

**Company Registration Number:
9175427 (England and Wales)**

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE SCHOOL, ITS MEMBERS/TRUSTEES AND ADVISORS FOR THE PERIOD ENDED 31 AUGUST 2015

Members of Single Academy Trust (up to 15 November 2015)

D Arnold, Vice Chair of Trustees, Chair of Curriculum Committee (appointed 14 August 2014)*
K Brown, Chair of Trustees, (appointed 14 August 2014)*
D Drizen, Chair of Audit, Risk Management and Policy Committee (appointed 14 August 2014)

Members of Multi Academy Trust (from 16 November 2015)

K Brown (tenure continued from 14 August 2014)
S Mahmood (appointed 16 November 2015)
S Seal (appointed 16 November 2015)
D Capelin (appointed 1 December 2015)

Trustees (from 16 November 2015)

K Brown (appointed 1 October 2014)*
D Drizen, Howard School Representative (tenure continued from 14 August 2014)
P Morris, Principal and Accounting Officer (tenure continued from 14 August 2014)*
O McColgan, Finance & HR Director (appointed 16 November 2015)
B Fincham, Temple Mill Primary School Representative (appointed 16 November 2015)
F Martin (appointed 16 November 2015)
J Watson (appointed 16 November 2015)
R McKenna (appointed 16 November 2015)
J Richardson (appointed 30 November 2015)

Trustees (up to 15 November 2015)

D Arnold (appointed 14 August 2014, resigned 15 November 2015)*
K Brown (appointed 14 August 2014)*
D Drizen (appointed 14 August 2014)
J Baker, (appointed 14 August 2014, resigned 15 November 2015)
M Durcan (appointed 14 August 2014)*
N Fray (appointed 14 August 2014, resigned 15 November 2015) *
R Greening, Staff Trustee (appointed 14 August 2014, resigned 4 October 2015)*
B Harman, Staff Trustee (appointed 14 August 2014, resigned 15 November 2015)*
C Ling (appointed 14 August 2014, resigned 15 November 2015)
T Marchant (appointed 14 August 2014, resigned 15 November 2015)*
G Marshall (appointed 14 August 2014, resigned 15 November 2015)
K Moore, Staff Trustee (appointed 14 August 2014, resigned 15 November 2015)*
P Morris, Principal and Accounting Officer (appointed 14 August 2014)*
N Nash, (appointed 14 August 2014, resigned 15 November 2015)
P Snook, (appointed 3 September 2014, resigned 21 September 2015)*

* denotes also a member of Finance Committee

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Senior management team

P Morris, Principal (CEO from 1 December 2015)

O McColgan, Director of Finance and HR

P Cottam, Vice Principal

J Parish, Deputy Vice Principal

J Johal, Deputy Vice Principal

C Reid, Deputy Vice Principal

P Murphy, Deputy Vice Principal

K Moore, Assistant Principal

D Harvey, Assistant Principal

M Pyrke, Assistant Principal

Principal and registered office

Derwent Way

Gillingham

Kent

ME8 0BZ

Company registered number

9175427

Independent auditors

Moore Stephens LLP, 150 Aldersgate Street, London, EC1A 4AB

Bankers

HSBC, 1-5 Week Street, Maidstone, ME14 1QW

Solicitors

Browne Jacobson LLP, 5th Floor, 6 Bevis Marks, London, EC3A 7BA

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TRUSTEES' REPORT FOR THE PERIOD ENDED 31 AUGUST 2015

The Howard Academy Trust was incorporated as a charitable company under the Companies Act 2006 on 14 August 2014 and commenced operations on 1 October 2014.

The Trustees are directors for the purposes of the Companies Act 2006. They are also the Trustees to the School and as a group constitute the Board of Trustees to the School. Throughout this report the Trustees are referred to as the Trustees and the Board referred to as the Governing Body.

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 14 August 2014 to 31 August 2015. The annual report serves the purposes of both a trustees' report under the charities SORP, and a directors' report under company law.

For the financial period reported The Howard Academy Trust was a single Academy trust and acts as a strategic body helping to promote and assist education at the Academy. Since the year end it has become a Multi Academy Trust but the results and main content of this report relates to the single academy status.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in Medway, Kent. It has a pupil capacity of 1500 pupils and had a roll of 1519 in the school census on 1 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity which was incorporated on 14 August 2014. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of The Howard Academy Trust are also the directors of the charitable company for the purposes of company law. They are also the Academy Trust Trustees.

On 1 December 2015 the Trust became a multi-academy and Temple Mill Primary School joined the Trust on the same date.

The members delegate the management of operations of the Academy Trust to the Board of Trustees.

The Members of the Academy Trust comprise:

1. The signatories to the Memorandum;
2. The chairman of Trustees;
3. The vice-chairman of the Trustees;
4. The chair of the Audit, Risk Management and Policy Committee established in accordance with Article 101; and
5. Any person appointed under Article 16.

On 1 December 2015 the Trust amended its articles of association. From this date the Members of the Academy Trust comprise:

1. The signatories to the Memorandum
2. Any person appointed under Article 15A

From this date an employee of the Trust cannot be a Member.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1. The changes in appointments after the period end were to structure the governance from a single

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

academy to a multi academy trust.

Member's Liability

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

Members' Indemnities

The Academy Trust's insurers indemnify against any claims in respect of any civil liability and which arises out of the conduct of the insured in their personal capacity as a director, Trustee, or officer of the Academy Trust.

Method of Recruitment and Appointment or Election of Trustees

The management of the Academy Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Trust deed.

The Academy Trust has the following Trustees and methods of appointment:

- a) A minimum of three Parent Trustees appointed by parents of registered pupils at the Academy;
- b) The Principal;
- c) Up to three Staff Trustees appointed through such process as they may determine and shall not exceed one third of the total number of Trustees;
- d) Up to six Community Trustees appointed by the Governing Body;
- e) Up to five Partnership Trustees appointed by the Governing Body provided that the appointment represents one or more of the commercial partners of the Academy.

