



**(a company Limited by Guarantee)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2013

Registered Number 07846852 (England & Wales)

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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# ACADEMY TRANSFORMATION TRUST LIMITED

## DESIGNATED MEMBERS AND ADVISERS

### THE YEAR ENDED 31 AUGUST 2013

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<b>Trustees</b>	Ian Cleland (CEO and Accounting Officer) Anas Abdul Mawla Neil Flint Andrew Griffiths Prof. David Woods (appointed 23 <sup>rd</sup> January 2013) Brett Westwood (appointed 22 <sup>nd</sup> May 2013) Keith Panes (appointed 2 <sup>nd</sup> September 2013) Joyce Hodgetts (appointed 4 <sup>th</sup> September 2013) Stephen Tilsley (appointed 12 <sup>th</sup> November 2013)
<b>Senior Management Team:</b>	
Managing Director	Joyce Hodgetts
Principal Finance Officer	Christopher Whiting
Operations Director	Karen Smith
<b>Principle and Registered Office</b>	Room 501 1 Victoria Square Birmingham B1 1BD
<b>Company Registration Number</b>	07846852 (England and Wales)
<b>Independent Auditor</b>	Baker Tilly Audit Limited Rivermead House 7 Lewis Court Grove Park Enderby Leicestershire LE19 1SD
<b>Bankers</b>	Bank of Scotland 33 Old Broad Street London EC2N 1HW  Lloyds Bank PLC 116 Colmore Row Birmingham B3 3DP  Barclays Bank PLC Cambridge Benet Street Leicestershire LE87 2BB
<b>Solicitors</b>	Stone King LLP 16 St John's Lane London EC1M 4BS  Browne Jacobsen LLP Victoria Square House, Victoria Square, Birmingham, B2 4BU

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year commencing on 1 September 2012 and ending on 31 August 2013.

#### **Structure, Governance and Management**

##### ***Constitution***

The Academy Trust is a company limited by guarantee (registration number 07846852) 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 Limited are also the directors of the Charitable Company for the purposes of company law.

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

##### ***Members' Liability***

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

##### ***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 to 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 or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as directors of the Academy Trust.

##### ***Principle Activities***

The principle activities of the trust are the delivery and improvement of state funded education to school age children. However, ancillary to this some nursery and adult education services are also to be provided.

##### ***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 of 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 thereby 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.

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

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#### Structure, Governance and Management (continued)

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

- i) that the standards of performance of pupils at any of the Academies are unacceptably low, or
- ii) that there has been a serious breakdown in the way any of the Academies are managed or governed, or
- iii) that the safety of pupils or staff of any of the Academies is threatened (whether by a breakdown of discipline or otherwise).

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

- (a) given the Trustees a warning notice with respect to the performance of an academy and
- (b) 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 and Local Governors***

With respect to Board of Trustees, a programme of away days has been agreed which includes training and development, and also provides space for strategic thinking. All new Board members are provided with the Governors Handbook and associated Trust information and are their roles and responsibilities are clearly explained by way of an induction meeting.

All new Academy Transformation Trust Local Governors are encouraged to take part in an induction session, providing them with information regarding:

- what it means to be an Academy Transformation Trust Governor;
- the features of an effective Local Governing Body;
- their roles and responsibilities, including those 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 Child Protection Level 1 training, which has to be renewed every three years and in addition to this, the Chair and at least one other Governor is required to undertake Safer Recruitment Training. Each Governor is provided with the Governor Handbook which clearly sets out roles and responsibilities. In regards to other training opportunities, upon becoming an Academy Transformation Trust academy, each member of the Local Governing Body is required to complete a skills audit. From this information and following consultation with the Chair, Principal and Education Adviser, a bespoke training package is drawn up by the Academy Transformation Trust Governance Department.

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

THE YEAR ENDED 31 AUGUST 2013

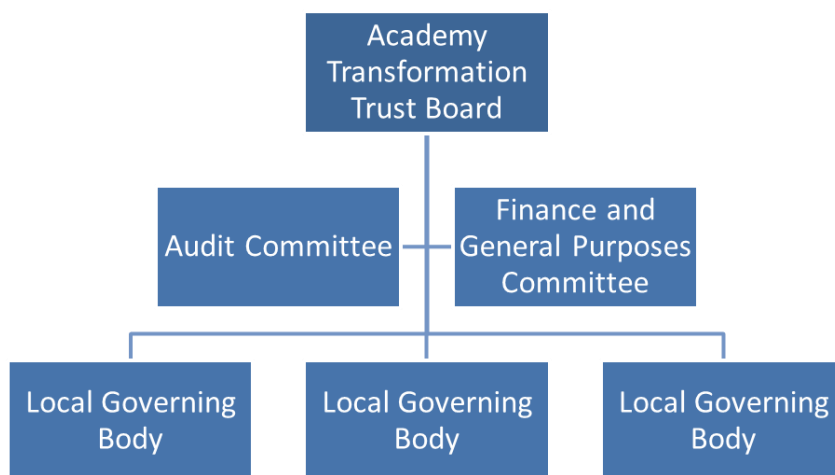
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### Structure, Governance and Management (*continued*)

#### **Organisational Structure**

The Academy Transformation Trust 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 all other relevant legislation.

In order to fulfil its responsibility the Academy Transformation Trust Board has established a central Audit Committee and from early 2014 will establish the Finance and General Purposes Committee to consider finance and other matters such as HR across all Trust academies. The Academy Transformation Trust Board has also established a Local Governing Body in each of its academies in accordance with the Local Governing Body Terms of Reference. Each Local Governing Body receives delegated authority from the Academy Transformation Trust Board to support the 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 on a regular basis as a Full Local Governing Body; others may establish a number of sub-committees.

#### **Local Governing Body Membership**

Academy Transformation Trust Local Governing Bodies range in size from 7 Governors to 15. Where there are only 7 Governors they should be:

- Principal
- Representative from Academy Transformation Trust
- Parent 1
- Parent 2
- Teaching Staff
- Support Staff
- Representative from the local community

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

#### Structure, Governance and Management (*continued*)

##### **Risk Management**

The Board of Trustees have 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:

