

Registered number: 08075785

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | |
|-----------------|---|
| Members | I Cooke S Marston L Soden (resigned 4 September 2016) S McMurtrie (appointed 1 September 2016) F Hammans (appointed 1 September 2016) |
| Trustees | N Capstick, Chief Executive Officer ² L Costello, Director of Education ³ J Jarvis, Chair of Board (resigned 31 August 2016) M Collins ^{2,3} S Hagan, Vice Chair of Board/Chair of Finance Committee ¹ C Hopton, Chair of Risk & Audit Committee ² L Palfrey (resigned 31 August 2016) Dr Fiona Hammans (appointed 10 May 2016) ⁴ R Marsh, Chairman from 1/9/2016 (appointed 10 May 2016) ⁴ Lt Col R Page (appointed 1 September 2016) ² S McMurtrie (appointed 1 September 2016) ¹ P Lender-Swain (appointed 1 September 2016) |
| | 1 Finance Committee 2 Audit and Risk Committee 3 Teaching, Learning & Standards Committee 4 Pay and Compensation Committee |

| | |
|--|--|
| Company registered number | 08075785 |
| Company name | The White Horse Federation |
| Principal and registered office | The White Horse Federation Plymouth Street Swindon Wiltshire SN1 2LB |
| Company secretary | L Haydon |
| Accounting Officer | N Capstick |

Senior Leadership Team

N Capstick, Chief Executive Officer
L Costello, Director of Education
S Cowley, Director of Teaching & Learning
A Capstick, Head of Teaching & Learning
C Carter, Head of Collaborative Learning (resigned 31/08/2016)
J Costello, Commercial Director
S Colledge, Secondary Director (resigned 24/03/2016)
I Frost, Secondary Strategy (appointed 01/04/2016)
L Saunders, HR Director (resigned 01/05/2016)
S Brimfield, HR Director (appointed 31/05/2016)
R Holmes, Finance Director (resigned 13/10/2015)
I Jones, COO (appointed 01/11/2015)

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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Independent auditors Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

Bankers Lloyds Bank plc
5 High St
Swindon
SN1 3EN

Solicitors Clark Holt Ltd
Hardwick Holt
Prospect place
Swindon
Wiltshire
SN1 3LJ

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Federation operates 10 primary, 2 secondary, 1 special primary and 2 special secondary academies in Swindon, Wiltshire, Gloucestershire and Oxfordshire. The Federation's Academies have a combined pupil capacity of 6,878 (including Nursery) and had a roll of 5,699 (including Nursery) in the school census in June 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Federation is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Federation.

The Charitable Company is known as The White Horse Federation. N Capstick (Chief Executive Officer) and L Costello (Director of Education) are trustees.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trustees' Indemnities

Details of insurance cover is detailed in Note 13 to the Accounts.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

From 15 June 2015 new Articles of Association were adopted and provide for the following.

- up to 12 Trustees, appointed under Article 50;
- a minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no LBG's are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each LBG pursuant to Article 101A.
- Chief Executive Officer provisions under Article 57
- Executive Managing Director provisions under Article 57A
- 1 trustee appointed under Article 51

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer (CEO) and the Director of Education (DoE). Subject to remaining eligible to be a particular type of Trustees, any Trustees may be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Federation's development.

**THE WHITE HORSE FEDERATION
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Policies and Procedures Adopted for the Induction and Training of Trustees

The Federation has a Trustees Induction and Training procedure available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other necessary documents that they will need to undertake their role as Trustees. Trustees are able to access these documents via the Trustees website. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies. New Trustees meet with the Managing Trustees and the Chair of Trustees to discuss the strategic direction of the organisation and to go through roles and responsibilities as detailed in the WHF handbook. The professional behaviours of Trustees are also discussed and Our Little Green Book is shared.

Organisational Structure

The organisational structure has steadily evolved over the year, moving from a single Governing Body to a streamlined Board of Trustees and the introduction of Local Boards of Governors.

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Federation and determines membership, terms of reference and procedures of sub committees of responsibility and other groups. It may receive written and verbal reports including policies from the sub committees for ratification. It monitors the activities of these Trustees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

During the year the following sub committees provided oversight to the Board in the following areas of the Federation:-

- Finance
- Audit and Risk, including H&S, CP and Safeguarding, Premises & Insurance
- Teaching, Learning and Standards
- Pay and Remuneration including HR resources and Staffing

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Federation and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the CEO and Clerk to the WHF, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Federation by the use of budgets and other data, and making major decisions about the direction of the Federation, capital expenditure and staff appointments.

The Members and Board of Trustees have devolved responsibility for day to day management of the Federation to the CEO. The CEO implements the policies laid down by the Trustees and reports back to them on performance.

The Federation has a leadership structure which consists of the Members, Trustees, The Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) has evolved through the year and as at year end consisted of CEO, DoE, Director Teaching & Learning, Secondary Strategy Director, COO, HR Director, Commercial Director and Head of Teaching and Learning. The SLT controls the Federation at an operational level, implementing the policies laid down by the Trustees and reporting back to them. The CEO, DoE, COO and Chair of Finance Committee are responsible for the authorisation of spending within agreed budgets; a summary of this is in the Scheme of Delegation. Some spending control is devolved to Budget Holders which must be authorised in line within the Scheme of Delegation. The CEO and DoE are responsible for the appointment of staff, though appointment panels for senior teaching posts always include a Trustee.

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

At the 31 August 2016 the Federation comprised of the following schools

| | | |
|-------------------|---|---|
| Primary Schools | - | Croft, Drove, Haydon Wick, Mountford Manor, Moredon, Rodbourne Cheney, Tregoze, Zouch, Gorse Hill, Southwold, |
| Secondary Schools | - | Ridgeway Secondary and Sixth Form College, Gloucester Academy |
| Special Schools | - | Peak, Greenfield, Nyland |

Schools who joined in 2015/16 year were Gorse Hill, Southwold. Gagle Brook, which is an Eco school, is due to open January 2017 although this transfer is still being finalised.

TWHF also operate two Primary focused Teaching Schools and the secondary focused Swindon School Centred Initial Teacher Training (SCITT) is also part of the Federation.

The CEO, Dr Nicholas Capstick, is the Accounting Officer.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of the Federation. There are no sponsors or formal Parent Teacher Associations (PTA) associated with the Federation. PTA organisations exist in some of the schools within the Federation.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Federation 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 schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its pupils ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies") and providing recreational and leisure time facilities in the interests of social welfare for the inhabitants of each area of benefit.

The aims of the Federation are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils.
- to provide a broad and balanced curriculum, including extra curricular activities.
- to develop pupils as more effective learners.
- to enhance the tertiary provision and outcomes.
- to develop the Federation sites so that they enable pupils to achieve their full potential.
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care.
- to improve the effectiveness of the Federation by keeping the curriculum and organisational structure under continual review.

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

- to maximise the number of pupils who achieve.
- to provide value for money for the funds expended.
- to fulfil the roles of its Teaching Schools.
- to develop greater coherence, clarity and effectiveness in school systems.
- to comply with all appropriate statutory and curriculum requirements.
- to maintain close links with industry and commerce
- to develop the Federation's capacity to manage change, and
- to conduct the Federation's business in accordance with the highest standards of integrity, probity and openness.

At The White Horse Federation we aim to get the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. The Federation is a community in which children, staff and parents should be part of a happy and caring environment.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Federation's aims and objectives and in planning its future activities.

The Federation aims to advance for the public benefit, education in Swindon, Wiltshire, Gloucester and Oxfordshire and the surrounding area. In particular, but without prejudice to the generality of the forgoing by establishing, managing and developing schools, offering a broad curriculum.

STRATEGIC REPORT

Achievements and Performance

The Federation has made a large number of achievements in the year under review. Key achievements include:

- On boarding and Integration of 2 primary schools in Swindon and Oxford
- Good Ofsted report for The Ridgeway
- Good Ofsted report for Tregoze
- Improved GCSE and A level results at The Ridgeway
- Significant increase in APS for The Peak and Greenfield special schools
- Skills audit of trustees
- Successful appointment of 4 new trustees

The Trustees are very proud to celebrate the achievements across The Federation.

We have trained over 100 student teachers in the last 12 months. Dr Capstick continues to be a member of The Regional Schools Commission for the South West and has supported 12 Local Authorities and more than 50 schools in developing their Academy provision. He continues to lead conferences and act as key note speaker for both national and regional conferences. He was awarded an OBE in the New Year 2016 Honours List.