As noted above, the Academy Trust amended its Articles of Association as a result of becoming a multi academy trust on 1 December 2015. From this date the Academy Trust has the following Trustees and methods of appointment:

- a) Up to seven Trustees appointed under Article 50 (appointed by the Members by ordinary resolution);
- b) The Chief Executive Officer;
- c) Up to one Staff Trustee appointed through such process as they may determine and shall not exceed one third of the total number of Trustees;
- d) A minimum of two Parent Trustees appointed by parents of registered pupils at the Academy, in the event that no Local Governing Bodies are established or if no provision is made for at least 2 Parent Trustees on each established Local Governing Body

Term of office

The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Principal. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

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

Policies and Procedures Adopted for the Induction and Training of Trustees

Upon their appointment, all new Trustees are given an induction by the Academy Trust and Governing Body. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational Structure

The structure of the organisation has three levels; the Trustees, the Academy Trust leadership team and the operational Academy Trust managers. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for overall administration of the Academy's finances. They are also responsible for ensuring that funding is used for the purposes intended, approve the annual budget and material changes, ensure a scheme of delegation is in place, ensure assets are managed and accounting records are maintained, ensure budget monitoring statements are a true and accurate record on income and expenditure and approve the Annual Statutory Financial Statements.

The operational Academy Trust managers are responsible for the day to day operation of the Academy Trust departments, in particular organising staff, facilities and pupils.

From 1 December 2015 (as a result of conversion to multi-academy status) an additional level was added to the structure of the organisation, the Local Governing Bodies (LGB). The LGBs are responsible for monitoring and supporting the work of the academy to which they are appointed, within the parameters prescribed by the Board of Trustees.

Connected Organisations, Including Related Party Relationships

There are no connected organisations or related party relationships other than those noted in note 25 to the Financial Statements.

OBJECTIVES AND ACTIVITIES

Principal Activities

The Howard School was established in 1975 by amalgamating Rainham Boys Secondary School and Gillingham Boys Grammar School to form a bi-lateral school. A bi-lateral school is one where admission to the grammar school section is by 11 plus selection and admission to the high school section is non-selective.

The School became a Specialist Sports College with ICT as the second strand in 2007. In October 2014, the School became an Academy and the core of The Howard Academy Trust.

In accordance with the Articles of Association the Academy Trust has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies amongst other things, the basis for admitting pupils to the Academy Trust and that the Academy Trust will provide a broad and balanced curriculum.

The Trust operates an academy for pupils aged 11 to 18 serving a catchment area in Medway, Kent. It has a pupil capacity of 1500 pupils and had a roll of 1519 in the school census on 1 October 2015.

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

Objects and Aims

The principal object of the Academy Trust is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Gillingham, Kent and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, Strategies and Activities

The vision statement of The Howard Academy Trust is as follows:

- Foster tolerance and respect for all cultures represented in the School.
- Foster productive partnerships with parents, carers and the wider community.
- Ensure that students are aware of their rights and have respect for the rights of others.
- Provide a challenging, interesting and well-balanced curriculum catering for the range of abilities and needs of our students.
- Continue to raise our standards of academic success.
- Provide a safe, happy and caring working environment in which each student is valued.
- Have consistently high expectations relevant to the abilities of each student; to match these with high quality resources and learning strategies.
- Develop in each student a sense of moral values in order to help prepare them for future responsibilities and opportunities.
- Develop in students an understanding of themselves and enable them to become responsible citizens with a social, cultural, economic and political awareness.

Public Benefit

The Trustees acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy Trust are for the public benefit.

The Academy Trust is a Specialist Sports College with ICT as the second strand. It is a high achieving successful 11 to 18 school in the local area of Medway. This Academy Trust is specifically restricted to advance, for public benefit, education in the United Kingdom.

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

STRATEGIC REPORT

Achievements and Performance

During the past year the Academy has continued to focus on making improvements to student achievement outcomes particularly in regard to progress measures. There has been a strong focus on driving progress in English and Mathematics and on those students who trigger the Pupil Premium. The Academy clearly exceeded the government floor target in summer 2015. Using the government's key indicator in KS4 (5A*-C with English and Maths), 52/53% of students were successful. This is clearly in advance of average outcomes for non-selective schools and all boys nationally. Progress in English and Maths was at or above national norms.

The School maintained an average C grade in level 3 academic qualifications and a distinction minus in vocational equivalents at KS5.

Trustees have developed a new 3-year strategic plan with the aim of moving the School towards achieving improved outcomes. The senior team structure has been refined to bring about improvements in all Ofsted key areas. Performance management for teachers has been embedded with a new pay policy linking directly to student progress, professional conduct and the standards of quality of teaching and learning.

Educational Management

Teachers have high expectations of what all groups of students can achieve. This, with their detailed knowledge of students' abilities, ensures that they plan activities which build securely on students' prior learning helping them make rapid progress.

Teachers' excellent subject knowledge, coupled with their ability to stimulate and maintain interest, enables students to gain deep and accurate understanding. Teachers succeed in creating a positive climate for learning. Teaching is assessed as 'Good' overall with much of what is delivered considered 'Outstanding'.

The last Ofsted Report of November 2013 rated the school as Good in all inspection judgements. Full details are available on the Academy Trust's website.

The Academy Trust has extensive monitoring and tracking systems in place to ensure all students are making good progress. Reporting to parents/carers is completed a minimum of three times per year. Our Data Manager collates, analyses and disseminates information to enable all teachers and support staff to intervene when students fall behind. Systems are supported via the effective use of IT and training for staff.

Teachers mark students' work regularly and thoroughly. Detailed written and verbal feedback enables them to know what they have done well and how they can improve further. Student responses are informed and effective. Student voice is positive about the quality of teaching.

