

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 2017**

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 One St Peter's Square Manchester M2 3DE
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 (who are also Governors)

M Pinder *	(Chairman)
A K Atherton *	
D Cross *	
E Ineson *	(Chairman Finance & Resources Sub-Committee, Resigned as Chairman of Finance & Resources Sub- Committee 31/8/2017; resigned as a Member 26/9/2017)
J Hodgson*	(Appointed as a Member & Chair of Finance & Resources Sub-Committee 26/9/2017)

Governors (who are also Directors)

S Ahmed	
Z Aziz	
N Barker *	(Resigned 30/11/2016)
N Bulley *	(Head Teacher and Accounting Officer from 1/9/2016)
J Donnelly	
S Doubell	
S Eakin *	
D Glover	
S Hafez	(Resigned 27/2/2017)
S Haider	(Resigned 30/11/2016)
D Hall	
G Harris	
J Hodgson	(Appointed as a member from 26/9/2017)
E Ineson	
J Longridge	(Staff Governor)
V Maynard *	(Resigned 31/10/2016)
S Minto	(Resigned 3/11/2016)
S Morris	(Staff Governor) (Resigned 25/11/2016)
J Parker	(Appointed 10/10/2017)
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 30/9/2016)
Clerk to the Governors	S Waterhouse (Appointed 1/9/2016)

Senior Leadership Team:

Headteacher	N Bulley
Deputy Head Teacher	S Gregson (Resigned 31/8/2017)
Deputy Head Teacher	C Proud
Deputy Head Teacher	P Roberts
Assistant Head Teacher	J Barnett
Assistant Head Teacher	E Hopkinson (Resigned 31/8/17)
Assistant Head Teacher	H Naylor (Appointed 1/9/17)
Assistant Head Teacher	S Taylor
Business Manager	J Flynn
Human Resources Director	L Daddy (Appointed 1/9/2017)

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 2016 to 31st August 2017. 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 2016, there were 1,493 pupils on roll, 627 of these were in the sixth form.

Structure, Governance and Management

Constitution

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 Academy Trust 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 there were seven meetings of the full Governing Body. There were also four meetings of the Finance & Resources Sub-Committee, two meetings of the Staffing Sub-Committee and two meetings of the Curriculum Sub-Committee. The Academy Trustees met four times during the year.

The seven meetings of the Full Governing Body included two special meetings of governors to consider structural changes that would affect staff; another additional meeting was held to consider the future growth strategy of the trust. During the year, a task group made up of nominated governors was convened and met twice to undertake a self-review of the Governing Body.

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. Governors are also given access to specialist on-line training resources to assist them in this role.

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 2016/17 financial year, Mr N Bulley, Headteacher and Accounting Officer and Mr Derek Cross, a Governor served as Directors of the Dewsbury Learning Trust. In the same period, Mrs C Proud, Deputy Headteacher served as a Governor at Westborough High School which is also part of the Dewsbury Learning Trust. A small number of trainee teachers undertake their main teacher training at Heckmondwike Grammar School Academy Trust but additional secondary phase placements are also undertaken at Westborough High School for which Heckmondwike Grammar School Academy Trust is charged. The total charge made for these placements in 2016/17 was £3,400 (the equivalent charge in 2015/16 was £5,600).

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 staffs are paid according to the National Joint Council Pay Spine. A Pay Policy is in place and is reviewed annually by the Staffing Sub-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 teacher and senior staff are subject to annual appraisal and objective setting.

The head teacher reviews the senior staff annually and reports pay recommendations to the governors' Staffing Sub-Committee, which determines pay increments according to the Pay Policy which in turn reflects the pay ranges in the STPCD. A head teacher's Appraisal Sub-Committee, supported by an independent consultant, reviews the head teacher'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 to be paid on the Upper Pay Range are reviewed annually by the head teacher and those eligible for incremental progression have their performance reviewed by the head teacher, 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 2017 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; 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.