L Costello remains the Vice Chair of the Primary Heads Reference Group at the DfE, and is on The Arts Council Rapid Review of Arts Mark which was successfully launched. She was appointed by Secretary of State to chair the DfE committee in response to workload challenge addressing data management and assessment. She was awarded OBE on 13th June 2015.

During the year, the Federation completed work on a number of projects secured via CIF capital grants and delivered in budget.

Drove Primary School & Mountford Manor Primary School work conducted on roofs – total value £1,084k

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

Rodbourne Cheney Primary School focus on building and safeguarding – total value £184k

Tregoze Primary School windows project – total value £117k

Major Projects currently underway include

- Nylands heating system for a total value of Value £122k. This has been funded by School Condition Allocation (SCA)
- Gorse Hill roof replacement for a value of £540k. Funded by CIF
- Ridgeway Roof and Windows to a value of £300k funded through the SCA

Performance for the Primary schools is detailed below across the Key stages.

| KS1 | KS1 Reading | KS1 Writing | KS1 Maths | KS1 Phonics | KS2 - Combined R / W / M |
|----------------------------------|------------------------|------------------------|----------------------|------------------------|---|
| Moredon Primary & Nursery School | 76% | 73% | 80% | 83% | 71% |
| Rodbourne Cheney Primary School | 83% | 79% | 83% | 94% | 68% |
| Haydon Wick Primary School | 80% | 74% | 71% | 81% | 55% |
| Tregoze Primary School | 79% | 79% | 85% | 83% | 65% |
| Drove Primary School | 70% | 72% | 82% | 78% | 40% |
| Mountford Manor Primary School | 75% | 68% | 75% | 83% | 31% |
| Zouch Primary School | 80% | 80% | 76% | 76% | 18% |
| Southwold | 70% | 68% | 70% | 86% | 58% |
| Croft | 78% | 80% | 81% | 90% | |
| Gorse Hill | 78% | 73% | 83% | 88% | 43% |
| National average | 74% | 65% | 73% | 81% | 53% |

| KS4 | National | Ridgeway | Gloucester Academy |
|-------------------|----------------------|-----------------|-------------------------------|
| Prog 8 | -0.03 | 0.08 | -1.12 |
| Attain 8 | 48.2 | 53.9 | 33.6 |
| Basics | 58.7% | 71% | 30% |
| EBacc | 36.6% | 37% | 7% |
| Stayed in Ed 2014 | 94% State Schools | 97% 211/218 | 82% 112/137 |

| KS5 | National | Ridgeway | Gloucester Academy |
|-----------------------|-----------------|-----------------|-------------------------------|
| No | | 85 | 12 |
| A Levels entry | 216.1 | 215.6 | 126.7 |
| Grade | C+ | C+ | U |
| 3 A levels A - E | 78.7% | 71% | 8% |
| 2 A levels A - E | 92.2% | 91% | 33% |
| 1 A level A - E | 99.6% | 100% | 83% |
| AAB in 2 fac subjects | 14.7% | 11% | 0 |

The central School Improvement organisation, allied with the support from schools as well as the Teaching, Learning and Standards committee, are responsible for regular review of results and embedding action plans to drive performance.

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

Key Performance Indicators

The White Horse Federation use a number of benchmarks to evaluate performance and drive budgetary control and monitoring. These include Pupil Teacher Ratio, Teacher to Support Staff Ratios, Average Salaries and Non Salary Spend ratios. In addition, the federation is committed to driving other income to support funding levels and maintaining and appropriate level of reserve to support growth.

As funding is based on pupil numbers this is also a key performance Indicator. Pupil numbers for 2016 were 5,699, an increase of 981 over 2015, of which 854 relate to pupils at schools that joined the Federation during the financial year. It is anticipated that this number will continue to rise, both through individual school growth and more schools joining the Federation.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Federation 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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Federation's income is obtained from the DfE via the EFA 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 in the Statement of Financial Activities.

The Federation also receives grants for fixed assets from the DfE which 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 useful life of the assets concerned, as defined in the Federation's accounting policies.

The table below identifies a summary of the underlying operational performance for the Federation, utilising the data contained in this reports and ignoring the impact of pension adjustments and transfers in during the period.

Operational Management View

| | 2016 | 2015 |
|---|----------------|---------------|
| £'000's | | |
| Income in period | 30,795 | 24,313 |
| Expenditure: | | |
| Staff costs | 23,062 | 17,444 |
| Other | 8,468 | 5,657 |
| Total | 31,530 | 23,101 |
| Operational Management surplus/(loss) in period | (735) | 1,212 |
| Capital expenditure movement from current and prior year income streams | 352 | 607 |
| Total surplus/(loss) including capital movements | (1,087) | 605 |

At 31 August 2016 the net book value of fixed assets was £58,668,436 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Federation.

**THE WHITE HORSE FEDERATION
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Land, buildings and other assets were transferred to the Federation upon conversion of new Academies during the year. Land and buildings within these transfers on conversion were valued at £5,671,697. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Federation has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activities with details in Note 24 to the financial statements. Based on Actuarial evaluations there is significant pressure on the underlying liabilities and hence contributions required going forward.

Reserves Policy

The Trustees review the reserve levels of the Federation annually with a detailed review at the Finance Committee. This review encompasses the nature of income and expenditure streams by regional location, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Federation, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £1.5m representing one month's charitable activities resources expended (excluding depreciation and gains or losses on disposals) within the largest hub of activity which covers the fixed running costs. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Federation's current level of free cash liquid reserves, excluding immediate commitments for capital, is £5m and the level of unrestricted accounting reserve is £2.3m.

The majority of the free cash reserves relate to balances brought forward on conversion. These are planned to be utilised over the next three years to enable us to retain key staff while funding levels are ever decreasing and plan for future growth by training and developing our staff and maintaining and expanding where necessary our sites and systems.

The defined benefit pension scheme reserve has a negative balance driven by the Local Government Pension Scheme, which is underwritten by the Government. The effect of the deficit position of the pension scheme is that the Federation is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Federation's budgeted annual income.

Investment Policy

During the year the Trustees continually monitor the level of free cash reserves that can be invested to generate interest returns but ensuring a low risk approach to investment vehicles is adopted. This decision making forms part of the Finance Committee Terms of Reference and in making such decisions long range cash forecasts are considered.

Principal Risks And Uncertainties

The Members and Trustees have implemented a system to assess risks that the Federation faces, especially in the operational areas and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of Federation grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Federation has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The principal risks and uncertainties facing the Federation are as follows:

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

Educational - the risk in this arena centres on the Federation's ability to ensure that Teaching and Learning across all Key Stages and Early Years are in line with, or above, national standards. A detailed assessment of drivers at each key stage is maintained and corrective actions embedded early to ensure results are driven in each school.

Financial - the Federation has considerable reliance on continued Government funding through the EFA. In the last year 90% of the Federation's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. Significant pressure is also expected in area of pension payments.

Regulation and Legislation - the risk in this area arises from potential failure to effectively manage the Federation's finances and internal controls in compliance with regulations and legislation. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks including reliance on Internal Audit.

Operational - the continuing success of the Federation is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational operational standards across key functional support areas whose sole purpose is to support schools and Principals. To mitigate this risk Trustees ensure that processes are in place to manage operational risk.

Strategic - the Trustees continue to ensure that the highest standards are maintained in ensuring the vision, values, brand and reputational risk is maintained as an important agenda item at each meeting along with leadership risk assessments. In addition, there is also an annual strategic review day and formal approval of the Federation's strategy as well as regular monitoring of the performance.

The freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings.

Due to our success in working with other schools, The White Horse Federation has been approached by various agencies to consider sponsorship of both new and existing schools. We are keen to develop selected partnerships and grow our organisation at a steady and sustainable pace. We anticipate that further schools will join the Federation during the next financial year and the Trustees and SLT continually monitor the Strategic direction of the federation.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Federation and its Trustees do not act as the Custodian Trustees of any other Charity.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

For Disabled Employees

The White Horse Federation is an Equal Opportunities Employer, and works in conjunction with the Equality Act 2010 and supports disabled people including those with long term health conditions, learning disabilities and so called "hidden" disabilities such as dyslexia. If the employee confirms that they have a disability we can make reasonable adjustments to ensure that any selection processes including the interview are fair and equitable.

