

**Academy Transformation Trust  
(a company Limited by Guarantee)**

**Annual Report & Consolidated Financial  
Statements  
For The Year Ending 31 August 2014**

**Registered Number 07846852 (England &  
Wales)**

# Academy Transformation Trust

## Contents

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	<b>Page</b>
<b>Designated members and advisers</b>	1
<b>Trustees' Report</b>	2
<b>Governance Statement</b>	15
<b>Statement of Regularity, Propriety and Compliance</b>	18
<b>Statement of Trustees' Responsibilities</b>	19
<b>Independent Auditor's Reports on the Financial Statements</b>	20
<b>Statement of Financial Activities (incorporating Income &amp; Expenditure Account)</b>	22
<b>Consolidated Balance Sheet</b>	23
<b>Company Balance Sheet</b>	24
<b>Cash Flow Statement</b>	25
<b>Notes to the Financial Statements, incorporating:</b>	
• <b>Statement of Accounting Policies</b>	26
• <b>Other Notes to the Financial Statements</b>	31
<b>Auditor's Regularity Opinion</b>	53

## Academy Transformation Trust Reference and Administrative Details

<b>Members</b>	Ian Cleland Anas Abdul Mawla (resigned 1 June 2014)
<b>Trustees</b>	Ian Cleland (CEO and Accounting Officer) Anas Abdul Mawla (resigned 1 June 2014) Neil Flint Andrew Griffiths (resigned 30 April 2014) Prof. David Woods (resigned 12 March 2014) Brett Westwood Keith Panes Joyce Hodgetts Stephen Tilsley Kate Taylor (appointed 22 December 2013) Amy Leonard (appointed 16 June 2014)
<b>Senior Management Team:</b> Managing Director Principal Finance Officer Operations Director	Joyce Hodgetts Claire Pritchard 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>	Mazars LLP Park View House 58 The Ropewalk Nottingham NG1 5DW
<b>Bankers</b>	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 Trustees' Report**

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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 2013 and ending on 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

#### **Constitution**

The academy trust is a company limited by guarantee (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. The charitable company is known as Academy Transformation Trust.

The financial statements are consolidated results that include the results of Mark Hall Sports Services Limited.

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 defense to a criminal prosecution brought against the trustees in their capacity as directors of the academy trust.

## **Academy Transformation Trust**

### **Trustees' report (continued)**

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#### **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.

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.

## **Academy Transformation Trust Trustees' report (continued)**

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### **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 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.

### **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. 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.

## Academy Transformation Trust Trustees' report (continued)

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### 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; and
- Representative from the local community.

### Risk Management

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

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

Risk	Mitigating controls
<b>Safeguarding</b> procedures are not robust enough to assure, within reason, we do everything we can to protect our pupils	Head office audits monitoring academy performance with safeguarding Policies developed and in place Mandatory Trust training programmes being developed
Failure to <b>improve academies</b> within the 3 year timeframe set by the Trust	Revised due diligence strategy being developed to ensure starting point fully understood. Development of new monitoring systems to ensure close tracking of progress
<b>Head Office functions</b> do not deliver consistency and equality in responding to every academy	Establishment of Operations Group to oversee performance Introduction of an evaluation strategy to monitor support functions

## Academy Transformation Trust Trustees' report (continued)

Historic position of <b>academy reserve funds</b> are not balanced to the equal benefit of all pupils in the Trust	Complete the development of new operational planning cycle that includes a group review of funds and priorities within schools. Implementation of Estates strategy
Unable to leverage <b>economies of scale</b> in our procurement approach	Complete group procedures for centralised procurement Property asset management system introduction

### Connected organisations included relating party relationships

Anas Abdul Mawla was a trustee of Academy Transformation Trust until 1 June 2014, 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 academy'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.



## **Academy Transformation Trust Trustees' report (continued)**

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### **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.

### **Strategic Report**

#### **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 another strong financial performance. A further 2 academies joined the trust at the start of the financial year, and the improvement shown in the schools within the trust has set the foundations for the next period of growth.

Total turnover for the year amounts to £72.1 million, (2013 £93.9 million), of which £9.0 million, (2013 £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 £2.8 million, (2013 £4.8 million) which has helped to generate overall net asset position of £6.0 million as at 31 August 2014. Clearly this is a healthy financial position and provides Academy Transformation Trust with a strong platform for the future.

## Academy Transformation Trust Trustees' report (continued)

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### 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.