As a result, we reformulated our values in late 2016. Taking on board student and staff feedback, we selected the following:

Generosity

This is about helping others who are less able to help themselves, showing kindness and working together in a spirit of partnership.

Resilience

We persevere at whatever we set our hand to, determined and confident that we will achieve the best outcomes.

Integrity

We trust in fairness, honesty and principles as our touchstone and ensure that all we do is in the interests of our whole community.

Tolerance

We pride ourselves on the diversity of our school and celebrate the wide range of cultures, experiences and backgrounds

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 Academy Trust

Governors' Report (continued)

Heckmondwike Grammar School Academy Trust 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 2018, 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 financial 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.

Strategic Report

Achievements and Performance

GCSE Results 2017

Students are once again to be congratulated for their outstanding successes at GCSE. All of our Year 11 students secured at least five good GCSE grades, 78% of our students achieved five or more A/A* or 9-7 grades. In addition over 55% of students secured an impressive eight or more A/A* or 9-7 grades. Our headline figure of A*/A or 9-7 grades is 63.2%, which is very pleasing.

In addition to these successes, there are also some exceptional individual stories, with two students achieving an amazing twelve GCSEs at grade 9 or A* with a further three students achieving eleven GCSEs at grade A*, 8 or 9 and nine more gaining ten GCSEs at grade A*, 8 or 9.

Some impressive overall statistics include:

- 56 students with ten or more A/A* and 9-7 grades (35% of the year group);
- 88 students with eight or more A/A* and 9-7 grades (55% of the year group);
- 124 students with five or more A/A* and 9-7 grades (78% of the year group).

Post 16 Results 2017

As always the profile of our results shows a very strong bias towards the upper range of grades. Excluding general studies, 76% of results were at grade C or better and 64% of these grades were either A*, A or B.

There were some particularly impressive individual performances. Thirty two students achieved three or more grade A* or A passes while six students achieved a remarkable four or more A* or A grades.

There were two hundred and twenty five A and A* grades altogether.

Attendance

During the year, Heckmondwike Grammar School Academy Trust pupils achieved an attendance level of 97.2% (2016: 97%).

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

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.

Throughout the year a number of events raised money for charitable causes nominated by the school council and the total donated overall was £15,764 (2016: £15,695).

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 Academy Trust has continued and is currently focussed on supporting them with recruitment and the supply of quality trainee teachers through the School Direct programme, as well as 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 external audits; and
- Statutory accounts are prepared and submitted in line with the timescales laid down by the Education & Skills Funding Agency.

For the year ended 31st August 2017, 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 & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31st August 2017 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 ESFA. 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 2017, total expenditure of £8,835m was covered by recurrent grant funding from the ESFA and other incoming resources.

At 31st August 2017 the net book value of fixed assets was £12,234m 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 2016/17 this would equate to approximately £140k. 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; and
- 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 changes in funding for future years are expected to continue. Overall, these changes, along with increases in running costs, may reduce the amount of grant funding available to fund educational activities.

It is also clear that the Academy may be affected by a fundamental change in the way schools and academies are funded with the introduction of the National Funding Formula effective from 2018/19. The financial impact of this change is being considered and the potential impact will be modelled and shared with stakeholders throughout 2017/18.

Whilst these changes are being phased in, the Academy will be protected from dramatic funding losses in any individual year but may also make use of its reserves to provide short term support for the revenue budget if required. During 2016/17, Governors considered viable options for managing the changes and have put in place a suitable strategy that will not adversely affect the quality of education provision.

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 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.

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 to 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 met seven times during the year, attendance at these meetings was as follows:

Governor	Meetings attended	Out of a possible
M Pinder *	6	7
A K Atherton *	3	7
N Bulley	7	7
D Cross *	4	7
E Ineson *	2	7
S Ahmed	7	7
Z Aziz	6	7
N Barker *	1	1
J Donnelly	5	7
S Doubell	5	7
S Eakin *	2	7
D Glover	1	7
S Hafez	2	3
S Haider	1	1
D Hall	5	7
G Harris	5	7
J Hodgson *	4	7
J Longridge	6	7
V Maynard *	1	1
S Minto	1	1
S Morris	1	1

* Member of the Finance & Resources sub-committee

The seven meetings listed above included two special meetings of governors to consider structural changes that would affect academy staffs, another additional meeting was held to consider the future growth strategy of the Trust.

