

Academy Transformation Trust

Annual Report and Financial Statements

Year ended 31 August 2016

(A Company Limited by Guarantee)

Company Registration Number: 07846852 (England and Wales)

Academy Transformation Trust

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Academy Transformation Trust

Reference and Administrative Details

| | |
|---|---|
| Members | I Cleland A Leonard P Beanland S Tilsley (resigned 15/11/16) B Dickenson (appointed 15/11/16) |
| Trustees | I Cleland (Founding Member, Chief Executive and Accounting Officer) S Tilsley (Chairman from 25/09/15, resigned 15/11/16) N Flint (Chairman - resigned 24/09/15) J Hodgetts Managing Director P Beanland (appointed 22/03/16) K Taylor (resigned 14/03/16) A Leonard (resigned 24/11/16) C Field (resigned 14/07/16) B Westwood (resigned 20/10/16) V Howard (appointed 08/08/16, resigned 15/11/16) B Dickenson (resigned 11/01/16, appointed 14/11/16) M Green (appointed 17/11/16) G Empson (appointed 16/11/16) D Brown (appointed 16/11/16) |
| Company Secretary | K Robson |
| Senior Management Team | |
| <ul style="list-style-type: none">• Chief Executive Officer• Managing Director• Consultant Group Finance Director | I Cleland J Hodgetts M Giddings |
| <ul style="list-style-type: none">• Director of Resources• Principal Improvement Director• Further Education Director | C Pritchard L Crausby S Martin |
| Company Name | Academy Transformation Trust |
| Principal and Registered Office | Room 501 One Victoria Square Birmingham B1 1BD |
| Company Registration Number | 07846852 |
| Independent Auditor | Mazars LLP Park View House 58 The Ropewalk Nottingham NG1 5DW |
| Bankers | Barclays Bank PLC Cambridge Benet Street Leicestershire LE87 2BB |
| Solicitors | Stone King LLP 16 St John's lane London EC1M 4BS |

Academy Transformation Trust

Reference and Administrative Details (continued)

Directory of Academies

Academy 1

Admirals Academy

Admirals Way,
Thetford, IP24 2JT

Senior Leadership Team:

- Principal
- Vice Principal

T Rogers
S Dunckley

Academy 2

Bristnall Hall Academy

Bristnall Hall Lane
Oldbury, West Midlands, B68 9PA

Senior Leadership Team:

- Principal
- Vice Principal

V Green
Joan Kennedy

Academy 3

Diamond Academy

Hillary Road
Thetford, IP24 3DP

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

C Smith
Laura La Fond
Cynthia Law

Academy 4

Great Heath Academy

Girton Close
Mildenhall, Suffolk, IP28 7PT

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Steven Vincent
Naomi Brown
Ben Jeffrey

Academy 5

Iceni Academy

Stoke Road
Thetford, IP26 4PE

Senior Leadership Team:

- Principal
- Senior Vice Principal
- Vice Principal

Gee Cook
Stephen Plume
Jon Winn

Academy 6

Jubilee Academy Mossley

Tintern Crescent
Bloxwich, Walsall, WS3 2SQ

Senior Leadership Team:

- Principal
- Vice Principal

Jennie Westley
K Vaughan

Academy Transformation Trust

Reference and Administrative Details (continued)

Academy 7

Kingsmoor Academy

Ployters Road
Harlow, Essex, CM18 7PS

Senior Leadership Team:

- Principal
- Vice Principal

Lesley Brennan
C Martin

Academy 8

Mark Hall Academy

First Avenue
Harlow, Essex, CM17 9LR

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Corinne Franceschi
Allan Osborne
M Hazle

Academy 9

Mildenhall College Academy

Bury Road
Suffolk, IP28 7HT

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Susan Byles
K Ward
N Hood

Academy 10

The Nicholas Hamond Academy

Brandon Road
Swoffham, Norfolk, PE37 7DZ

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal
- Vice Principal

Cheryll Hill / Martin Booth
S Franklin
T Welham
E Thomason

Academy 11

North Walsall Primary Academy

Derby Street
Walsall, West Midlands, WS2 7BH

Senior Leadership Team:

- Principal
- Vice Principal

Lisa Chambers
Craig Griffiths

Academy 12

Norwich Road Academy

Norwich Road
Thetford, Norfolk, IP24 2HT

Senior Leadership Team:

- Principal
- Vice Principal

Theresa Rogers
Tracy Thurlby

Academy 13

Pool Hayes Academy

Castle Drive
Willenhall, West Midlands, WV12 4QZ

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Matt Allman / Luke Baker
Luke Baker
Andy Lawrence

Academy Transformation Trust

Reference and Administrative Details (continued)

Academy 14

Ravens Academy

Senior Leadership Team:

- Principal
- Vice Principal
- Consultant Head

Nayland Drive
Clacton on Sea, Essex, CO16 8TZ

Karen Hammond
Andy Bear
David Brownsword

Academy 15

Star Academy Sandyford

Senior Leadership Team:

- Principal
- Vice Principal

Burnaby Road
Sandyford, Stoke on Trent, ST6 5PT

Nicky Broomhall
Liz Broadhurst

Academy 16

Sun Academy Bradwell

Senior Leadership Team:

- Principal
- Vice Principal

Cauldon Avenue
Newcastle under Lyme, Staffs, ST5 8JN

Bobbie Caisley
Geraldine Fallows

Academy 17

Sutton Community Academy

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

High Pavement, Sutton in Ashfield, Notts,
NG17 1EE

Tim Croft
Jane Campbell
David Jenkins

Academy 18

The Dukeries Academy

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Whinney Lane, New Ollerton, Newark, Notts
NG22 9TD

Ian Barton
Claire Leitheiser
Lee Francis

Academy 19

The Hathaway Academy

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal
- Vice Principal

Hathaway Road
Grays, Essex, RM17 5LL

James Howarth / Fatima Rodrigues
Kate Fanning
Jenny Rose
Vincent Omilli

Academy 20

The Queen Elizabeth Academy

Senior leadership Team:

- Principal
- Vice Principal

Witherley Road
Atherstone, Warwickshire, CV9 1LZ

Dan Watts
Peter Ward

Academy Transformation Trust

Reference and Administrative Details (continued)

Academy 21

Westbourne Academy

Marlow Road
Ipswich, IP1 5JN

Senior Leadership Team:

- Principal
- Vice Principal
- Vice Principal

Garry Trott
Mark Bouckley
Marianne Woodhouse

Academy Transformation Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditors' report of the academy trust for the period 1st September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates 10 primary and 11 secondary academies across England. Its academies have a combined pupil capacity of 13,725 and had a roll of 11,623 in the school census in January 2016.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy trust. The trustees of Academy Transformation Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Academy Transformation Trust.

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

Members' Liability

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

Trustees' Indemnities

A Trustee may benefit from any indemnity insurance purchased at the academy trust's expense to cover the liability of the Trustees, which by virtue of any rule of law would otherwise attach them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. Provided that any such insurance shall not extend to any claim arising from any act of omission which the Trustees knew to be a breach of trust or a breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or a breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful; defense to a criminal prosecution brought against the Trustees in their capacity as directors of the academy trust

Method of Recruitment and Appointment or Election of Trustees

The Founding Members may appoint up to 5 Trustees and the Members may appoint up to 5 Trustees, provided always that the total number of Trustees including the Chief Executive Officer who are employees of the Company does not exceed one third on the total number of Trustees. The Chief Executive Officer shall be a Trustee for as long as he remains in office as such.

The Trustees may appoint up to 3 co-opted trustees. A "co-opted Trustee" means a person who is appointed to be a Trustee by being co-opted by trustees who have not themselves been so appointed.

The Trustees may not co-opt an employee of the Company as a co-opted trustee if there-by the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees including the chief Executive Officer.

The Secretary of State may give a warning notice to the Trustees where he is satisfied:

- That the standards of performance of pupils at any of the academies are unacceptably low; or
- That there has been a serious breakdown in the way any of the academies are managed or governed; or
- That the safety of pupils or staff of any of the academies is threatened (whether by a breakdown of discipline or otherwise)

Academy Transformation Trust

Trustees' Report (continued)

The Secretary of State may appoint such additional Trustees as he thinks fit if the Secretary of State has:

- Given the Trustees a warning notice with respect to the performance of an academy; and
- The Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance year.