The Federation also supports disabled employees by following the Managing Employee Health, Wellbeing and Attendance Procedure in Schools/Academies. This policy ensures that the Federation works with Occupational Health in order to support all disabilities with internal training programmes and career development.

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

For Employee Consultation:

The HR Director plans all potential development changes for the Federation and works in partnership with all stakeholders which includes employees, unions, governors and senior members of staff to communicate and support the Federation with all workforce changes. A template is used for each possible development change which includes the following:

- Rationale for change
- Current Structure (if applicable)
- Proposed Structure
- Proposed method of selection
- Method of undertaking
- Costings for Proposed Structure
- Draft Implementation Plan

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming Bath Limited, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 12 December 2016 and signed on the board's behalf by:



**R Marsh
Chair of Trustees**

**THE WHITE HORSE FEDERATION
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, 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 White Horse Federation and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| N Capstick, Chief Executive Officer | 5 | 5 |
| L Costello, Director of Education | 5 | 5 |
| J Jarvis, Chair of Board | 4 | 5 |
| M Collins | 5 | 5 |
| S Hagan, Vice Chair of Board/Chair of Finance Committee | 4 | 5 |
| C Hopton, Chair of Risk & Audit Committee | 4 | 5 |
| L Palfrey | 5 | 5 |
| Dr F Hammans | 1 | 1 |
| R Marsh, Chairman from 1/9/2016 | 1 | 1 |

Governance reviews:

During the year, the WHF commissioned a Review of Governance from Ease Training.

A Governance handbook has been reviewed and will be ratified in October.

A skills and competency audit evaluated the Board's expertise, identified gaps and proactively sought to appoint to the key areas. The Trust appointed Academy Ambassadors and Nurole to seek new Trustees/Members.

Richard Marsh was appointed as the chair. Fiona Hammans was appointed as a Trustee and Member. Lt Col Rob Page has recently been appointed as Trustee together with Simon McMurtrie, who is also a member.

The Finance Committee is a sub committee of the main Board of Trustees. The purpose of the Finance Committee is to ensure that the standards of financial control and administration are adhered to, make financial plans including agreeing the draft budget, and monitor the progress of income and expenditure. The Finance Committee has formally met 5 times during the year.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| S Hagan, Chair of Finance Committee | 5 | 5 |

Christopher Hopton remains the chair of the Audit & Risk Committee. M Collins also joined as a member. The purpose of the Audit & Risk Committee is to oversee the financial reporting process, including audit, through the year and at year end. In addition the Committee oversees the internal control and risk management framework for the Federation. The Audit & Risk Committee have formally met 6 times during the year.

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------|-------------------|-------------------|
| C Hopton | 6 | 6 |
| N Capstick | 6 | 6 |
| J Jarvis | 5 | 6 |
| M Collins | 2 | 2 |

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the CEO has responsibility for ensuring that the Federation 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 Federation's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Federation has delivered improved value for money during the year by:

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 ongoing process designed to identify and prioritise the risks to the achievement of Federation 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 White Horse Federation for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Federation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Federation's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Federation's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint RSM as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Federation's financial systems. On a quarterly basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

During the year a detailed Internal Audit Plan of work was conducted including reviews over IT, data protection and security, payroll and recruitment. Action plans have been developed to strengthen and improve certain areas and these are ongoing. A detailed Internal Audit plan is in place for the coming year.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the CEO 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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Federation who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 Trustees on 12 December 2016 and signed on their behalf, by:



**R Marsh
Chair of Trustees**



**N Capstick
Accounting Officer**

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



**N Capstick
Accounting Officer**

Date: 12 December 2016

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of The White Horse Federation and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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



R Marsh
Chair of Trustees

Date: 12 December 2016

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
WHITE HORSE FEDERATION**

We have audited the financial statements of The White Horse Federation 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 Federation'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 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 members for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable Federation 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 Federation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' 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.

UNQUALIFIED OPINION

In our opinion the financial statements:

- give a true and fair view of the state of the charitable Federation'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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
WHITE HORSE FEDERATION**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Simon Morrison FCA (Senior Statutory Auditor)
for and on behalf of
Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER
12 December 2016

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE WHITE HORSE FEDERATION AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 27 August 2013 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 White Horse Federation 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 White Horse Federation and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The White Horse Federation and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The White Horse Federation and EFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE WHITE HORSE FEDERATION'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The White Horse Federation's funding agreement with the Secretary of State for Education dated 1 July 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 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 Federation's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE WHITE HORSE FEDERATION AND THE EDUCATION FUNDING AGENCY (continued)

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.



Simon Morrison FCA (Reporting Accountant)

Bishop Fleming Bath Limited
Chartered Accountants
Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

12 December 2016

**THE WHITE HORSE FEDERATION
(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 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Acquired from other Academy Trusts | 2 | 5,969 | (372,509) | 1,900,274 | 1,533,734 | 32,051,653 |
| Transfer on conversion | 2 | - | (398,000) | 3,862,000 | 3,464,000 | 2,501,413 |
| Other donations and capital grants | 2 | 250,382 | 1,788,147 | - | 2,038,529 | 2,083,372 |
| Charitable activities | 5 | 1,924,871 | 28,028,317 | - | 29,953,188 | 23,657,900 |
| Other trading activities | 3 | 117,463 | - | - | 117,463 | 73,011 |
| Investments | 4 | 16,420 | - | - | 16,420 | 13,831 |
| TOTAL INCOME | | 2,315,105 | 29,045,955 | 5,762,274 | 37,123,334 | 60,381,180 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 2,012,966 | 29,991,711 | 2,032,214 | 34,036,891 | 25,114,077 |
| TOTAL EXPENDITURE | 6 | 2,012,966 | 29,991,711 | 2,032,214 | 34,036,891 | 25,114,077 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 18 | 302,139 | (945,756) | 3,730,060 | 3,086,443 | 35,267,103 |
| | | - | (1,887,894) | 1,887,894 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | 302,139 | (2,833,650) | 5,617,954 | 3,086,443 | 35,267,103 |
| Actuarial losses on defined benefit pension schemes | 24 | - | (4,050,000) | - | (4,050,000) | (455,000) |
| NET MOVEMENT IN FUNDS | | 302,139 | (6,883,650) | 5,617,954 | (963,557) | 34,812,103 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 1,973,353 | (4,803,377) | 53,050,482 | 50,220,458 | 15,408,355 |
| TOTAL FUNDS CARRIED FORWARD | | 2,275,492 | (11,687,027) | 58,668,436 | 49,256,901 | 50,220,458 |

The notes on pages 24 to 53 form part of these financial statements.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08075785**

**BALANCE SHEET
AS AT 31 AUGUST 2016**

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|---------------------|---------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 58,668,436 | | 53,050,482 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 1,813,052 | | 1,352,234 | |
| Cash at bank and in hand | | 6,078,888 | | 6,549,974 | |
| | | <u>7,891,940</u> | | <u>7,902,208</u> | |
| CREDITORS: amounts falling due within one year | 16 | (3,712,640) | | (2,602,433) | |
| NET CURRENT ASSETS | | | 4,179,300 | | 5,299,775 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 62,847,736 | | 58,350,257 |
| CREDITORS: amounts falling due after more than one year | 17 | | (1,292,835) | | (1,171,799) |
| NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES | | | 61,554,901 | | 57,178,458 |
| Defined benefit pension scheme liability | 24 | | (12,298,000) | | (6,958,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | 49,256,901 | | 50,220,458 |
| FUNDS OF THE ACADEMY TRUST | | | | | |
| Restricted income funds: | | | | | |
| General funds | 18 | 610,973 | | 2,154,623 | |
| Fixed asset funds | 18 | 58,668,436 | | 53,050,482 | |
| Restricted income funds excluding pension liability | | <u>59,279,409</u> | | 55,205,105 | |
| Pension reserve | | <u>(12,298,000)</u> | | <u>(6,958,000)</u> | |
| Total restricted income funds | | | 46,981,409 | | 48,247,105 |
| Unrestricted income funds | 18 | | 2,275,492 | | 1,973,353 |
| TOTAL FUNDS | | | 49,256,901 | | 50,220,458 |

The financial statements were approved by the Trustees, and authorised for issue, on 12 December 2016 and are signed on their behalf, by:



**R Marsh
Chair of Trustees**

The notes on pages 24 to 53 form part of these financial statements.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | <u>124,799</u> | <u>3,338,591</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 16,420 | 13,831 |
| Proceeds from the sale of tangible fixed assets | | 500 | - |
| Purchase of tangible fixed assets | | (1,908,141) | (1,214,734) |
| Capital grants from DfE/EFA | | <u>1,260,824</u> | <u>451,492</u> |
| Net cash used in investing activities | | <u>(630,397)</u> | <u>(749,411)</u> |
| Cash flows from financing activities: | | | |
| Cash transferred on conversion to an academy trust | | <u>34,512</u> | <u>391,084</u> |
| Net cash provided by financing activities | | <u>34,512</u> | <u>391,084</u> |
| Change in cash and cash equivalents in the year | | <u>(471,086)</u> | <u>2,980,264</u> |
| Cash and cash equivalents brought forward | | <u>6,549,974</u> | <u>3,569,710</u> |
| Cash and cash equivalents carried forward | 21 | <u><u>6,078,888</u></u> | <u><u>6,549,974</u></u> |

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 GENERAL INFORMATION

The White Horse Federation is a company limited by guarantee, incorporated in England and Wales. The registered office is Plymouth Street, Swindon, Wiltshire, SN1 2LB.