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

Governance review

A task group made up of five academy governors was established in December 2016 and met twice during the year to consider the effectiveness of the Governing Body with particular reference to the Academy Funding Agreement, Governors' Handbook 2017 and the Heckmondwike Grammar School Strategic Development plan. The task group specifically considered:

- The size and composition of the Governing Body;
- The skills and experience of individual Governors and any significant gaps in skills;
- The way the business of the Governing Body is conducted;
- The suitability of current reporting arrangements including the content of reports;
- The effectiveness of the various sub-committees.

Following the review, a number of recommendations were made to and were adopted by Governors at their final meeting of the year held in July 2017. These included:

- Staffing and Curriculum Sub-Committees to be combined into a single sub-committee for 2017/18;
- Membership of the Governing Body to be maintained at between 12 and 18 members;
- All Governors to serve on one of the sub-committees;
- A skills audit of Governors to be conducted every two years;
- The recruitment of new Governors to link to the review of skills, the intention being to address gaps;
- A review of the contribution made by each Governor to be carried out each year.

Governors also resolved that similar reviews should take place every four years.

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 responsibilities;
- 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 matters, including:

- Condition Improvement Fund (C.I.F.) bids for expansion and condition;
- The revenue budget for 2017/18 and financial prospects for future years;
- The National Funding Formula (N.F.F.) for schools; and
- A possible growth strategy and multi Academy Trusts.

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

Attendance at meetings of the Finance and Resources Sub-Committee was as follows:

Governor	Meetings attended	Out of a possible
A K Atherton	3	4
N Barker	2	2
N Bulley	4	4
D Cross	3	4
S Eakin	4	4
J Hodgson	4	4
E Ineson	3	4
V Maynard	0	0
M Pinder	3	4

During the year V Maynard & N Barker 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.

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

- Rationalisation of the staffing and systems associated with the pastoral care of pupils and students;
- Reviewing and restructuring the Senior Leadership Team; and
- Reviewing teaching staffing levels and contact time so as to maintain current full-time equivalent staffing despite increased pupil 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 1st September 2016 to 31st August 2017 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 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

Heckmondwike Grammar School Academy Trust

Governors' Report (continued)

Cash Flow Risk

As most of the activities of the Academy are funded directly by the Education & Skills 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 £32k of Devolved Formula Capital funding from the Education & Skills Funding Agency. This funding, along with other Academy resources was invested in ICT infrastructure and improvements to the fabric of our buildings during the year.

Liquidity Risk

Given that the Academy is funded directly by Government and has significant reserves at 31st August 2017, 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).

Two Condition Improvement Fund (C.I.F.) bids were submitted in December 2016 and both bids were successful. The first bid (value £59k) was for funding to carry out improvements to the electrical infrastructure in the older part of the Academy. Good progress on this scheme was made in the summer of 2017 and the remaining work will be completed during October and December 2017.

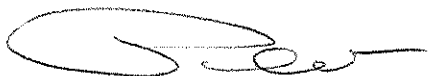
The second, larger bid (total estimated scheme value £1,070k with ESFA grant funding of £896k) is for the expansion and improvement of the facilities for sixth form students by refurbishing and enlarging the Church Annex owned by the Academy. Building work will start in November 2017 and the new sixth form centre will be brought into use in the Summer of 2018.

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 5th December 2017 and signed on the board's behalf by:



Malcolm Pinder,
Trustee and Chair of Governors
5th December 2017

Heckmondwike Grammar School Academy Trust

Governance Statement (continued)

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, the framework 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; and
- review of capital schemes and associated capital transactions.