Attendance, Behaviour and Safety

Attendance has improved from last year and moved ahead of national norms. Authorised absence for years 7 to 11 reduced to 4.6%. Unauthorised absence at 0.8% remained unchanged and is significantly below the national figure which stands in excess of 1% (DfE 2014) for all secondary schools. KS3 absence for 2014/15 stood at 5.1% authorised and 0.73% unauthorised. In KS4 there was 4% authorised absence and 0.9% unauthorised absence. The best year for attendance was Year 11 at 3.2% authorised and 0.9% unauthorised. All students with less than 90% attendance are strictly monitored and subject to interventions which has led to a reduction in 'persistent absence'.

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

The Academy's work to keep students safe and secure is good. Student voice indicates they feel safe in school and evidence of a genuine concern regarding their welfare.

The trend of reducing fixed term exclusions established in 2007 has continued without diluting our expectations of what constitutes acceptable behaviour. We continue to refine our behaviour management systems in the school and have restructured behaviour support facilities, which have impacted positively on behaviour. Behaviour of students is considered good. They are keen to learn and maintain a positive attitude which contributes to progress. Students from a wide variety of backgrounds and traditions relate well to one another. Student reports of bullying activity are comparatively rare and when incidents occur they are effectively and promptly dealt with. They are informed of the different forms it can take, including homophobic and cyber bullying.

The Howard School has achieved the prestigious Level 2 UNICEF Rights Respecting School Award. This is a clear and positive validation of students' approaches to others in the school community.

Range of Educational Activities

The Academy has an extensive range of educational activities and opportunities which enrich the offer for all students. There is a full programme of educational visits and journeys ranging from local to international destinations. The Academy is committed to students benefitting from work place experience. Every child in the present Year 11, 12 and 13 has completed at least one week in a place of work.

Admissions

The number of students on roll is at or around 1530 (as at 21.09.2015) which is marginally up from 1500 in 2014 and 1465 in 2013. Year 7 numbers are over PAN and every year group is effectively full. There are in excess of 300 students in the 6th Form.

Leadership

The leadership and management of the School is at least good.

The Principal, supported by his senior colleagues, has been relentless in a drive to ensure that high quality teaching throughout the School results in impressive achievement for students. Senior leaders have set increasingly ambitious targets for improvement and ensure that all staff fully understand and make every effort to achieve them.

Middle leaders are knowledgeable and enthusiastic about their areas of responsibility. They make a very positive contribution to ensuring that, for example, newly appointed staff receive the support and guidance they need to be quickly effective in their roles.

The School has improved the frequency and the accuracy with which it assesses student progress. This enables staff to identify quickly any student who is at risk of underachieving and to provide the support they need to overcome any barriers they may face. Leaders have recently introduced a more effective system for recording and sharing information about student progress. Staff make good use of this system by analysing students' performance even more closely.

The School's curriculum makes an excellent contribution to students' spiritual, moral, social and cultural development. Students benefit from an extensive range of courses, which enable them to achieve extremely well and prepares them very successfully for the next stage of their education and for future careers. They also enjoy taking part in an extremely wide variety of after-school and special events. This gives them many opportunities to develop their interests and skills in, for example, music, drama and sport. They also benefit from expert and impartial careers advice and guidance.

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

Leaders have made extremely good use of additional funding to ensure that no students are prevented from taking part in any such activity.

Since becoming an academy, the School no longer has formal links with the local authority. It maintains cordial relations with it and the Principal, as a local leader of education, provides beneficial support to local schools. Through its cooperation with another secondary school, the School has increased the range of courses available to students at post-16. School leaders have continued to receive valuable advice from the designated school improvement partner, for example in helping to ensure that their evaluation of the school's performance is accurate.

Key Performance Indicators

Key education performance indicators are:

Inspection outcomes – overall effectiveness: Good 2

Achievement of pupils – Good 2

Quality of teaching – Good 2

Behaviour and safety of pupils – Good 2

Leadership and management – Good 2

The key financial performance indicators are:

- The Finance Director reviews the actual against the budget reports and investigates any significant variances.
- Half termly reports are prepared for presentation to the finance committee with explanations of significant variances.

Non-financial performance indicators are: pupil numbers and staff costs and these are constantly monitored. Pupil numbers primarily drive the level of GAG funding.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable 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 Accounting Policies.

Financial Review

Most of the Academy Trust's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Within the accounting period the Academy also received grants from the DfE for fixed assets. In accordance with the Charities Statement of Recommended Practice, "Accounting and Reporting by Charities" (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

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

As reported in Note 27, on 1st October 2014 The Howard School converted to academy status and all the operations and assets and liabilities were transferred to The Howard Academy Trust from the Medway Local Authority for £Nil consideration. The results reported in this set of Financial Statements relate primarily to The Howard School, operating within the ambit of a single academy trust.

During the period ended 31 August 2015 total expenditure of £8,574,000 was covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the period was £21,482,000 made up of restricted fixed asset funds of £22,548,000; restricted general funds (before pension reserve) of £189,000 and unrestricted funds of £36,000.

Expenditure was used to provide a stimulating education for students and to improve the infrastructure of the school in order to improve learning.

The deficit in the Local Government Pension Scheme (LGPS) is recognised on the Balance Sheet in accordance with FRS17. At 31 August 2015, the deficit stood at £1,291,000. The existence of the pension scheme deficit does not mean an immediate liability crystallises and is addressed over a series of years through pension contributions recommended by the pension scheme actuaries during subsequent triennial valuations of the scheme. Note 24 details the assumptions and movements during the year on the Scheme.

As at 31 August 2015 the net book value of fixed assets was £22,548,000 and movements in tangible assets are shown in Note 14 to the financial statements. The buildings and land are owned by the Trust. Any alterations or improvements incurred by the Trust are shown as fixed assets.

Reserves Policy / Contingency

The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy Trust whilst ensuring that excessive funds are not accumulated. Through a combination of government funding and funds inherited on conversion the Trustees are satisfied that the Academy's reserves are sufficient for its current purpose. The reserves as at 31 August 2015 amounted to a surplus of £21,482,000. This includes a pension fund deficit of £1,291,000. Free reserves amounted to £36,000. Please see the Statement of Financial Activities for more detail.

