
THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 3
Directors' report	4 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Statement of Directors' responsibilities	17
Independent auditors' report on the financial statements	18 - 19
Independent auditors' assurance report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22
Balance sheet	23
Statement of cash flows	24
Notes to the financial statements	25 - 46

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Linda Day
Peter Dollimore (resigned 31 August 2016)
Adrian Ingham (resigned 31 August 2016)
Kuldeep Lakhmana
Muralee Nair
Obaid Siddique
Liz Herod
Margaret Inniss (appointed 16 July 2016)

Directors

Dr Martin Young, Chief Executive Officer and Federation Principal
Mr Muralee Nair, Chair of the Board
Dr Adel Rouz, Oversight of Operations
Mr Anoop Ghai, Oversight of Finance, Vice Chair
Mrs Margaret Inniss, Chair of Montem Academy Council (resigned 31 August 2016)
Mr Deepaman Prabhakar, Chair of Wood End Park Academy Council
Mr Adrian Ingham, Chair of Lake Farm Park Academy Council
Ms Ranisha Dhamu, Chair of Cranford Park Academy Council (resigned 31 August 2016)
Mr Jeetender Singh Bains, Chair of Western House Academy Council
Mrs Dawn Tagg, Chair of Western House Academy Council (resigned 15 October 2015)

Cranford Park Academy Council

Ranisha Dhamu, Chair and Community Governor
Sarah Evans, Academy Principal
Ravinder Chander, Parent Governor
Tasneem Sattar, Parent Governor
Mohammed Ali, Parent Governor
Kevin Biggs, Community Governor (resigned 25 January 2016)
Saeed Khan, Community Governor
Deborah Coles, Staff Governor
Peter Palmer, Staff Governor
Kay Lathey, Clerk

James Elliman Academy Council

Peter Dollimore, Chair and Community Governor
Saira Rasheed, Academy Principal
Rashid Arbi, Parent Governor
Khalida Khan, Parent Governor
Samir Damle, Parent Governor
Mandy Wilcox, Staff Governor
Stephanie Weber, Staff Governor
Sandie Hopkinson, Community Governor
Adrian Patrick, Community Governor
Kay Lathey, Clerk

Lake Farm Park Academy Council

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Directors (continued)

Adrian Ingham, Chair and Community Governor
Craig Horsman, Academy Principal
Tarsem Chana, Parent Governor
Daljeet-Dokal Sharma, Parent Governor
Hemangini Bhatia, Parent Governor
Carla Austin, Parent Governor until 15.09.15 and then became Staff Governor
Mandy Patel, Staff Governor
Anne-Marie McCarthy, Community Governor
Dr Hussein Salem, Community Governor
Kay Lathey, Clerk

Montem Academy Council

Margaret Inniss, Chair and Community Governor
Ann Probert, Academy Principal
Shuhab Hamid, Community Governor
Zaheer Abbas, Parent Governor
Malik Asad Ali Noon, Parent Governor
Adam Martin, Parent Governor
Lynda Bussley, Staff Governor (resigned 30 April 2016)
Pauline Simon, Community Governor
Kay Lathey, Clerk

Western House Academy Council

Jeetinder Bains, Chair and Parent Governor
Mrs Dawn Tagg, Chair of Western House Academy Council (resigned 15 October 2015)
Helen Badcock, Principal (resigned 31 December 2015)
Coral Snowden, Principal
Suki Ranu, Parent Governor
Anjali Singhal, Parent Governor
Kyla Parmley, Staff Governor (appointed 16 June 2016)
Dawn Morris, Staff Governor (resigned 31 August 2016)
Liz Herod, Community Governor (appointed 21 January 2016)
John Mules, Community Governor (resigned 25 April 2016)
Kay Lathey, Clerk

Wood End Park Academy Council

Deepaman Prabhakar, Chair and Community Governor
Surjeet Johra, Academy Principal
Rick Wilms, Parent Governor
Maryama Warsama, Parent Governor
Zainab Hersi, Parent Governor
Karen Bridges, Staff Governor (resigned 31 August 2016)
Avril Littlechild, Staff Governor
Manish Ladwa, Community Governor (appointed 17 October 2015)
Anne Helm, Community Governor
Kay Lathey, Clerk

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS DIRECTORS AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Company registered number

08146330

Company name

The Park Federation Academy Trust

Principal and registered office

Lake Farm Park Academy, Botwell Common Lane, Hayes, Middlesex, UB3 1JA

Company secretary

Mr Jasjit Sohal

Mrs Elaine Armstrong (appointed 18 May 2016)

Accounting officer

Dr Martin Young

Executive management team

Dr Martin Young, Chief Executive Officer and Federation Principal
Mr Jas Sohal, Chief Operating Officer
Mrs Sarah Evans, Academy Principal
Mr Craig Horsman, Academy Principal
Ms Surjeet Johra, Academy Principal
Mrs Ann Probert, Academy Principal
Miss Saira Rasheed, Academy Principal
Mrs Coral Snowden, Academy Principal

Accountants

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

Lloyds Bank, 21-22 High Street, Uxbridge, Middlesex

Solicitors

Browne Jacobson LLP, 3 Piccadilly Place, Manchester, N1 3BN

The Trustees of The Park Federation Academy Trust are referred to as Directors throughout this document.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors present their annual report together with the financial statements and auditor's reports of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, governance and management

CONSTITUTION

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association last amended on 4 September 2015 are the primary governing documents of the academy trust. The Directors of The Park Federation Academy Trust are Directors of the charitable company for the purposes of company law. The charitable company is known as The Park Federation Academy Trust.

Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

MEMBERS' LIABILITY

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

DIRECTORS' INDEMNITIES

The Trust 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 Director, Academy Council member or Officer of the Trust. Such qualifying third party indemnity insurance remains in force at the date of approving this report.

PRINCIPLE ACTIVITIES

The Academy Trust's principle objective is 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 Trust offering a broad and balanced curriculum.

To promote for the benefit of the communities of Hayes and Slough and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said residents.

METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF THE BOARD OF DIRECTORS

The management of the Trust is the responsibility of the Board of Directors who are elected and co-opted under the terms of the Articles of Association.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

EMPLOYMENT POLICY

The Academy Trust depends on the skills and commitments of its employees to perform well. Selection and development procedures are designed to ensure equal opportunities exist for all applicants and employees regardless of gender, marital status, race, age or disability, decisions being based on an individual's aptitude and ability. Employees are kept well informed and encouraged to discuss matters of concern.

DISABLED PERSONS

The Academy Trust's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Employees who become disabled are retained in existing posts where possible.

Procedures relating to training, career development and promotion are adapted to ensure that the employment policies outlined below are fully available equally for disabled and non-disabled employees.

POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF DIRECTORS

All Members, Directors and Academy Council members are provided with copies of procedures, minutes, accounts, budget plans and other documents that they will need to undertake their respective roles. They have access to a range of training programmes coordinated by the Clerk to the Board of Directors.

ORGANISATIONAL STRUCTURE

The Directors have agreed a scheme of delegation for how decisions are made and who has delegated responsibility for them. The Directors are organised into the whole Board of Directors and sub-committees with delegated responsibility.

During the period a unified structure was introduced and consists of three levels of governance:

- Members
- Board of Directors / Trustees
- Academy Councils

Senior Management Teams report to the Board of Directors, its sub committees and the Academy Councils.

The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels. The Board of Directors are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust's performance by use of budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments (e.g. Chief Executive Officer, Chief Operating Officer and Principals).

The Senior Managers are the Chief Executive and Federation Principal, Chief Operating Officer, Principals of each academy. These managers control the Trust at an executive level, implementing the policies laid down by the Board of Directors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts at Vice Principal and Deputy Principal always contain an Academy Council Governor. Spending control is devolved to the management team (budget holders), with agreed limits as per the Trust's financial procedures.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

ARRANGEMENTS FOR SETTING PAY AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Board of Directors have established a Pay and Performance Committee for setting the pay and remuneration of Senior Managers. They have established criteria that consider the long term implications to the business.

RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS

The Park Federation Academy Trust has established a Central Office that negotiates core services including: legal, HR, Payroll, Insurance, financial systems and accountancy services.

Objectives and Activities

OBJECTS AND AIMS

The Academy Trust's principle objectives are: - 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 schools (the academies) offering a broad and balanced curriculum which reflects British values (e.g. democracy; the rule of law; individual liberty; mutual respect; and tolerance of those of different faiths and beliefs).

To promote for the benefit of the inhabitants of Hayes and Slough and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.

The aim of the Trust is to provide an effective and inspiring education in a caring, disciplined and safe environment.

Our Vision:

The Park Federation is here to serve the whole community and wants all children to enjoy and benefit from a first-class education. Our academies are safe, happy and creative places where excellent behaviour, hard work and ambitious academic standards are prized and nurtured. Every family is welcome, respected and encouraged to play an active part in their children's learning. All children have opportunities to grow in self-belief, express their individuality, and develop the confidence to take the next step in life and their next step in learning. We aim to be a springboard to success!

Our Ethos:

The Park Federation ethos is one of high academic ambition in a well-disciplined, caring and inclusive environment. We will work closely with all children – whatever their starting points and individual needs – to help them realise their full potential. Each child and family will be valued and respected. We will harness the energy, commitment and trust of the local community and combine it with the exceptional teaching and organisational skills of our staff team. Together we will create great academies, full of pride, success and kindness.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

a. OBJECTIVES, STRATEGIES AND ACTIVITIES

The main objectives of the Academy during the period ended 31st August 2016 are summarised below

- To ensure that every pupil enjoys and benefits from a high quality education and excellent levels of safeguarding;
- To improve the standard of educational achievement of all pupils and accelerate their progress;
- To improve the effectiveness of the Trust by keeping the curriculum and organisational structure under continual review;
- To provide value for money for the funds expended;
- To comply with all appropriate statutory requirements;
- To conduct the Academy Trust's business in accordance with the highest standards of integrity, probity and openness.

PUBLIC BENEFIT

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the academy Trust's objectives and aims and in planning future activities. The Directors consider that the academy Trust's aims are demonstrably to the public benefit.

Strategic report
Achievements and performance

OVERVIEW AND KEY FINANCIAL PERFORMANCE INDICATORS

Three of the Trust's academies have Ofsted inspection gradings and three are deemed new academies that have not had their first inspections. Its three academies with Ofsted grades are all graded "Good".