Potential Risk	Mitigating controls
Delays in the DfE agreement for continued growth of the Trust	The Trust has produced indicative plans to assess the strategic options based on a range of growth possibilities. One such option is a plan for a sustainable future without any future growth in academy numbers. The Trust is confident that it has now reached a critical mass that can deliver impact and transformation whilst providing value for money in terms of the management fee charged.
Schools performing consistently below the national average resulting in damage to reputation and restricts further Trust growth	Robust Principal's performance targets set to ensure leadership is focussed on results. The Trust's Baseline and Annual Review processes review performance and drive the school improvement plan to ensure that performance is monitored and standards driven up.
Failure to attract and retain key staff	There are succession plans in place for key members of the Trust's senior leadership team. The Trust also has close links with consultants and associates that can provide additional resource at short notice should capacity become an immediate issue.
Inconsistent information technology provision which is unable to support the aspirations of the Trust	ICT audits are being carried out for every Academy Transformation Trust Academy to identify areas of improvement. ICT steering group and forum has been set up to drive forward the programme of ICT investment.
Local Governing Bodies ("LGB") not working in line with the core vision and aspirations of the Trust	Governor training takes place several times a year and an annual Governor away day is scheduled for March 2014. The Trust is actively building relationships with existing LBG membership through these forums and attendance at meetings. The Trust has published Governor Handbook which clearly sets out expectations and responsibilities.
Buildings do not meet Health and Safety requirements or become unfit for purpose	An independent review of all Trust properties has been carried out in 2012/13. This highlighted areas of priority need to help inform our investment priorities in terms of capital spend. The Trust has already secured £1.5 million of ACMF capital funding to address some of the most urgent priorities and works are currently ongoing. In December 2013 the Trust will be made aware of its 2013/14 EFA capital allocation which will be allocated to Academies on the basis of need. The Trust is also conducting a more detailed review of all Asset Lifecycles and Health and Safety mechanisms to further improve the management of risk for 2013/14 and beyond.
Potential distraction to core academy business due to substantial community activities and establishment of ATT Community Ltd and Further Education Provision	Academy Improvement Directors and Governance monitor for signs of reduced focus on standards through the Baseline and Annual Review process. Management of the Further Education and Community business is being separated from the main Trust in 2013/14 to reduce risk in this area.

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

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#### ***Connected organisations included relating party relationships***

Anas Abdul Mawla is a Trustee of Academy Transformation Trust and Managing Director of GAIA Technologies PLC. The Trust has undertaken a full, OJEU compliant public procurement exercise and has taken advice from legal experts with regard to making appropriate provisions with regard to conflict of interests. Mr Abdul Mawla played absolutely no part in the decision making process and the Trust has followed requirements of the Academies Financial Handbook, in particular the provisions of section 2.5 with regard to ensuring that the terms of the Articles of Association have been followed. We have sought views from officials at the Department for Education and the Education Funding Agency throughout the procurement process.

#### **Objectives and Activities**

The Company's objects are specifically restricted to the following:

- a) 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
- b) 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.

#### ***Public Benefit***

The Trust Governors have complied with the duty in Section 4 of the Charities Act 2006, to have due regard to 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.



# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

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#### Structure, Governance and Management (*continued*)

##### **Going Concern**

After making appropriate enquiries, the governing body has a reasonable expectation that the Academy Transformation Trust will have 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.

##### **Financial Review**

Academy Transformation Trust has enjoyed a period of unprecedented growth in 2012/13, growing from a single academy as at 31 August 2012 to fourteen as at 31 August 2013. On the 1 September 2013 two more academies joined the Trust bringing the total number of academies to sixteen. Academy Transformation Trust are now one of the largest Multi-Academy Trusts in the United Kingdom and a major player in the state funded education sector.

Total turnover for the year amounts to £93.9 million, of which £64.4 million relates to donations of land and buildings to the Trust on conversion to academy status. Excluding non-cash donations of fixed assets and the effects of FRS 17 valuations, the Trust generated surpluses of £4.8 million which has helped to generate overall cash reserves of £5.47 million as at 31 August 2013. Clearly this is a healthy financial position and provides Academy Transformation Trust with a strong platform for the future. The Trust's income has been obtained from the following sources:

	£000's	% of income
EFA income	30,555	81.3%
Income from Local Authorities	758	2.0%
Cash donated to the Trust upon conversion	3,704	9.9%
SFA income (16+)	540	1.5%
Activities for generating funds	805	2.1%
Other donations	240	0.6%
Project management income	991	2.6%
Bank interest	4	0.0%
<b>Total excluding donations of assets/liabilities</b>	<b>37,597</b>	<b>100%</b>
Donation of land and buildings on conversion	64,400	
Less: Inherited pension liabilities	(8,150)	
<b>Total income</b>	<b>93,847</b>	

The majority of the Trust's recurrent income is derived from EFA grant funding for Primary and Secondary Academies (81.3%) for the provision of mainstream education. Donations of legacy school cash balances have accounted for 9.9% of the Trust's income for 2012/13.

##### **Key objectives**

Academy Transformation Trust are committed to providing excellence for all pupils and supporting every child within our academies to achieve.

We believe that:

- all children deserve a first class education;
- all schools can be transformed to being judged as outstanding;
- all pupils can and should, leave education well prepared for their life ahead academically, personally, emotionally and professionally; and
- all of our staff feel valued and supported in reaching their full professional potential.

We have endeavoured to make a real difference to the Academies that have joined the Trust. We have invested in resources to help turn around educational performance of our Academies, such support includes:

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# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

### THE YEAR ENDED 31 AUGUST 2013

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#### Financial Review (*continued*)

##### Key objectives (*continued*)

- Educational consultancy
- Curriculum development
- Finance and Risk Management
- Governance and training
- CPD
- Maintenance of estate

Despite significant investments in both time and resources it takes a certain amount of time before tangible impact to teaching a learning data can be seen.

Where there are significant issues to address, academies who open part way through the year have a real challenge. It is often too late to change the curriculum in secondary schools because students have already completed a significant part of the course. In addition to these challenges, the TUPE requirement also constrains the speed at which inadequate leadership can be changed. Raise on line indicates converting after 12 September 2012 is largely influenced by the predecessor school rather than the new incumbent Trust. The view of Academy Transformation Trust is that we have been able to measure tangible progress in Academies that have joined the Trust before 1 November 2012. It should be noted that we are constantly measuring performance of our Academies and are confident that significant improvements will be noted in them all in the coming months. Below we set out the headline performance data for Academy Transformation Trust Academies that have been part of the Trust since 1 November 2012.

	Reading L4+	Writing L4+	Maths L4+	Combined E&M L4+
<b>Primary sponsored – sector average</b>	75%	74%	76%	62%
<b>Jubilee Academy</b>	90%	93%	97%	90%
<b>Diamond Academy</b>	69%	76%	69%	51%
<b>Admirals Academy</b>	70%	71%	60%	54%
	5+A*-C E&M	5+A-C	5+A-G	Ebacc
<b>Secondary sponsored sector average (open 3 years)</b>	46%	84%	92%	5%
<b>Nicholas Hamond Academy</b>	46%	68%	94%	6%

Results demonstrate that a tangible difference has been made in all Academies that have been part of the Trust pre-1 November 2012, with outputs being comparable to sector averages within just 12 months of conversion to Academy status. We note that there is still much to be done and are making the appropriate investments to further improve our Academies and achieve our vision of all Trust Academies being judged as Outstanding.

#### **Financial and Risk Management Objectives and Policies**

The Trust's objectives are to establish a firm foundation of open academies with sufficient resources to provide funds for investment in education methods and supporting technologies. Local business managers work with the Trust and their Principals to agree an annual budget and sustainable long term forecast. Budgets are reviewed and approved by the Academy Transformation Trust Board. The Trust's Principal Financial Officer monitors the financial performance throughout the year through the delivery of central monitoring reviews, monthly management accounts and commentaries provided by each academy.