Investment Policy and Performance

The Academy Trust does not currently invest funds.

Principal Risks and Uncertainties

The principal goal for the Academy Trust is to safeguard its long-term ability to continue to attract high-calibre staff and deliver an excellent education to all pupils, and to maintain its physical facilities.

The principal risk for the finances of the Academy Trust is a reduction in pupil numbers. The majority of the Academy Trust's income comes from the EFA, which is principally calculated by reference to the numbers of students enrolled at the Academy. The Trustees assess the risk of a substantial reduction in funding to be low. However, income could still be affected by any changes in government funding. The Trustees have mitigated this risk by being mindful of the situation and are therefore constantly monitoring and promoting the School.

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

Plans for Future Periods

On 1st December 2015 The Howard Academy Trust became a Multi Academy Trust adding Temple Mill Primary School to the Trust. The Academy Trust has put forward to the Regional Schools Commissioner expansion plans for the next year to add an additional sponsor, convertor academy and new provision to our family of schools pending project approval.

The Howard School has been successful with an application in PSBP2 for additional facilities and this will involve the construction of two new purpose built classroom blocks.

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finances. They have also introduced systems and procedures (e.g. safeguarding) and internal financial controls in order to minimise risk. Where significant risk still remains, they have ensured that they have sufficient insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

As Trustees, we acknowledge we have overall responsibility for ensuring that the Academy Trust has an effective and appropriate system of controls, both financial and otherwise. We are also responsible for ensuring that proper accounting records are kept that disclose with reasonable accuracy the financial position of the Academy Trust and enable us to prepare financial statements that comply with the Companies Act.

We also acknowledge responsibility for safeguarding the assets of the Academy Trust and for taking reasonable assurance that:

- The Academy Trust is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use and disposition;
- Proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

Financial and Risk Management Objectives and Policies

The main objective is to ensure that the Academy Trust operates within its allocated budget and settles its liabilities as they fall due.

In accordance with the Academy Trust's statutes, the Trustees and senior staff are responsible for the administration and management of the Academy Trust's affairs. They are responsible for setting objectives and policies to ensure that:

- There is an effective system of internal control and that accounting records are properly kept;
- There are appropriate financial and management controls in place to safeguard the assets of the Academy Trust and to prevent and detect fraud; and
- The Academy Trust secures economical, efficient and effective management of its resources and expenditure.

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

Liquidity risk

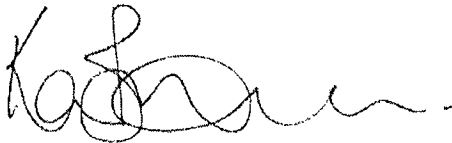
- The Academy Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Disclosure of Information to Auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditor in connection with preparing their report and to establish that the charitable company's auditor is aware of that information.

The trustees report, incorporating the strategic report was approved by order of the Board of Trustees on and signed on its behalf by:



**K Brown
Chair of Trustees**

18 DECEMBER 2015

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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Howard Academy Trust and the Secretary of State for Education. He is responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
D Arnold, Vice Chair of Trustees	3	4
J Baker	2	4
K Brown – Chair of Trustees	3	4
D Drizen, Chair of Audit Committee	3	4
M Durcan, Chair of Finance Committee	3	4
N Fray	3	4
R Greening, Staff Trustee	4	4
B Harman, Staff Trustee	4	4
C Ling	1	4
T Marchant	4	4
G Marshall	3	4
K Moore, Staff Trustee	4	4
P Morris, Principal and Accounting Officer	4	4
N Nash	4	4
P Snook	3	4

Governance reviews:

When recruiting Trustees to fill vacancies, the Board of Trustees identifies which skills and competencies are required in order for the Board to have a broad balance of relevant skills and knowledge. New and existing trustees are provided access to a range of courses to develop their skills. The Board completed a skill-set self-evaluation and as a multi-academy trust, the Trustees will be reviewing their skill sets further in 2015 - 2016.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is:

- Initially reviewing and recommendation of the annual budget to the Board of Trustees;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation;
- Reviewing the reports of the Responsibility Officer on the effectiveness of the financial procedures and controls. Reports must also be reported to the Board of Trustees;

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GOVERNANCE STATEMENT (continued)

- Reviewing the financial policies of the Academy and where necessary make recommendations to the Board of Trustees.

The Finance Committee held three meetings during the period (Autumn, Spring and Summer Term), attended as follows:

	Actual finance meetings attended	Possible meetings
M Durcan (Chair of Committee)	2	3
D Arnold (Vice Chair of Trustees)	1	3
K Brown (Chair of Trustees)	3	3
N Fray	2	3
R Greening (Staff Trustee)	3	3
B Harman (Staff Trustee)	6	3
T Marchant	1	3
K Moore (Staff Trustee)	2	3
P Morris (Principal and Accounting Officer)	3	3
P Snook	3	3

The Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- monitor the integrity of the financial statements and any formal announcements relating to financial performance;
- review internal financial controls and, unless there is a separate board risk committee, reviewing the company's internal control and risk management systems;
- monitor and review the effectiveness of the internal audit function;
- make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;
- review the auditor's independence and objectivity; and
- develop and implement the non-audit services policy.

The Audit Committee held three meetings during the period (Autumn, Spring and Summer Term), attended as follows:

	Actual finance meetings attended	Possible meetings
J Baker	3	3
K Brown (Chair of Trustees)	2	3
D Drizen (Chair of Committee)	3	3
N Fray	2	3
P Morris (Principal and Accounting Officer)	3	3
P Snook	2	3
T Marchant	2	3

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Principal 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.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year.