1.2 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 White Horse Federation constitutes a public benefit entity as defined by FRS 102.

In accordance with the Academies Accounts Direction 2015 to 2016 capital grants are now recognised in Income for Donations and Capital Grants instead of Charitable Activities. Capital grants recognised in 2015 have been reclassified.

First time adoption of FRS 102

These financial statements are the first financial statements of The White Horse Federation prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of The White Horse Federation for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 31.

1.3 GOING CONCERN

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

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.4 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency 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.

Investment income, gains and losses are allocated to the appropriate fund.

1.5 INCOME

All income is recognised once the Federation 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 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 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.

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 WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.6 EXPENDITURE

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.7 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 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 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. 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:

| | | |
|-------------------------------|---|------------------------------|
| Freehold buildings | - | straight line over 50 years |
| Long term leasehold land | - | straight line over 125 years |
| Long term leasehold buildings | - | straight line over 50 years |
| Motor vehicles | - | straight line over 5 years |
| Fixtures and fittings | - | straight line over 5 years |
| Computer equipment | - | straight line over 3 years |

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.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 TAXATION

The Federation 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 Federation 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.

1.10 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.

1.11 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 and cash on deposit that has a notice period of less than 30 days.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions 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 Federation 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.

1.13 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.14 PENSIONS

Retirement benefits to employees of the Federation 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 Federation.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Federation 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 24, 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 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.

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

1. ACCOUNTING POLICIES (continued)

1.15 CONVERSION TO AN ACADEMY TRUST

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

The assets and liabilities transferred on conversion from Southwold County Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Land and buildings on conversion of new Academies to the Federation have been included in the accounts at an estimation of their value at the date of conversion. In determining these values the Trustees have referred to the valuations of land and buildings provided by the EFA for other local schools as at 31 March 2016, which were performed using the Depreciated Replacement Cost method.

Pension and other assets and liabilities have been valued by Hymans Robertson LLP.

During the year, Gorse Hill Primary School transferred from a Single Academy Trust to join the White Horse Federation. This transfers have been treated on the same basis as a conversion from a local authority as outlined above.

Further details of the transaction are set out in note 22.

1.16 PFI AGREEMENT

The Moredon Primary School occupies buildings which are subject to a PFI agreement. The Federation pays revenue contributions in respect of facilities management. The contract will expire in 2030. The Federation does not have any rights or obligations of ownership in respect of these assets, and therefore they are not included on the Federation's Balance sheet. The revenue payment for service is included in the Statement of Financial Activities.

1.17 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at year end are disclosed in Note 18.

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

1. ACCOUNTING POLICIES (continued)

1.18 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment.

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. INCOME FROM DONATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Acquired from other Academy Trusts | 5,969 | (372,509) | 1,900,274 | 1,533,734 | 32,051,653 |
| Transfer on conversion | - | (398,000) | 3,862,000 | 3,464,000 | 2,501,413 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Donations | 250,382 | 457,537 | - | 707,919 | 568,598 |
| Capital Grants | - | 1,330,610 | - | 1,330,610 | 1,514,774 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Subtotal | 250,382 | 1,788,147 | - | 2,038,529 | 2,083,372 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | 256,351 | 1,017,638 | 5,762,274 | 7,036,263 | 36,636,438 |

In 2015, of the total income from donations, £120,091 was unrestricted and £36,516,347 was restricted.

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3. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------|--|--|---------------------------------------|---------------------------------------|
| Lettings | 117,325 | - | 117,325 | 72,927 |
| External Catering | 138 | - | 138 | 84 |
| | <u>117,463</u> | <u>-</u> | <u>117,463</u> | <u>73,011</u> |

In 2015, of the total income from other trading activities, £73,011 related to unrestricted funds and £Nil related to restricted funds.

4. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------|--|--|---------------------------------------|---------------------------------------|
| Bank interest | 16,420 | - | 16,420 | 13,831 |
| | <u>16,420</u> | <u>-</u> | <u>16,420</u> | <u>13,831</u> |

In 2015 the total investment income of £13,831 was unrestricted.

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FOR THE YEAR ENDED 31 AUGUST 2016**

5. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Education | 754,886 | 26,894,609 | 27,649,495 | 22,332,636 |
| Nursery | 574,870 | - | 574,870 | 489,752 |
| Support for other schools | 386,651 | 1,133,708 | 1,520,359 | 835,512 |
| Leisure facilities | 208,464 | - | 208,464 | - |
| | <u>1,924,871</u> | <u>28,028,317</u> | <u>29,953,188</u> | <u>23,657,900</u> |

In 2015, of the total income from charitable activities, £1,186,468 related to unrestricted funds and £22,471,432 related to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 22,411,633 | 22,411,633 | 17,725,066 |
| Start up Grants | - | 58,745 | 58,745 | - |
| Other DfE/EFA grants | - | 2,237,870 | 2,237,870 | 2,302,604 |
| | <u>-</u> | <u>24,708,248</u> | <u>24,708,248</u> | <u>20,027,670</u> |
| Other government grants | | | | |
| High Needs | - | 1,397,647 | 1,397,647 | 927,433 |
| Other government revenue grants | 705 | 760,095 | 760,800 | 901,307 |
| | <u>705</u> | <u>2,157,742</u> | <u>2,158,447</u> | <u>1,828,740</u> |
| Other funding | | | | |
| Internal catering income | 561,029 | - | 561,029 | 354,978 |
| Income for hosting trainee teachers | 25,220 | - | 25,220 | 4,335 |
| Sales to students | 41,680 | - | 41,680 | 54,955 |
| Other | 126,252 | 28,619 | 154,871 | 61,958 |
| | <u>754,181</u> | <u>28,619</u> | <u>782,800</u> | <u>476,226</u> |
| | <u>754,886</u> | <u>26,894,609</u> | <u>27,649,495</u> | <u>22,332,636</u> |

In 2015, of the total income from charitable activities, £462,730 related to unrestricted funds and £21,869,906 related to restricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|---------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Education: | | | | | |
| Direct costs | 18,315,079 | 641,562 | 3,441,251 | 22,397,892 | 17,030,310 |
| Support costs | 3,594,367 | 2,049,152 | 3,480,971 | 9,124,490 | 6,547,595 |
| Nursery | | | | | |
| Direct costs | 550,864 | 36,521 | 27,206 | 614,591 | 519,178 |
| Support costs | - | 128 | 2,002 | 2,130 | 3,493 |
| Support for other schools | | | | | |
| Direct costs | 656,816 | 66,371 | 565,405 | 1,288,592 | 594,201 |
| Support costs | 43,239 | 23,712 | 329,187 | 396,138 | 275,300 |
| Leisure facilities: | | | | | |
| Direct costs | 142,744 | 9,211 | 1,735 | 153,690 | - |
| Support costs | - | 34,698 | 24,670 | 59,368 | - |
| | <u>23,303,109</u> | <u>2,861,355</u> | <u>7,872,427</u> | <u>34,036,891</u> | <u>24,970,077</u> |