Over the last year we have continued to support the delivery of the mission set out above and set out below are some of the achievements that have contributed towards our key objectives.

- The Trust opened 16 academies over the twelve month period 2012-13, eight of these schools were in Ofsted categories and all had a track record of underperformance. Pupil/student intakes were either below or well below national averages.
- Leadership in all academies has been strengthened since academy conversion and robust strategies put in place to improve performance in all areas to achieve outstanding within three years of opening.
- OfSTED monitoring and inspections, supported by DfE reports of visits indicate strong effective leadership, good governance, good progress by pupils and recognition of the "strong and effective support by highly knowledgeable and skilled staff deployed by the sponsor". Two academies were judged to be "good" by Ofsted and were previously in Ofsted categories. Two other academies were judged to be "requires improvement" and were previously in special measures
- There has been significant improvement in the quality of teaching, a judgement that is consistently validated by OfSTED inspections. Inadequate teaching has been eradicated and good and outstanding teaching improved from 43% to 83% in primary academies and 53% to 82% in secondary.
- Performance in terms of pupil progress and attainment has improved significantly overall in both primary and secondary academies.
  - i. **Primary**

Pupils making two Levels of Progress (LoP) are now broadly in line with national in reading writing and mathematics. Overall, progress in mathematics improved by 14% to 79%. Primary attainment in the combined L4's rose by 7% with notable improvement in five academies (+32%, +14%, +14%,+8% and +7%) at Ravens, Admirals, Star, Iceni and Kingsmoor academies respectively with Jubilee Academy maintaining a

## Academy Transformation Trust Trustees' report (continued)

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combined performance at 90% which is 15% above the national (75%).  
Overall attainment in mathematics improved by 10%.

Pupil progress	2013	2014	National
Reading	78	81	88
Writing	88	92	91
Maths	65	79	88

Attainment	2013	2014	National
Combined	54	61	75
Reading	73	78	86
Writing	75	77	88
Maths	62	72	85

Teaching & Learning Good or better	
Baseline 43%	2014 83%
Inadequate teachers	
Baseline 21	2014 1

### ii. Secondary

As can be seen from the overall averages there has been a significant improvement in terms of both pupil progress and attainment, in terms of 5+A\*-C including English and maths and English and maths A\*-C. All of these academies have pupils/students on entry who are below or well below national and as can be seen they are now broadly at or just below national.

Individual academy performance shows that only one academy is down on its 5\*A-C including English and maths by more than five percent, but if consideration is given to students in the autistic unit, the percentage pass rate rises to 48%. Two other academies are two or four percent below last year on this measure, all the others have improved, some significantly from last year. The average across all academies has risen by 6% on best entry and by 3% on first entry. The changes to exam regulations for 2014 has restricted our predicted improvement but we compare well with others who

## Academy Transformation Trust Trustees' report (continued)

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have generally seen significant reductions in 5+A\*-C E&M pass rates. National performance for sponsored academies is 44.7%, our academy performance is 46%.

In terms of Ebacc there has been a 3.5% improvement to 14% pass rate. Student progress has also shown significant improvement in English and good improvement in maths. Nationally Ebacc has declined by 0.5%.

These results are reinforced by Ofsted judgements and other data such as attendance where our academies are in line with national from previously well below and exclusions which have been significantly reduced.

Pupil Progress	2013	2014	National
English	52.6%	64%	65% (yet to be confirmed)
Maths	55%	61%	65% (yet to be confirmed)

Attainment	2013	2014	National
English	48	58.1	61.7
Maths	58	61.3	62.4
5+A*-C E&M	40	46	52.6 (sponsored academies 44.7%)

Teaching & Learning Good or better	
Baseline 53%	2014 84%
Inadequate teachers	
Baseline 30	2014 0.4

## Academy Transformation Trust

### Trustees' report (continued)

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#### iii. Post 16

Performance in all five trust academies with sixth form provision improved from 2013, with significant improvement in three academies (Bristnall Hall, Mildenhall College and Sutton Community). The Average Point Score per A level entry overall at 200 is broadly in line with national (211). This is a 24.4 point improvement (12.2%) from the previous year.

The average grade this year is a C- (nationally the grade is C) and this is up from the average grade of D last year. Students gaining A\*-C grades increased from 45.7% to 57.5% (which is a 12% improvement. A\*-E also improved by 1.3% from 93.9 to 95.2% (the national being 98%).