In order to confirm that satisfactory arrangements are in place to promote economy, efficiency and effectiveness across the Academy Trust, the Finance Committee of the Governing Body considers the evidence provided which form part of the Academy Trust's routine management practices and which can provide a broad appreciation of the Academy Trust's effectiveness. These activities include the strategic planning, financial strategy and budget setting processes, key performance indicator systems, costing and pricing policies, procurement activity, and capital projects. Examples include:

- Budgeting – annual budgets have been set and these have been monitored to ensure any significant variances between actual and budget are investigated. Departmental budgets are monitored by the finance team to ensure that no overspend takes place and that expenditure is procured with approved suppliers. This ensures that the appropriate number of quotes are obtained for various delegated budgets.
- Bio Metric Cashless Catering – this has been introduced to ensure that cash levels within the School are minimised and there is more efficient time spent in collecting catering receipts. An online platform has been invested in which enables parents/carers to process payments electronically for catering/school visits. This has also reduced the time required by the finance team to process cash collections and takings.
- Curriculum Costing Review – a review of teaching staff timetable loadings has been carried out to identify surplus staffing levels and where economies can be made to use those staff on other curriculum based work.
- Centralising Procurement - all procurement is processed centrally by the finance team to ensure that appropriate suppliers are used by budget holders, aiming to benefit from economies of scale.

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 The Howard Academy Trust for the period 1 October 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 October 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

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 it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- 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. However the trustees have appointed Moore Stephens LLP, the external auditor, to undertake additional checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems;
- testing of purchase systems;
- testing of control account systems and bank reconciliations
- overview of VAT
- the recording of assets and liabilities transferred on conversion

Each term, the appointee will report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. No material issues have been identified.

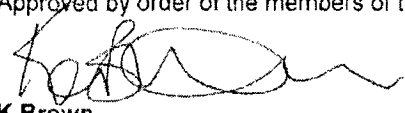
REVIEW OF EFFECTIVENESS

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

- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 is advised of the implications of the result of their review of the system of internal control by the Audit/Finance Committee and addresses weaknesses to ensure continuous improvement of the systems and controls that are in place.

Approved by order of the members of the Board of Trustees on 18 December 2015 and signed on its behalf by:


K Brown
Chair of Trustees


P Morris
Accounting Officer

THE HOWARD ACADEMY TRUST

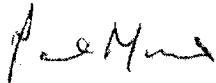
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Howard Academy Trust, I have considered my responsibility to notify the Academy Trust's Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



P Morris
Accounting Officer

Date: 18 December 2015

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2015**

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2005
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 18 December 2015 and signed on its behalf by:



K Brown
Chair of Trustees

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE HOWARD ACADEMY TRUST

We have audited the financial statements of The Howard Academy Trust for the period ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the Academy Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust'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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
HOWARD ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Ann Mathias

Ann Mathias (Senior statutory auditor)
for and on behalf of
Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Date: *30 December 2015*

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE HOWARD ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 27 May 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Howard Academy Trust during the period 14 August 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of The Howard Academy Trust's funding agreement with the Secretary of State for Education dated 30 September 2014 and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 14 August 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
HOWARD ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

Our procedures included, but were not limited to the following:

- Reviewing minutes of meetings, management accounts and making enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Academy Trust's purposes and are appropriately authorised;
- Sample testing on expenditure, review for any indication of purchase for personal use by staff, Principal or Trustees;
- Reviewing the procedures for identifying and declaring related parties and other business interests;
- Obtaining formal representation from the governing body and accounting officer acknowledging their responsibilities;
- Scrutinising journals, and other adjustments posted during the period for evidence of unusual entries and making further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and making further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Academy Trust;

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

Moore Stephens LLP

Moore Stephens LLP

Chartered Accountants

150 Aldersgate Street
London
EC1A 4AB

Date: *30 December 2015*

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
	Note				
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	3	6	-	-	6
Voluntary income – transfer from local authority on conversion	3	-	(561)	22,858	22,297
Activities for generating funds	4	30	494	-	524
Investment income	5	-	-	-	-
Incoming resources from charitable activities: Academy trust's educational operations	6	-	7,162	85	7,247
TOTAL INCOMING RESOURCES		36	7,095	22,943	30,074
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating funds from activities	8	-	397	-	397
Charitable activities: Academy trust's educational operations	9	-	7,489	671	8,160
Governance costs	10	-	17	-	17
TOTAL RESOURCES EXPENDED	7	-	7,903	671	8,574
NET INCOMING / (OUTGOING) RESOURCES BEFORE REVALUATIONS		36	(808)	22,272	21,500

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (continued)
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2015

Gross transfer between funds	-	(276)	276	-
Net income/(expenditure) for the period	36	(1,084)	22,548	21,500
Actuarial gains and losses on defined benefit pension schemes	-	(18)	-	(18)
NET MOVEMENT IN FUNDS FOR THE period	36	(1,102)	22,548	21,482
<i>Total funds at 14 August 2014</i>	-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2015	<u>36</u>	<u>(1,102)</u>	<u>22,548</u>	<u>21,482</u>

All of the Academy Trust's activities derive from continuing operations during the 2015 financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 27 to 49 form part of these financial statements.