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# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

THE YEAR ENDED 31 AUGUST 2013

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### Financial Review (*continued*)

#### **Principle Risks and Uncertainties**

The principle risks have been described in the risk management section above.

#### **Reserves Policy**

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 Trust is currently undertaking a review to identify and assess capital investment priorities and in addition, the DfE have yet to confirm the level of capital funding the Trust will receive going forward. The outcomes of these factors will inform the Trust's long term reserves policy. However as an interim measure, the Board of Trustees have agreed that the minimum level of reserves held for revenue purposes should fall no lower than £1.25 million. This is equivalent to £100,000 reserve per secondary Academy and £50,000 per primary.

The academy network level of free reserves as at 31 August 2013 (total funds less the amount held in fixed assets or committed funds) is £4.86 million of which £375k amounts to the Trust's central contingency which is explained below.

All Academy Transformation Trust academies are required to set aside a small amount of their cash to be made available to The Trust for cash management purposes. Initially this amount has been set at:

- £25,000 for primary academies
- £50,000 for secondary academies

The reserve is placed in an interest bearing account which will best balance the need for ready access and income potential.

Where academies identify a potential cashflow issue and need access to additional funds temporarily, the Business Manager puts together a business case for the use of the fund to The Trust's Principal Finance Officer who will then present it to the Academy Transformation Trust's Executive Team for approval. A business case takes the form of a narrative report stating why funds are required and this is supported by a cashflow projection demonstrating the cash requirement and plans for repayment of monies to the reserve.

#### **Investment Policy**

The Academy Transformation 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 policy.

#### **Plans for Future Years**

The Trust plans for modest growth in the number of academies it runs. It is anticipated that by the end of the next accounting year there will be at least 20 schools within the Organisation comprising 12 secondary schools and 8 primary schools. The predicted combined annual turnover at that point will be approximately £70m.

#### **Funds held as a Custodian Trustee on behalf of others**

There are no funds held as Custodian Trustee on behalf of others.

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' REPORT

THE YEAR ENDED 31 AUGUST 2013

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### Auditor

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company'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.

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

Approved by order of the board of trustees on 19 December 2013 and signed on their behalf by:



**Neil Flint**  
Chairman

# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' STATEMENT

THE YEAR ENDED 31 AUGUST 2013

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### 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 master and supplementary funding agreements between Academy Transformation Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met five times during the year. Attendance was as follows:

Trustee	Meetings attended	Out of a possible
Neil Flint (Chairman)	4	4
Ian Cleland (CEO and accounting officer)	5	5
Anas Abdul Mawla	3	5
Andrew Griffiths	2	4
Prof David Woods (appointed 23 <sup>rd</sup> January 2013)	0	1
Brett Westwood (appointed 22 <sup>nd</sup> May 2013)	0	1

### 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 systems of internal control are being implemented incrementally as the Trust takes shape. Interim processes have been designed to ensure that the resources of the Trust are used appropriately and effectively and form a sound basis for the future. In developing and implementing the processes the risks to the achievement of academy trust policies, aims and objectives, are evaluated alongside the likelihood of those risks being realised and the impact should they be realised. These considerations are balanced against the need to manage them efficiently, effectively and economically.

### 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 year commencing of 1 September 2012 and ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process will be regularly reviewed by the Board of Trustees to reflect the changing circumstances as the Trust grows.

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# ACADEMY TRANSFORMATION TRUST LIMITED

## TRUSTEES' STATEMENT

THE YEAR ENDED 31 AUGUST 2013

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### 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 and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget, forecasts and historic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Principal Finance Officer, Managing Director, CEO and the Board;
- 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 have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However we are working with Baker Tilly, the external auditors, to assess the internal audit process and perform additional checks where necessary.

### 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 the external auditor;
- 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 19 December 2013 and signed on its behalf by:



**Neil Flint**  
Chairman



**Ian Cleland**  
CEO and Accounting Officer

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**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.

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

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



**Ian Cleland**  
**CEO and Accounting Officer**

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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The trustees (who act as governors for charitable activities of Academy Transformation Trust Limited and are also the trustees 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 Requirements 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 statement of affairs of the Charitable company and of its incoming resources and application of resources, including its income and expenditure for that year. 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;
- make judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 19 December 2013 signed on its behalf by:



**Neil Flint**  
**Chairman**



# ACADEMY TRANSFORMATION TRUST LIMITED

## INDEPENDENT AUDITOR'S OPINION

FOR THE YEAR ENDED 31 AUGUST 2013

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### INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES OF ACADEMY TRANSFORMATION TRUST LIMITED

We have audited the financial statements of Academy Transformation Trust for the year ended 31 August 2013 on pages 17 to 45. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Trustees and auditors**

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

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

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 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 Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**ACADEMY TRANSFORMATION TRUST LIMITED**

**INDEPENDENT AUDITOR'S OPINION**

**FOR THE YEAR ENDED 31 AUGUST 2013**

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**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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



Date: 20 December 2013

**Kelly Boorman**  
**Senior Statutory Auditor**  
**for and on behalf of Baker Tilly Audit Limited**

**Rivermead House**  
**7 Lewis Court**  
**Grove Park**  
**Enderby**  
**Leicestershire**  
**LE19 1SD**

**ACADEMY TRANSFORMATION TRUST LIMITED**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF  
RECOGNISED GAINS AND LOSSES)**

**FOR THE YEAR ENDED 31 AUGUST 2013**

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000 (restated)</b>
<b>Incoming resources</b>						
<i>Incoming resources from generated fund:</i>						
Voluntary income	2	240	-	-	240	-
Transfer from Local authority on conversion	28	3,704	(8,150)	64,400	59,954	802
Activities for generating funds	3	805	-	-	805	481
Investment income	4	4	-	-	4	-
<i>Incoming resources from Charitable activities:</i>						
Funding for the Academy's educational operations	5	-	31,811	1,033	32,844	84
<b>Total incoming resources</b>		<b>4,753</b>	<b>23,661</b>	<b>65,433</b>	<b>93,847</b>	<b>1,367</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Cost of generating voluntary income		-	-	-	-	(130)
Fundraising trading		-	-	-	-	-
<i>Charitable activities</i>						
Academy's educational operations	7	(502)	(30,923)	(715)	(32,140)	(456)
Governance Costs	8	-	(490)	-	(490)	(31)
<b>Total resources expended</b>	6	<b>(502)</b>	<b>(31,413)</b>	<b>(715)</b>	<b>(32,630)</b>	<b>(617)</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>4,251</b>	<b>(7,752)</b>	<b>64,718</b>	<b>61,217</b>	<b>750</b>
Gross transfer between funds	16	-	(25)	25	-	-
<b>Net income/(expenditure) for the year</b>		<b>4,251</b>	<b>(7,777)</b>	<b>64,743</b>	<b>61,217</b>	<b>750</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	16, 26	-	(1,199)	-	(1,199)	(15)
<b>Net movement in funds</b>		<b>4,251</b>	<b>(8,976)</b>	<b>64,743</b>	<b>60,018</b>	<b>735</b>
<b>Reconciliation of funds</b>						
Funds brought forward at beginning of year (as previously reported)	16	(19)	(409)	1,637	1,209	-
Prior year adjustment		-	-	(474)	(474)	-
Funds brought forward at beginning of year (restated)		(19)	(409)	1,163	735	-
<b>Funds carried forward at end of year</b>		<b>4,232</b>	<b>(9,385)</b>	<b>65,906</b>	<b>60,753</b>	<b>735</b>