7. DIRECT COSTS

| | Education £ | Nursery £ | Support for other schools £ | Leisure facilities £ | Total 2016 £ | Total 2015 £ |
|-----------------------|-------------------|----------------|--------------------------------------|----------------------------|--------------------|--------------------|
| Pension finance costs | 156,354 | 5,202 | 5,587 | - | 167,143 | 191,000 |
| Educational supplies | 1,273,487 | 21,294 | 402,753 | - | 1,697,534 | 923,476 |
| Examination fees | 231,898 | - | - | - | 231,898 | 168,076 |
| Staff development | 205,927 | 610 | 154,337 | - | 360,874 | 252,446 |
| Other costs | 495,608 | - | 2,728 | 1,735 | 500,071 | 576,669 |
| Supply teachers | 321,293 | - | - | - | 321,293 | 287,255 |
| Technology costs | 113,478 | 100 | - | - | 113,578 | 51,264 |
| PFI Charges | 246,072 | - | - | - | 246,072 | 239,120 |
| Wages and salaries | 14,428,984 | 427,610 | 513,884 | 116,510 | 15,486,988 | 11,763,038 |
| National insurance | 1,094,755 | 41,073 | 54,676 | 5,229 | 1,195,733 | 794,329 |
| Pension cost | 2,470,047 | 82,181 | 88,256 | 21,005 | 2,661,489 | 1,860,312 |
| Depreciation | 1,359,989 | 36,521 | 66,371 | 9,211 | 1,472,092 | 1,180,704 |
| | <u>22,397,892</u> | <u>614,591</u> | <u>1,288,592</u> | <u>153,690</u> | <u>24,454,765</u> | <u>18,287,689</u> |

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8. SUPPORT COSTS

| | Education £ | Nursery £ | Support for other schools £ | Leisure facilities £ | Total 2016 £ | Total 2015 £ |
|---|------------------|--------------|--------------------------------------|----------------------------|--------------------|--------------------|
| Pension finance costs | 119,387 | - | 470 | - | 119,857 | 38,000 |
| Staff development | 11,710 | - | 1,889 | 248 | 13,847 | 2,774 |
| Other costs | 15,591 | - | - | - | 15,591 | 18,225 |
| Recruitment and support | 327,656 | 190 | 4,591 | - | 332,437 | 197,890 |
| Maintenance of premises and equipment | 722,242 | - | - | 10,743 | 732,985 | 224,840 |
| Cleaning | 201,144 | - | - | 14,167 | 215,311 | 162,269 |
| Rent and rates | 197,867 | - | - | 7,129 | 204,996 | 162,920 |
| Energy costs | 394,315 | - | - | 15,000 | 409,315 | 325,224 |
| Insurance | 180,350 | - | - | - | 180,350 | 174,866 |
| Security and transport | 136,175 | - | 875 | - | 137,050 | 118,435 |
| Catering | 1,057,117 | 1,326 | 7,606 | 832 | 1,066,881 | 783,674 |
| Technology costs | 444,120 | - | 2,225 | 8,052 | 454,397 | 207,927 |
| Office overheads | 241,924 | 31 | 571 | 235 | 242,761 | 199,608 |
| Legal and professional | 881,086 | 455 | 310,960 | 303 | 1,192,804 | 943,333 |
| Bank interest and charges | 34,318 | - | - | - | 34,318 | 53,615 |
| (Profit) / Loss on disposal of fixed assets | 39 | - | - | - | 39 | - |
| Governance costs | 31,498 | - | - | - | 31,498 | 52,799 |
| Wages and salaries | 2,783,192 | - | 40,119 | - | 2,823,311 | 2,125,071 |
| National insurance | 174,790 | - | 613 | - | 175,403 | 106,534 |
| Pension cost | 636,385 | - | 2,507 | - | 638,892 | 507,971 |
| Depreciation | 533,584 | 128 | 23,712 | 2,659 | 560,083 | 420,413 |
| | 9,124,490 | 2,130 | 396,138 | 59,368 | 9,582,126 | 6,826,388 |

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**NOTES TO THE FINANCIAL STATEMENTS
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9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

| | 2016 | 2015 |
|--|------------------|------------------|
| | £ | £ |
| Depreciation of tangible fixed assets: - owned by the charity | 2,032,175 | 1,601,117 |
| Auditors' remuneration | 29,500 | 29,500 |
| Auditors' remuneration - non audit | 6,775 | 11,050 |
| PFI Charges | 246,072 | 239,318 |
| Operating lease rentals | 113,747 | 87,951 |
| | <u>2,438,269</u> | <u>1,979,036</u> |

**THE WHITE HORSE FEDERATION
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**NOTES TO THE FINANCIAL STATEMENTS
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10. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|-------------------|-------------------|
| Wages and salaries | 18,158,976 | 13,814,109 |
| Social security costs | 1,371,136 | 900,863 |
| Operating costs of defined benefit pension schemes | 3,300,381 | 2,368,283 |
| | <u>22,830,493</u> | <u>17,083,255</u> |
| Supply teacher costs | 321,293 | 287,255 |
| Staff restructuring costs | 151,323 | 74,000 |
| | <u>23,303,109</u> | <u>17,444,510</u> |

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

| | 2016 No. | 2015 No. |
|----------------------------------|-------------|-------------|
| Teachers | 297 | 272 |
| Educational support | 344 | 280 |
| Administration and other support | 153 | 142 |
| Management | 52 | 48 |
| | <u>846</u> | <u>742</u> |

Average headcount expressed as a full time equivalent:

| | 2016 No. | 2015 No. |
|----------------------------------|-------------|-------------|
| Teachers | 303 | 258 |
| Educational Support | 219 | 177 |
| Administration and other support | 117 | 112 |
| Management | 18 | 21 |
| | <u>657</u> | <u>568</u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 5 | 5 |
| In the band £70,001 - £80,000 | 3 | 1 |
| In the band £80,001 - £90,000 | 2 | 2 |
| In the band £90,001 - £100,000 | 1 | 0 |
| In the band £100,001 - £110,000 | 2 | 2 |
| In the band £110,001 - £120,000 | 0 | 1 |
| In the band £120,001 - £130,000 | 0 | 1 |
| In the band £130,001 - £140,000 | 1 | 1 |
| In the band £140,001 - £150,000 | 1 | 0 |

The above employees participated in the Teachers' Pension Scheme. Annual equivalent pension contributions during the period, for these staff members amounted to £219,297 (2015: £170,753).

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10. STAFF COSTS (continued)

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £NIL. (2015: £74,000).

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee compensation (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,085,648 (2015: £766,126). 2016 included some additional roles listed within key management.

11. CENTRAL SERVICES

The Federation is structured on a functional matrix basis and provides a variety of services to the Academies within the trust through this organisation, including the following:

- school improvement
- education support services
- human resources
- financial services and compliance form a central structure
- long range financial planning and analysis
- estates management
- other services as arising, including new school integration and strategic growth

The aim through the matrix structure is to ensure the Principals focus on teaching and learning while services are commissioned from the functional teams. To this end the budget process is key on developing clear cost centre structures at each school which are then monitored monthly including pupil premium activities. The MAT operates a single funding agreement and as such income is controlled at MAT level and allocated to schools to address approved cost and resource structures as well as support Federation wide School Improvement initiatives.

12. TRUSTEES' REMUNERATION AND EXPENSES

Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of staff and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Federation in respect of their role as Trustees.

The value of staff Trustees remuneration and pension contributions in the year fell into £5,000 bandings as follows: N Capstick: Remuneration £140,000 - £145,000 (2015: £135,000 - £140,000), Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000) and L Connor: Remuneration £135,000 - £140,000 (2015: £125,000 - £130,000), Employer's pension contributions £20,000 - £25,000 (2015: £15,000 - £20,000).

During the year retirement benefits were accruing to 2 Trustees (2015: 3) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year ended 31 August 2016, expenses totalling £7,014 (2015: £9,030) were reimbursed to 3 Trustees (2015: 3).

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13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and annual total of £5,000,000 in aggregate. The cost for the year ended 31 August 2016 was £2,110 (2015: £1,074).