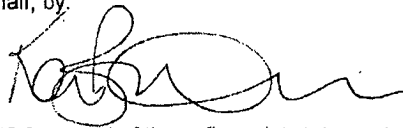
THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET
AS AT 31 AUGUST 2015
Company Number: 9175427

	Note	£000	2015 £000
FIXED ASSETS			
Tangible assets	14		22,548
CURRENT ASSETS			
Debtors	15	124	
Cash at bank		<u>708</u>	
		832	
CREDITORS:			
Amounts falling due within one year	16	<u>(292)</u>	
NET CURRENT ASSETS			<u>540</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			23,088
CREDITORS:			
Amounts falling due after more than one year	16	<u>(315)</u>	
NET ASSETS EXCLUDING PENSION SCHEME LIABILITY			22,773
Defined benefit pension scheme liability			<u>(1,291)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u>21,482</u>
FUNDS OF THE ACADEMY TRUST			
Restricted general funds:			
Restricted general funds	17	189	
Restricted fixed asset funds	17	<u>22,548</u>	
Restricted funds excluding pension liability		<u>22,737</u>	
Pension reserve		<u>(1,291)</u>	
Total restricted general funds			21,446
Unrestricted funds	17	<u>36</u>	
TOTAL FUNDS			<u>21,482</u>

The financial statements were approved by the Trustees, and authorised for issue, on *18 DECEMBER 2015* and are signed on their behalf, by:

K Brown
Chair of Trustees



The notes on pages 27 to 49 form part of these financial statements.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015**

	Note	2015 £000
Net cash outflow from operating activities	19	(106)
Capital expenditure and financial investment	20	(276)
Cash inherited on conversion to academy	20	1,090
INCREASE IN CASH IN THE PERIOD		<u><u>708</u></u>

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

	2015 £000
Increase in cash in the period	<u>708</u>
MOVEMENT IN NET FUNDS IN THE PERIOD	708
NET FUNDS AT 31 AUGUST 2015	<u><u>708</u></u>

The notes on pages 27 to 49 form part of these financial statements.

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

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £Nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from The Howard School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in 'Voluntary income – transfer from local authority on conversion' in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in Note 27.

1.4 Incoming resources

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

Grants receivable

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

General Annual Grant is recognised in full in the period for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

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

Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's accounting policies.

Donations

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

Other Income

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

1.5 Resources expended

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

Cost of generating funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

THE HOWARD ACADEMY TRUST

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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 fixed assets on a straight-line basis over their expected useful lives as follows:

Freehold property	-	2% straight line
Fixtures, fittings and equipment	-	15% straight line
ICT equipment	-	33% straight line
Motor Vehicles	-	20% straight line

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

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

1.6 Leased Assets

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.7 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.

1.8 Pension Benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statements of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.9 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 Department for Education.

THE HOWARD ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State, the School was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

3. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
Voluntary income – transfer from local authority on conversion (for further detail refer to Note 27)	-	(561)	22,858	22,297
Sponsorship income	6	-	-	6
	<u>6</u>	<u>(561)</u>	<u>22,858</u>	<u>22,303</u>

4. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
Trips and activities	-	87	87
Other income	-	180	180
Catering income	-	227	227
Letting income	30	-	30
	<u>30</u>	<u>494</u>	<u>524</u>

5. INVESTMENT INCOME

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
Interest receivable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

6. FUNDING FOR ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
DfE/EFA revenue grants			
General Annual Grant (GAG)	-	6,809	6,809
Capital grants - DFC	-	85	85
ACMF	-	-	-
Other DfE/EFA grants	-	328	328
Start up grant	-	25	25
	<u>-</u>	<u>7,247</u>	<u>7,247</u>
Other government grants			
Local authority grants	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>7,247</u>	<u>7,247</u>

7. RESOURCES EXPENDED

	Staff Costs 2015 £000	Premises 2015 £000	Other costs 2015 £000	2015 £000
Costs of activities for generating funds	-	-	397	397
Academy's educational operations:				
- Direct Costs	5,364	671	735	6,770
- Support costs	675	-	715	1,390
	<u>6,039</u>	<u>671</u>	<u>1,450</u>	<u>8,160</u>
Governance costs	-	-	17	17
	<u>6,039</u>	<u>671</u>	<u>1,864</u>	<u>8,574</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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Net income/(expenditure) for the period includes:

	2015 £000
Depreciation	671
Operating leases:	
- plant and machinery	-
- other leases	15
Fees payable to auditor for:	
- audit	12
- other services	<u>3</u>

8. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
Trips and activities	-	89	89
Catering	-	308	308
	<u>-</u>	<u>397</u>	<u>397</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

9. CHARITABLE ACTIVITIES

	Total funds 2015 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Teaching and educational support staff costs	5,364
Depreciation	671
Technology costs	166
Educational supplies	178
Staff development	36
Educational consultancy	86
Examination fees	159
Other direct costs	110
	<u><u>6,770</u></u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Support staff costs	675
Pension Cost	21
Recruitment and support	38
Maintenance of premises and equipment	120
Cleaning	7
Rent and rates	111
Energy costs	129
Insurance	41
Security and transport	10
Other support costs	238
	<u><u>1,390</u></u>
	<u><u>8,160</u></u>

10. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000
Auditor's remuneration	-	12	12
Auditor's non audit costs	-	3	3
Legal and professional fees	-	2	2
	<u><u>-</u></u>	<u><u>17</u></u>	<u><u>17</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

11. STAFF

a. Staff costs

Staff costs were as follows:

	2015 £000
Wages and salaries	4,833
Social security costs	371
Other pension costs (Note 24)	<u>787</u>
	5,991
Supply teacher costs	36
Staff restructuring costs	<u>12</u>
	<u><u>6,039</u></u>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £12,488. Individually, the payments were £4,608, £5,900 and £1,980.

c. Staff numbers

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

	2015 No.
Teachers	104
Administration Support	74
Management	<u>13</u>
	<u><u>191</u></u>

c. Higher paid staff

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

	2015 No.
In the band £60,001 - £70,000	1
In the band £90,001 - £100,000	<u>1</u>
	<u><u>2</u></u>

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015, the pension contributions amounted to £23,021.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

No trustees have been paid remuneration or have received other benefits from an employment with the academy trust other than the principal and three staff trustees who received remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

P Morris (Principal and trustee):

Remuneration £95,000 - £100,000
Employer's pension contributions £10,000 - £15,000

B Harman (staff trustee):

Remuneration £30,000 - £35,000
Employer's pension contributions £5,000 - £10,000

K Moore (staff trustee):

Remuneration £55,000 - £60,000
Employer's pension contributions £5,000 - £10,000

R Greening (staff trustee):

Remuneration £25,000 - £30,000
Employer's pension contributions £5,000 - £10,000

During the period ended 31 August 2015, no expenses were reimbursed to the Trustees.