**ACADEMY TRANSFORMATION TRUST LIMITED**

**BALANCE SHEET**

**FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	31 August 2013 £'000	31 August 2013 £'000	31 August 2012 £'000 (restated)	31 August 2012 £'000 (restated)
<b>Fixed assets</b>					
Tangible assets	12		65,914		1,171
			<u>65,914</u>		<u>1,171</u>
<b>Current assets</b>					
Debtors	13	3,408		307	
Cash at bank and in hand		5,470		36	
		<u>8,878</u>		<u>343</u>	
<b>Creditors: Amounts falling due within one year</b>	14	<u>(3,878)</u>		<u>(369)</u>	
<b>Net current assets</b>			<u>5,000</u>		<u>(26)</u>
Total assets less current liabilities			70,914		1,145
<b>Creditors: Amounts falling due after one year</b>	15		<u>(144)</u>		<u>-</u>
<b>Net assets excluding pension liability</b>			<b>70,770</b>		<b>1,145</b>
Pension scheme liability	26		<u>(10,017)</u>		<u>(410)</u>
<b>Net assets including pension liability</b>			<u>60,753</u>		<u>735</u>
<b>Funds of academy:</b>					
<b>Restricted funds</b>					
- Fixed asset fund(s)	16		65,906		1,163
- General fund(s)	16		632		1
- Pension reserve	16		<u>(10,017)</u>		<u>(410)</u>
<b>Total restricted funds</b>			<u>56,521</u>		<u>754</u>
<b>Unrestricted funds</b>					
- General fund(s)	16		4,232		(19)
<b>Total unrestricted funds</b>			<u>4,232</u>		<u>(19)</u>
<b>Total funds</b>			<u>60,753</u>		<u>735</u>

The financial statements on pages 17 to 45 were approved by the Trustees and authorised for issue on 19 December 2013 and were signed on their behalf by:



**Ian Cleland**  
CEO and Accounting Officer

**ACADEMY TRANSFORMATION TRUST LIMITED**

**CASHFLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2013**

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	Notes	31 August 2013 £'000	31 August 2012 £'000
<b>Net cash inflow from operating activities</b>	20	5,461	48
Returns on investments and servicing of finance	21	4	-
Capital expenditure	22	(31)	(12)
<b>Increase in cash in the year</b>	23	<u>5,434</u>	<u>36</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at beginning of year		36	-
<b>Net funds at end of year</b>		<u>5,470</u>	<u>36</u>

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**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. Statement of Accounting Policies**

**Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency and the Companies Act 2006. The Statement of Financial Activities as set out on page 15 identifies the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

**Conversion to an Academy trust**

The conversions from state maintained schools to an academy trust involved transfers of identifiable assets and liabilities and the operation of the schools for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each school to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Academy Transformation Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 29.

**Incoming resources**

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

***Grants receivable***

Grants are included in the Statement of Financial Activities on an accruals basis. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

***Donations***

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

***Other income***

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

**Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis.

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. Statement of Accounting Policies (continued)**

**Resources Expended**

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

**Costs of generating funds**

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

**Charitable activities**

These are costs incurred on the trust's educational operations.

**Governance costs**

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

All resources expended are inclusive of irrecoverable VAT.

**Tangible Fixed Assets**

Assets costing £1,000 and with an expected useful life exceeding one year are capitalised as tangible fixed assets. Items procured in batches or collectively are considered separately for these purposes.

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 costs and depreciated over their expected useful economic life. The related grants are credited to a restricted fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land and assets in construction, 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%
Long leasehold buildings	2%
Computer equipment	33%
Furniture and equipment	15%
Motor vehicles	20%

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.

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

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**1. Statement of Accounting Policies (continued)**

**Leased Assets**

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

**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 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'), the Local Government Pension Scheme ('LGPS') and a defined contribution pension scheme. The first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the trust.

**Teachers' Pension Scheme**

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

**Local Government Pension Schemes**

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

More details of these schemes are given in note 26.

**Defined contribution scheme**

**Head Office Pension Scheme**

Head office employees have the option of joining a defined contribution scheme operated by Aviva. The pension costs for the scheme represent the contributions payable by the Company in the period.



**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**Fund Accounting**

The unrestricted general fund represents those resources which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

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

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

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**2. Voluntary Income**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2013 £'000	Total 31 August 2012 £'000
Other donations	240	-	240	-
	240	-	240	-

**3. Activities for Generating Funds**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2013 £'000	Total 31 August 2012 £'000
Hire of facilities	193	-	193	-
Catering income	359	-	359	-
Other income	253	-	253	481
	805	-	805	481

**4. Investment Income**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2013 £'000	Total 31 August 2012 £'000
Short term deposit	4	-	4	-
	4	-	4	-

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**5. Funding for Academy's educational operations**

	Unrestricted funds £000	Restricted funds £000	<b>Total 31 August 2013 £000</b>	<b>Total 31 August 2012 £000</b>
<b>DfE capital grant</b>				
- Devolved Formula Capital Grant	-	143	<b>143</b>	-
- Other Capital Grants	-	132	<b>132</b>	-
	-	275	<b>275</b>	-
<b>DfE revenue grant</b>				
- General Annual Grant (GAG)	-	26,671	<b>26,671</b>	<b>84</b>
- Start Up Grants	-	640	<b>640</b>	-
- Other DfE Grants	-	4,500	<b>4,500</b>	-
	-	31,811	<b>31,811</b>	<b>84</b>
<b>Other government grants</b>				
- Local Authorities/Other	-	758	<b>758</b>	-
	-	758	<b>758</b>	-
	-	32,844	<b>32,844</b>	<b>84</b>

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**6. Resources Expended**

	Staff costs	Non pay expenditure		Total 31 August 2013	Total 31 August 2012
	£'000	Premises costs £'000	Other Costs £'000	£'000	£'000 (restated)
Costs of activities for generating funds	-	-	-	-	130
Academy's education operations:					
Direct costs	18,328	-	2,033	20,361	62
Allocated support costs	5,983	2,201	3,595	11,779	394
	<u>24,311</u>	<u>2,201</u>	<u>5,628</u>	<u>32,140</u>	<u>586</u>
Governance costs including allocated support costs	-	20	470	490	31
	<u>24,311</u>	<u>2,221</u>	<u>6,098</u>	<u>32,630</u>	<u>617</u>

