	2015 £'000	2014 £'000
IT Consumables	-	8
Catering	3	3
	<u>3</u>	<u>11</u>

13. Debtors

	2015 £'000	2014 £'000
Trade debtors	14	17
VAT recoverable	127	90
Other debtors	6	12
Prepayments and accrued income	122	747
	<u>269</u>	<u>866</u>

14. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	191	75
Taxation and social security	102	107
Other creditors	143	48
Accruals and deferred income	513	273
	<u>949</u>	<u>503</u>

Deferred income

	2015 £'000
Deferred income at 1 September 2014	90
Resources deferred in the year	82
Amounts released from previous years	<u>(90)</u>
Deferred income at 31 August 2015	<u>82</u>

At the balance sheet date the academy trust was holding funds received in advance for trips amounting to £65,000 and rates grant of £17,000.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

15. Funds

	Balance at 31 August 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains, Losses and transfers £'000	Balance at 31 August 2015 £'000
Restricted general funds					
General Annual Grant	727	7,129	(7,160)	(119)	577
Other restricted	51	7	-	-	58
School Funds	115	383	(363)	-	135
Pension reserve	(1,109)	-	(36)	26	(1,119)
Other DfE EFA grants	-	105	(105)	-	-
EA and other grants	-	36	(36)	-	-
	(216)	7,660	(7,700)	(93)	(349)
Restricted fixed asset funds					
Inherited assets	10,230	-	(602)	-	9,628
DfE / EFA capital grants	1,904	207	-	1,600	3,711
	12,134	207	(602)	1,600	13,339
Total restricted funds	11,918	7,867	(8,302)	1,507	12,990
Unrestricted funds					
Unrestricted funds	1,321	537	(234)	(1,481)	143
Total unrestricted funds	1,321	537	(234)	(1,481)	143
Endowment Funds	25	-	-	-	25
Total funds	13,264	8,404	(8,536)	26	13,158

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 2015.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

16. Analysis of net assets between funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2015 £'000
Tangible fixed assets	-	-	13,339	13,339
Current assets	143	1,306	438	1,887
Current liabilities	-	(511)	(438)	(949)
Pension scheme liability	-	(1,119)	-	(1,119)
Total net assets	143	(324)	13,339	13,158

17. Capital commitments

	2015 £'000	2014 £'000
Contracted for, but not provided in the financial statements	-	1,623

18. Financial commitments

Operating leases

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

	2015 £'000	2014 £'000
Plant and machinery		
Expiring within one year	17	3
Expiring within two and five years inclusive	9	25
	26	28

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

	2015 £'000	2014 £'000
Net (expenditure)/income	(132)	773
Depreciation (note 11)	602	556
Capital grants from DfE and other capital income	(207)	(973)
Interest receivable (note 3)	(7)	(11)
FRS17 pension cost less contributions payable (note 24)	97	111
FRS17 pension finance income (note 24)	(60)	(17)
Decrease / (increase) in stocks	8	(7)
Decrease / (increase) in debtors	597	(681)
Increase in creditors	446	140
Net cash provided by / (used in) Operating Activities	1,344	(109)

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Notes to the Financial Statements for the year ended 31 August 2015 (continued)

20. Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Interest received	7	11
Net cash inflow from returns on investment and servicing of finance	7	11

21. Capital expenditure and financial investment

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(2,347)	(380)
Capital grants from DfE / EFA	207	973
Net cash outflow from capital expenditure and financial investment	(2,140)	593

22. Analysis of change in net funds

	At 1 September 2014 £'000	Cash Flows £'000	At 31 August 2015 £'000
Cash in hand and at bank	2,404	(789)	1,615

23. Members' liability

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

24. 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.

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 £88,466 (2014: £24,879) were payable to the schemes at 31 August 2015 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

24. Pension and similar obligations (continued)

The pension costs paid to TPS in the period amounted to £825,000 (2014: £805,000).
A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £265,000, of which employer's contributions totalled £189,000 and employees' contributions totalled £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 2015	At 31 August 2014
Principal actuarial assumptions		
Rate of increase in salaries	3.50%	3.60%
Rate of increase for pensions in payment / inflation	2.00%	2.10%
Discount rate for scheme liabilities	3.80%	3.70%
Inflation assumption (CPI)	2.00%	2.10%
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 2015	At 31 August 2014
<i>Retiring today</i>	<i>years</i>	<i>years</i>
Males	22.6	22.5
Females	25.5	25.4
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	27.8	27.7

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

	Expected return at 31 August 2015	Fair value at 31 August 2015	Expected return at 31 August 2014	Fair value at 31 August 2014
Equities	7.70%	2,995	7.50%	2,760
Bonds	5.10%	592	3.10%	570
Property	6.50%	178	6.80%	121
Cash		59	1.10%	143
Other		122	7.50%	81
Total market value of assets		3,946		3,675
Present value of scheme liabilities		(5,065)		(4,784)
Scheme deficit		(1,119)		(1,109)

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

24. Pension and similar obligations (continued)

The actual return on scheme assets was £51,000 (2014: £206,000)

Amounts recognised in the statement of financial activities

	2015 £'000	2014 £'000
Current service cost (net of employee contributions)	(288)	(297)
Past service cost	-	-
Total operating charge	(288)	(297)

Analysis of pension finance income

	2015 £'000	2014 £'000
Expected return on pension scheme assets	244	228
Interest on pension liabilities	(184)	(211)
Pension finance income	60	17

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 is a £49,000 gain (2014: £23,000 gain).

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

	2015 £'000	2014 £'000
At 1 September	4,784	4,523
Current service cost	288	297
Interest cost	184	211
Employee contributions	76	75
Actuarial (gain) / loss	(219)	(284)
Benefits paid	(48)	(38)
At 31 August	5,065	4,784

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

	2015 £'000	2014 £'000
At 1 September	3,675	3,246
Expected return on assets	244	228
Actuarial gain / (loss)	(193)	(22)
Employer contributions	192	186
Employee contributions	76	75
Benefits paid	(48)	(38)
At 31 August	3,946	3,675

The estimated value of employer contributions for the year ended 31 August 2016 is £205,000

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2015 (continued)

24. Pension and similar obligations (continued)

The five year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(5,065)	(4,784)	(4,523)	(3,980)	(2,981)
Fair value of share scheme assets	3,946	3,675	3,246	2,666	2,239
Deficit in the scheme	(1,119)	(1,109)	(1,277)	(1,314)	(742)
Experience adjustments on share of scheme assets					
Amount £'000*	(193)	(22)	199	35	12
Experience adjustments on scheme liabilities					
Amount £'000*	10	(168)	(37)	572	-

25. 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:

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.