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 Sub-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 5th December 2017 and signed on its behalf by:



Malcolm Pinder
Trustee & Chair of Governors



Nathan Bulley
Accounting Officer

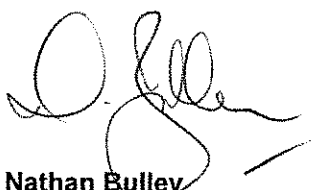
Heckmondwike Grammar School Academy Trust

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 & Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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 ESFA.



Nathan Bulley
Accounting Officer

5th December 2017

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 & Skills 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 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 2016 to 2017;
- 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 ESFA/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 5th December 2017 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 ("the 'trust'") for the year ended 31st August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

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 2017 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 2016 to 2017.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Heckmondwike Grammar School Academy Trust

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Trustees' Annual Report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Heckmondwike Grammar School Academy Trust

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Janine Fox

(Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date 11 December 2017

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 and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 1st September 2016 to 31st August 2017 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Heckmondwike Grammar School Academy Trust and the ESFA 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 ESFA, 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 26th August 2010 and the Academies Financial Handbook, extant from 1st September 2016, 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 2016 to 2017. 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 1st September 2016 to 31st August 2017 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 2016 to 2017 issued by the ESFA. 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.

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 and Skills Funding Agency (continued)

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

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 1st September 2016 to 31st August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP
Reporting Accountant
Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Date 11 December 2017

Heckmondwike Grammar School Academy Trust

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	2	-	8	987	995	41
Charitable activities:						
Funding for the academy trust's educational operations	3	-	7,159	-	7,159	7,054
Other trading activities	4	575	270	-	845	926
Investments	5	-	5	-	5	8
Total		575	7,442	987	9,004	8,029
Expenditure on:						
Charitable activities:						
Academy Trust educational operations	6	246	7,887	702	8,835	8,608
Total		246	7,887	702	8,835	8,608
Net income / (expenditure)		329	(445)	285	169	(579)
Transfers between funds	15	(58)	-	58	-	-
Other recognised gains/ (losses):						
Actuarial (losses)/gains on defined benefit pension schemes	23	-	1,487	-	1,487	(1,958)
Net movement in funds		271	1,042	343	1,656	(2,537)
Reconciliation of funds						
Total funds brought forward at 1 September 2016	15	358	(2,530)	12,793	10,621	13,158
Total funds carried forward at 31 August 2017		629	(1,488)	13,136	12,277	10,621

All of the Academy Trust's activities derive from continuing operations during the above two financial periods. Detailed comparatives for 31st August 2016 Statement of Financial Activities are at note 25.

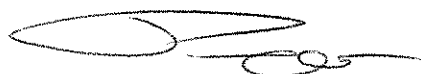
Heckmondwike Grammar School Academy Trust

Balance sheet as at 31 August 2017

Company number 07348329

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		12,234		12,793
Current assets					
Stock	12	3		3	
Debtors	13	1,104		217	
Cash at bank and in hand		1,435		1,221	
		<u>2,542</u>		<u>1,441</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(483)		(413)	
Net current assets			<u>2,059</u>		<u>1,028</u>
Total assets less current liabilities			<u>14,293</u>		<u>13,821</u>
Net assets excluding pension liability			<u>14,293</u>		<u>13,821</u>
Defined benefit pension scheme liability	23		<u>(2,016)</u>		<u>(3,200)</u>
Total net assets			<u>12,277</u>		<u>10,621</u>
Funds of the Academy Trust:					
Endowment Funds			25		25
Restricted funds					
Fixed asset fund	15	13,136		12,793	
General fund	15	321		495	
Pension reserve	15	(2,016)		(3,200)	
School Fund	15	<u>182</u>		<u>150</u>	
Total restricted funds			<u>11,623</u>		<u>10,238</u>
Unrestricted income funds	15				
General fund			629		358
Total funds			<u>12,277</u>		<u>10,621</u>

The financial statements on pages 23 to 41 were approved by the Trustees and authorised for issue on 5th December 2017 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 2017

	Note	2017 £'000	2016 £'000
Cash Flows from operating activities			
Net cash provided/(used) by operating activities	19	267	(280)
Cash Flows used in investing activities	20	(53)	(114)
Change in cash & cash equivalents in the reporting period	21	<u>214</u>	<u>(394)</u>
 Cash & cash equivalents at 1 September 2016		1,221	1,615
Cash & cash equivalents at 31 August 2017		<u>1,435</u>	<u>1,221</u>

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017

1. Statement of accounting policies: Basis of Preparation

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS102)), The Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Heckmondwike Grammar School Academies Trust meets the definition of a public benefit entity under FRS102.