Performance in vocational subjects was particularly strong and above or in line with national. E.g. point score per entry 223 against the national 214. Point score per student 675 (which is up from last years 619 against the national 562). All other indicators show improvement.

For example 3 substantial vocational qualifications up from 17% to 40% (national 50%), with 2 substantial vocational qualifications at 67% (national 70%) and 1 substantial vocational qualification at 97.2% (national 100%).

Value added analysis reflects this improvement and is good or better overall.

	2013	2014	National
Student attainment A level Point score entry	175.6	200	211
Point score per student	653	652	782
Average grade	D	C-	C

	2013	2014	National
A*-C	45.7%	57.5%	76.7%
A*-E	93.9%	95.2%	98%

## Academy Transformation Trust Trustees' report (continued)

Vocational attainment	2013	2014	National
Point score entry	222.2	223	213.6
Point score per student	618.8	675	561.6

- Other important improvement indicators such as attendance also showed good improvement. Primary attendance improved from 94.4% to 95.8% (National 95.2%) since conversion and secondary attendance improved from 92.8% to 93.9%(National 94.2%).
- Finance is managed effectively and corporate reserves are being used to enhance new technology provision to allow The Trust be leading edge nationally and to ensure inadequate finance does not restrict the academy improvement pathway. Trust reserves provide the resource to maintain or rebalance staffing and to support growth in the face of lagged funding.
- The above improvement has been achieved while The Trust established a support infrastructure covering Finance, Governance, HR/Legal, Buildings and Estates, Academy Performance, Learning Technologies, Vulnerable Groups, Marketing and PR and Data/MIS. We are particularly proud of the Transformational Information Management (TIM) management information system which has been developed by ourselves.
- All of the above is provided in a VfM context with a managed service fee of 3.3% of GAG, capped at £150,000 for secondaries.
- The role of the sponsor trust has been described as extremely positive by Ofsted and is well represented by the following quotes from Ofsted:

*Admirals Academy (Inspection dates 14-15 May 2014)*

"The Academy Transformation Trust, the academy's sponsor, has provided very effective and regular support since the process of conversion. Opportunities to meet staff from other academies and support and challenge from external consultants have all been very effective in developing successful leaders. Data is regularly checked by the trust and the academy is challenged to maintain and build further on its good and improving status."

## **Academy Transformation Trust Trustees' report (continued)**

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### *Bristnall Hall Academy (Inspection dates 5-6 November 2014)*

"The sponsor has provided a good level of challenge and support to the academy leaders. A review of the academy's effectiveness in December 2013 highlighted that the pace of improvement was not quick enough. Consequently, the sponsor introduced regular review meetings to challenge leaders and provided additional support. As a result of this intervention the effectiveness of all aspects of the academy's work improved."

### *Iceni Academy (Inspection dates 24-25 September 2014)*

"The academy benefits from close links with key staff at the sponsoring academy trust. Trust members visit the academy regularly to check on examination performance, the quality of teaching and progress of students. They provide support and guidance to senior leaders to ensure continued improvement, as well as holding the academy to account for its performance. Growing links with other schools in The Trust and institutions of higher education provide suitable careers guidance from Year 8 to 13."

### *The Nicholas Hamond Academy (Inspection dates 14-15 May 2014)*

"The academy's transformation is helped and supported by its experienced governing body and the strong and effective support offered by the highly knowledgeable and skilled staff deployed by the academy's sponsors. The academy chain has ensured that governors are well equipped to hold leaders to account for the academy's performance. As a result, students' achievements are rising at a good pace."

## **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.

### **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 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.

## **Academy Transformation Trust**

### **Trustees' report (continued)**

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The academy network level of free reserves as at 31 August 2014 (total funds less the amount held in fixed assets or committed funds) is £5.01 million.

#### **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.

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

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

#### **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 group comprising 12 secondary schools and 8 primary schools.

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

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

#### **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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 4 December 2014 and signed on the board's behalf by:



**Neil Flint**  
Chairman



## Academy Transformation Trust Governance Statement

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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 eight times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Neil Flint (Chairman)	7	8
Ian Cleland (CEO and accounting officer)	8	8
Anas Abdul Mawla (resigned 1 June 2014)	3	7
Andrew Griffiths (resigned 30 April 2014)	3	6
Prof David Woods (resigned 12 March 2014)	2	5
Brett Westwood	4	8
Joyce Hodgetts	8	8
Kate Taylor	2	5
Keith Panes	6	8
Amy Leonard (appointed 16 June 2014)	1	1
Steve Tilsley	6	6

#### Governance reviews:

The board has worked with professional advisers during the year to ensure that the skill set and focus of the board provides the right level of challenge. As part of this work the audit committee was formed and terms of reference agreed. The board of trustees plan to perform a self-review exercise once a year.