Cranford Park Academy was a founder academy in the Trust when the Trust was created on 1st September 2012. It is graded "Good".

Wood End Park Academy was a founder academy in the Trust when the Trust was created on 1st September 2012. It is graded "Good".

James Elliman Academy joined the Trust on 1st April 2013. In January 2015 it was graded "Good".

Montem Academy in Slough joined the Trust on 1st December 2013. There has been a demonstrable improvement in attainment and progress at the academy in 2015/16.

Western House Academy joined the Trust on 1st August 2014. It is a three-form-entry primary academy with a Nursery. Significant improvements have been made in its attainment and progress in 2015/16.

Lake Farm Park Academy joined the Trust on 1st September 2014. It is a new three-form-entry primary academy in Hayes with a Nursery and a special resource provision for children with Autism. In 2015/16, its second academic year of operation, it had classes in Nursery, Reception and Year One. In 2016/17 there will be classes in Nursery, Reception, Year 1 and Year 2.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PUPIL PREMIUM

The Trust received funding under the pupil premium scheme. This has been utilised to improve the outcomes of these pupils by ensuring that their needs are understood and addressed. The Trust provided programmes and other support services for these children, including booster classes before, during, after school, and during the weekends and holidays.

Pupil Premium Allocation

Cranford Park Academy	£332,420
James Elliman Academy	£197,944
Lake Farm Park Academy	£43,340
Montem Academy	£339,460
Wood End Park Academy	£400,530
Western House Academy	£151,357
Trust Total	£1,465,051

GOING CONCERN

After making appropriate enquiries, the Board of Directors has 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 Statement of Accounting Policies.

FINANCIAL REVIEW

The majority of the Trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds (non-fixed assets) in the statement of financial activities.

Each academy also received grants for fixed assets from the DfE. 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.

The Trust held total fund balances at 31 August 2016 of £46,166,000 comprising of an unrestricted fund of £2,729,000, restricted fixed asset funds of £52,990,000, restricted general funds of (£216,000) and a pension reserve deficit of £9,337,000. This deficit relates to non-teaching staff pensions.

During the year ended 31 August 2016, total expenditure of £22,230,000 was met by recurrent grant funding from the DfE and other government bodies together with other incoming resources. Total incoming resources for the year of £22,846,000.

The excess of income over expenditure for the year was £616,000.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The main objective is to ensure the Trust operates within its allocated budget and settles its liabilities as they fall due. The largest creditor within the balance sheet is the pension scheme deficit. Such a liability does not crystallise immediately but the Trust ensures scheme contributions are paid as they fall due in line with those recommended by the pension scheme actuaries.

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 Department for Education. The guarantee came into force on 18 July 2013.

In accordance with the Trust's statutes, the Board of Directors and senior staff are responsible for the administration and management of the 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 Trust and prevent and detect fraud:
- The Trust secures economical, efficient and effective management of its resources and expenditure.

The combined deficit in the Local Government Pension Scheme (LGPS) is recognised on the balance sheet in accordance with FRS17. At 31st August 2016 the deficit stood at £9,337,000. 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 valuations of the scheme.

RESERVES POLICY

Subject to Education Funding Agency's constraints on permitted balances, the Academy's policy is to carry forward a prudent level of resources. The Trust aims for a 5% - 12% reserve of total cash balances. It believes this is a prudent figure for a number of reasons, including the structural age of buildings, age of heating systems, capital investment plans and pension liabilities.

There is currently a deficit on the reserve for the Local Government Pension Scheme. The Trust is paying contributions at the rate recommended by the actuary and payments in respect of the deficit will occur over a number of years.

The Trust reserves are shown in note 20 in the financial statements.

INVESTMENT POLICY

Under the Articles of Association, the Academy Trust has the power to invest any funds not immediately required for the furtherance of its objects while ensuring that due regard is made to ensure that any investments are prudent and suitable to its needs. The Trust has established an investment committee and will ensure adequate cash balances are maintained. Reserves may be placed where there is no risk of capital loss, but to optimise returns on such investments. All investments will be made in sterling, with UK based financial institutions.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust and each individual Academy. The Board of Directors has implemented a number of systems to assess risks that the Trust faces especially in the operational areas (e.g. in relation to teaching, health and safety etc.) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. Vetting of new staff and volunteers, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls.

Finance Risk

The Trust is reliant upon government funding and this is expected to continue. This leaves the Trust, as per other educational establishments, susceptible to changes in government policy and particularly where there may be a reduction in public funding available for education. The Trust has plans in place to safeguard its long term ability to continue to attract staff and maintain its assets.

Reputation Risk

The Trust is growing and is mindful of reputation risk. Strategic support is provided throughout the Trust and each academy is focused on delivering high quality learning.

Staffing Risk

The Trust is aware that quality teaching is only achieved by recruiting and retaining quality staff. While there are national difficulties in recruiting teaching staff, the Trust has worked hard in developing an effective recruitment and retention strategy. The Trust maintains high standards and will not compromise its established reputation because of national recruitment difficulties.

Asset Risk

The Trust has commissioned building surveys that help inform the investment plan. The estates portfolio varies in age and need for replacement of equipment and assets. The Trust receives Building Condition Funding to support the capital investment needed to maintain these assets.