The Secretary of State may also appoint such additional Trustees where following an inspection by the Chief Inspector in accordance with the Education Act 2005 (an "Inspection") an academy receives an Ofsted grading (being a grade referred to in the Framework for School Inspection or any modification or replacement of that document for the time being in force) which amounts to a drop, either from one Inspection to the next Inspection or between any two Inspections carried out within a 5 year period, of two Ofsted grades. For the purposes of the foregoing the grade received by the predecessor school as defined in the Relevant funding Agreement shall be regarded as the grade received by the academy.

The Secretary of State may also appoint such further trustees as he thinks fit if a Special Measures Termination Event (as defined in the Relevant Funding Agreement) occurs in respect of any academy.

Policies and Procedures Adopted for the Induction and Training of Trustees

An "Away Day" which included training and development and strategic thinking took place. An induction programme was introduced which includes meeting with key members of the SLT including Academy Improvement and the use of data, Safeguarding, HR and Finance. A Trustee portal has been created and includes an induction area containing documents for information. The job description for both Chair person and Trustees is provided to all Trustees ahead of their appointment which outlines their roles and responsibilities.

All new ATT Governors are offered the opportunity to take part in an induction session to provide them information regarding:

- What it means to be an ATT Governor
- The features of an effective Local Governing Body
- Their roles and responsibilities, including this in regards to the strategic direction and improvement of the academy; and
- How they can successfully support, monitor and evaluate the effectiveness of the academy.

Governors are required to undertake the following training:

- Child Protection level 1 training,
- Radicalisation and Extremism online course
- The Chair plus one other Governor undertakes Safer Recruitment Training

Each governor is provided with the Governor handbook which clearly sets out roles and responsibilities. A skills audit is required to be completed on becoming an ATT Governor and from this information and following consultation with the Chair, principal and Improvement Director, a bespoke training package is drawn up by the ATT Governance Department.

A Safeguarding update is also given at the annual Governors Conference and a range of training opportunities are supplied on the Governors portal.

Organisational Structure

The ATT Board is ultimately responsible to the Department for Education and must ensure that its academies act in accordance with the master Funding Agreement, Supplemental funding Agreement, Academies financial handbook and other relevant legislation.

In order to fulfill its responsibility the ATT Board has an Audit Committee as a sub-committee of the main Trust Board. The ATT Board also has Local governing Bodies in each of its academies in accordance with the Local governing Body terms of Reference. Each Local Governing Body receives delegated authority from the ATT Board to support the main Board in fulfilling its obligations.

Each Local Governing Body is responsible for establishing its own set of sub-committees. Some Local Governing Bodies may choose not to have any sub-committees and instead meet in a regular basis as a Full Governing Body, others may establish a number of sub-committees.

Academy Transformation Trust

Trustees' Report (continued)

Arrangements for setting pay and remuneration of key management personnel

Staff pay in academies is overseen by the headteacher who makes recommendations to the Trustees for approval taking into account the standard recommendations appropriate to the role and the size of the school. With the move to performance related pay for teaching staff, progression within the scales defined by the Trust is determined by the Headteacher based on the achievement of objectives that are set and reviewed annually. Pay for senior staff within the Trust is reviewed and agreed by the Board of trustees.

Related Parties and other Connected Charities and Organisations

The academy trust was established as a standalone company and does not have any external sponsors.

Objectives and Activities

Objects and Aims

The Trust's objectives are specifically restricted to the following:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- To promote for the benefit of the inhabitants of the areas in which the academies are located and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, Strategies and Activities

Outstanding Ethos

To have a shared ethos which will be recognised individually and collectively, locally and nationally for the innovative and effective strategies which lead to students and the academy workforces being the best they can be.

Growth Strategy linked to outstanding system wide improvement

To grow the Trust within the geographical areas in which we currently operate. To have explored and identified one new region in which to operate. We will have diversified into Free Schools, teacher training, leisure and other related areas of work, dependent on individual local context.

Outstanding Outcomes

To have successful academies which are either Ofsted good or outstanding and in which students achieve their potential or exceed it.

Outstanding Intervention

To effectively assess and track all students so that we are sure they make good and outstanding progress using new and innovative strategies.

Outstanding Teaching

Teaching in all academies will be consistently good or better. ATT will have a curriculum offer which is inspiring, innovative, fit for purpose and enables learners to achieve their full potential.

Outstanding Safeguarding practices

To have systems in place which enable all children to be safe, be happy and successful

Outstanding Value for Money

To be financially viable and to enable academies to be able to access the resources they need to deliver improvement and successful outcomes.

Academy Transformation Trust

Trustees' Report (continued)

Outstanding Workforce

To have created a talented and effective workforce who is supported and valued. To have long term strategies in place which address the challenges of staff shortages short, medium and long term.

Outstanding Governance

To have in place robust Governance at all levels which ensure challenge and support are appropriate to improvement. Accountability is upheld across the organisation.

Public Benefit

The Trust governors have complied with the duty in Section 4 of the Charities Act 2006, to have due regard in public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the governors consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all pupils in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

Disabled employees and employee involved

The Academies policy in respect of disabled persons is that their applications for employment are always fully and fairly considered bearing in mind the aptitudes and abilities of the applicant concerned. In the event of a member of staff becoming disabled, every effort is made to ensure that employment with the Academy continues and where necessary, appropriate training is arranged. It is the Academies policy that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees in a similar position.

During the financial year the trustees have been proactive to introduce, maintain and develop arrangements aimed at:

1. Providing employees systematically with information on matters of concern to them as employees.
2. Consulting employees on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

Academy Transformation Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

Key Performance Indicators

ATT is now in its fifth year of operations and has a significant and positive impact on its pupils and the academies that they attend. At the end of the current reporting period ATT had 21 academies (10 secondary, 11 primary), employed 2000+ staff and serves 12,500 pupils. Overall standards have continued to improve from our baseline year in 2013, when they were significantly below national to now being broadly in line with national. Improvement trends show good improvement for all phases assessed at Key Stages 1, 2, 4 and 5. ATT is particularly pleased with the improvement shown by its most deprived and disadvantaged pupils, who are now performing in line with national standards. ATT's academy profile has grown from its commitment to providing the very best educational experience for all pupils but particularly those from disadvantaged and deprived backgrounds.

All those who are part of ATT show commitment to its ethos in which we all strive to "be the best we can be" through shared endeavour and celebration of success. A common training day for all staff and governors was held at the end of 2015 and enabled staff to gain understanding of being part of ATT and to participate in collaborative planning and work with colleagues from across the ATT network. Within the ATT ethos is a commitment to recognise not only the best practice but also those who contribute to this. Over the year events were held for pupil and staff awards which recognised excellence in a wide range of areas. The annual event of the House of Commons took place in July and recognised the transformational impact of key individuals chosen from pupils, support staff, teaching staff, senior leaders and governors. Our annual conference was also used to share national best practice and that found within ATT academies.

An import rebranding strategy was undertaken involving a large number of staff, the outcomes of which reinforced ATT's commitment to an ethos that encourages and recognises individual self-worth and the confidence stemming from this which significantly improves performance. The following statement sums up this commitment: "ATT believes that ethos is as important as performance and outcomes, these outcomes are supported by an ethos which recognises everybody's worth".

ATT's current network of 21 academies provides the scale to support a system-wide approach to academy improvement. This has enabled us to use Executive Principals and Lead Practitioners based in our academies to add capacity to that provided by centre based staff. In collaboration with SSAT academy based Lead practitioners are following a programme to further develop their skills to deliver support for colleagues in other academies. ATT support strategies include those for NQTs and teaching staff through regular forums and governors, where the support culminates in the annual governors conference.

At the beginning of the year ATT had 18 academies and this had grown to 21 by the end of the year, with a further 3 academies (1 Special Schools and 2 primaries) in the planning and project management stages to join ATT in the autumn / spring terms. This number has been further strengthened by two successful bids for free Schools. These latter bids are part of a major Free School programme developing over the next four years with the initial support of Regional School Commissioners for this plan.