The audit committee is a sub-committee of the main board of trustees. Its purpose is to provide assurance over the suitability of, and compliance with, its financial systems and controls. In addition the audit committee has responsibility for monitoring the key risks of the organisation:

## Academy Transformation Trust Governance Statement

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Attendance during the year at meetings of the audit committee was as follows:

Trustee	Meetings attended	Out of a possible
Kate Taylor	3	3
Keith Panes	1	3
Steve Tilsley	3	3

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Academy Trust Limited for the period 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year commencing of 1 September 2013 and ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is reviewed regularly by the Board of Trustees.

### The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget, 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; and
- identification and management of risks.

The Board of Trustees decided in the year to extend the role of the external auditors, Mazars LLP, to include work in this area.

## Academy Transformation Trust Governance Statement

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### 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; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 4 December 2014 and signed on its behalf by:



**Neil Flint**  
Chairman



**Ian Cleland**  
CEO and Accounting Officer

## **Academy Transformation Trust**

### **Statement of Regularity, Propriety and Compliance**

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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. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



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

**4 December 2014**

## **Academy Transformation Trust**

### **Statement of Trustees' Responsibilities**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 4 December 2014 signed on its behalf by:



**Neil Flint**  
**Chairman**

## **Academy Transformation Trust**

### **Independent Auditor's report on the Financial Statements to the Board of Trustees of the Academy Transformation Trust**

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We have audited the financial statements of Academy Transformation Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities, the Group and Company Balance Sheets, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

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

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

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

**Academy Transformation Trust**  
**Independent Auditor's report on the Financial Statements to the Board of Trustees of the Academy Transformation Trust (continued)**

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

We report to you if, in our opinion:

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



David Hoose (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor

Park View House  
58 The Ropewalk  
Nottingham  
NG1 5DW

23 December 2014

# Academy Transformation Trust

## Statement of Financial Activities for the Year Ended 31 August 2014 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2014 £'000	As Restated Total 31 August 2013 £'000
<b>Incoming resources</b>						
<i>Incoming resources from generated fund:</i>						
Voluntary income	2	-	-	-	-	240
Transfer from Local authority on conversion	29	113	(1,864)	9,037	7,286	66,276
Activities for generating funds	3	2,156	15	-	2,171	805
Investment income	4	56			56	4
<i>Incoming resources from Charitable activities:</i>						
Funding for the Academy's educational operations	5		59,730	2,904	62,634	32,844
<b>Total incoming resources</b>		<b>2,325</b>	<b>57,881</b>	<b>11,941</b>	<b>72,147</b>	<b>100,169</b>
<b>Resources expended</b>						
<i>Charitable activities</i>						
Academy's educational operations	7	1,611	58,804	1,597	62,012	32,140
Governance Costs	8		850		850	490
<b>Total resources expended</b>	6	<b>1,611</b>	<b>59,654</b>	<b>1,597</b>	<b>62,862</b>	<b>32,630</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>714</b>	<b>(1,773)</b>	<b>10,344</b>	<b>9,285</b>	<b>67,539</b>
Gross transfer between funds	17	(1,579)	221	1,358	-	-
<b>Net income/(expenditure) for the year</b>		<b>(865)</b>	<b>(1,552)</b>	<b>11,702</b>	<b>9,285</b>	<b>67,539</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	17, 26	-	(2,476)	-	(2,476)	(1,199)
<b>Net movement in funds</b>		<b>(865)</b>	<b>(4,028)</b>	<b>11,702</b>	<b>6,809</b>	<b>66,340</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2013		4,232	(9,385)	72,228	67,075	735
<b>Funds carried forward at 31 August 2014</b>		<b>3,367</b>	<b>(13,413)</b>	<b>83,930</b>	<b>73,884</b>	<b>67,075</b>

All of the academy's activities derive from continuing operations during the above two financial periods.