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

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance cover is adequate and provides cover up to £500,000 on any one claim and the cost for the period ended 31 August 2015 is included within the total annual premium of £41,205.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

14. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Fixtures Fittings and Equipment	Computer Equipment	Total
	£000	£000	£000	£000
Cost				
Donated on conversion	22,678	-	180	22,858
Additions	68	149	144	361
Disposals	-	-	-	-
At 31 August 2015	22,746	149	324	23,219
Depreciation				
Charge for the period	551	13	107	671
Disposals	-	-	-	-
At 31 August 2015	551	13	107	671
Net book value				
At 31 August 2015	<u>22,195</u>	<u>136</u>	<u>217</u>	<u>22,548</u>

The cost of the land and property donated relates to the value on transfer of the land and buildings when the school became an Academy on 1 October 2014. The property valuation was carried out by Alistair Stewart MRICS, RICS Registered Valuer from DVS Property Specialists as at 10 March 2015. The valuation has been made in accordance with Practice Statements in the RICS Valuation Standards. Included within freehold property is non-depreciated land of £6,459,713.

The addition of £67,818 relates to freehold building flooring and fit out, the costs of which have been capitalised and are shown within restricted fixed assets funds.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

15. DEBTORS

	2015 £000
Trade debtors	7
VAT recoverable	45
Prepayments and accrued income	72
	<u>124</u>

16. CREDITORS:

<u>Amounts falling due within one year</u>	2015 £000
Trade creditors	106
Other taxation and social security	-
Accruals and deferred income	86
Other creditors	100
	<u>292</u>

<u>Deferred income</u>	2015 £000
Deferred income at 1 October 2014	-
Resources deferred during the year	-
Amounts released from previous years	-
	<u>-</u>
Deferred income at 31 August 2015	<u>-</u>

<u>Amounts falling due after more than one year</u>	2015 £000
Other creditors	315
	<u>315</u>

Included within other creditors is a loan of £334,221 from Medway County Council and a Salix loan totalling £80,614.

The Salix loan is repayable over 7 years, which commenced on 1 March 2014 and ends on 1 September 2020. The loan is interest free. The amount repayable after five years totals £7,329.

The loan from Medway County Council is repayable over 6 years which commenced during October 2013

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FOR THE PERIOD ENDED 31 AUGUST 2015

and ends during March 2019. Interest is charged at a rate of 1% per annum on this loan.

Both loans were transferred to the Academy Trust upon conversion on 1 October 2014.

17. FUNDS

	Donated on conversion £000	Incoming resources £000	Resources Expended £000	Gains, losses and transfers £000	Balance at 31 August 2015 £000
Restricted funds					
General Annual Grant (i)	-	6,809	(6,630)	(276)	(97)
Start-up grant	-	25	-	-	25
Other Government grants	-	328	(283)	-	45
Sports Partnership	207	101	(88)	-	220
Donated (ii)	411	-	(411)	-	-
Private (iii)	-	166	(89)	-	77
Catering	-	227	(308)	-	(81)
Pension Reserve	(1,179)	-	(94)	(18)	(1,291)
Total restricted general funds	<u>(561)</u>	<u>7,656</u>	<u>(7,903)</u>	<u>(294)</u>	<u>(1,102)</u>
Restricted fixed asset funds (iv)					
DfE/EFA capital grants (iv)	-	85	-	-	85
ACMF	-	-	-	-	-
Donation (vi)	22,858	-	(671)	-	22,187
Capital expenditure from GAG	-	-	-	276	276
	<u>22,858</u>	<u>85</u>	<u>(671)</u>	<u>276</u>	<u>22,548</u>
Total restricted funds	<u>22,297</u>	<u>7,741</u>	<u>(8,574)</u>	<u>(18)</u>	<u>21,446</u>
Unrestricted funds					
General funds (v)	-	6	-	-	6
Private Funds(v)	-	30	-	-	30
	<u>-</u>	<u>36</u>	<u>-</u>	<u>-</u>	<u>36</u>
Total of funds	<u>22,297</u>	<u>7,777</u>	<u>(8,574)</u>	<u>(18)</u>	<u>21,482</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

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

- (i) General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.
- (ii) Funds inherited on conversion of school to trust. The majority of this balance relates to cash.
- (iii) Private funds consist of income received for specific trips and educational activities.
- (iv) Restricted fixed asset fund represents fixed asset funding received for capital projects during the period.
- (v) Funds include income generated from sponsorship, hire of facilities, etc.
- (vi) Represents the donation of land and buildings on conversion from the school to the trust.

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2015 are represented by:

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
Tangible fixed assets	-	-	22,548	22,548
Current assets	36	796	-	832
Creditors due within one year	-	(292)	-	(292)
Creditors due after more than one year	-	(315)	-	(315)
Pension scheme liability	-	(1,291)	-	(1,291)
	<u>36</u>	<u>(1,102)</u>	<u>22,548</u>	<u>21,482</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

19. RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £000
Net incoming resources before revaluations and interest	21,500
Donation of land and buildings	(22,858)
Transfer of cash on conversion	(1,090)
Transfer of pension liability on conversion	1,179
Transfer of loan on conversion	472
Depreciation of tangible fixed assets	671
Capital grants from DfE	(85)
Increase in debtors	(124)
Increase in creditors	135
FRS 17 pension finance costs	21
FRS 17 pension costs less contributions payable	73
	<hr/>
Net cash (outflow) from operations	<u>(106)</u>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2015 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(361)
Capital grants from DfE	85
	<hr/>
Net cash (outflow) capital expenditure	<u>(276)</u>

	2015 £000
Transfers on conversion to academy	
Surplus cash on Local Authority funds	<hr/> <u>1,090</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

21. ANALYSIS OF CHANGE IN NET FUNDS

	Cash flow	Other non-cash changes	At 31 August 2015 £000
	£000	£000	£000
Cash at bank and in hand:	<u>708</u>	-	<u>708</u>
Net funds	<u><u>708</u></u>	<u>-</u>	<u><u>708</u></u>

22. FINANCIAL COMMITMENTS

Operating Leases

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

	2015 £000
Land and Buildings	
Expiring within one year	-
Expiring within two and five years inclusive	-
Expiring after more than five years	<u>-</u>

	2015 £000
Other	
Expiring within one year	4
Expiring within two and five years inclusive	-
Expiring after more than five years	<u><u>2</u></u>

23. MEMBERS' LIABILITY

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

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 AUGUST 2015

24. PENSION AND SIMILAR OBLIGATIONS

The Academy Trust's employees belong to two principal pension schemes: Teacher's 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 Medway Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS, 31 March 2013.