**Incoming/outgoing resources for the year include:**

	Total 31 August 2013 £'000	Total 31 August 2012 £'000 (restated)
Depreciation	721	6
Operating leases -property	67	-
-other	220	16
Fees payable to auditor - audit prior year	8	-
-audit current year	60	8
-other services	-	2
	<u>          </u>	<u>          </u>

**ACADEMY TRANSFORMATION TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2013**

**7. Charitable Activities – Academy’s educational operations**

	Unrestricted Funds £'000	Restricted Funds £'000	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000 (restated)</b>
<b>Direct costs:</b>				
Teaching and educational support staff costs	99	18,513	<b>18,612</b>	<b>59</b>
Depreciation	-	-	-	-
Educational supplies	-	1,284	<b>1,284</b>	-
Examination fees	-	387	<b>387</b>	-
Staff development	-	78	<b>78</b>	-
Educational consultancy	-	-	-	-
Other direct costs	-	-	-	<b>3</b>
	<b>99</b>	<b>20,262</b>	<b>20,361</b>	<b>62</b>
<b>Allocated support costs:</b>				
Support staff costs	223	5,760	<b>5,983</b>	<b>300</b>
Depreciation	6	715	<b>721</b>	<b>6</b>
Recruitment and support	-	31	<b>31</b>	-
Maintenance of premises and equipment	25	583	<b>608</b>	<b>2</b>
Technology costs	-	413	<b>413</b>	-
Other occupancy costs	-	1,533	<b>1,533</b>	<b>33</b>
Catering	25	398	<b>423</b>	-
Legal and professional fees	-	514	<b>514</b>	-
Bank interest and charges	-	1	<b>1</b>	<b>3</b>
Other support costs	99	1,063	<b>1,162</b>	<b>50</b>
Project management and other operations	25	365	<b>390</b>	-
	<b>403</b>	<b>11,376</b>	<b>11,779</b>	<b>394</b>
	<b>502</b>	<b>31,638</b>	<b>32,140</b>	<b>456</b>

**8. Governance Costs**

	Unrestricted Funds £'000	Restricted Funds £'000	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Legal and professional fees	-	420	<b>420</b>	<b>21</b>
Auditor’s remuneration:				
Audit of financial statements – prior year	-	8	<b>8</b>	-
Audit of financial statements – current year	-	60	<b>60</b>	<b>8</b>
Support costs	-	-	-	<b>2</b>
Trustees’ reimbursed expenses	-	2	<b>2</b>	-
	-	<b>490</b>	<b>490</b>	<b>31</b>

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**9. Staff costs**

Staff costs during the year were:	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Wages and salaries	20,338	298
Social security costs	1,443	34
Pension costs	2,530	22
	<hr/>	<hr/>
	24,311	354
Supply teacher costs	-	15
Compensation payments	58	-
	<hr/>	<hr/>
	24,369	369

The average number of persons (including senior management team) employed by the academy during the year expressed as full time equivalents was as follows:

	<b>Total 31 August 2013 No.</b>	<b>Total 31 August 2012 No.</b>
<b>Charitable activities</b>		
Teachers	495	26
Administration and support	616	20
Management	74	6
	<hr/>	<hr/>
	1,185	52

The number of employees whose annual emoluments package fell within the following bands was:

	<b>Total 31 August 2013 No.</b>	<b>Total 31 August 2012 No.</b>
£60,001 - £70,000	5	-
£70,001 - £80,000	-	-
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-
	<hr/>	<hr/>

4 of the above employees participated in the Teachers' Pension Scheme (31 August 2012: 0). During the year ended 31 August 2013, pension contributions for these staff amounted to £39,384 (31 August 2012: £0). 3 of the above employees participated in the defined contribution scheme (31 August 2012: 2), pension contributions amounted to £30,796 (31 August 2012: £10,000).

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**10. Trustees' remuneration and expenses**

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payment, other than expenses, from the academy trust in respect of their role as trustees. The value of trustee's remuneration was as follows:

Ian Cleland (Chief Executive Officer and trustee)	£160,000 - £170,000 (2012: £60,000 - £70,000)
Joyce Hodgetts (Managing Director and trustee)	£140,000 - £150,000 (2012: £20,000 - £30,000)

During the year ended 31 August 2013, travel and subsistence expenses totalling £1,780 (2012: £nil) were reimbursed to 9 trustees.

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

**11. Trustees' and Officers' Insurance**

Provided for during the reported final year in accordance with normal commercial practice the Academies have 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 ranging between £768k to £10m on any one claim. The total cost for the year ended 31 August 2013 was £4,100 (2012: £nil). The cost of this insurance is included in the total insurance cost.

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**12. Tangible Fixed Assets**

	Assets In Construction £'000	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture And Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	<b>Total 31 August 2013 £'000</b>
<b>Cost</b>							
At 1 Sep 12 (previously stated)	-	-	1,640	-	12	-	<b>1,652</b>
Prior year adjustment	-	-	(475)	-	-	-	<b>(475)</b>
As restated	-	-	1,165	-	12	-	<b>1,177</b>
Inherited	-	12,175	52,225	-	-	-	<b>64,400</b>
Assets							
Additions	408	-	518	76	56	6	<b>1,064</b>
Disposals	-	-	-	-	-	-	<b>-</b>
At 31 Aug 13	<b>408</b>	<b>12,175</b>	<b>53,908</b>	<b>76</b>	<b>68</b>	<b>6</b>	<b>66,641</b>
<b>Depreciation</b>							
At 1 Sep 12 (previously stated)	-	-	(3)	-	(4)	-	<b>(7)</b>
Prior year adjustment	-	-	1	-	-	-	<b>1</b>
As restated	-	-	(2)	-	(4)	-	<b>(6)</b>
Charged in year	-	(52)	(659)	(2)	(8)	-	<b>(721)</b>
Disposals	-	-	-	-	-	-	<b>-</b>
At 31 Aug 13	<b>-</b>	<b>(52)</b>	<b>(661)</b>	<b>(2)</b>	<b>(12)</b>	<b>-</b>	<b>(727)</b>
<b>Net book values</b>							
At 31 Aug 13	<b>408</b>	<b>12,123</b>	<b>53,247</b>	<b>74</b>	<b>56</b>	<b>6</b>	<b>65,914</b>
At 31 Aug 12 (restated)	-	-	1,163	-	8	-	<b>1,171</b>

A prior year adjustment of £475,000 has been made due to the incorrect capitalisation of the land at 1 August 2012; being the date of conversion to an academy trust.

**13. Debtors**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Trade debtors	640	237
Prepayments	427	31
VAT due from HMRC	595	-
Accrued income	1,746	-
Other debtors	-	39
	<b>3,408</b>	<b>307</b>



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**14. Creditors: amounts falling during within one year**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Trade creditors	1,952	148
Other taxation and social security	583	70
Other creditors	475	29
Accruals and deferred income	868	122
	<u>3,878</u>	<u>369</u>

**Deferred Income**

	<b>Total 31 August 2013 £'000</b>
Deferred income at 1 September 2012	98
Resources deferred in current year	190
Amounts released from previous year	(98)
Deferred income at 31 August 2013	<u>190</u>

Deferred income is income received in the reported financial year which is intended for use within a future year. The deferred income balance at the end of the financial year was due to the academy trust holding funds received in advance for insurance reimbursements and trips which had not yet gone ahead.