**Academy Transformation Trust**  
**Consolidated Balance Sheet as at 31 August 2014**

	Notes	£'000	2014 £'000	As Restated 2013 £'000
<b>Fixed assets</b>				
Tangible assets	13		83,930	72,236
			<u>83,930</u>	<u>72,236</u>
<b>Current assets</b>				
Stock		19	-	
Debtors	14	2,781	3,408	
Cash at bank and in hand		8,637	5,470	
		<u>11,437</u>	<u>8,878</u>	
<b>Creditors: Amounts falling due within one year</b>	15	(5,471)	(3,878)	
<b>Net current assets</b>			<u>5,966</u>	<u>5,000</u>
Total assets less current liabilities			<u>89,896</u>	<u>77,236</u>
<b>Creditors: Amounts falling due after one year</b>	16		(956)	(144)
<b>Net assets excluding pension liability</b>			<u>88,940</u>	<u>77,092</u>
Pension scheme liability	26		(15,056)	(10,017)
<b>Net assets including pension liability</b>			<u><u>73,884</u></u>	<u><u>67,075</u></u>
<b>Funds of academy:</b>				
<b>Restricted funds</b>				
- Fixed asset fund(s)	17		83,930	72,228
- General fund(s)	17		1,643	632
- Pension reserve	17		(15,056)	(10,017)
<b>Total restricted funds</b>			<u>70,517</u>	<u>62,843</u>
<b>Unrestricted funds</b>				
- General fund(s)	17		3,367	4,232
<b>Total unrestricted funds</b>			<u>3,367</u>	<u>4,232</u>
<b>Total funds</b>			<u><u>73,884</u></u>	<u><u>67,075</u></u>

The financial statements on pages 22 to 52 were approved by the trustees, and authorised for issue on 4 December 2014 and signed on their behalf by:



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

**Academy Transformation Trust**  
**Company Balance Sheet as at 31 August 2014**

	Notes	£'000	2014 £'000	As Restated 2013 £'000
<b>Fixed assets</b>				
Tangible assets	13		83,902	72,236
			<u>83,902</u>	<u>72,236</u>
<b>Current assets</b>				
Stock		17	-	
Debtors	14	2,657	3,408	
Cash at bank and in hand		8,564	5,470	
		<u>11,238</u>	<u>8,878</u>	
<b>Creditors: Amounts falling due within one year</b>	15	(5,170)	(3,878)	
<b>Net current assets</b>			<u>6,068</u>	<u>5,000</u>
Total assets less current liabilities			<u>89,970</u>	<u>77,236</u>
<b>Creditors: Amounts falling due after one year</b>	16		(956)	(144)
<b>Net assets excluding pension liability</b>			<u>89,014</u>	<u>77,092</u>
Pension scheme liability	26		(15,056)	(10,017)
<b>Net assets including pension liability</b>			<u><u>73,958</u></u>	<u><u>67,075</u></u>
<b>Funds of academy:</b>				
<b>Restricted funds</b>				
- Fixed asset fund(s)	17		83,902	72,228
- General fund(s)	17		1,643	632
- Pension reserve	17		(15,056)	(10,017)
<b>Total restricted funds</b>			<u>70,489</u>	<u>62,843</u>
<b>Unrestricted funds</b>				
- General fund(s)	17		3,469	4,232
<b>Total unrestricted funds</b>			<u>3,469</u>	<u>4,232</u>
<b>Total funds</b>			<u><u>73,958</u></u>	<u><u>67,075</u></u>

The financial statements on pages 22 to 52 were approved by the trustees, and authorised for issue on 4 December 2014 and signed on their behalf by:



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

**Academy Transformation Trust**  
**Cash flow Statement for the Year Ended 31 August 2014**

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	Notes	31 August 2014 £'000	As restated 31 August 2013 £'000
<b>Net cash inflow from operating activities</b>	21	4,348	1,757
Returns on investments and servicing of finance	22	56	4
Capital expenditure	23	(1,350)	(31)
Inherited assets	28	113	3,704
<b>Increase in cash in the year</b>	24	<u>3,167</u>	<u>5,434</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at beginning of year		5,470	36
<b>Net funds at end of year</b>		<u>8,637</u>	<u>5,470</u>

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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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 and Balance sheet consolidate the financial statements of the academy trust and its subsidiary undertaking.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006. The Academy Transformation Trust surplus in the year was £6,883k.

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 28.

#### Going Concern

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

#### 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

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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

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.

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

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

- **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.

### Resources Expended

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.

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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

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

Depreciation is provided on all tangible fixed assets other than freehold land 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.

#### Leased Assets

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

#### Investments

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

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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

#### Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

#### Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the 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 26, 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.