Academy Transformation Trust Trustees' Report (continued)

The growth has brought ATT to the position where it now needs to prepare for a regional structure, initially build around a Midlands region (East and West Midlands) and an Eastern region. There has been a restructuring of finance, HR and estates staff and a redeployment of Improvement Directors as the first phase in the development of a regional structure.

Successful bids for PSB2 funding are leading to major construction work at 2 academies that will result in new builds, with 2 smaller bids for the rebuilding of a leisure centre and joint use facility in Norfolk and four classroom and dining room programme for a primary academy in the same county. ATT's estates division is already successfully managing a £15m+ capital maintenance programme as well as the PSB2 initiatives. With the success of the Free School programme the estates team will require significant additional strength to manage this major build programme.

ATT encourages its staff, both centrally and in the academies, to use innovative approaches to challenges they face to improve the quality of education for our pupils. We believe the impact of many of these initiatives will place ATT at the leading edge of education development nationally. There is much transformational activity within ATT and some examples are set out below:

- A number of ATT academies have been identified as centre of excellence for the Inclusion Quality Mark and one of our academies has achieved the Basic Skills Quality Mark. Another primary academy has gained recognition from its work in parent partnership in collaboration with Charles Desforges. ATT academies have taken a leading role in the introduction of teaching of Mandarin and Latin. In the case of the latter there is Ofsted evidence to show its impact on pupil literacy skills.
- One of ATTs academies has pioneered the introduction of a combined cadet Force (CCF) in public sector education. This has been recognised as exemplary practice and as a result CCFs have spread to other ATT academies.
- One of the first national awards for the provision of a World Class Curriculum was made to an ATT academy. Leading edge work in the use of new technologies, such as 3D learning and green screen applications is used widely with pupils being fully involved in using these in the planning and delivery of curriculum.
- ATT pupils have been engaged with the Royal Shakespeare Company, resulting in their performing A Midsummers Nights' dream at their local theatre, with some students being chosen to perform the same play at the Swan Theatre in Stratford.
- An exciting development for pupils preparing for transition to ATT secondary academies has been provided through events built around Harry Potter and Alice in Wonderland themed days, which also involved their parents.
- The tremendous achievements of one of our primary Principals in Essex resulted in their being awarded "Essex Head Teacher of the Year"

As can be seen the ATT academy network is creating a vibrant culture that ensures pupils are motivated by their learning but which is also conducive to raising their aspirations and their achievements. We celebrate their ethos that develops a shared pride and commitment to our ATT visions that adds value to every aspect of our work.

Performance impact

During its foundation year ATT acquired 17 new academies, 50% of which were in special measures or other Ofsted categories, with only 10% graded as Good. The impact of ATT can be seen in that 90% of secondary academies are now Good and none are in Ofsted categories, with 75% of primary academies also graded as Good and none in Ofsted categories.

The improvement trend in secondary academies from an APS base on entry of 1.3% below national has been extremely good. 5+A*-C E&M has gone from a trust average of 40% to 53% between 2013 to 2016, with progress in 2016 under the Progress 8 measure being at national (-0.03). The combined E&M in 2016 was 55% putting ATT broadly in line with national.

Across all primary academies progress has been above the floor level in all subject areas apart from reading in one academy. This has placed ATTs average progress score for reading, writing and mathematics above national for writing (+1.3) and just below national for reading (-0.9) and mathematics (0.8).

Overall in terms of progress and attainment ATT has made significant improvements in pupil performance which is likely to continue in the coming academic year.

Academy Transformation Trust

Trustees' Report (continued)

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Financial Performance

The Trust has continued to invest in academies to ensure that the strategic plan of improving all academies to become outstanding.

Income in the year amounted to £78.4m, of which £8.3m represented the assets and liabilities of the 3 schools that joined the Trust in the year. Total expenditure was £72m, and the loss on the defined pension scheme £13.8m, resulting in a decrease in total reserves of £7.3m.

General reserves, restricted and unrestricted, reduced in the year by £1.3m, £0.1m better than the budget that was set for the year of £1.4m deficit.

The impact of increases in National Insurance, Teacher Pension Contributions and ESG grant reductions have impacted the finances in the year and are also recognised as significant long term financial pressures to be mitigated. A regional restructure of back office functions was completed across the Trust in the year as part of the efficiency savings, and the Trustees continue to plan further savings to provide future financial sustainability.

Most of the academy trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted. The grants received from the EFA during the year ended 31st August 2016 of £58.8m and the associated expenditure of £62.1m are shown as restricted funds in the Statement of Financial Activities.

Total funds at the year end were £75.2m of which £109.6m related to fixed assets less £36.8m relating to the pension reserve deficit. General reserves at 31 August 2016 were £2.4m.

Reserves Policy

The Trust's policy on reserves is to maintain sufficient reserves to enable the Trust to operate effectively in what is becoming a less certain economic and funding environment, to address any current year shortfall in funding, or to use them in the on-going investment in the academy trust estate, subject to satisfying terms and conditions of the grant funding.

The Board or Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The outcomes of these factors will inform the Trust's long term reserves policy. However as an interim measure, the Board of Trustees has agreed that the minimum level of reserves held for revenue purposes should fall no lower than the equivalent to £100,000 reserve per secondary Academy and £50,000 per primary.

The level of general reserves as at 31 August 2016 (total funds less the amount held in fixed assets or committed funds) is £2.4 million (2014: £3.7 million).

Investment Policy

The Trust does not currently have an investment policy as there are no investments. Should a decision be taken to consider a strategy requiring investment, this would be enshrined in a policy.

Academy Transformation Trust

Trustees' Report (continued)

Principal Risks and Uncertainties

The Board of Trustees has assessed the major risks to which the trust is exposed and these are summarised in the trust's Risk Register. The Board of Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, and safeguarding) and in relation to the control of finance. They have introduced mitigating controls, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The key risks identified in the trust's Risk Register and mitigating controls are as follows:

| Risk | Mitigating controls |
|--|--|
| Safeguarding procedures are not robust enough to assure, within reason, we do everything we can to protect our pupils. | Head Office audits monitoring academy performance with safeguarding annually. Academy safeguarding procedures reviewed annually as part of review progress. All key policies developed and in place including: safeguarding, pre-employment checks, safer recruitment, health and safety, anti-bullying, racist logs, behaviour policy, PSHE policy, exclusions, alternative provision, trips. |
| Failure to improve academies within year and ultimately within the three year timeframe set by the Trust. | Rigorous monitoring of each academy, including data drops each half term. Regular reviews in all academies to identify issues. New financial plans to enable support where needed. |
| Fail to adequately manage reserves across the Trust. | Annual budget setting process. Monthly management accounts. Academy Action Plans |

Plans for Future Periods

The Trust plans to continue to grow by building groups of schools in the areas that the current academies already sit within. Two successful free school bids have been won since the year end and the Trust plans to build upon this over the next 3 years.

Funds Held as Custodian Trustee on Behalf of Others

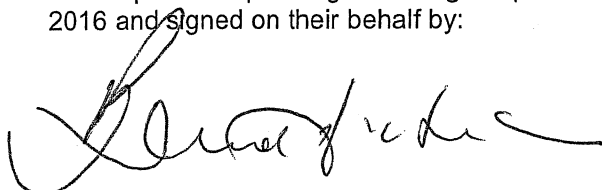
The academy does not hold such funds and does not act as the custodian trustees of any other charity.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the academy trust's auditor is 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 auditor is aware of that information.

This report incorporating a strategic report was approved by order of the board of trustees on 22 December 2016 and signed on their behalf by:



Bernard Dickenson
Chair of Board of Trustees
22 December 2016

Academy Transformation Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive 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 Academy Transformation Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees and material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

| Director | Meetings attended | Eligible Meetings |
|--|-------------------|-------------------|
| N Flint (Chairman) | 0 | 1 |
| I Cleland (accounting officer and principal) | 5 | 5 |
| S Tilsley (Chairman) | 5 | 5 |
| J Hodgetts | 3 | 5 |
| B Dickenson | 2 | 2 |
| B Westwood | 5 | 5 |
| K Taylor | 1 | 3 |
| A Leonard | 1 | 5 |
| C Field | 3 | 5 |
| P Beanland | 3 | 3 |

Governance reviews

The Board has continued to work with professional advisers during the year to ensure the skill set and focus of the board provides the right level of challenge. The Audit Committee has completed a review of its work over the year and the Board of Trustees plans to perform a self-review exercise annually.