14. TANGIBLE FIXED ASSETS

| | Freehold land and buildings £ | Long term leasehold land and buildings £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|-----------------------|--|--|------------------------|-------------------------------|----------------------------|--------------------------|
| COST | | | | | | |
| At 1 September 2015 | 21,017,853 | 30,750,633 | 83,996 | 2,243,694 | 1,403,918 | 55,500,094 |
| Additions | 6,515 | 1,422,320 | 16,495 | 278,786 | 184,064 | 1,908,180 |
| Acquisitions | - | 5,671,697 | 12,428 | 57,293 | 1,070 | 5,742,488 |
| Disposals | - | - | (704) | - | - | (704) |
| At 31 August 2016 | <u>21,024,368</u> | <u>37,844,650</u> | <u>112,215</u> | <u>2,579,773</u> | <u>1,589,052</u> | <u>63,150,058</u> |
| DEPRECIATION | | | | | | |
| At 1 September 2015 | 414,909 | 893,582 | 33,717 | 522,887 | 584,517 | 2,449,612 |
| Charge for the year | 373,057 | 694,619 | 25,831 | 494,187 | 444,481 | 2,032,175 |
| On disposals | - | - | (165) | - | - | (165) |
| At 31 August 2016 | <u>787,966</u> | <u>1,588,201</u> | <u>59,383</u> | <u>1,017,074</u> | <u>1,028,998</u> | <u>4,481,622</u> |
| NET BOOK VALUE | | | | | | |
| At 31 August 2016 | <u><u>20,236,402</u></u> | <u><u>36,256,449</u></u> | <u><u>52,832</u></u> | <u><u>1,562,699</u></u> | <u><u>560,054</u></u> | <u><u>58,668,436</u></u> |
| At 31 August 2015 | <u><u>20,602,944</u></u> | <u><u>29,857,051</u></u> | <u><u>50,279</u></u> | <u><u>1,720,807</u></u> | <u><u>819,401</u></u> | <u><u>53,050,482</u></u> |

Land and buildings on conversion and acquisition of new Academies to the Federation have been included in the accounts at an estimation of their value at the date of conversion. In determining these values the Trustees have referred to the valuations of land and buildings provided by the EFA for other local schools as at 31 March 2016, which were performed using the Depreciated Replacement Cost method.

Included in freehold land and buildings is £2,617,180 of land, which is not depreciated.

15. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|-------------------------|-------------------------|
| Trade debtors | 93,537 | 71,731 |
| VAT repayable | 201,254 | 252,475 |
| Other debtors | 15,191 | 6,826 |
| Prepayments and accrued income | 1,503,070 | 1,021,202 |
| | <u><u>1,813,052</u></u> | <u><u>1,352,234</u></u> |

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|--------------------------------------|------------------|------------------|
| Other EFA loans | 151,258 | - |
| Trade creditors | 665,014 | 538,836 |
| Other taxation and social security | 463,956 | 238,581 |
| Other creditors | 541,420 | 534,434 |
| Accruals and deferred income | 1,890,992 | 1,290,582 |
| | <u>3,712,640</u> | <u>2,602,433</u> |
| | 2016 £ | 2015 £ |
| DEFERRED INCOME | | |
| Deferred income at 1 September 2015 | 679,322 | 303,172 |
| Resources deferred during the year | 595,004 | 679,322 |
| Amounts released from previous years | (679,322) | (303,172) |
| Deferred income at 31 August 2016 | <u>595,004</u> | <u>679,322</u> |

At the balance sheet date the Federation was holding EFA and Local Authority grants received in advance for the 2016/17 academic year.

**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Other EFA loans | <u>1,292,835</u> | <u>1,171,799</u> |
| Included within the above are amounts falling due as follows: | | |
| | 2016 £ | 2015 £ |
| BETWEEN ONE AND TWO YEARS | | |
| Other EFA loans | <u>322,357</u> | <u>1,173</u> |
| BETWEEN TWO AND FIVE YEARS | | |
| Other EFA loans | <u>856,211</u> | <u>1,163,585</u> |
| OVER FIVE YEARS | | |
| Other EFA loans | <u>114,267</u> | <u>7,041</u> |

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**17. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

| | 2016 £ | 2015 £ |
|--------------------------|----------------|--------------|
| Repayable by instalments | <u>114,267</u> | <u>7,041</u> |

The loans included above are due to the EFA. £1,160,065 relates to funding provided for pupil number adjustments repayable and £228,534 was received for Condition Improvement Fund projects. A repayment schedule for these loans has been agreed with the Department for Education and the loans are interest free.

18. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers In/out £ | Gains/ (Losses) £ | Carried Forward £ |
|------------------------------------|-------------------------|------------------|--------------------|--------------------------|-------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| Early Years Single Formula Funding | - | 574,870 | (574,870) | - | - | - |
| General funds | 1,973,353 | 1,740,235 | (1,438,096) | - | - | 2,275,492 |
| | <u>1,973,353</u> | <u>2,315,105</u> | <u>(2,012,966)</u> | <u>-</u> | <u>-</u> | <u>2,275,492</u> |

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18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|---|-------------------------|-------------------|---------------------|--------------------------|-------------------------|-------------------------|
| General Annual Grant | 700,308 | 22,141,412 | (22,575,868) | (513,869) | - | (248,017) |
| High needs | - | 1,397,647 | (1,397,647) | - | - | - |
| Pupil premium | 76,448 | 1,541,447 | (1,617,895) | - | - | - |
| 16-19 Allocation | - | 308,820 | (308,820) | - | - | - |
| UIFSM | - | 450,338 | (450,338) | - | - | - |
| Start up grant | - | 58,745 | (58,745) | - | - | - |
| School improvement grant | 255,748 | - | (255,748) | - | - | - |
| Croft Academy set up funding | 101,333 | - | - | (101,333) | - | - |
| Primary Behaviour Support Service | - | 129,417 | (129,417) | - | - | - |
| Child and Adolescent Mental Health Services | - | 87,410 | (87,410) | - | - | - |
| Pupil referral unit | - | 124,918 | (124,918) | - | - | - |
| Autism Spectrum Support | - | 267,155 | (267,155) | - | - | - |
| PE sports grant | 31,603 | 91,860 | (70,681) | - | - | 52,782 |
| Teaching School funding | 123,962 | 1,133,708 | (1,229,359) | - | - | 28,311 |
| School Condition Allocation | - | 610,079 | - | (381,471) | - | 228,608 |
| Condition Improvement Fund | 833,439 | 574,607 | (57,732) | (849,353) | - | 500,961 |
| Devolved Formula Capital | - | 145,924 | (145,924) | - | - | - |
| Trips donations | - | 389,939 | (389,939) | - | - | - |
| Other restricted funds | 31,782 | 408,529 | (350,115) | (41,868) | - | 48,328 |
| Pension reserve | (6,958,000) | (816,000) | (474,000) | - | (4,050,000) | (12,298,000) |
| | (4,803,377) | 29,045,955 | (29,991,711) | (1,887,894) | (4,050,000) | (11,687,027) |

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|--|--------------------------|--------------------------|----------------------------|--------------------------|---------------------------|--------------------------|
| Fixed assets transferred on conversion | 51,479,124 | 5,762,274 | (1,630,104) | - | - | 55,611,294 |
| Fixed assets purchased from GAG and other restricted funds | 1,571,358 | - | (402,110) | 1,887,894 | - | 3,057,142 |
| | <u>53,050,482</u> | <u>5,762,274</u> | <u>(2,032,214)</u> | <u>1,887,894</u> | <u>-</u> | <u>58,668,436</u> |
| Total restricted funds | <u>48,247,105</u> | <u>34,808,229</u> | <u>(32,023,925)</u> | <u>-</u> | <u>(4,050,000)</u> | <u>46,981,409</u> |
| Total of funds | <u><u>50,220,458</u></u> | <u><u>37,123,334</u></u> | <u><u>(34,036,891)</u></u> | <u><u>-</u></u> | <u><u>(4,050,000)</u></u> | <u><u>49,256,901</u></u> |

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

RESTRICTED FUNDS

The General Annual Grant represents funding received from the Education Funding Agency during the period in order to fund the continuing activities of the schools. The negative carry forward position is as a result of the Issues noted at Gloucester Academy and Peak Academy explained on the page 44.

High Needs funding is received from the Local Authority to cater for pupils with learning difficulties and other disabilities.

Pupil premium funding represents amounts received from the EFA to cater for disadvantaged pupils.

16-19 Allocation funding is received from the EFA for the provision of sixth form learning.

UIFSM (Universal Infant Free School Meals) is received from the EFA for the provision of free school meals to be supplied to all students up to and including year 2.

Start up grant represents funding from the EFA for Education to cover costs in converting to an academy trust such as, obtaining legal advice, costs of software licence transfers, HR/TUPE advice, re-branding costs and expenses incurred in setting up the Federation.