The risk of failing to maintain these assets is being mitigated by keeping in contact with the EFA and other Multi Academy Trusts to ensure procurement achieves best value and meets health and safety needs as well as ensuring that the academy has a positive learning environment.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR THE FUTURE

Key Performance Indicators for 2016/17:

- Match national attainment for the children in Trust academies at the end of Key Stage One and Two;
- Better than expected progress by children in Trust academies;
- Further improvement in the percentage of children across the Trust achieving the required standard in the Year 1 Phonics Check;
- Further improvement in the standards achieved by children at the end of the Early Years;
- Any academy inspected by Ofsted during the academic year 2016/17 graded at least "good"; Pupil attendance at least 95% in each Trust academy.

Trust Expansion:

On 1 September 2016 the Trust expanded to seven academies when The Godolphin Junior Academy (Slough) joined the federation family of academies. In the right circumstances, the Trust has the capacity for further expansion in 2016/17.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

Neither the academy trust nor its directors act as custodian trustee.

Auditor

In so far as the Directors are aware:

there is no relevant audit information of which the charitable company's auditor are unaware, and the Directors have taken all the steps that they ought to have taken as to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditors, Landau Baker, are appointed under section 487(2) of the Companies Act 2006.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Directors as the company directors, on 3 December 2016 and signed on its behalf by:



Mr Muralee Nair
Chair of Directors

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As directors, we acknowledge we have overall responsibility for ensuring that The Park Federation 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 Directors has delegated the day-to-day responsibility to the Chief Executive and Federation 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 Park Federation Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 7 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
Dr Martin Young, Chief Executive Officer and Federation Principal	7	7
Mr Muralee Nair, Chair of the Board	6	7
Dr Adel Rouz, Oversight of Operations	6	7
Mr Anoop Ghai, Oversight of Finance, Vice Chair	7	7
Mrs Margaret Inniss, Chair of Montem Academy Council	4	7
Mr Deepaman Prabhakar, Chair of Wood End Park Academy Council	6	7
Ms Ranisha Dhamu, Chair of Cranford Park Academy Council	5	7
Mr Jeetender Singh Bains, Chair of Western House Academy Council	5	6

The Finance and Audit Committees are sub-committees of the main Board of Directors. Their purpose is to carry out its roles under the Governors' scheme of delegation. The Finance Committees purpose is to assist the decision making of the Board, by enabling more detailed consideration to be given, fulfilling the Board's responsibility to ensure sound management of each academy's finances and resources, including proper planning, monitoring and probity. The main areas of work in the period have been the issues under its remit in the conversion to Academy status ensuring we are compliant with the Academy Financial Handbook. The Audit Committee continues to monitor our internal controls and external reports issued by the Auditor.

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
Dr Martin Young, Chief Executive Officer and Federation Principal	4	4
Dr Adel Rouz, Oversight of Operations	4	4
Mr Anoop Ghai, Oversight of Finance, Vice Chair	4	4
Ms Ranisha Dhamu, Chair of Cranford Park Academy Council	2	4

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

Improving Educational Results:

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

Targeting resources in line with academy and Trust priorities, including:

- Implementation of special provision for pupils who attract Pupil Premium funding and at risk of underachieving.
- Recruitment of teaching resources responsible for the development of high quality education.
- Recruitment of specialist music teachers to effectively support the needs of all children.
- Implementing initiatives to ensure pupils' learning is sometimes child led and initiated, while at other times it is teacher-directed and is challenging enough to meet individual needs, including high attaining pupils.
- Setting up a variety of extra curricular opportunities for all groups of children.
- Specialised professional development for Newly Qualified Teachers.
- Key initiatives to accelerate the progress of all groups of children, with a focus on Reading, Writing and Mathematics.
- Developing the assessment, tracking and monitoring processes to ensure data is used to inform planning, target interventions and support differentiation, including regular internal and Senior Leadership Team meetings to review progress and impact of interventions for different groups of pupils, supported by regular, focused and robust Pupil Progress Meetings.
- Refining Teacher Performance Management processes for effective monitoring of performance – including performance-related pay for teachers - aligned to priorities and professional development areas.
- Comparing data through Raiseonline, quality of teaching and learning, and levels of expenditure for particular areas.

The effectiveness of these strategies can be seen in improved pupil outcomes, and improved teaching.

Financial Governance and Oversight:

Our governance arrangements include regular monitoring by the Board of Directors and its committees, including the Finance and Operations Committee and the Audit Committee. They receive regular financial reports and ask relevant questions as evidenced in the minutes. There are a number of finance and operations specialists on the Board of Directors.

The work of these committees is further informed by regular Responsible Officer reports, with the Chair of the Audit Committee supported by an independent finance consultant.

Better Purchasing:

We actively endeavour to use the "buying power" of a Multi-Academy Trust to achieve value for money for the Trust and for taxpayers. Examples of steps taken to ensure value for money when purchasing include:

- Exploring alternative purchasing options both online and direct through suppliers to find the best value.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- Working across the academies to identify products and services that can be procured in order to drive down cost and/or negotiate favourable rates e.g. assessment data systems, maintenance and Health and Safety contracts.
- Implementing a tender process for significant purchases and/or contracts, for example new IT servers and construction work.
- The Chief Operating Officer and his team have been influential in driving down costs through better procurement and negotiation throughout 2015/16 including property management and a new catering contract.