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 authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is 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 meeting any performance related conditions, there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **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 2017 (continued)

1. Statement of accounting policies (continued)

- **Other Income**

Other income, including that from 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**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

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

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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

Tangible Fixed Assets (continued)

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.

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.

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

Financial Assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stock

Catering stocks for re-sale 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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

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.

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 there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised in the period to which they relate.

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

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

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 & Skills 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.

Critical accounting estimates and assumptions

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

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

1. Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement (continued)

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 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2017. 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 2017 £'000	Total 2016 £'000
Capital grants	-	987	987	31
Other donations	-	8	8	10
	-	995	995	41

3. Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	7,023	7,023	6,909
Other DfE / ESFA grants	-	103	103	92
	-	7,126	7,126	7,001
Other Government grants				
Local authority grants	-	33	33	53
Special educational projects	-	-	-	-
	-	33	33	53
Other income from the Academy Trust's educational operations	-	-	-	-
	-	7,159	7,159	7,054

4. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	17	-	17	20
Catering Income	439	-	439	430
Other	119	270	389	476
	575	270	845	926

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

5. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	-	5	5	8
	-	5	5	8

6. Expenditure

	Non Pay Expenditure			Total 2017 £'000	Total 2016 £'000
	Staff costs £'000	Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	5,208	702	822	6,732	6,736
- Allocated support costs	1,398	268	437	2,103	1,872
	6,606	970	1,259	8,835	8,608

Net income /(expenditure) for the period includes:

	2017 £'000	2016 £'000
Operating lease rentals	48	27
Depreciation	702	699
Fees payable to auditor for:		
Audit	11	11
Other services	4	4

Included within expenditure are the following transactions:

	2017 £'000	2016 £'000
Unrecoverable debts	0	1

7. Charitable activities

	2017 £'000	2016 £'000
Direct costs – educational operations	6,732	6,736
Support costs – educational operations	2,103	1,872

Analysis of support costs	2017 £'000	2016 £'000
Support staff costs	1,398	1,166
Premises costs	268	293
Other support costs	400	377
Governance costs	37	36
Total support costs	2,103	1,872

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

8. Staff

a. Staff costs

Staff costs during the period were:

	Total 2017 £'000	Total 2016 £'000
Wages and salaries	4,933	4,896
Social security costs	468	400
Operating costs of defined benefit pension schemes	1,081	868
Apprenticeship levy	4	-
	6,486	6,164
Supply staff costs	99	74
Staff restructuring costs	21	18
	6,606	6,256
Staff restructuring costs comprise:		
Redundancy payments	15	11
Pay in lieu of notice	6	7
	21	18

An explanation of the academy policy on restructuring and redundancy is given on page 29.

b. Staff numbers

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

	2017 No.	2016 No.
Teachers	96	95
Administration and support	105	111
Management	8	8
	209	214

c. Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	0	3
£70,001 - £80,000	3	-
£90,001 - 100,000	1	-
£100,001 - £110,000	0	1

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions for these staff amounted to £49,978 (2016: £51,854).

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 £713,320 (2016: £783,305).