School improvement grant represents funding received from the EFA to be spent on providing support to a sponsored school.

Croft Academy set up funding represents funding received from Swindon Borough Council to cover costs in setting up a new academy, not a converter.

Primary Behaviour Support Service is funding received from Swindon Borough Council to support early years and mainstream pupils in their mainstream setting for early intervention and whole school training.

Child and Adolescent Mental Health Service is funding received from the Swindon Borough Council to support the provision of therapy for children who access provision at Nyland.

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18. STATEMENT OF FUNDS (continued)

Pupil referral unit funding received from Swindon Borough Council is to support 8 pupils for up to 12 weeks in order to be successful in mainstream.

Autism Spectrum Support is received from Swindon Borough Council to provide specialist teachers and facilities to students diagnosed as being on the Autistic Spectrum.

PE sports grant represents funding received from the EFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Teaching School funding represents funding received from the National College to enable the teaching schools alliance to build the necessary leadership and administrative capacity to undertake its work in leading the alliance.

Schol Condition Allocation represents funding received from the DfE to fund large capital projects as the Academy Trust deems required.

Condition Improvement Fund represents funding received from the DfE for specific capital projects.

Devolved Formula Capital represents funding received from the EFA to cover the maintenance and purchase of the Federation's assets.

Trigger funding is received from Swindon Borough Council due to the increase in pupil numbers during the period, since the calculation and allocation of School Budget Share from the EFA.

Trip donations represents donation made by parents towards the costs of educational trips during the year.

Other restricted funds represent amounts received from various bodies and includes income under the following initiatives; Graduate Teacher programme, Educational visits, Sponsor capacity funding, Local Authority Pupil Premium and Big Lottery Grant.

Pension reserve represents the Federation's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy. The Federation is following the recommendations of the actuary to reduce the deficit by making additional contributions over a number of years.

FIXED ASSET FUNDS

Fixed assets transferred on conversion represent the building and equipment donated to the Federation on conversion to an academy.

Fixed assets purchased from GAG and other restricted funds represent amounts spent on fixed assets from the GAG or other restricted funding received from the EFA or other bodies.

TRANSFERS BETWEEN FUNDS

The transfer from the restricted fund to the restricted fixed asset fund represents the total capital expenditure from the General Annual Grant and other restricted grants during the year.

OTHER INFORMATION

Under the funding agreement with the Secretary of State, the Federation was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

| | Total 2016 £ | Total 2015 £ |
|---|-----------------------------|-----------------------------|
| Gloucester Academy | (322,919) | (478,404) |
| Peak Academy | (457,306) | (26,161) |
| The Ridgeway School & Sixth Form College | 255,238 | 251,000 |
| The Croft Primary Academy | 286,555 | 278,314 |
| Drove Primary School | 597,483 | 635,134 |
| Gorse Hill Primary School | 494,446 | - |
| Haydon Wick Primary School | 193,841 | 187,881 |
| Moredon Primary School | 363,208 | 349,610 |
| Mountford Manor Primary School | 141,073 | 380,359 |
| Nyland Special School | 12,428 | 6,672 |
| Rodbourne Cheney Primary School | 301,748 | 462,795 |
| Southwold County Primary School | (25,744) | - |
| Tregoze Primary School | 143,285 | 235,710 |
| Zouch Primary School | 6,172 | 59,430 |
| Central Services | 896,957 | 1,785,636 |
| Total before fixed asset fund and pension reserve | <u>2,886,465</u> | <u>4,127,976</u> |
| Restricted fixed asset fund | 58,668,436 | 53,050,482 |
| Pension reserve | (12,298,000) | (6,958,000) |
| Total | <u><u>49,256,901</u></u> | <u><u>50,220,458</u></u> |

The deficit shown for Gloucester Academy stems from the deficit on conversion of circa £900k and has already shown a reduction to £323k. Plans are in place to recover this fully in the next few years and follows a restructure in 2016. The Peak Academy deficit was attributable to lower commissioned places in 2015/16 and a restructure has already been enacted, this will lead to recovery in the coming few years with continued support from the MAT. Southwold County Primary School transferred in the year, this deficit will be recovered in the coming year.

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

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciat- ion £ | Total 2016 £ | Total 2015 £ |
|--|---|--------------------------------------|------------------------------|--|--------------------|--------------------|
| Gloucester Academy | 3,779,523 | 758,282 | 188,000 | 1,353,887 | 6,079,692 | 2,990,800 |
| Peak Academy | 679,417 | 146,408 | 12,117 | 154,284 | 992,226 | 288,630 |
| Greenfield Academy | 325,007 | 77,948 | 6,533 | 64,741 | 474,229 | 345,754 |
| The Ridgeway School & Sixth Form College | 4,436,962 | 518,752 | 491,604 | 1,392,405 | 6,839,723 | 6,601,702 |
| The Croft Primary Academy | 516,383 | 108,688 | 72,712 | 190,229 | 888,012 | 566,199 |
| Drove Primary School | 1,887,824 | 225,577 | 98,968 | 342,872 | 2,555,241 | 2,094,109 |
| Gorse Hill Primary School | 584,426 | 110,369 | 21,829 | 183,617 | 900,241 | - |
| Haydon Wick Primary School | 770,625 | 115,557 | 35,531 | 197,923 | 1,119,636 | 990,893 |
| Moredon Primary School | 1,242,773 | 154,832 | 85,092 | 518,986 | 2,001,683 | 1,771,579 |
| Mountford Manor Primary School | 845,663 | 123,394 | 57,623 | 219,174 | 1,245,854 | 1,059,165 |
| Nyland Special School | 942,039 | 75,425 | 43,479 | 316,910 | 1,377,853 | 1,051,685 |
| Rodbourne Cheney Primary School | 700,383 | 131,389 | 63,693 | 261,324 | 1,156,789 | 851,067 |
| Southwold County Primary School | 447,632 | 55,252 | 23,893 | 122,510 | 649,287 | - |
| Tregoze Primary School | 553,454 | 86,037 | 29,174 | 193,388 | 862,053 | 710,033 |
| Zouch Primary School | 754,338 | 119,521 | 33,950 | 200,280 | 1,108,089 | 912,146 |
| Central Services Teaching School - Central | 663,645 | 783,249 | 22,780 | 1,026,750 | 2,496,424 | 3,135,198 |
| Teaching school - Ridgeway | 57,982 | 19,000 | 122,170 | 561,516 | 760,668 | - |
| | 156,134 | 27,926 | 288,386 | 24,570 | 497,016 | - |
| | 19,344,210 | 3,637,606 | 1,697,534 | 7,325,366 | 32,004,716 | 23,368,960 |

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

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|-------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 58,668,436 | 58,668,436 | 53,050,482 |
| Current assets | 2,275,492 | 5,616,448 | - | 7,891,940 | 7,902,208 |
| Creditors due within one year | - | (3,712,640) | - | (3,712,640) | (2,602,433) |
| Creditors due in more than one year | - | (1,292,835) | - | (1,292,835) | (1,171,799) |
| Pension scheme liability | - | (12,298,000) | - | (12,298,000) | (6,958,000) |
| | <u>2,275,492</u> | <u>(11,687,027)</u> | <u>58,668,436</u> | <u>49,256,901</u> | <u>50,220,458</u> |

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

| | 2016 £ | 2015 £ |
|---|----------------|------------------|
| Net income for the year (as per Statement of financial activities) | 3,086,443 | 35,267,103 |
| Adjustment for: | | |
| Depreciation charges | 2,032,136 | 1,601,117 |
| Interest received | (16,420) | (13,831) |
| Loss on the sale of fixed assets | 39 | - |
| Increase in debtors | (345,476) | (315,386) |
| Increase in creditors | 1,152,635 | 1,393,146 |
| Capital grants from DfE and other capital income | (1,260,824) | (451,492) |
| Defined benefit pension scheme cost less contributions payable | 187,000 | 182,000 |
| Defined benefit pension scheme finance cost | 287,000 | 229,000 |
| Net (loss) on assets and liabilities from local authority on conversion | (4,997,734) | (34,553,066) |
| Net cash provided by operating activities | <u>124,799</u> | <u>3,338,591</u> |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------------------------------|------------------|------------------|
| Cash at bank and in hand | 3,078,888 | 6,549,974 |
| Notice deposits (less than 3 months) | 3,000,000 | - |
| | <u>6,078,888</u> | <u>6,549,974</u> |

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22. CONVERSION TO AN ACADEMY TRUST

During the year, there have been 2 schools transferred from other Multi-academy trusts or local authorities to join The White Horse Federation. On 1 April 2016, Southwold County Primary School converted from a local authority and Gorse Hill Primary School transferred from a Single Academy Trust to join The White Horse Federation. The donation of assets and funds has been treated the same as if these were transfers from local authorities as outlined below.