All contracts are reviewed on an annual basis to ensure they are fit for purpose and best value. For example grounds maintenance, and property maintenance such as life safety system contracts.

Better Income Generation:

Examples of steps to maximize income include:

Supporting other schools outside the Trust by providing consultancy services.

Reviewing any letting opportunities.

Reviewing Controls and Managing Risks:

The Academy has prepared a risk register which is updated regularly and reviewed by the Finance and Operations Committee and the Audit Committee.

The Finance and Operations Committee meets and reviews budgets, income and expenditure and cash flow forecasts.

They also monitor major purchases alongside Academy Council Chairs who represent each academy.

Lessons Learned:

Whenever a resignation is accepted, an analysis is done to determine whether or not to replace. This resulted in staff leaving at various points throughout the year and not being replaced until the following September. Not all curriculum money is distributed according to historical spending patterns, the Principals can support subject areas to access additional funding through a review process. This aligns spending to strategic need.

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 Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

The 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 Directors;

- 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;

Mr Deepaman Prabhakar was appointed Responsible Officer and was supported by an independent finance consultant to ensure compliance with published guidance. This role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems on a quarterly basis. A report is produced which is presented to the Board of Directors on the operation of the systems of control and on the discharge of the Directors' financial responsibilities.

REVIEW OF EFFECTIVENESS

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

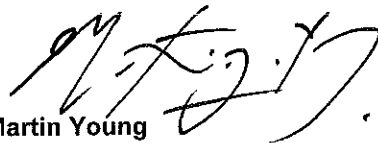
- the work of the Responsible Officer;
- the work of the external auditor;
- The work of the Chief Operating Officer, Senior Finance Manager and the team of Finance Managers employed by the Trust;
- The work of the Senior Management Teams within the academies who have responsibility for the development maintenance of the internal control framework

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

Approved by order of the members of the Board of Directors on 3 December 2016 and signed on their behalf, by:



Mr Muralee Nair
Chair of Directors



Dr Martin Young
Accounting Officer

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

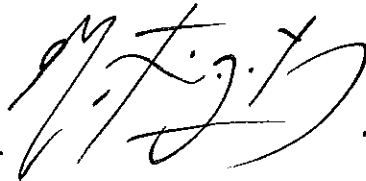
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Park Federation Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

Dr Martin Young
Accounting Officer



Date: 03 December 2016

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Directors (who act as governors of The Park Federation Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

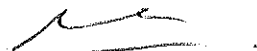
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

The Directors 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 Directors on 3 December 2016 and signed on its behalf by:



Mr Muralee Nair
Chair of Directors

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

We have audited the financial statements of The Park Federation Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

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

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Michael Durst (Senior Statutory Auditor)

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
3 December 2016

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE PARK
FEDERATION ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 21 March 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Park Federation Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF THE PARK FEDERATION ACADEMY TRUST'S ACCOUNTING
OFFICER AND THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of The Park Federation Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

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

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

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

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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO THE PARK
FEDERATION ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

3 December 2016

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

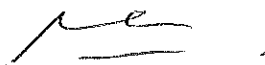
	Note	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
INCOME FROM:						
Donations and capital grants	3	28	-	505	533	4,347
Charitable activities	4	-	21,529	-	21,529	20,892
Other trading activities	5	396	-	-	396	298
Investments	6	5	383	-	388	4
TOTAL INCOME		429	21,912	505	22,846	25,541
EXPENDITURE ON:						
Raising funds		19	-	-	19	21
Charitable activities		371	21,840	1,089	23,300	21,797
TOTAL EXPENDITURE	9	390	21,840	1,089	23,319	21,818
NET INCOME / (EXPENDITURE) BEFORE MATERIAL ITEMS						
Material pension cost	24	39	72	(584)	(473)	3,723
		-	(4,369)	-	(4,369)	-
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	39	(4,297)	(584)	(4,842)	3,723
		-	(553)	553	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		39	(4,850)	(31)	(4,842)	3,723
NET MOVEMENT IN FUNDS						
		39	(4,850)	(31)	(4,842)	3,723
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,690	(4,703)	53,021	51,008	47,285
TOTAL FUNDS CARRIED FORWARD		2,729	(9,553)	52,990	46,166	51,008

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08146330

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£000	2016 £000	£000	2015 £000
FIXED ASSETS					
Tangible assets	16		52,810		52,693
CURRENT ASSETS					
Debtors	17	931		780	
Cash at bank and in hand		3,240		3,733	
		<u>4,171</u>		<u>4,513</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,478)</u>		<u>(1,133)</u>	
NET CURRENT ASSETS			<u>2,693</u>		<u>3,380</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Defined benefit pension scheme liability	23		<u>(9,337)</u>		<u>(5,065)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>46,166</u>		<u>51,008</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	(216)		362	
Restricted fixed asset funds	19	52,990		53,021	
Restricted income funds excluding pension liability		<u>52,774</u>		<u>53,383</u>	
Pension reserve		<u>(9,337)</u>		<u>(5,065)</u>	
Total restricted income funds			<u>43,437</u>		<u>48,318</u>
Unrestricted income funds	19		<u>2,729</u>		<u>2,690</u>
TOTAL FUNDS			<u>46,166</u>		<u>51,008</u>

The financial statements were approved by the Directors, and authorised for issue, on 3 December 2016 and are signed on their behalf, by:



Mr Muralee Nair
Chair of Trustees

The notes on pages 25 to 46 form part of these financial statements.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>203</u>	<u>334</u>
Cash flows from investing activities:			
Interest receivable		5	4
Cash transferred on conversion to an academy trust		-	40
Purchase of tangible fixed assets		(1,205)	(1,168)
Capital grants from DfE/EFA		505	684
Net cash used in investing activities		<u>(695)</u>	<u>(440)</u>
Change in cash and cash equivalents in the year		(492)	(106)
Cash and cash equivalents brought forward		<u>3,732</u>	<u>3,838</u>
Cash and cash equivalents carried forward	22	<u><u>3,240</u></u>	<u><u>3,732</u></u>

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

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

1.2 Fund accounting

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

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

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

1.3 Income

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 Expenditure

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

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

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

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

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

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

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

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

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

Long-term leasehold property	-	5 - 50 years
Plant and machinery	-	5 - 25 years
Fixtures and fittings	-	5 - 25 years
Computer equipment	-	3 - 5 years

1.7 Interest receivable

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

1.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.9 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.10 Liabilities and provisions

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

1.11 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.12 Taxation

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

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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

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

1.14 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2016 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2 % could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Donations	28	-	-	28	41
Capital Grants	-	-	505	505	684
Gifted Assets	-	-	-	-	3,622
Total donations and capital grants	28	-	505	533	4,347

In 2015, of the total income from donations and capital grants, £41,000 was to unrestricted funds and £4,306,000 was to restricted funds

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

The Park Federation Academy Trust

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant	-	17,016	17,016	15,810
Pupil Premium	-	1,464	1,464	1,515
Other EFA Grants	-	547	547	503
	-	19,027	19,027	17,828
Other government grants				
Other Government Grants	-	6	6	215
Local Authority Grants	-	2,064	2,064	2,043
SEN Income	-	354	354	319
	-	2,424	2,424	2,577
Other funding				
Other Income	-	78	78	487
	-	78	78	487
	-	21,529	21,529	20,892

In 2015, of the total income from charitable activities, £30,000 was to unrestricted funds and £20,862,000 was to restricted funds.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

5. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Lettings Income	70	-	70	69
Catering Income	17	-	17	30
Trips Income	109	-	109	69
Other Income	200	-	200	130
	396	-	396	298

In 2015, of the total income from other trading activities, £298,000 was to unrestricted funds and £ NIL was to restricted funds.

6. INVESTMENT INCOME

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Investment income	5	-	5	4
Pension income	-	383	383	-
	5	383	388	4

In 2015, of the total investment income, £4,000 was to unrestricted funds and £ NIL was to restricted funds.

7. DIRECT COSTS

	Educational Activities £000	Total 2016 £000	Total 2015 £000
Educational supplies	708	708	708
Educational consultancy	303	303	373
Technology costs	173	173	203
Agency teaching staff	1,028	1,028	930
Staff development	67	67	78
Other direct costs	259	259	163
Wages and salaries	12,020	12,020	11,255
National insurance	923	923	730
Pension cost	1,807	1,807	1,560
	17,288	17,288	16,000

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

7. DIRECT COSTS (continued)

In 2015, the academy incurred the following Direct costs:

£16,000,000 in respect of Educational Activities

8. SUPPORT COSTS

	Governance £000	Educational Activities £000	Total 2016 £000	Total 2015 £000
Pension finance costs	-	-	-	224
Rent and Rates	-	164	164	113
Maintenance of premises and equipment	-	485	485	395
Energy costs	-	204	204	203
Indirect employee expenses	-	248	248	105
Other support costs	154	149	303	256
Catering costs	-	526	526	599
Insurance	-	100	100	104
Other occupancy costs	-	133	133	100
Other support supply costs	-	92	92	66
Wages and salaries	-	1,965	1,965	2,091
National insurance	-	106	106	82
Pension cost	-	597	597	549
Depreciation	-	1,089	1,089	910
	<u>154</u>	<u>5,858</u>	<u>6,012</u>	<u>5,797</u>

During the year ended 31 August 2016, the academy incurred the following Governance costs:
£155,000 (2015 - £56,000) included within the table above in respect of Educational Activities.

In 2015, the academy incurred the following Support costs:
£5,741,000 in respect of Educational Activities

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

9. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>Total</i>
	2016	2016	2016	2016	<i>2015</i>
	£000	£000	£000	£000	<i>£000</i>
Raising funds	-	-	19	19	21
Educational Activities:					
Direct costs	15,870	-	1,418	17,288	16,000
Support costs	2,668	954	2,236	5,858	5,741
	<u>18,538</u>	<u>954</u>	<u>3,673</u>	<u>23,165</u>	<u>21,762</u>

In 2016, of the total expenditure, £396,000 (2015 - £260,000) was to unrestricted funds and £22,769,000 (2015 - £21,502,000) was to restricted funds.

10. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016	<i>2015</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	1,088	910
Auditors remuneration	17	18
Auditors remuneration- non audit services	-	13
Operating lease rentals	9	2
	<u>1,114</u>	<u>943</u>

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

11. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£000	£000
Wages and salaries	13,985	13,335
Social security costs	1,029	812
Operating costs of defined benefit pension schemes	2,404	2,110
	<u>17,418</u>	<u>16,257</u>
Supply staff costs	1,120	996
Compensation payments	-	10
	<u>18,538</u>	<u>17,263</u>

The average number of persons employed by the academy during the year was as follows:

	2016	2015
	No.	No.
Teachers	194	186
Administration and support	268	273
Management	31	31
	<u>493</u>	<u>490</u>

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	4	3
In the band £70,001 - £80,000	3	2
In the band £140,001 - £150,000	1	1

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £2,057,883 (2015: £1,706,600).

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

12. CENTRAL SERVICES

The academy has provided the following central services to its academies during the year:

- management services;
- financial services;
- legal services;
- computer support

The trust charges for these services on the following basis:

3.25% of the school budget share GAG income and Local Authority Grants

The actual amounts charged during the year were as follows:

	2016	2015
	£000	£000
Cranford Park Academy	129	127
Wood End Park Academy	144	139
James Elliman Academy	100	96
Montem Academy	123	123
Lake Farm Park Academy	38	25
Western House Academy	86	83
	620	593
Total	620	593

13. RELATED PARTY TRANSACTIONS- TRUSTEE'S REMUNERATION AND EXPENSES

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

		2016	2015
		£000	£000
Dr Martin Young	Remuneration	145-150	145-150
	Pension contributions paid	20-25	20-25

During the year, no Directors received any reimbursement of expenses (2015 - £NIL).

14. DIRECTORS' AND OFFICERS' INSURANCE

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Directors and officers indemnity element from the overall cost of the RPA scheme.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

15. OTHER FINANCE INCOME

	2016	2015
	£000	£000
Interest income on pension scheme assets	753	(18)
Interest on pension scheme liabilities	(370)	(206)
	383	(224)
	383	(224)

16. TANGIBLE FIXED ASSETS

	Long-term leasehold property £000	Plant and machinery £000	Fixtures and fittings £000	Computer equipment £000	Assets under construction £000	Total £000
Cost						
At 1 September 2015	51,891	1,031	724	611	9	54,266
Additions	555	66	181	206	197	1,205
At 31 August 2016	52,446	1,097	905	817	206	55,471
Depreciation						
At 1 September 2015	1,146	94	132	201	-	1,573
Charge for the year	674	84	105	225	-	1,088
At 31 August 2016	1,820	178	237	426	-	2,661
Net book value						
At 31 August 2016	50,626	919	668	391	206	52,810
At 31 August 2015	50,745	937	592	410	9	52,693

17. DEBTORS

	2016	2015
	£000	£000
Trade debtors	272	34
Other debtors	267	209
Prepayments and accrued income	392	537
	931	780
	931	780

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

18. CREDITORS: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	493	356
Other taxation and social security	341	290
Other creditors	28	61
Accruals and deferred income	616	426
	1,478	1,133
	1,478	1,133
	2016	2015
	£000	£000
Deferred income		
Deferred income at 1 September 2015	313	353
Resources deferred during the year	292	313
Amounts released from previous years	(313)	(353)
	292	313
Deferred income at 31 August 2016	292	313

At the balance sheet date, the academy trust was holding funds received in advance for the period relating to 2016/2017.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

19. STATEMENT OF FUNDS

	Brought Forward £000	Income £000	Expenditure £000	Transfers in/out £000	Pension cost re: changes in actuarial assumptions £000	Carried Forward £000
Unrestricted funds						
General Funds - all funds	2,690	429	(390)	-	-	2,729
Restricted funds						
Restricted Funds - all funds	362	21,389	(21,414)	(553)	-	(216)
Pension reserve	(5,065)	523	(426)	-	(4,369)	(9,337)
	(4,703)	21,912	(21,840)	(553)	(4,369)	(9,553)
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	53,021	505	(1,089)	553	-	52,990
Total restricted funds	48,318	22,417	(22,929)	-	(4,369)	43,437
Total of funds	51,008	22,846	(23,319)	-	(4,369)	46,166

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

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

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by other trading activities and reduced by expenditure incurred in the operation of these trading activities.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	<i>Total 2015 £000</i>
Cranford Park Academy	454	587
Wood End Park Academy	542	603
James Elliman Academy	321	362
Montem Academy	583	745
Western House Academy	421	490
Lake Farm Park Academy	31	72
Central services	161	193
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,513	3,052
Restricted fixed asset fund	52,990	53,021
Pension reserve	(9,337)	(5,065)
	<hr/>	<hr/>
Total	<u>46,166</u>	<u>51,008</u>

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2016 £000	<i>Total 2015 £000</i>
Cranford Park Academy	3,648	466	107	703	4,924	4,307
Wood End Park Academy	3,830	456	105	756	5,147	4,995
James Elliman Academy	2,438	538	155	521	3,652	3,389
Montem Academy	2,789	564	184	742	4,279	3,854
Western House Academy	2,085	301	114	514	3,014	2,797
Lake Farm Park Academy	887	223	42	261	1,413	927
Central services	249	352	1	(801)	(199)	521
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>15,926</u>	<u>2,900</u>	<u>708</u>	<u>2,696</u>	<u>22,230</u>	<u>20,790</u>