# **Academy Transformation Trust**

## **Notes to the Financial Statements for the Year Ended 31 August 2014**

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

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.

#### **Fund Accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders 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**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**2. Voluntary Income**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Other donations	-	-	-	240
	-	-	-	240

**3. Activities for Generating Funds**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Hire of facilities	596	-	596	193
Catering income	934	-	934	359
Educational visits	479	-	479	-
Other income	147	15	162	253
	2,156	15	2,171	805

**4. Investment Income**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Short term deposit	56	-	56	4
	56	-	56	4

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

### 5. Funding for Academy's education operations

	Unrestricted funds £000	Restricted funds £000	Total 31 August 2014 £000	Total 31 August 2013 £000
<b>DfE capital grant</b>				
- Capital Grants	-	2,904	2,904	275
	-	2,904	2,904	275
<b>DfE revenue grant</b>				
- General Annual Grant (GAG)	-	48,856	48,856	26,671
- Start Up Grants	-	522	522	640
- Other DfE Grants	-	9,007	9,007	4,500
	-	58,385	58,385	31,811
<b>Other government grants</b>				
- Local Authorities/Other	-	1,345	1,345	758
	-	1,345	1,345	758
	-	62,634	62,634	32,844

### 6. Resources Expended

	Staff costs £'000	Non pay expenditure		Total 31 August 2014 £'000	Total 31 August 2013 £'000
		Premises costs £'000	Other Costs £'000		
Costs of activities for generating funds	408	-	1,203	1,611	-
Academy's education operations:					
Direct costs	36,081	-	3,813	39,894	20,361
Allocated support costs	10,183	7,146	3,178	20,507	11,779
	46,672	7,146	8,194	62,012	32,140
Governance costs including allocated support costs	-	-	850	850	490
	46,672	7,146	9,044	62,862	32,630

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**6. Resources Expended (continued)**

Incoming/outgoing resources for the year include:

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Depreciation	1,597	721
Operating leases -property	72	67
-other	290	220
Fees payable to auditor - audit prior year	-	8
- audit current year	67	60
- other services	11	-
	=====	=====

**7. Charitable Activities – Academy's education operations**

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
<b>Direct costs:</b>		
Teaching and educational support staff costs	36,081	18,612
Depreciation	-	-
Educational supplies	3,009	1,284
Examination fees	804	387
Staff development	-	78
Educational consultancy	-	-
Other direct costs	-	-
	<u>39,894</u>	<u>20,361</u>
<b>Allocated support costs:</b>		
Support staff costs	10,591	5,983
Depreciation	1,597	721
Recruitment and support	273	31
Maintenance of premises and equipment	1,946	608
Technology costs	821	413
Other occupancy costs	3,177	1,533
Catering	1,203	423
Legal and professional fees	-	514
Bank interest and charges	26	1
Other support costs	1,824	1,162
Project management and other operations	660	390
	<u>22,118</u>	<u>11,779</u>
	<u>62,012</u>	<u>32,140</u>

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**8. Governance Costs**

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Legal and professional fees	790	420
Auditor's remuneration:		
Audit of financial statements – prior year	-	8
Audit of financial statements – current year	67	60
Trustees' reimbursed expenses		2
	850	490

**9. Staff**

**a. Staff costs**

Staff costs during the year were:

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Wages and salaries	36,527	20,338
Social security costs	2,650	1,443
Pension costs	5,667	2,530
	44,844	24,311
Supply teacher costs	1,362	-
Staff restructuring costs	466	58
	46,672	24,369

**b. Staff severance payments**

Included in staff restructuring costs are non-statutory/non –contractual severance payments totalling £466,000 (2013 £58,000). Twenty six of the payments exceeded £5,000 individually, and these were in the range of £5,350 to £34,342.

**c. Staff numbers**

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

	Total 31 August 2014 No.	Total 31 August 2013 No.
<b>Charitable activities</b>		
Teachers	513	495
Administration and support	646	616
Management	76	74
	1,235	1,185

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

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**9. Staff costs (continued)**

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

	<b>Total 31 August 2014 No.</b>	<b>Total 31 August 2013 No.</b>
£60,001 - £70,000	10	5
£70,001 - £80,000	7	-
£80,001 - £90,000	-	1
£90,001 - £100,000	5	-
£100,001 - £110,000	2	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	-	-
£160,001 - £170,000	1	1

21 of the above employees participated in the Teachers' Pension Scheme (31 August 2013: 4). During the year ended 31 August 2014, pension contributions for these staff amounted to £237,502 (31 August 2013: £39,384). 5 of the above employees participated in a money purchase scheme (31 August 2013: 3), pension contributions amounted to £57,132 (31 August 2013: £30,796).