On 1 April 2016 Southwold County Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The White Horse Federation from Oxford County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|---------------------------------------|----------------------------|--------------------------|---|---------------------|
| Freehold/leasehold land and buildings | - | - | 3,862,000 | 3,862,000 |
| LGPS pension deficit | - | (398,000) | - | (398,000) |
| | <u>-</u> | <u>(398,000)</u> | <u>3,862,000</u> | <u>3,464,000</u> |
| Net assets/(liabilities) | <u>-</u> | <u>(398,000)</u> | <u>3,862,000</u> | <u>3,464,000</u> |

The above net assets include £Nil that was transferred as cash.

Gorse Hill Primary School

| | Unrestricted funds £ | Restricted funds £ | Restricted fixed asset funds £ | Total funds £ |
|--|----------------------------|--------------------------|---|------------------|
| Tangible fixed assets | | | | |
| - Freehold/leasehold land and buildings | - | - | 1,809,697 | 1,809,697 |
| - Other tangible fixed assets | - | - | 70,791 | 70,791 |
| Budget surplus/(deficit) on other school funds | 5,969 | 45,491 | 19,786 | 71,246 |
| LGPS pension surplus/(deficit) | - | (418,000) | - | (418,000) |
| | <u>5,969</u> | <u>(372,509)</u> | <u>1,900,274</u> | <u>1,533,734</u> |
| Net assets/(liabilities) | <u>5,969</u> | <u>(372,509)</u> | <u>1,900,274</u> | <u>1,533,734</u> |

The above net assets include £34,512 that were transferred as cash.

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23. CAPITAL COMMITMENTS

At 31 August 2016 the Federation had capital commitments as follows:

| | 2016 | 2015 |
|---|----------------|------------------|
| | £ | £ |
| Contracted for but not provided in these financial statements | <u>837,000</u> | <u>1,038,295</u> |

24. PENSION COMMITMENTS

The Federation'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 Swindon Borough Council, Gloucester County Council and Oxford County Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at 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

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24. PENSION COMMITMENTS (continued)

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 £1,706,516 (2015: £905,614).

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).

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 £1,701,000 (2015: £1,317,000), of which employer's contributions totalled £1,344,000 (2015: £1,082,000) and employees' contributions totalled £357,000 (2015: £283,000). The agreed contribution rates for future years are 22.8% for employers and 5.5-12.5% 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.

Principal actuarial assumptions:

| | 2016 | 2015 |
|--|--------|--------|
| Discount rate for scheme liabilities | 2.08 % | 3.75 % |
| Expected return on scheme assets at 31 August | 2.08 % | 3.75 % |
| Rate of increase in salaries | 3.57 % | 4.25 % |
| Rate of increase for pensions in payment / inflation | 2.11 % | 2.65 % |
| Inflation assumption (CPI) | 2.30 % | 1.80 % |

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

| | 2016 | 2015 |
|----------------------|------------|------------|
| Retiring today | | |
| Males | 22.4 years | 22.4 years |
| Females | 24.6 years | 24.5 years |
| Retiring in 20 years | | |
| Males | 24.2 years | 24.2 years |
| Females | 27.0 years | 26.9 years |

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24. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2016 £ | Fair value at 31 August 2015 £ |
|------------------|---|---|
| Equities | 8,665,000 | 5,667,000 |
| Debt instruments | 2,072,000 | 1,412,000 |
| Property | 1,268,000 | 854,000 |
| Cash | 245,000 | 133,000 |
| Other | 24,000 | - |
| | <u>12,274,000</u> | <u>8,066,000</u> |

The actual return on scheme assets was £842,000.

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

| | 2016 £ | 2015 £ |
|--|--------------------|--------------------|
| Current service cost (net of employee contributions) | (1,531,000) | (1,270,000) |
| Net interest cost | (287,000) | (229,000) |
| Past service cost | - | 6,000 |
| | <u>(1,818,000)</u> | <u>(1,493,000)</u> |

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

| | 2016 £ | 2015 £ |
|-------------------------------------|-------------------|-------------------|
| Opening defined benefit obligation | 15,024,000 | 5,019,000 |
| Current service cost | 1,531,000 | 1,270,000 |
| Interest cost | 646,000 | 514,000 |
| Contributions by employees | 357,000 | 285,000 |
| Actuarial losses/(gains) | 5,467,000 | (107,000) |
| Past service costs | - | (6,000) |
| Benefits paid | (118,000) | (112,000) |
| Liability transferred on conversion | 1,665,000 | 8,161,000 |
| | <u>24,572,000</u> | <u>15,024,000</u> |

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24. PENSION COMMITMENTS (continued)

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

| | 2016 £ | 2015 £ |
|-------------------------------------|-------------------|------------------|
| Opening fair value of scheme assets | 8,066,000 | 3,198,000 |
| Return on plan assets | 359,000 | 285,000 |
| Actuarial gains and (losses) | 1,417,000 | (562,000) |
| Contributions by employer | 1,344,000 | 1,082,000 |
| Contributions by employees | 357,000 | 285,000 |
| Asset transferred on conversion | 849,000 | 3,890,000 |
| Benefits paid | (118,000) | (112,000) |
| | <u>12,274,000</u> | <u>8,066,000</u> |
| Closing fair value of scheme assets | <u>12,274,000</u> | <u>8,066,000</u> |

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:

| | Land and buildings | | 2016 £ | Other 2015 £ |
|-------------------------|--------------------|------------------|---------------|--------------------|
| | 2016 £ | 2015 £ | | |
| AMOUNTS PAYABLE: | | | | |
| Within 1 year | 239,318 | 239,318 | 36,839 | 113,747 |
| Between 1 and 5 years | 957,272 | 957,272 | 35,814 | 72,163 |
| After more than 5 years | 2,153,862 | 2,293,465 | - | - |
| Total | <u>3,350,452</u> | <u>3,490,055</u> | <u>72,653</u> | <u>185,910</u> |

Moredon Primary School occupies buildings that are subject to a PFI agreement. The amount included in operating lease commitments above is the projected revenue payment for future years. This agreement will expire in 2030 and each annual payment is subject to inflationary increases.

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Federation's operations and the composition of the Board of Trustees being drawn from local public and private sector organisation, it is likely that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Federation's financial regulations and normal procurement procedures.

There were no significant transactions during the period.

27. CONTROLLING PARTY

The company is under the joint control of the Trustees. There is no ultimate controlling party.

**THE WHITE HORSE FEDERATION
(A COMPANY LIMITED BY GUARANTEE)**

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

28. FINANCIAL INSTRUMENTS

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Financial assets measured at amortised cost | <u>7,335,874</u> | <u>7,341,241</u> |
| Financial liabilities measured at amortised cost | <u>1,836,798</u> | <u>1,360,096</u> |

Financial assets measured at amortised cost comprise of cash, accrued income and trade debtors.

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

29. 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.

30. AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ended 31 August 2016 the Academy Trust received £19,276 and disbursed £14,854 from the fund. An amount of £18,623 is included in other creditors relating to undistributed funds that is repayable to EFA.

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31. 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.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

| RECONCILIATION OF TOTAL FUNDS | Notes | 1 September 2014 | 31 August 2015 |
|--------------------------------------|--------------|-------------------------|-----------------------|
| | | £ | £ |
| Total funds under previous UK GAAP | | 15,408,355 | 50,220,458 |
| Total funds reported under FRS 102 | | <u>15,408,355</u> | <u>50,220,458</u> |

| Reconciliation of net income/ (expenditure) | Notes | 31 August 2015 |
|--|--------------|-----------------------|
| | | £ |
| Net income previously reported under UK GAAP | | 35,411,103 |
| Change in recognition of LGPS interest cost | A | (144,000) |
| Net movement in funds reported under FRS 102 | | <u>35,267,103</u> |

Explanation of changes to previously reported funds and net income/expenditure:

| | |
|---|---|
| A | Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expenditure by £144,000 and decrease the debit in other recognised gains and losses in the SoFA by an equivalent amount. |
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