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Tangible fixed assets	-	-	52,810	52,810	52,693
Current assets	2,729	1,261	180	4,170	4,513
Creditors due within one year	-	(1,477)	-	(1,477)	(1,133)
Provisions for liabilities and charges	-	(9,337)	-	(9,337)	(5,065)
	<u>2,729</u>	<u>(9,553)</u>	<u>52,990</u>	<u>46,166</u>	<u>51,008</u>

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

	2016 £000	2015 £000
Net (expenditure)/income for the year (as per Statement of financial activities)	(4,842)	3,723
Adjustment for:		
Depreciation charges	1,089	910
Assets gifted on conversion	-	(3,662)
Interest receivable	(5)	(4)
Decrease in stocks	-	2
Increase in debtors	(151)	(189)
Increase/(decrease) in creditors	345	(254)
Capital grants from DfE and other capital income	(505)	(684)
FRS 102 pension adjustments	4,272	492
Net cash provided by operating activities	<u>203</u>	<u>334</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank and in hand	3,240	3,732
Total	<u>3,240</u>	<u>3,732</u>

23. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Royal Borough of Windsor and Maidenhead for the Royal Borough of Berkshire Pension Fund and the London Borough of Hillingdon for the London Borough of Hillingdon Pension Fund. Both are Multi-employer defined benefit pension schemes.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,175,610 (2015 - £967,612).

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

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,232,000 (2015 - £471,000), of which employer's contributions totalled £967,000 (2015 - £380,000) and employees' contributions totalled £265,000 (2015 - £91,000). The agreed contribution rates for future years are 17.2% for employers and % for employees.

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

Principal actuarial assumptions:

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.10 %	3.73 %
Rate of increase in salaries	3.10 %	3.53 %
Rate of increase for pensions in payment / inflation	2.10 %	2.63 %
Inflation assumption (CPI)	2.10 %	2.30 %

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

	2016	<i>2015</i>
Retiring today		
Males	22.7	22.7
Females	24.7	24.7
Retiring in 20 years		
Males	24.3	24.3
Females	26.9	26.9

Royal County of Berkshire

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

	2016	<i>2015</i>
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.47 %
Rate of increase for pensions in payment / inflation	2.30 %	2.67 %
Inflation assumption (CPI)	2.30 %	2.67 %

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

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

	2016	<i>2015</i>
Retiring today		
Males	22.9	<i>22.8</i>
Females	26.2	<i>26.1</i>
Retiring in 20 years		
Males	25.2	<i>25.1</i>
Females	28.5	<i>28.4</i>

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

	Fair value at 31 August 2016 £000	<i>Fair value at 31 August 2015 £000</i>
Equities	3,327	<i>2,220</i>
Debt instruments	1,304	<i>814</i>
Property	714	<i>553</i>
Cash	286	<i>235</i>
Other	482	<i>364</i>
Total market value of assets	6,113	<i>4,186</i>

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £000	<i>2015 £000</i>
Current service cost (net of employee contributions)	(1,251)	<i>(1,102)</i>
Net interest cost	383	<i>(224)</i>
Total	(868)	<i>(1,326)</i>

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

23. PENSION COMMITMENTS (continued)

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

	2016 £000	2015 £000
Opening defined benefit obligation	9,251	7,621
Upon conversion	-	50
Current service cost	1,251	1,102
Interest cost	370	318
Contributions by employees	265	229
Changes in financial assumptions	4,369	10
Benefits paid	(56)	(79)
	<u>15,450</u>	<u>9,251</u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	4,186	3,088
Upon conversion	-	10
Return on plan assets (excluding net interest on the net defined pension liability)	571	202
Interest income	182	-
Contributions by employer	967	844
Contributions by employees	265	229
Assets acquired in a business combination	-	(108)
Administrative expenses	(2)	-
Benefits paid	(56)	(79)
	<u>6,113</u>	<u>4,186</u>

24. MATERIAL PENSION COST

The latest valuation of the Local Government Pension Scheme (LGPS) occurred on 31 August 2016. Since the date of the previous valuation, a number of changes, both legislative and economic, have occurred which has impacted upon the actuarial assumptions made. Consequently, a significant cost has been incurred in the current financial period which is reflective of these changes made.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

25. OPERATING LEASE COMMITMENTS

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

	2016	2015
	£000	£000
Amounts payable:		
Within 1 year	1	-
Between 1 and 5 years	9	5
After more than 5 years	4	-
	<hr/>	<hr/>
Total	14	5
	<hr/> <hr/>	<hr/> <hr/>

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

THE PARK FEDERATION ACADEMY TRUST
(A company limited by guarantee)

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

28. FIRST TIME ADOPTION OF FRS 102

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

The policies applied under the academy's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure. The table below shows the effect of the transition of FRS 102 on the SOFA for the prior year:-

		Year ended 31 August 2015		
	Notes	As previously stated	Effect of transition	FRS 102 (as restated)
Total Income		£25,541,000	£NIL	£25,541,000
Total Expenditure	1	£21,700,000	£118,000	£21,818,000
Actuarial gains and (losses) on defined benefit schemes	1	(£118,000)	£118,000	£NIL

NOTES TO RECONCILIATION

1. Local Government Pension Scheme

In the prior year, there were actuarial losses recognised on the scheme of £118,000. Under FRS 102, these actuarial losses have been reclassified as follows:

-
- An increase of £10,000 to support staff pension costs under charitable activities.
- An increase in pension interest cost of £108,000 as shown under support costs.