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

9. Related party transactions – Trustees' remuneration and expenses

One or more directors have been paid remuneration or have 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:

N Bulley (principal and director):	
Remuneration	£90,000-£95,000 (2016: £0)
Employer's pension contributions	£15,000-£20,000 (2016: £0)
S Morris (staff governor and director):	
Remuneration	£10,000-£15,000 (2016: £45,000 - £50,000)
Employer's pension contributions	£0-£5,000 (2016: £5,000 - £10,000)
J Longridge (staff governor and director):	
Remuneration	£45,000-£50,000 (2016: £45,000 - £50,000)
Employer's pension contributions	£5,000-£10,000 (2016: £5,000 - £10,000)
S Minto (staff governor and director):	
Remuneration	£5,000-£10,000 (2016: £15,000-£20,000)
Employer's pension contributions	£0-£5,000 (2016: £0-£5,000)

During the period ended 31 August 2017, no travel and subsistence expenses were reimbursed to Directors who were not employees. Other related party transactions involving the Trustees are set out in note 24.

10. Trustees and officers insurance

As an alternative to a commercial insurance policy, the academy buys in to the Risk Protection Arrangement (R.P.A.) scheme offered by the Education and Skills Funding Agency as this scheme costs less than an equivalent commercial insurance package. RPA cover protects Academy Trusts against losses due to unforeseen or unexpected events and protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. Cover of up to £10,000,000 on any one claim is offered through the scheme in any membership year. The cost of cover is based on pupil numbers and is met through monthly deductions of General Annual Grant (G.A.G.).

11. Tangible fixed assets

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Total £'000
Cost				
At 1 September 2016	14,795	474	757	16,026
Additions	50	52	41	143
Disposals	-	-	(6)	(6)
At 31 August 2017	14,845	526	792	16,163
Depreciation				
At 1 September 2016	2,572	252	409	3,233
Charged in year	507	74	121	702
Disposals	-	-	(6)	(6)
At 31 August 2017	3,079	326	524	3,929
Net book values				
At 31 August 2017	11,766	200	268	12,234
At 31 August 2016	12,223	222	348	12,793

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

12. Stock

	2017 £'000	2016 £'000
Catering	3	3
	<u>3</u>	<u>3</u>

13. Debtors

	2017 £'000	2016 £'000
Trade debtors	23	16
VAT recoverable	48	67
Other debtors	4	6
Prepayments and accrued income	1,029	128
	<u>1,104</u>	<u>217</u>

14. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	93	72
Other taxation and social security	115	117
Other creditors	135	71
Accruals and deferred income	140	153
	<u>483</u>	<u>413</u>

Deferred income

	2017 £'000	2016 £'000
Deferred income at 1 September 2016	73	82
Released from previous years	(73)	(82)
Resources deferred in the year	73	73
Deferred income at 31 August 2017	<u>73</u>	<u>73</u>

At the balance sheet date the Academy Trust was holding funds received in advance for trips amounting to £35,000 (2016: £57,000), music lesson fees of £18,000 (2016: £16,000) and rates relief grant £20,000 (2016: £0).

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

15. Funds

	Balance at 31 August 2016 £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant	419	7,023	(7,203)	-	239
Other restricted	76	6	-	-	82
School Funds	150	277	(245)	-	182
Pension reserve	(3,200)	-	(303)	1,487	(2,016)
Other DfE/ESFA grants	-	103	(103)	-	-
Other grants	-	33	(33)	-	-
	<u>(2,555)</u>	<u>7,442</u>	<u>(7,887)</u>	<u>1,487</u>	<u>(1,513)</u>
Restricted fixed asset funds					
Inherited assets	8,929	-	(702)	-	8,227
DfE/ESFA capital grants	3,864	987	-	58	4,909
Capital expenditure from GAG	-	-	-	-	-
	<u>12,793</u>	<u>987</u>	<u>(702)</u>	<u>58</u>	<u>13,136</u>
Total restricted funds	<u>10,238</u>	<u>8,429</u>	<u>(8,589)</u>	<u>1,545</u>	<u>11,623</u>
Total unrestricted funds	<u>358</u>	<u>575</u>	<u>(246)</u>	<u>(58)</u>	<u>629</u>
Endowment Funds	25	-	-	-	25
Total funds	<u>10,621</u>	<u>9,004</u>	<u>(8,835)</u>	<u>1,487</u>	<u>12,277</u>

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

The restricted general funds relate to grants receivable from the ESFA 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 ESFA 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 31st August 2017.