The Audit Committee is a sub-committee of the main board of Trustees. The purpose of the Committee is to provide assurance over the suitability of, and compliance with its financial systems and controls. The Audit is also responsible for monitoring the key risks of the organisation.

Attendance during the year at meetings of the Audit Committee was as follows:

| Director | Meetings Attended | Eligible meetings |
|-------------|-------------------|-------------------|
| K Taylor | 3 | 4 |
| S Tilsley | 4 | 4 |
| B Dickenson | 2 | 2 |
| P Beanland | 1 | 1 |

Academy Transformation Trust

Governance Statement (continued)

Review of Value for Money

As accounting officer the Chief Executive has responsibility for ensuring that the Academy Transformation Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered value for money during the year by:

- Appointment of a Head of Procurement
- Introduction of a regional structure to manage Finance, HR and Estates
- Energy procurement for the entire Trust

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Academy Transformation Trust for the period 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 academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 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.

Academy Transformation Trust

Governance Statement (continued)

The Risk and Control Framework

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular 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
- 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 Mazars LLP as internal auditor

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

- "Responsible Officer" checks in all academies
- A review of the central office control framework
- A review of a major change programme that had taken place in the year
- A review of the capital funding and allocation of spend by the estates team.

On a quarterly basis, the internal auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

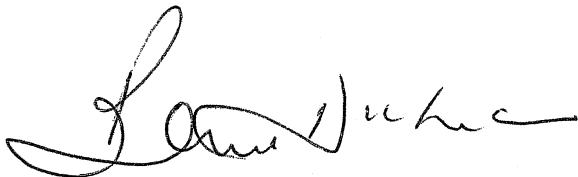
Review of Effectiveness

As accounting officer, the chief executive 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 internal auditor/reviewer
- work of external auditors
- the financial management and governance self-assessment process
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems is being put in place.

Approved by order of the members of the board of trustees 22 December 2016 and signed on its behalf by:



Bernard Dickenson
Chair of Board of Trustees



Ian Cleland
Accounting Officer

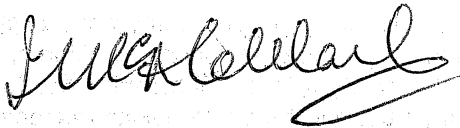
Academy Transformation Trust

Statement on Regularity, Propriety and Compliance

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

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

During the year, a capital project at one of our academies did not follow our normal procurement procedures. The reason for this exception, was that for both timing and value for money reasons, the trial of cladding one of our schools in a new material was extended to the full project. The reason for this unusual practice has been documented in our purchasing files.



Ian Cleland
Accounting Officer
22 December 2016

Academy Transformation Trust

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Academy Transformation Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual 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 Academy trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

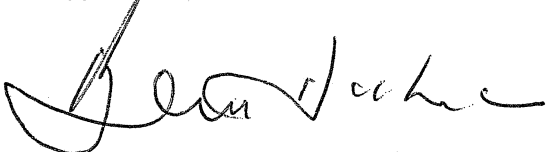
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy trust will continue in business

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust 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 academy trust 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 academy trust applies financial and other controls, which conform to 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 academy trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 22 December 2016 and signed on its behalf by:



Bernard Dickenson
Chair of Board of Trustees

Academy Transformation Trust

Independent Auditor's Report to the Trustees of Academy Transformation Trust

We have audited the financial statements of Academy Transformation Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, 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, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) ((Charities SORP 2015 (FRS 102)).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the incorporated strategic report for the year for which the financial statements are prepared is consistent with the financial statements.

Academy Transformation Trust

Independent Auditor's Report to the Trustees of Academy Transformation Trust (continued)

Matters on which we are required to report by exception

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

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

David Hoose (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
58 The Ropewalk
Park View House
Nottingham
NG1 5DW
Date

Academy Transformation Trust Independent Reporting Accountant's Assurance Report on Regularity to the Trustee Body of Academy Transformation Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 30 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Academy Transformation Trust during the period 01 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 Academy Transformation Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Academy Transformation Trust and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Academy Transformation Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Academy Transformation Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Academy Transformation Trust's funding agreement with the Secretary of State for Education dated 5 September 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 period 01 September 2016 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.

Approach

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

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

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

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

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

Academy Transformation Trust Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Academy Transformation Trust and the Education Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1: An instance was noted where the Trust did not formally tender for a piece of procurement which is a breach of the Trust's financial regulations.

Mazars LLP
58 The Ropewalk
Park View House
Nottingham
NG1 5DW
Date

Academy Transformation Trust
Statement of Financial Activities for the Year Ended 31 August 2016
(including Income and Expenditure Account)

| | Note | Un- restricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2016 £000 | Total 2015 £'000 |
|--|-------|---------------------------------|--|---|-----------------------|------------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | - | 5,416 | 5,416 | 5,725 |
| Transfer from Local Authority on conversion and Academy Transfer | 2 | 1,275 | (4,795) | 11,779 | 8,259 | 7,426 |
| <i>Charitable Activities:</i> | | | | | | |
| • Funding for the Academy's educational operations | 3 | 1,170 | 61,902 | - | 63,072 | 56,846 |
| Other trading activity | 4 | 1,626 | - | - | 1,626 | 1,097 |
| Investment income | 5 | 51 | - | - | 51 | 77 |
| Total incoming resources | | 4,122 | 57,107 | 17,195 | 78,424 | 71,171 |
| Expenditure on: | | | | | | |
| Raising Funds | 6 | 650 | - | - | 650 | 1,170 |
| <i>Charitable activities:</i> | | | | | | |
| • Academy's educational operations | 7 | 1,967 | 66,590 | 2,743 | 71,300 | 61,579 |
| Total resources expended | | 2,617 | 66,590 | 2,743 | 71,950 | 62,749 |
| Net incoming/ (expenditure) before transfers | | 1,505 | (9,483) | 14,452 | 6,474 | 8,422 |
| Gross transfers between funds | 17 | (1,627) | 2,160 | (533) | - | - |
| Net income/ (expenditure) for the year | | (122) | (7,323) | 13,919 | 6,474 | 8,422 |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | 17,26 | - | (13,790) | - | (13,790) | 243 |
| Net movement in funds | | (122) | (21,113) | 13,919 | (7,316) | 8,665 |
| Reconciliation of funds | | | | | | |
| Funds brought forward at 1 September 2015 | | 2,555 | (15,674) | 95,668 | 82,549 | 73,884 |
| Funds carried forward at 31 August 2016 | | 2,433 | (36,787) | 109,587 | 75,233 | 82,549 |

Academy Transformation Trust
Consolidated Balance Sheet as at 31 August 2016
 Company Number 07846852

| | Notes | 2016 £000 | 2015 £000 |
|--|-------|----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 12 | 105,555 | 91,163 |
| Current assets | | | |
| Stock | 13 | 47 | 42 |
| Debtors | 14 | 6,434 | 5,111 |
| Cash at bank and in hand | | 5,557 | 8,545 |
| | | <u>12,038</u> | <u>13,698</u> |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 15 | (5,227) | (4,909) |
| Net current assets | | <u>6,811</u> | <u>8,789</u> |
| Total assets less current liabilities | | <u>112,366</u> | <u>99,952</u> |
| Creditors: Amounts falling due after more than one year | 16 | (346) | (626) |
| Net assets excluding pension liability | | <u>112,020</u> | <u>99,326</u> |
| Defined benefit pension scheme liability | 26 | (36,787) | (16,777) |
| Total net assets including pension liability | | <u>75,233</u> | <u>82,549</u> |
| Funds of the Academy: | | | |
| Restricted income funds | | | |
| • Fixed asset fund | 17 | 109,587 | 95,668 |
| • Restricted Income fund | 17 | - | 1,103 |
| • Pension reserve | 17 | (36,787) | (16,777) |
| Total restricted funds | | <u>72,800</u> | <u>79,994</u> |
| Unrestricted income funds | 17 | 2,433 | 2,555 |
| Total funds | | <u>75,233</u> | <u>82,549</u> |

The financial statements on pages 23 to 50 were approved by the trustees, and authorised for issue on 22 December 2016 and are signed on their behalf by:



Ian Cleland
 Chief Executive


Academy Transformation Trust

Company Balance Sheet as at 31 August 2016

Company Number 07846852

| | Notes | 2016 £000 | 2015 £000 |
|--|-------|----------------|---------------|
| Fixed assets | | | |
| Tangible assets | 12 | 105,533 | 91,136 |
| Current assets | | | |
| Stock | 13 | 47 | 42 |
| Debtors | 14 | 6,360 | 5,023 |
| Cash at bank and in hand | | 5,544 | 8,536 |
| | | <u>11,951</u> | <u>13,601</u> |
| Liabilities | | | |
| Creditors: Amounts falling due within one year | 15 | (5,207) | (4,805) |
| Net current assets | | <u>6,744</u> | <u>8,796</u> |
| Total assets less current liabilities | | <u>112,277</u> | <u>99,932</u> |
| Creditors: Amounts falling due after more than one year | 16 | (346) | (626) |
| Net assets excluding pension liability | | <u>111,931</u> | <u>99,306</u> |
| Defined benefit pension scheme liability | 26 | (36,787) | (16,777) |
| Total net assets including pension liability | | <u>75,144</u> | <u>82,529</u> |
| Funds of the Academy: | | | |
| Restricted income funds | | | |
| • Fixed asset fund | 17 | 109,566 | 95,641 |
| • Restricted Income fund | 17 | 0 | 1,103 |
| • Pension reserve | 17 | (36,787) | (16,777) |
| Total restricted funds | | <u>72,779</u> | <u>79,967</u> |
| Unrestricted income funds | 17 | 2,365 | 2,562 |
| Total funds | | <u>75,144</u> | <u>82,529</u> |

The financial statements on pages 23 to 50 were approved by the trustees, and authorised for issue on 22 December 2016 and are signed on their behalf by:


Ian Cleland
 Chief Executive

Academy Transformation Trust

Statement of Cash Flows for the Year Ended 31 August 2016

| | Notes | 2016 £000 | 2015 £000 |
|--|-------|----------------|--------------|
| Cash flows from operating activities: | | | |
| Net cash provided by (used in) operating activities | 21 | (3,057) | (3,809) |
| Cash flows from investing activities | 23 | 350 | 4,049 |
| Cash flows from financing activities | 22 | (281) | (330) |
| Change in cash and cash equivalents in the reporting period | | <u>(2,988)</u> | <u>(90)</u> |
| Cash and cash equivalents 1 September 2015 | | <u>8,545</u> | <u>8,635</u> |
| Cash and cash equivalents 31 August 2016 | 24 | <u>5,557</u> | <u>8,545</u> |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1. Statement of 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.

Basis of Preparation

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 FRS 102 (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency, the Charities Act 2011 and the Companies Act 2006.

Academy Transformation Trust meets the definition of a public benefit entity under FRS 102.

▪ **First time adoption of FRS 102**

These financial statements are the first financial statements of Academy Transformation Trust 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 Academy Transformation Trust 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.

▪ **Explanation of transition to 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.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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:

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

1. Statement of Accounting Policies (continued)

| Reconciliation of net income/(expenditure) | Notes | 31 August 2015 £000 |
|--|-------|---------------------------|
| Net income/(expenditure) previously reported under UK GAAP | | 8,732 |
| Change in recognition of LGPS interest cost | A | (310) |
| Net movement in funds reported under FRS 102 | | 8,422 |

A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense by £310k and increase the credit/debit in other recognised gains and losses in the SoFA by an equivalent amount.

Going Concern

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

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

▪ **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

1. Statement of Accounting Policies (continued)

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.

a. **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

b. **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

▪ **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

▪ **Donated goods, facilities and services**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Expenditure

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

▪ **Expenditure on Raising Funds**

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

▪ **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

1. Statement of Accounting Policies (continued)

Tangible Fixed Assets

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such 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.

Depreciation is provided on all tangible fixed assets other than freehold and leasehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

| | |
|--------------------------|----------------|
| Freehold buildings | 2% (50 years) |
| Long Leasehold buildings | 2% (50 years) |
| Vehicles | 20% (5 years) |
| Fixture and fittings | 10% (10 years) |
| Computer equipment | 33% (3 years) |

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

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods of services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

1. Statement of Accounting Policies (continued)

Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

The academy's shareholding in the wholly owned subsidiary, Mark Hall Sports Services Limited, is included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Stock

Stationery and book stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

Pensions Benefits

Retirement benefits to employees of the Academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 26, 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 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 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.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

1. Statement of Accounting Policies (continued)

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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 26, 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.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

2. Donations and Capital Grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2016 £000 | Total 2015 £000 |
|----------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Capital Grants | - | 5,416 | 5,416 | 5,725 |
| Donated Fixed Assets | | 11,779 | 11,779 | 7,415 |
| Other donations | 1,275 | (4,795) | (3,520) | 11 |
| | <u>1,275</u> | <u>12,400</u> | <u>13,675</u> | <u>13,151</u> |
| Total 2015 | <u>803</u> | <u>12,348</u> | <u>13,151</u> | |

3. Funding for the academy trust's Educational Operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2016 £000 | Total 2015 £000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| DfE/EFA revenue grant | | | | |
| • General Annual Grant (GAG) | - | 51,270 | 51,270 | 46,843 |
| • Start-up grants | - | 306 | 306 | 160 |
| • Other DfE/EFA grants | - | 7,192 | 7,192 | 5,115 |
| | <u>-</u> | <u>58,768</u> | <u>58,768</u> | <u>52,118</u> |
| Other Government grants | | | | |
| • Local Authority grants | - | 2,876 | 2,876 | 3,031 |
| | <u>-</u> | <u>2,876</u> | <u>2,876</u> | <u>3,031</u> |
| Other Income from the academy trust's educational operations | 1,170 | 258 | 1,428 | 1,697 |
| | <u>1,170</u> | <u>61,902</u> | <u>63,072</u> | <u>56,846</u> |
| Total 2015 | <u>1,028</u> | <u>55,818</u> | <u>56,846</u> | |

Academy Transformation Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

4. Other Trading Activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2016 £000 | Total 2015 £000 |
|--------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| School trips | 374 | - | 374 | 297 |
| Hire of facilities | 796 | - | 796 | 683 |
| Other Income | 456 | - | 456 | 117 |
| | <u>1,626</u> | <u>-</u> | <u>1,626</u> | <u>1,097</u> |
| Total 2015 | <u>1,097</u> | <u>-</u> | <u>1,097</u> | |

5. Investment Income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2016 £000 | Total 2015 £000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 51 | - | 51 | 77 |
| | <u>51</u> | <u>-</u> | <u>51</u> | <u>77</u> |
| Total 2015 | <u>77</u> | <u>-</u> | <u>77</u> | |

6. Expenditure

| | Staff Costs £000 | Non Pay Expenditure Premises £000 | Other Costs £000 | Total 2016 £000 | Total 2015 £000 |
|----------------------------------|------------------------|--|------------------------|-----------------------|-----------------------|
| Expenditure on raising funds | 82 | - | 568 | 650 | 1,170 |
| Academy's educational operations | | | | | |
| • Direct costs | 41,115 | - | 5,592 | 46,707 | 40,552 |
| • Allocated support costs | 12,857 | 4,114 | 7,622 | 24,593 | 21,027 |
| | <u>54,054</u> | <u>4,114</u> | <u>13,782</u> | <u>71,950</u> | <u>62,749</u> |
| Total 2015 | <u>46,886</u> | <u>3,497</u> | <u>12,366</u> | <u>62,749</u> | |

Net income/(expenditure) for the period include:

| | 2016 £000 | 2015 £000 |
|--|--------------|--------------|
| Operating lease rentals | 377 | 398 |
| Depreciation | 2,505 | 1,935 |
| <i>Fees payable to the auditor for</i> | | |
| • Audit | 75 | 70 |
| • Other services | 23 | 10 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