There were no outstanding or prepaid contributions at the end of the financial year.

Teacher's Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- Total scheme liabilities (pension 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 employee cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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24. PENSION AND SIMILAR OBLIGATIONS (CONTD)

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

The pension costs paid to TPS in the period amount to £519,759.

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £252,067, of which employer's contributions totalled £193,846 and employees' contributions totalled £58,221. The agreed contribution rates for future years are 16.6% for employers and between 5.5% and 12.5% for employees.

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

As described in note 27 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

24. PENSION AND SIMILAR OBLIGATIONS (CONTD)

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

	2015
Rate of increase in salaries	4.5%
Rate of increase for pensions in payment/inflation	2.7%
Discount rate	4.0%
Inflation-RPI	3.6%
Inflation-CPI	2.7%

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

	31 Aug 2015	1 Oct 2014
Retiring today		
Males	22.8	22.7
Females	25.2	25.1
Retiring in 20 years		
Males	25.1	24.9
Females	27.6	27.4

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- year age rating adjustment to the mortality assumption:

	£000's	£000's	£000's
Adjustment to the discount rate	+0.1%	0%	-0.1%
Present value of Total Obligation	2,722	2,793	2,866
Projected Service Cost	290	298	306
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Projected value of Total Obligation	2,865	2,793	2,723
Projected Service Cost	306	298	291

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

24. PENSION AND SIMILAR OBLIGATIONS (CONTD)

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

	Fair value at 31 August 2015 £000
Equities	1,018
Gilts	15
Other Bonds	164
Property	201
Cash/Liquidity	104
Total market value of assets	<u>1,502</u>
Present value of scheme liabilities	-
Present value of obligations	<u>(2,793)</u>
(Surplus)/Deficit in the scheme	<u><u>(1,291)</u></u>

For the period ended 31 August 2015, the expected return was 6.1% per annum, which has been used to determine the profit and loss charge for the period ended 31 August 2015.

The actual return on the scheme assets was £56,000.

The amount recognised in the Statement of Financial Activities is as follows:

	31 August 2015 £000
Current service cost	(267)
Past service cost	-
Total	<u><u>(267)</u></u>

Analysis of pension finance income / (costs) is as follows:

	31 August 2015 £000
Interest on obligation	(95)
Expected return on scheme assets	74
Total	<u><u>(21)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

24. PENSION AND SIMILAR OBLIGATIONS (CONTD)

The actuarial gains and losses for the current period are recognised in the Statement of Financial Activities. The cumulative amount of actuarial gains and losses recognised in the Statement of Financial Activities since the adoption of FRS 17 is £18,000.

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

	2015 £000
Opening defined benefit obligation	2,387
Current service cost	267
Interest Cost	95
Contribution by scheme participants	58
Actuarial (Gains)/losses	-
Benefits paid	(14)
Unfunded pension payments	-
	<hr/>
Closing defined benefit obligation	<u><u>2,793</u></u>

Movement in the fair value of the school's share of scheme assets:

	2015 £000
Opening fair value of scheme assets	1,208
Expected return on assets	74
Contribution by employer	194
Contribution by employees	58
Actuarial (Gains)/losses	(18)
Benefits paid	(14)
	<hr/>
	<u><u>1,502</u></u>

The school expects to contribute £210,000 to its defined benefit pension scheme in 2016.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

24. PENSION AND SIMILAR OBLIGATIONS (CONTD)

Amounts for the current and the opening period are as follows:

Defined benefit pension schemes

	Period to 31 Aug 2015 £000	As at 1 Oct 2014 £000
Present value of defined benefit obligation	(2,793)	(2,387)
Fair value of share of scheme assets	<u>1,502</u>	<u>1,208</u>
Deficit	<u>(1,291)</u>	<u>(1,179)</u>
Experience adjustments on share of scheme liabilities	-	-
Experience adjustments on scheme assets	<u>(18)</u>	<u>-</u>

25. RELATED PARTY TRANSACTIONS

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

There were no such transactions requiring disclosure.

26. EVENTS AFTER THE BALANCE SHEET

On 1st December 2015 Temple Mill Primary School joined The Howard Academy Trust. The Trust is now considered to be a multi-academy trust.

27. CONVERSION TO AN ACADEMY TRUST

On 1st October 2014 The Howard School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Howard Academy Trust from the Medway Local Authority for £Nil consideration.

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

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**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015**

27. CONVERSION TO AN ACADEMY TRUST (CONTD)

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000
Tangible fixed assets				
- Freehold land and buildings	-	-	22,858	22,858
Budget surplus on LA funds	-	1,090	-	1,090
Borrowing obligations – Medway Council	-	(384)	-	(384)
Borrowing obligations – Salix Loan	-	(88)	-	(88)
LGPS pension deficit	-	(1,179)	-	(1,179)
Net assets	-	(561)	22,858	22,297

The above net assets includes £1,090,000 that was transferred as cash. Three operating leases for equipment were also transferred, the total annual commitment under these leases are £14,781. The leases are due to expire on 13 November 2015, 21 November 2015 and 13 November 2015.

The borrowing obligations inherited consisted of a loan provided by Medway Council and a Salix Loan.