**15. Creditors: amounts falling due after one year**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Other creditors	<u>144</u>	-

Included within other creditors is an amount of £3,349 (2012: £0) which falls due in greater than 5 years.

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**16. Funds**

	Balance at 1 September 2012 £'000 (restated)	Incoming Resources £'000	Resources Expended £'000	Gains, losses and transfers £'000	<b>Balance at 31 August 2013 £'000</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1	26,671	(26,015)	(25)	<b>632</b>
Start Up Grant	-	640	(640)	-	-
Other DfE/EFA grants	-	4,500	(4,500)	-	-
Pension reserve	(410)	(8,150)	(258)	(1,199)	<b>(10,017)</b>
	<b>(409)</b>	<b>23,661</b>	<b>(31,413)</b>	<b>(1,224)</b>	<b>(9,385)</b>
<b>Restricted fixed asset funds</b>					
Inherited assets on conversion	1,163	64,400	(711)	-	<b>64,852</b>
DfE/EFA capital grants	-	275	(4)	-	<b>271</b>
Capital Expenditure from GAG	-	-	-	25	<b>25</b>
Other Government Grants	-	758	-	-	<b>758</b>
	<b>1,163</b>	<b>65,433</b>	<b>(715)</b>	<b>25</b>	<b>65,906</b>
<b>Total restricted funds</b>	<b>754</b>	<b>89,094</b>	<b>(32,128)</b>	<b>(1,199)</b>	<b>56,521</b>
<b>Unrestricted funds</b>					
Unrestricted funds	(19)	4,753	(502)	-	<b>4,232</b>
<b>Total unrestricted funds</b>	<b>(19)</b>	<b>4,753</b>	<b>(502)</b>	<b>-</b>	<b>4,232</b>
	<b>735</b>	<b>93,847</b>	<b>(32,630)</b>	<b>(1,199)</b>	<b>60,753</b>

Long leasehold land and building transferred on conversion previously reported at £1,640,000 has been restated following a prior year adjustment of £475,000 due to the land being incorrectly capitalised at the date of conversion to an academy trust.

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 2013.

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

*Restricted general funds*

This fund represents grants received for the Academy Trust's operational activities and development. This includes the pension reserve which represents the potential liability due by the Academies at the year end.

*Restricted other funds*

From time to time, additional funds are applied as set out for specific purposes laid down by the grant provider and to be used in the short term.

*Fixed Asset Fund*

This fund represents the net book value of the assets both transferred on conversion and purchased by the Academies.

*Unrestricted Funds*

The unrestricted funds represent funds available to the Trustees to apply for the general purposes of the Academy Trust.

**ACADEMY TRANSFORMATION TRUST LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

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**Analysis of academies by fund balance**

	<b>Balance at 31 August 2013 £'000</b>
Sutton Community Academy	638
The Dukeries Academy	511
Bristnall Hall Academy	1,012
Jubilee Academy Mossley	131
Star Academy	(1)
Diamond Academy	39
The Nicolas Hammond Academy	(30)
Admirals Academy	623
Westbourne Academy	536
Iceni Academy	299
Mildenhall College Academy	580
The Hathaway Academy	240
Kingsmoor Academy	126
Norwich Road Academy	302
Academy Transformation Trust	(142)
<b>Total before fixed assets and pension reserve</b>	<b>4,864</b>
<b>Restricted fixed asset fund</b>	65,906
<b>Pension Reserve</b>	<b>(10,017)</b>
	<b>60,753</b>

**Analysis of Expenditure per Academy:**

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excl. Dep'n) £'000	<b>Total Costs £'000</b>
Sutton Community Academy	2,440	973	158	870	<b>4,441</b>
The Dukeries Academy	3,075	1,061	332	967	<b>5,435</b>
Bristnall Hall Academy	3,294	535	180	833	<b>4,842</b>
Jubilee Academy Mossley	780	132	32	175	<b>1,119</b>
Star Academy	247	39	13	94	<b>393</b>
Diamond Academy	641	82	41	219	<b>983</b>
The Nicolas Hammond Academy	1,553	623	82	407	<b>2,665</b>
Admirals Academy	2,147	110	28	148	<b>2,433</b>
Westbourne Academy	1,867	546	193	587	<b>3,193</b>
Iceni Academy	1,284	376	133	356	<b>2,149</b>
Mildenhall College Academy	558	115	16	104	<b>793</b>
The Hathaway Academy	387	187	21	105	<b>700</b>
Kingsmoor Academy	298	91	34	184	<b>607</b>
Norwich Road Academy	41	13	21	17	<b>92</b>
Academy Transformation Trust	-	-	-	2,064	<b>2,064</b>
	<b>18,612</b>	<b>4,883</b>	<b>1,284</b>	<b>7,130</b>	<b>31,909</b>

**ACADEMY TRANSFORMATION TRUST LIMITED**  
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**17. Analysis of net assets between funds**

Fund balances at 31 August 2013 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Balance at 31 August 2013 £'000	Balance at 31 August 2012 £'000 (restated)
Tangible fixed assets	8	-	65,906	65,914	1,171
Current assets	6,396	2,482	-	8,878	343
Current liabilities	(2,172)	(1,696)	-	(3,868)	(369)
Long term liabilities		(154)		(154)	-
Pension scheme liability	-	(10,017)	-	(10,017)	(410)
<b>Total net assets</b>	<b>4,232</b>	<b>(9,385)</b>	<b>65,906</b>	<b>60,753</b>	<b>735</b>

**18. Capital commitments**

	Total 31 August 2013 £'000	Total 31 August 2012 £'000
Contracted for, but not provided in the financial statements	41	-
	41	-

**19. Financial commitments**

**Operating leases**

At 31 August 2013 the Academy had annual commitments under non-cancellable operating leases as follows:

	Total 31 August 2013 £'000	Total 31 August 2012 £'000
<u>Land and buildings</u>		
Expiring with one year	63	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	63	-
<u>Other</u>		
Expiring within one year	149	-
Expiring within two and five years inclusive	170	16
Expiring in over five years	-	-
	319	16

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**20. Reconciliation of net income to net cash inflow from operating activities**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000 (restated)</b>
Net income	61,217	750
Depreciation (note 12)	721	6
Capital grants from DfE and other capital income	(1,033)	-
Interest receivable (note 4)	(4)	-
FRS 17 pension cost less contributions payable (note 26)	65	-
FRS 17 pension finance income (note 26)	193	2
Increase in debtors	(3,101)	(277)
Increase in creditors	3,653	369
Inherited assets (note 28)	(56,250)	(802)
<b>Net cash inflow from operating activities</b>	<b>5,461</b>	<b>48</b>