7. Charitable Activities - Academy's educational operations

| | Total 2016 £000 | Total 2015 £000 |
|--|-----------------------|-----------------------|
| Direct costs – educational operations | 46,707 | 40,552 |
| Support costs – educational operations | 24,593 | 21,027 |
| Total direct and support costs | 71,300 | 61,579 |
| | Total 2016 | Total 2015 |
| Analysis of support costs | | |
| Support staff costs | 12,857 | 10,157 |
| Depreciation | 2,504 | 1,557 |
| Technology costs | 1,193 | 1,166 |
| Premises costs | 4,114 | 3,937 |
| Other support costs | 3,741 | 4,123 |
| Governance costs | 184 | 87 |
| Total Support Costs | 24,593 | 21,027 |

8. Staff

a. Staff costs

| | 2016 £000 | 2015 £000 |
|--|---------------|---------------|
| Wages and salaries | 41,119 | 36,631 |
| Social security costs | 3,346 | 2,579 |
| Operating costs of defined benefit pension schemes | 7,612 | 6,143 |
| | 52,077 | 45,353 |
| Supply staff costs | 1,421 | 1,291 |
| Staff restructuring costs | 556 | 242 |
| | 54,054 | 46,886 |

Staff restructuring costs comprise:

| | 2016 £000 | 2015 £000 |
|---------------------|--------------|--------------|
| Redundancy payments | 476 | 131 |
| Severance payments | 80 | 111 |
| | 556 | 242 |

b. Non statutory / non contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totaling £74,106 (2015 £110,802). Individually the payments were: £897, £915, £910, £6,011, £21,000, £9,500, £15,000, £6,001, £7,454, £5,870 and £548.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

c. Staff numbers

The average number of persons employed by the Academy trust during the period was as follows:

| | 2016 Number | 2015 Number |
|----------------------------|----------------|----------------|
| Teachers | 783 | 712 |
| Administration and support | 1,184 | 1,000 |
| Management | 91 | 85 |
| | 2,058 | 1,797 |

d. Higher paid staff

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

| | 2016 Number | 2015 Number |
|-------------------|----------------|----------------|
| £60,001-£70,000 | 19 | 9 |
| £70,001-£80,000 | 9 | 10 |
| £80,001-£90,000 | 4 | 5 |
| £90,001-£100,000 | 4 | 4 |
| £100,001-£110,000 | 6 | 4 |
| £160,001-£170,000 | 1 | 1 |
| £180,001-£190,000 | 1 | 1 |

e. Key management personnel

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £749,161 (2015: £718,378).

Academy Transformation Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

9. Central Services

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

- Asset management
- Financial services
- HR services
- Risk management
- School improvement

The trust charges for these services on the following basis:

- Secondary fee £165,000 - £170,000 per annum
- Primary fee £41,200 - £56,500 per annum
- All through £178,000 per annum

The actual amounts charged during the year were as follows:

| | 2016 | 2015 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| Admirals Academy | 51 | 51 |
| Bristnall Hall | 170 | 170 |
| Diamond | 41 | 41 |
| Great Heath | 56 | 4 |
| Iceni – all through academy | 178 | 178 |
| Jubilee | 41 | 41 |
| Kingsmoor | 41 | 41 |
| Mark Hall | 165 | 165 |
| Mildenhall | 170 | 170 |
| North Walsall Primary | 17 | - |
| Norwich Road | 56 | 56 |
| Pool Hayes | 99 | - |
| Queen Elizabeth | 27 | - |
| Ravens | 46 | 46 |
| Star | 41 | 41 |
| Sun | 41 | 3 |
| Sutton (including ATT FE £65k) | 225 | 225 |
| The Dukeries | 170 | 170 |
| The Hathaway | 165 | 165 |
| The Nicholas Hamond | 165 | 165 |
| Westbourne | 170 | 170 |
| | 2,135 | 1,902 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

10. Related Party Transactions - Trustees' Remuneration & Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff under their contracts of employment, and not in respect of their role as Trustees. Other Trustees did not receive any payments, other than expenses, from the Academy trust in respect of their role as Trustees. The value of the trustees' remuneration was as follows:

Ian Cleland (Chief Executive and trustee)

Remuneration £185,001 - £190,000 (2015 £180,001 - £185,000)

Employer's pension contributions £10,001 - £15,000 (2015 £15,001 - £20,000)

Joyce Hodgetts (Managing Director and trustee)

Remuneration £165,001 - £170,000 (2015 £160,001 - £165,000)

Employer's pension contributions £10,001 - £15,000 (2015 £10,001 - £15,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £6,393 (2015 £1,689) were reimbursed or paid directly to 7 trustees.

Other related party transactions involving the trustees are set out in note 27.

11. 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 £5,000,000, (2015 £5,000,000) on any one claim and the cost for the period ended 31 August 2016 was £6,185. (2015 £6,185). The cost of this insurance is included in the total insurance cost.

Academy Transformation Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

12. Tangible Fixed Assets

| Consolidated | Freehold Land & buildings £000 | Leasehold Land & buildings £000 | Fixtures and fittings £000 | Computer Equipment £000 | Motor Vehicles £000 | Total £000 |
|------------------------|---|--|---|--|------------------------------------|-----------------------|
| Cost | | | | | | |
| At 1 September | 16,379 | 76,893 | 936 | 1,199 | 15 | 95,422 |
| Additions | 444 | 4,466 | 39 | 168 | - | 5,117 |
| Inherited assets | - | 11,574 | 55 | 150 | - | 11,779 |
| At 31 August | 16,823 | 92,933 | 1,030 | 1,517 | 15 | 112,318 |
| Depreciation | | | | | | |
| At 1 September | (652) | (3,087) | (126) | (386) | (8) | (4,259) |
| Charged in period | (336) | (1,623) | (98) | (445) | (3) | (2,505) |
| Disposals | | | | | | |
| At 31 August | (988) | (4,710) | (224) | (831) | (11) | (6,764) |
| Net book values | | | | | | |
| At 31 August 2016 | 15,835 | 88,223 | 806 | 686 | 4 | 105,555 |
| At 31 August 2015 | 15,727 | 73,806 | 810 | 813 | 7 | 91,163 |
| Company | Freehold Land & buildings £000 | Leasehold Land & buildings £000 | Fixtures and fittings £000 | Computer Equipment £000 | Motor Vehicles £000 | Total £000 |
| Cost | | | | | | |
| At 1 September | 16,379 | 76,889 | 904 | 1,192 | 15 | 95,379 |
| Additions | 444 | 4,466 | 39 | 168 | - | 5,117 |
| Inherited assets | - | 11,574 | 55 | 150 | - | 11,779 |
| At 31 August | 16,823 | 92,929 | 998 | 1,510 | 15 | 112,275 |
| Depreciation | | | | | | |
| At 1 September | (652) | (3,083) | (116) | (383) | (8) | (4,242) |
| Charged in period | (336) | (1,623) | (95) | (443) | (3) | (2,500) |
| Disposals | | | | | | |
| At 31 August | (988) | (4,706) | (211) | (826) | (11) | (6,742) |
| Net book values | | | | | | |
| At 31 August 2016 | 15,835 | 88,223 | 787 | 684 | 4 | 105,533 |
| At 31 August 2015 | 15,727 | 73,806 | 788 | 809 | 7 | 91,136 |

Academy Transformation Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

13. Stock

| | Company and consolidated 2016 £000 | Company and consolidated 2015 £000 |
|----------|---|---|
| Clothing | 47 | 42 |
| | <u>47</u> | <u>42</u> |

14. Debtors

| | Company 2016 £000 | Consolidated 2016 £000 | Company 2015 £000 | Consolidated 2015 £000 |
|--------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Trade debtors | 352 | 426 | 315 | 363 |
| VAT Recoverable | 707 | 707 | 359 | 359 |
| Other debtors | 145 | 145 | 80 | 120 |
| Prepayments and accrued income | 5,156 | 5,156 | 4,269 | 4,269 |
| | <u>6,360</u> | <u>6,434</u> | <u>5,023</u> | <u>5,111</u> |

15. Creditors: Amounts Falling Due within one Year

| | Company 2016 £000 | Consolidated 2016 £000 | Company 2015 £000 | Consolidated 2015 £000 |
|------------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| Trade Creditors | 2,056 | 2,056 | 1,827 | 1,902 |
| Other taxation and social security | 1,058 | 1,062 | 1,266 | 1,274 |
| Other creditors | 1,186 | 1,186 | 296 | 301 |
| Accruals and deferred income | 907 | 923 | 1,414 | 1,432 |
| | <u>5,207</u> | <u>5,227</u> | <u>4,805</u> | <u>4,909</u> |
| Deferred income | £000 | £000 | £000 | £000 |
| As at 1 September 2015 | 996 | 1,002 | 35 | 35 |
| Released from previous years | (996) | (1,002) | (35) | (35) |
| Income deferred in the year | 526 | 526 | 996 | 1,002 |
| Deferred income at 31 August 2016 | <u>526</u> | <u>526</u> | <u>996</u> | <u>1,002</u> |

Deferred income at the year end is in relation to Universal Infant Free School Meals, project management grants, School Games Organisation grants, SEN funding and other grants which were funded in advance.