**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 (2013: £160,000 - £170,000)
Joyce Hodgetts (Managing Director and trustee)	£140,000 - £150,000 (2013: £140,000 - £150,000)

During the year ended 31 August 2014, travel and subsistence expenses totaling £9,487 (2013: £1,780) were reimbursed to 4 trustees.

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

**11. Central services**

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

- Financial services (including finance software)
- HR services
- Asset management

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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### 11. Central services (continued)

- Staff development
- School improvement
- Risk management
- Treasury management
- Statutory reporting

The trust charges for these services on the following basis:

- Secondary £150k basic fee
- Primary £40k basic fee

The academy trust is currently reviewing the method that it uses to charge the schools within the trust, and is looking to adopt a policy that links with the reserve strategy and allows the trust to allocate funds on a priority basis. The trustees believe that this will maximise the performance of the trust.

The actual amounts charged during the year were as follows:

	<b>2014</b>
	<b>£'000</b>
Sutton Community Academy	150
The Dukeries Academy	150
Bristnall Hall Academy	150
Jubilee Academy Mossley	40
Star Academy	40
Diamond Academy	40
The Nicholas Hamond Academy	150
Admirals Academy	45
Westbourne Academy	150
Iceni Academy	162
Mildenhall College Academy	150
The Hathaway Academy	150
Kingsmoor Academy	40
Norwich Road Academy	50
Mark Hall Academy	150
Ravens Academy	40
	<hr/> <b>1,657</b>

### 12. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £5,000 (2013: £4,100). The cost of this insurance is included in the total insurance cost.

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**13. Tangible Fixed Assets**

<b>Consolidated</b>	<b>Assets in Construction £'000</b>	<b>Freehold Land and buildings £'000</b>	<b>Leasehold land and buildings £'000</b>	<b>Furniture Equipment £'000</b>	<b>Computer Equipment £'000</b>	<b>Motor Vehicle £'000</b>	<b>Total 31 August 2014 £'000</b>
<b>Cost</b>							
At 1 Sep 13 (as previously reported)	408	12,175	53,908	76	68	6	66,641
Prior year adjustment	-	(4093)	10,415	-	-	-	6,322
At 1 Sep 13 (as restated)	408	8,082	64,323	76	68	6	72,963
Inherited Assets	-	5,142	3,895	-	-	-	9,037
Additions	-	379	2,294	741	840	-	4,254
Disposals	(408)	-	408	-	-	-	-
At 31 Aug 14	-	13,603	70,920	817	908	6	86,254
<b>Depreciation</b>							
At 1 Sep 13	-	(52)	(661)	(2)	(12)	-	(727)
Charged in year	-	(215)	(1,259)	(41)	(81)	(1)	(1,597)
At 31 Aug 14	-	(267)	(1,920)	(43)	(93)	(1)	(2,324)
<b>Net book values</b>							
At 31 Aug 14	-	13,336	69,000	774	815	5	83,930
At 31 Aug 13	408	12,123	53,247	74	56	6	65,914

<b>Company</b>	<b>Assets in Construction £'000</b>	<b>Freehold Land and buildings £'000</b>	<b>Leasehold land and buildings £'000</b>	<b>Furniture Equipment £'000</b>	<b>Computer Equipment £'000</b>	<b>Motor Vehicle £'000</b>	<b>Total 31 August 2014 £'000</b>
<b>Cost</b>							
At 1 Sep 13 (as previously reported)	408	12,175	53,908	76	68	6	66,641
Prior year adjustment	-	(4093)	10,415	-	-	-	6,322
At 1 Sep 13 (as restated)	408	8,082	64,323	76	68	6	72,963
Inherited Assets	-	5,142	3,895	-	-	-	9,037
Additions	-	378	2,294	720	834	-	4,226
Disposals	(408)	-	408	-	-	-	-
At 31 Aug 14	-	13,602	70,920	796	902	6	86,226
<b>Depreciation</b>							
At 1 Sep 13	-	(52)	(661)	(2)	(12)	-	(727)
Charged in year	-	(215)	(1,259)	(41)	(81)	(1)	(1,597)
At 31 Aug 14	-	(267)	(1,920)	(43)	(93)	(1)	(2,324)
<b>Net book values</b>							
At 31 Aug 14	-	13,335	69,000	753	809	5	83,902
At 31 Aug 13	408	12,123	53,247	74	56	6	65,914