During the year, £58k was transferred from unrestricted funds to the restricted fixed asset fund. This transfer represents the difference between capital income of £85k and capital expenditure of £143k.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

16. Analysis of net assets between funds

Fund balances at 31st August 2017 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2017 £'000
Tangible fixed assets	-	-	12,234	12,234
Current assets	629	1,011	902	2,542
Current liabilities	-	(483)	-	(483)
Pension scheme liability	-	(2,016)	-	(2,016)
Total net assets	629	(1,488)	13,136	12,277

17. Capital commitments

	2017 £'000	2016 £'000
Contracted for, but not provided in the financial statements	1,101	-

18. Commitments under operating leases

Operating leases

At 31st August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £'000	2016 £'000
Amounts due within one year	45	36
Amounts due between one and five years	116	112
	161	148

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

	2017 £'000	2016 £'000
Net Income/(Expenditure) for the reporting period (as per the statement of financial activities)	169	(579)
Adjusted for:		
Depreciation (note 11)	702	699
Capital grants from DfE and other capital income	(85)	(31)
Interest receivable (note 5)	(5)	(8)
Defined benefit pension scheme cost less contributions payable (note 23)	240	84
Defined benefit pension scheme finance cost (note 23)	63	39
Decrease in stocks	-	-
(Increase)/decrease in debtors	(887)	52
Increase/(decrease) in creditors	70	(536)
Net cash provided by/(used in) Operating Activities	267	(280)

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

20. Cash flows from investing activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	5	8
Proceeds from sale of tangible fixed assets	-	-
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(143)	(122)
Capital grants from DfE/ESFA	85	-
Capital funding received from sponsors and others	-	-
Net cash used in investing activities	(53)	(114)

21. Analysis of cash and cash equivalents

	At 1 September 2016 £'000	Cash Flows £'000	At 31 August 2017 £'000
Cash in hand and at bank	1,221	214	1,435
	<u>1,221</u>	<u>214</u>	<u>1,435</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.

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 31st March 2012 and of the LGPS 31st March 2013. Contributions amounting to £99,171 (2016: £19,681) were payable to the schemes at 31 August 2017 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 1st April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1st 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.

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

23. Pensions and similar obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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 31st 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 9th 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;
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 16.48%. 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 currently underway based on April 2016 data whereupon the employer contribution rate is expected to be reassessed and will be payable from 1st April 2019.

The total pension costs paid to TPS in the period amounted to £918,000 (2016: £905,000), of which employer's contributions totalled £579,000 (2016: £571,000) and employees contributions totalled £339,000 (2016: £334,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS102, 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 31st August 2017 was £264,000 (2016: £242,000), of which employer's contributions totalled £192,000 (2016: £172,000) and employees' contributions totalled £72,000 (2016: £70,000). The agreed contribution rates for future years are 18.8 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 18th July 2013.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

23. Local Government Pension Scheme (continued)

	At 31 August 2017	At 31 August 2016
Principal actuarial assumptions		
Rate of increase in salaries	3.35%	3.50%
Rate of increase for pensions in payment / inflation	2.10%	2.00%
Discount rate for scheme liabilities	2.50%	2.00%
Inflation assumption (CPI)	2.10%	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 2017 years	At 31 August 2016 years
<i>Retiring today</i>		
Males	22.1	22.7
Females	25.2	25.6
<i>Retiring in 20 years</i>		
Males	23.0	24.9
Females	27.0	28.0

The Academy Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2017 (£'000)	Fair value at 31 August 2016 (£'000)
Equities	4,090	3,512
Bonds	716	720
Property	239	225
Cash	80	65
Other	180	154
Total market value of assets	5,305	4,676
Present value of scheme liabilities	(7,321)	(7,876)
Scheme deficit	(2,016)	(3,200)

The actual return on scheme assets was £439,000 (2016: £745,000).

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.