**21. Returns on investments and servicing of finance**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Interest received	4	-
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>4</b>	<b>-</b>

**22. Capital expenditure and financial investment**

	<b>Total 31 August 2013 £'000</b>	<b>Total 31 August 2012 £'000</b>
Purchase of tangible fixed assets	(1,064)	(12)
Capital grant from DfE	275	-
Other Government grants	758	-
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(31)</b>	<b>(12)</b>

**23. Analysis of changes in net funds**

	<b>At 1 September 2012 £'000</b>	<b>Cash Flows £'000</b>	<b>At 31 August 2013 £'000</b>	<b>At 31 August 2012 £'000</b>
Cash at bank and in hand	36	5,434	5,470	36
	<b>36</b>	<b>5,434</b>	<b>5,470</b>	<b>36</b>

**ACADEMY TRANSFORMATION TRUST LIMITED**  
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**24. Members' Liabilities**

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

**25. Prior Year Adjustment**

The financial statements include a prior year adjustment in relation to the valuation of leasehold land and buildings. The value of the property as previously stated in the financial statements for the year ended 31 August 2012 was overstated by £475,000. The result of the prior year adjustment has decreased the Restricted Fixed Asset Reserve by the net figure of £474,209; being the reduction in cost of £475,000 and reduction in depreciation of £791.

The comparatives in the Statement of Financial Activities have also been amended to reflect the reanalysis of the transfer from Local Authority on conversion of £29,950. This value was previously disclosed as activities for generating funds. This adjustment has no effect on total reserves.

**26. Pension and Similar Obligations**

The academies 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. The LGPS is managed by the following Pension Funds on behalf of the following Academies;

- 1) Norfolk Pension Fund**
  - Admirals Academy
  - Diamond Academy
  - Iceni Academy
  - Nicholas Hamond Academy
  - Norwich Road Academy
- 2) West Midlands Pension Fund**
  - Bristnall Hall Academy
  - Jubilee Academy Mossley
- 3) Essex Pension Fund**
  - Hathaway Academy
  - Kingsmoor Academy
- 4) Staffordshire Pension Fund**
  - Star Academy
- 5) Suffolk County Council Pension Fund**
  - Westbourne Academy
- 6) Nottinghamshire County Council Pension Fund**
  - The Dukeries Academy
  - Sutton Community Academy

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £384,095 (2012: £11,553) were payable to the schemes at 31 August and are included within creditors.

**ACADEMY TRANSFORMATION TRUST LIMITED**  
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**26. Pension and Similar Obligations (continued)**

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation Account**

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

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**26. Pension and Similar Obligations (continued)**

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 2013 was £1,146,000, of which employer's contributions totalled £865,000 and employees' contributions totalled £281,000. The agreed contribution rates for future years expressed as weighted averages are 17% per cent for employers and 6% per cent for employees.

The two Academies that form part of the Essex Pension Fund have to make additional monthly contributions in addition to normal funding levels in order to try and cover the deficit. This agreement states that the deficit recovery period is 30 years.

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.



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**26. Pension and Similar Obligations (continued)**

**Principal actuarial assumptions:**

	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Scheme 5	Scheme 6	Average
	%	%	%	%	%	%	%
<b>2013</b>							
Rate of increase in salaries	5.1	4.3	4.7	5.1	5.1	5.1	4.9
Rate of increase for pensions	2.8	2.5	2.9	2.8	2.8	2.9	2.8
Discount rate for scheme liabilities	4.6	4.8	4.7	4.6	4.6	4.7	4.7
Inflation assumption	-	2.5	2.9	-	-	2.9	2.8
<b>2012</b>							
Rate of increase in salaries	-	4.1	-	-	-	-	4.1
Rate of increase for pensions	-	2.3	-	-	-	-	2.3
Discount rate for scheme liabilities	-	4.5	-	-	-	-	4.5
Inflation assumption	-	2.3	-	-	-	-	2.3

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

	<b>At 31 August 2013</b>	<b>At 31 August 2012</b>
<i>Retiring today</i>		
Males	21.2	22.0
Females	23.8	24.7
<i>Retiring in 20 years</i>		
Males	23.3	23.8
Females	25.9	26.6

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**26. Pension and Similar Obligations (continued)**

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

	Expected return at 31 August 2013 %	Fair Value at 31 August 2013 £'000	Expected return at 31 August 2012 %	Fair Value at 31 August 2012 £'000
Equities	6.6	5,556	7.0	46
Bonds	4.0	1,446	3.0	16
Property	5.1	900	6.0	9
Cash / Liquidity	2.3	177	0.5	1
Other	5.9	326	0.1	13
Total market value of assets		<u>8,405</u>		<u>85</u>
Present value of scheme liabilities				
- Funded		(18,422)		(495)
Deficit in the schemes		<u>(10,017)</u>		<u>(410)</u>

The expected return has been calculated as a weighted average of all pension schemes included within the financial statements.

The actual return on scheme assets was £329,000 (2012: £1,000).

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**26. Pension and Similar Obligations (continued)**

The organisation operates six defined pension plans. A summary of the plans is as follows:

	Scheme 1	Scheme 2	Scheme 3	Scheme 4	Scheme 5	Scheme 6	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2013</b>							
Fair value of plan assets	2,237	984	308	125	1,494	3,257	8,405
Present value of funded defined benefit obligations	(3,491)	(2,633)	(2,597)	(292)	(2,317)	(7,092)	(18,422)
<b>Deficits in schemes</b>	<b>(1,254)</b>	<b>(1,649)</b>	<b>(2,289)</b>	<b>(167)</b>	<b>(823)</b>	<b>(3,835)</b>	<b>(10,017)</b>
<b>2012</b>							
Fair value of plan assets	-	85	-	-	-	-	85
Present value of funded defined benefit obligations	-	(495)	-	-	-	-	(495)
<b>Deficits in schemes</b>	<b>-</b>	<b>(410)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(410)</b>

**Amounts recognised in the statement of financial activities**

	<b>2013</b>	<b>2012</b>
	£'000	£'000
Current service cost	930	3
Contributions by employer	(865)	(3)
<b>Total operating charge</b>	<b>65</b>	<b>-</b>
Interest on defined benefit pension plan obligation	421	2
Expected return on defined benefit pension plan assets	(228)	-
<b>Pension finance costs</b>	<b>193</b>	<b>2</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £1,214,000 loss (2012: £15,000 loss).

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**26. Pension and Similar Obligations (continued)**

**Movements in present value of defined benefit obligations**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September	495	-
Inherited Liability	14,764	473
Current Service Cost	930	3
Interest Cost	421	2
Actuarial losses	1,528	16
Contribution by members	281	1
Estimated benefits paid (net of transfers in)	3	-
<b>At 31 August</b>	<b>18,422</b>	<b>495</b>

**Movements in fair value of plan assets**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September	85	-
Inherited Asset	6,614	80
Expected return on plan assets	228	-
Actuarial gains	329	1
Contributions by employer	865	3
Contributions by members	281	1
Benefits paid	3	-
<b>At 31 August</b>	<b>8,405</b>	<b>85</b>

The estimated value of employer contributions for the year ended 31 August 2014 is £1,529,000 (2013: £34,000).