16. Creditors: Amounts Falling Due after one Year

| | Company and consolidated 2016 £000 | Company and consolidated 2015 £000 |
|-----------------|---|---|
| Other creditors | 346 | 626 |
| | <u>346</u> | <u>626</u> |

Other creditors relates to Salix loans and other loans which are interest free and repayable to Government agencies.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

17. Funds

| | Balance at 1 September 2015 £000 | Income £000 | Expenditure £000 | Gains, Losses and Transfers £000 | Balance at 31 August 2016 £000 |
|-------------------------------------|---|----------------|---------------------|--|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,103 | 51,270 | (54,533) | 2,160 | - |
| Start Up Grant | - | 306 | (306) | - | - |
| Pupil Premium | - | 3,731 | (3,731) | - | - |
| Other Grants | - | 6,595 | (6,595) | - | - |
| Pension Reserve | (16,777) | (4,795) | (1,425) | (13,790) | (36,787) |
| | (15,674) | 57,107 | (66,590) | (11,630) | (36,787) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 84,709 | 11,779 | (1,959) | - | 94,529 |
| DfE/EFA capital grants | 8,429 | 5,416 | (657) | - | 13,188 |
| Capital expenditure from GAG | 1,787 | - | (89) | (533) | 1,165 |
| Private sector capital sponsorship | 743 | - | (38) | - | 705 |
| | 95,668 | 17,195 | (2,743) | (533) | 109,587 |
| Total restricted funds | 79,994 | 74,302 | (69,333) | (12,163) | 72,800 |
| Total unrestricted funds | 2,555 | 4,122 | (2,617) | (1,627) | 2,433 |
| Total funds | 82,549 | 78,424 | (71,950) | (13,790) | 75,233 |

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

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

The balance of £nil on the restricted general funds will be used for educational purposes in accordance with the restrictions attached to the funding.

The balance of £2,433k on the unrestricted funds represents the funds raised from non restricted grant income.

Pupil Premium income is included within restricted funds and relates to the funding provided by the Education Funding Agency for the relevant Schools to provide additional support to pupils from low income families.

A transfer of £1,627k was made from the unrestricted funds representing monies that had been spent on "restricted" activities.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

17. Funds (continued)

Analysis of Academies by Fund balance

Funds at 31 August 2016 were allocated as follows:

| | Balance at 31 August 2016 £'000 | Balance at 31 August 2015 £'000 |
|--|--|--|
| Admirals Academy | 1,035 | 900 |
| Bristnall Hall | 676 | 485 |
| Diamond | 262 | 265 |
| Great Heath | 359 | 376 |
| Iceni | (602) | (131) |
| Jubilee | 525 | 352 |
| Kingsmoor | 159 | 179 |
| Mark Hall | 211 | 204 |
| Mildenhall | 458 | 607 |
| North Walsall Primary | 116 | - |
| Norwich Road | 545 | 434 |
| Pool Hayes | 754 | - |
| Queen Elizabeth | 418 | - |
| Ravens | (177) | (40) |
| Star | (67) | (47) |
| Sun | 244 | 266 |
| Sutton | 267 | 407 |
| The Dukeries | (1,370) | (597) |
| The Hathaway | 41 | 54 |
| The Nicholas Hamond | (1,135) | (637) |
| Westbourne | 282 | 421 |
| ATT FE | (352) | - |
| Mark Hall Sports Services | 68 | (7) |
| Central Services (if applicable) | (284) | 167 |
| Total before fixed assets and pension reserve | 2,433 | 3,658 |
| Restricted fixed asset fund | 109,587 | 95,668 |
| Pension reserve | (36,787) | (16,777) |
| Total | 75,233 | 82,549 |

The Trust has adopted a policy of fairly funding each academy within the group. Although the position for each academy above shows a wide range of reserves, the Trust board ensures that each academy has sufficient resources to meet their agreed targets. The figures stated above do not therefore represent the bank reserves for each academy.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

17. Funds (continued)

Total cost analysis by academy

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 (exc. Dep) | 2016 Total | 2015 Total |
|---------------------------|---|------------------------------------|-------------------------|---------------------------|---------------|---------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Admirals | 831 | 187 | 118 | 216 | 1,352 | 1,261 |
| Bristnall Hall | 4,557 | 939 | 483 | 829 | 6,808 | 7,063 |
| Diamond | 627 | 188 | 105 | 187 | 1,107 | 969 |
| Great Heath | 1,316 | 148 | 58 | 300 | 1,822 | 120 |
| Iceni | 2,768 | 605 | 351 | 651 | 4,375 | 4,124 |
| Jubilee | 666 | 216 | 66 | 149 | 1,097 | 1,071 |
| Kingsmoor | 772 | 162 | 68 | 169 | 1,171 | 1,116 |
| Mark Hall | 2,327 | 879 | 409 | 647 | 4,262 | 4,250 |
| Mildenhall | 4,039 | 631 | 228 | 979 | 5,877 | 6,106 |
| North Walsall Primary | 315 | 88 | 37 | 68 | 508 | - |
| Norwich Road | 1,249 | 238 | 124 | 298 | 1,909 | 1,981 |
| Pool Hayes | 2,477 | 545 | 196 | 422 | 3,640 | - |
| Queen Elizabeth | 335 | 102 | 10 | 24 | 471 | - |
| Ravens | 1,130 | 269 | 19 | 424 | 1,842 | 1,443 |
| Star | 715 | 166 | 70 | 174 | 1,125 | 1,036 |
| Sun | 580 | 282 | 46 | 237 | 1,145 | 66 |
| Sutton | 2,951 | 868 | 267 | 541 | 4,627 | 4,910 |
| The Dukeries | 3,852 | 948 | 495 | 895 | 6,190 | 6,540 |
| The Hathaway | 2,451 | 1,218 | 184 | 592 | 4,445 | 4,596 |
| The Nicholas Hamond | 2,473 | 541 | 179 | 514 | 3,707 | 3,558 |
| Westbourne | 3,733 | 955 | 383 | 785 | 5,856 | 5,611 |
| ATT FE | 951 | 879 | 159 | 507 | 2,496 | 2,314 |
| Mark Hall Sports Services | - | 97 | 1 | 198 | 296 | 311 |
| Central Services | - | 1,788 | 82 | 1,446 | 3,316 | 2,344 |
| Academy trust | 41,115 | 12,939 | 4,138 | 11,252 | 69,444 | 60,814 |

18. Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | 2016 Total Funds £000 | 2015 Total Funds £000 |
|--------------------------|-------------------------------|--|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 105,555 | 105,555 | 91,163 |
| Current assets | 2,433 | 5,573 | 4,032 | 12,038 | 13,698 |
| Current liabilities | - | (5,227) | - | (5,227) | (4,909) |
| Non current liabilities | - | (346) | - | (346) | (626) |
| Pension scheme liability | - | (36,787) | - | (36,787) | (16,777) |
| Total net assets | 2,433 | (36,787) | 109,587 | 75,233 | 82,549 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

19. Capital Commitments

| | 2016 | 2015 |
|--|------|------|
| | £000 | £000 |
| Contracted for, but not provided in the financial statements | 210 | 90 |

20. Commitments under operating leases

At 31 August 2015 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2016 | 2015 |
|--|------------|------------|
| | £000 | £000 |
| Amounts due within one year | 244 | 371 |
| Amounts due between one and five years | 105 | 338 |
| Amounts due after five years | - | 3 |
| | <u>349</u> | <u>712</u> |

21. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

| | 2016 | 2015 |
|---|----------------|----------------|
| | £000 | £000 |
| Net income/(expenditure) for year (as per SoFA) | 6,474 | 8,422 |
| Adjusted for: | | |
| Transfer of fixed assets from Local Authority on conversion | (11,779) | (7,415) |
| Transfer of defined benefit pension scheme from Local Authority on conversion | 4,795 | 792 |
| Depreciation charges (note 12) | 2,505 | 1,935 |
| Capital grants from DfE and other capital income | (5,416) | (5,725) |
| Interest receivable (note 4) | (51) | (77) |
| Defined benefit pension scheme less contributions payable (note 26) | 767 | 579 |
| Defined benefit pension scheme finance cost (note 26) | 658 | 594 |
| (Increase)/decrease in stocks | (5) | (23) |
| (Increase)/decrease in debtors | (1,324) | (2,311) |
| Increase/(decrease) in creditors | 318 | (580) |
| Net cash provided by/(used in) operating activities | <u>(3,057)</u> | <u>(3,809)</u> |

Academy Transformation Trust
Notes to the Financial Statements for the Year Ended 31 August 2016
(continued)

22. Cash flows from financing activities

| | 2016 | 2015 |
|--|--------------|--------------|
| | £000 | £000 |
| Repayments of borrowing | (281) | (330) |
| Net cash provided by/(used in) financing activities | (281) | (330) |

23. Cash flows from investing activities

| | 2016 | 2015 |
|--|------------|--------------|
| | £000 | £000 |
| Dividends, interest and rents from investments | 51 | 77 |
| Purchase of tangible fixed assets | (5,117) | (1,753) |
| Capital grants from DfE/EFA | 5,416 | 5,725 |
| Net cash provided by/(used in) investing activities | 350 | 4,049 |

24. Analysis of cash and cash equivalents

| | At 1 September 2015 £000 | Cash flows £000 | At 31 August 2016 £000 |
|--|-----------------------------------|--------------------|---------------------------------|
| Total cash and cash equivalents | 8,545 | (2,988) | 5,557 |

25. Members' Liability

Each member of the Academy trust 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.

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by, Norfolk Pension Fund, West Midlands Pension Fund, Essex Pension fund, Staffordshire Pension fund, Suffolk Pension Fund, Nottinghamshire County Council Pension Fund and Warwickshire Pension fund. Both are defined-benefit schemes.

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

Contributions amounting to £817,554 (2015 £626,233) were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

26. Pension and Similar Obligations (continued)

The pension costs paid to TPS in the period amounted to £3,913,973 (2015 £2,983,663).

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £2,870,000 (2015: £2,443,000), of which employer's contributions totalled £2,234,000 (2015: £1,885,000) and employees' contributions totalled £636,000 (2015: £558,000). The agreed contribution rates for future years are 19.8% for employers and 5.5% to 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)

| | Norfolk | West Midlands | Essex | Stafford | Suffolk | Notts | Warwicks |
|--|----------|---------------|----------|-----------|----------|----------|-----------|
| Scheme | % | % | % | % | % | % | % |
| Rate of increase for pensions in payment / inflation | 2.1(2.7) | 2.0(2.4) | 2.3(2.6) | 2.1 (2.7) | 2.1(2.7) | 2.3(2.7) | 2.1 (2.7) |
| Rate of increase in salaries | 3.1(3.6) | 3.7(4.2) | 4.1(4.4) | 2.5 (4.6) | 4.1(4.6) | 4.1(4.5) | 4.1 (4.6) |
| Discount rate for scheme liabilities | 2.1(3.8) | 2.2(4.0) | 2.2(4.0) | 2.1 (3.8) | 2.1(3.8) | 2.2(4.0) | 2.1(3.8) |

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

| | At 31 August 2016 | At 31 August 2015 |
|-----------------------------|-------------------|-------------------|
| <i>Retiring today</i> | | |
| +Males | 22.1 - 23.1 | 22.4 |
| Females | 24.3 - 25.8 | 24.8 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.3 - 25.3 | 24.7 |
| Females | 26.6 - 27.7 | 27.3 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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

| | Fair value at 31 August 2016 £000 | Fair value at 31 August 2015 £000 |
|-------------------------------------|---|---|
| Equities | 15,186 | 10,158 |
| Bonds | 3,774 | 2,613 |
| Property | 2,507 | 1,827 |
| Cash | 741 | 469 |
| Other | 856 | 1,042 |
| Total market value of assets | 23,064 | 16,109 |

Amounts recognised in the statement of financial activities

| | 2016 £000 | 2015 £000 |
|---|----------------|----------------|
| Current service cost (net of employee contributions) | (2,915) | (2,404) |
| Net interest cost | (659) | (596) |
| Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement | - | (58) |
| Total operating charge | (3,574) | (3,058) |

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

| | 2016 £000 | 2015 £000 |
|---|---------------|---------------|
| As at 1 September | 32,886 | 28,013 |
| Current service cost | 2,915 | 2,404 |
| Curtailement | - | 58 |
| Past service cost | 83 | - |
| Interest cost | 1,352 | 1,129 |
| Employee contributions | 636 | 558 |
| Liabilities assumed on business combination | 6,333 | 1,368 |
| Benefits paid | (320) | (337) |
| Changes in financial assumptions | 15,966 | (307) |
| At 31 August | 59,851 | 32,886 |

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

| | 2016 £000 | 2015 £000 |
|---|---------------|---------------|
| As at 1 September | 16,109 | 12,957 |
| Interest income | 693 | 533 |
| Return on plan assets (excluding net interest on the net defined pension liability) | 2,174 | (64) |
| Assets acquired on business combination | 1,538 | 577 |
| Employee contributions | 636 | 558 |
| Employer contributions | 2,234 | 1,885 |
| Benefits paid | (320) | (337) |
| At 31 August | 23,064 | 16,109 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

27. Related Party Transactions

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

In 2015, the Trust had the following related party transaction:

Gaia Technologies Plc – a company in which Mr Anas Mawla (a previous member of the Trust) has a majority interest: the trust purchased IT managed services and IT Hardware from Gaia Technologies totalling £nil (2015 £695,324). The balance due to Gaia Technologies at 31 August 2015 was £97,407.

28. Conversion to an academy trust and Academy Transfer

On 1 February 2016 the Pool Hayes Arts and community School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Academy Transformation Trust from the Walsall Local Authority for £nil consideration.

On 1 April 2016 Charles Cuddy Walker Academy (North Walsall Primary) transferred from the Eridution Trust to Academy Transformation Trust. All of the operations and assets and liabilities were transferred at their balance sheet values at the date of transfer.

On 1 July 2016 Charles Queen Elizabeth Academy transferred from the Eridution Trust to Academy Transformation Trust. All of the operations and assets and liabilities were transferred at their balance sheet values at the date of transfer.

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/loss in the Statement of Financial Activities as Donations – transfer from local authority and academy trust 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 SOFA

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total £000 |
|---|-------------------------------|--|---|---------------|
| Tangible fixed assets | | | | |
| Leasehold land and buildings | | | | |
| • Pool Hayes | | | 5,121 | 5,121 |
| • North Walsall Primary | | | 1,776 | 1,776 |
| • Queen Elizabeth | | | 4,677 | 4,677 |
| • Other tangible fixed assets | | | | |
| • Pool Hayes | | | - | - |
| • North Walsall Primary | | | 16 | 16 |
| • Queen Elizabeth | | | 189 | 189 |
| Budget surplus on LA / academy funds | | | | |
| • Pool Hayes | 751 | | | 751 |
| • Walsall Primary | 101 | | | 101 |
| • Queen Elizabeth | 423 | | | 423 |
| LGPS pension surplus / (deficit) | | | | |
| - Pool Hayes and North Walsall Primary | | (2,972) | | (2,972) |
| • Queen Elizabeth | | (1,823) | | (1,823) |
| Net assets | 1,275 | (4,795) | 11,779 | 8,259 |

Academy Transformation Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

(continued)

29. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent of the EFA. In the accounting period ending 31 August 2016 the trust received £87,899 and disbursed £87,899 from the fund. There were no undistributed funds left at the 31 August 2016.

30. Investments / Principal Subsidiaries

| Company Name | Country | Percentage Shareholding |
|-----------------------------------|---------|---|
| Mark Hall Sports Services Limited | England | 100% Academy Transformation Trust only member |