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

23. Local Government Pension Scheme (continued)

Amounts recognised in the Statement of Financial Activities

	2017 £'000	2016 £'000
Current service cost (net of employee contributions)	(431)	(257)
Past service cost	-	-
Total operating charge	<u>(431)</u>	<u>(257)</u>

Analysis of pension finance income

	2017 £'000	2016 £'000
Expected return on pension scheme assets	95	150
Interest on pension liabilities	(158)	(189)
Pension finance income	<u>(63)</u>	<u>(39)</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 £422,000 loss (2016: £1,909,000 loss).

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

	2017 £'000	2016 £'000
At 1 September	7,876	5,065
Current service cost	431	257
Interest cost	158	189
Employee contributions	79	70
Actuarial (gain) / loss	(1,143)	2,553
Benefits paid	(80)	(258)
At 31 August	<u>7,321</u>	<u>7,876</u>

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

	2017 £'000	2016 £'000
At 1 September	4,676	3,946
Interest income on assets	95	150
Remeasurement gains/(losses) on assets	344	595
Employer contributions	191	173
Employee contributions	79	70
Benefits paid	(80)	(258)
At 31 August	<u>5,305</u>	<u>4,676</u>

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:

Heckmondwike Grammar School Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

24. Related party transactions (continued)

During the 2016/17 financial year, Mr N Bulley, Headteacher and Accounting Officer and Mr Derek Cross, a Governor served as Directors of the Dewsbury Learning Trust. In the same period, Mrs C Proud, Deputy Headteacher served as a Governor at Westborough High School which is also part of the Dewsbury Learning Trust. A small number of trainee teachers undertake their main teacher training at Heckmondwike Grammar School but additional secondary phase placements are also undertaken at Westborough High School for which Heckmondwike Grammar School Academy is charged. The total charge made for these placements in 2016/17 was £3,400 (2016: £5,600).

25. Statement of Financial Activities for the year ended 31 August 2016 (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 2016 £'000
Income and endowments from:				
Donations and capital grants	-	10	31	41
Charitable activities:				
Funding for the academy	-	7,054	-	7,054
trust's educational operations	566	360	-	926
Other trading activities	-	8	-	8
Investments	-	-	-	-
Total	566	7,432	31	8,029
Expenditure on:				
Charitable activities:				
Academy Trust educational operations	229	7,680	699	8,608
Total	229	7,680	699	8,608
Net income/ (expenditure)	337	(248)	(668)	(579)
Transfers between funds	(122)	-	122	-
Other recognised gains/ (losses):				
Actuarial gain on defined benefit pension schemes	-	(1,958)	-	(1,958)
Net movement in funds	215	(2,206)	(546)	(2,537)
Reconciliation of funds				
Total funds brought forward at 1 September 2015	143	(324)	13,339	13,158
Total funds carried forward at 31 August 2016	358	(2,530)	12,793	10,621

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 2017 (continued)

24. Related party transactions (continued)

During the 2016/17 financial year, Mr N Bulley, Headteacher and Accounting Officer and Mr Derek Cross, a Governor served as Directors of the Dewsbury Learning Trust. In the same period, Mrs C Proud, Deputy Headteacher served as a Governor at Westborough High School which is also part of the Dewsbury Learning Trust. A small number of trainee teachers undertake their main teacher training at Heckmondwike Grammar School but additional secondary phase placements are also undertaken at Westborough High School for which Heckmondwike Grammar School Academy is charged. The total charge made for these placements in 2016/17 was £3,400 (2016: £5,600).

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	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000
Income and endowments from:				
Donations and capital grants	-	10	31	41
Charitable activities:				
Funding for the academy trust's educational operations	-	7,054	-	7,054
Other trading activities	566	360	-	926
Investments	-	8	-	8
Total	566	7,432	31	8,029
Expenditure on:				
Charitable activities:				
Academy Trust educational operations	229	7,680	699	8,608
Total	229	7,680	699	8,608
Net income/ (expenditure)	337	(248)	(668)	(579)
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All of the Academy Trust's activities derive from continuing operations during the above financial period.