**ACADEMY TRANSFORMATION TRUST LIMITED**  
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**26. Pension and Similar Obligations (continued)**

The three period history of experience adjustments is as follows:

	<b>31 August 2013 £'000</b>	<b>31 August 2012 £'000</b>	<b>1 August 2012 £'000</b>
	<b>£'000</b>	<b>£'000</b>	
Present value of defined benefit obligations	(18,422)	(495)	(473)
Fair value share of scheme assets	8,405	85	80
<b>Deficit in the scheme</b>	<b>(10,017)</b>	<b>(410)</b>	<b>(393)</b>

	<b>31 August 2013 £'000</b>	<b>31 August 2012 £'000</b>
	<b>£'000</b>	<b>£'000</b>
Experience adjustments on share of scheme assets	329	1
Experience adjustments on scheme liabilities	(1,528)	(16)
	<b>(1,199)</b>	<b>(15)</b>

**27. Related Party Transactions**

Owing to the nature of the Academies operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the Academies financial regulations and normal procurement procedures.

During the period, Academy Transformation Trust made purchases totalling £59,999 (2012: £16,318) from Gaia Technologies Plc., of which the Trustee Anas Abdul Mawla is shareholder and managing director. The balance due to Gaia Technologies Plc. at 31 August 2013 was £4,245 (2012: £6,763).

Timemarque International is a company providing marketing expertise. Timemarque's Director and majority shareholder is the daughter in law of Academy Transformation Trust's Chief Executive Ian Cleland. All work procured was on the basis of three quotes being obtained in accordance with the Trust's Financial Regulations. Ian Cleland was not involved in the procurement decision as part of the Trust's processes on managing the risks associated with conflicts of interests.

The Trust made purchases from Timemarque International totalling £9,090 during the year ended 31 August 2013 (2012: £nil). All purchases were in respect of marketing and company stationery. There was no outstanding liability owed to Timemarque International at 31 August 2013 (2012: £nil).

**ACADEMY TRANSFORMATION TRUST LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

**28. Conversion to an academy trust**

During the year end 31 August 2013 the following schools converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Academy Transformation Trust from the relevant local authorities for £nil consideration:

<u>Academy</u>	<u>Date of Transfer</u>	<u>Predecessor School</u>	<u>Local Authority</u>
Diamond Academy	1 September 2012	Queensway Junior School	Norfolk County Council
Nicholas Hamond Academy	1 November 2012	Swaffham Hamond's High School	Norfolk County Council
Admirals Academy	1 November 2012	Admirals Junior School	Norfolk County Council
Kingsmoor Academy	1 December 2012	Kingsmoor Primary School	Essex County Council
Bristnall Hall Academy	1 December 2012	Bristnall Hall Technology College	Walsall Council
The Dukeries Academy	1 January 2013	The Dukeries College School	Nottinghamshire County Council
Sutton Community Academy	1 January 2013	Sutton Centre Community College	Nottinghamshire County Council
Iceni Academy	1 January 2013	Hockwold and Methwold Community School	Norfolk County Council
Westbourne Academy	1 February 2013	Westbourne Sports College	Suffolk County Council
Star Academy	1 April 2013	Hollywell Primary School	Staffordshire Council
Mildenhall College Academy	1 July 2013	Mildenhall College of Technology	Suffolk County Council
Hathaway Academy	1 July 2013	The Grays School	Essex County Council
Norwich Road	1 August 2013	Norwich Road Primary School	Norfolk County Council

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount as net income/resources expended in the Statement of Financial Activities as voluntary income / other resources expended.

# ACADEMY TRANSFORMATION TRUST LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2013

#### 28. Conversion to an academy trust (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities:

	Unrestricted Funds £'000	Restricted general Funds £'000	Restricted fixed asset funds £'000	Total £'000
Tangible fixed assets:				
<i>Freehold land and buildings</i>				
Kingsmoor Academy	-	-	1,639	1,639
Hathaway Academy	-	-	10,536	10,536
<i>Long leasehold land and buildings</i>				
Diamond Academy	-	-	1,597	1,597
Nicholas Hamond Academy	-	-	5,499	5,499
Admirals Academy	-	-	2,306	2,306
Bristnall Hall Academy	-	-	4,966	4,966
Dukeries Academy	-	-	8,284	8,284
Sutton Community Academy	-	-	6,065	6,065
Iceni Academy	-	-	6,519	6,519
Westbourne Academy	-	-	7,049	7,049
Star Academy	-	-	1,290	1,290
Mildenhall College Academy	-	-	7,828	7,828
Norwich Road Academy	-	-	822	822
LGPS pension deficit:				
Diamond Academy	-	(61)	-	(61)
Nicholas Hamond Academy	-	(269)	-	(269)
Admirals Academy	-	(71)	-	(71)
Kingsmoor Academy	-	(279)	-	(279)
Bristnall Hall Academy	-	(1,224)	-	(1,224)
Dukeries Academy	-	(1,776)	-	(1,776)
Sutton Community Academy	-	(1,172)	-	(1,172)
Iceni Academy	-	(508)	-	(508)
Westbourne Academy	-	(450)	-	(450)
Star Academy	-	(167)	-	(167)
Mildenhall College Academy	-	(294)	-	(294)
Hathaway Academy	-	(1,706)	-	(1,706)
Norwich Road Academy	-	(173)	-	(173)
Other identified assets and liabilities:				
Diamond Academy	4	-	-	4
Nicholas Hamond Academy	135	-	-	135
Admirals Academy	411	-	-	411
Kingsmoor Academy	138	-	-	138
Bristnall Hall Academy	823	-	-	823
Dukeries Academy	268	-	-	268
Sutton Community Academy	371	-	-	371
Iceni Academy	71	-	-	71
Westbourne Academy	383	-	-	383
Star Academy	8	-	-	8
Mildenhall College Academy	410	-	-	410
Hathaway Academy	283	-	-	283
Norwich Road Academy	399	-	-	399
<b>Net assets/(liabilities)</b>	<b>3,704</b>	<b>(8,150)</b>	<b>64,400</b>	<b>59,954</b>

# ACADEMY TRANSFORMATION TRUST LIMITED

## AUDITOR'S REGULARITY OPINION

### FOR THE YEAR ENDED 31 AUGUST 2013

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

In accordance with the terms of our engagement letter dated 5 September 2012 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2013, 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 1 September 2012 to 31 August 2013 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 the Academy Transformation Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Limited'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 2012, 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 2013. 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 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 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.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.

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**ACADEMY TRANSFORMATION TRUST LIMITED**  
**AUDITOR'S REGULARITY OPINION**  
**FOR THE YEAR ENDED 31 AUGUST 2013**

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**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Baker Tilly Audit Limited*

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