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

### 14. Debtors

	Company Total 31 August 2014 £'000	Consolidated Total 31 August 2014 £'000	Total 31 August 2013 £'000
Trade debtors	326	438	640
Prepayments and accrued income	1,410	1,422	2,173
VAT due from HMRC	921	921	595
	<u>2,657</u>	<u>2,781</u>	<u>3,408</u>

### 15. Creditors: amounts falling due within one year

	Company Total 31 August 2014 £'000	Consolidated Total 31 August 2014 £'000	Total 31 August 2013 £'000
Trade creditors	2,410	2,537	1,952
Other taxation and social security	786	788	583
Other creditors	1,101	1,101	475
Accruals and deferred income	873	1,045	868
	<u>5,170</u>	<u>5,471</u>	<u>3,878</u>

### Deferred Income

	Total 31 August 2014 £'000
Deferred income at 1 September 2013	190
Resources deferred in current year	72
Amounts released from previous year	<u>(190)</u>
Deferred income at 31 August 2014	<u>72</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 universal free school meals and trips which had not yet gone ahead.

### 16. Creditors: amounts falling due after one year

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Other creditors	<u>956</u>	<u>144</u>

Included within other creditors is an amount of £292,875 (2013: £3,349) which falls due in greater than 5 years, which relates to repayments on the Salix loans received in the year. The Salix loans are interest free.



**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**17. Funds**

	Balance at 1 September 2013 £'000 (restated)	Incoming Resources £'000	Resources Expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2014 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	632	48,856	(48,066)	221	1,643
Start Up Grant	-	522	(522)	-	-
Activities for generating funds	-	15	(15)	-	-
Other DfE/EFA grants	-	10,352	(10,352)	-	-
Pension reserve	(10,017)	(1,864)	(699)	(2,476)	(15,056)
	<b>(9,385)</b>	<b>57,881</b>	<b>(59,654)</b>	<b>(2,255)</b>	<b>(13,413)</b>
<b>Restricted fixed asset funds</b>					
Inherited assets on conversion	71,174	9,037	(1,496)	-	78,715
DfE/EFA capital grants	271	2,904	(60)	-	3,115
Capital Expenditure from GAG	25	-	(1)	-	24
Capital Expenditure from unrestricted funds	-	-	(26)	1,358	1,332
Other Government Grants	758	-	(14)	-	744
	<b>72,228</b>	<b>11,941</b>	<b>(1,597)</b>	<b>1,358</b>	<b>83,930</b>
<b>Total restricted funds</b>	<b>62,843</b>	<b>69,822</b>	<b>(61,251)</b>	<b>(897)</b>	<b>70,517</b>
<b>Unrestricted funds</b>					
Unrestricted funds	4,232	2,325	(1,611)	(1,579)	3,367
<b>Total unrestricted funds</b>	<b>4,232</b>	<b>2,325</b>	<b>(1,611)</b>	<b>(1,579)</b>	<b>3,367</b>
	<b>67,075</b>	<b>72,147</b>	<b>(62,862)</b>	<b>(2,476)</b>	<b>73,884</b>

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 2014.

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.

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

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**17. Funds (continued)**

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.

**Analysis of academies by fund balance**

	<b>Balance at 31 August 2014 £'000</b>
Sutton Community Academy	787
The Dukeries Academy	(65)
Bristnall Hall Academy	1,255
Jubilee Academy Mossley	234
Star Academy	(32)
Diamond Academy	111
The Nicholas Hamond Academy	(267)
Admirals Academy	767
Westbourne Academy	415
Iceni Academy	234
Mildenhall College Academy	793
The Hathaway Academy	268
Kingsmoor Academy	77
Norwich Road Academy	432
Academy Transformation Trust	35
Mark Hall Academy and Sports Centre	(164)
Ravens Academy	130
<b>Total before fixed assets and pension reserve</b>	<b>5,010</b>
<b>Restricted fixed asset fund</b>	<b>83,930</b>
<b>Pension Reserve</b>	<b>(15,056)</b>
	<b><u>73,884</u></b>

The Trust has adopted a policy of fairly funding each academy within the group. Certain academies have entered the Trust with budgets that were in a deficit position, which as part of their transformation plan will be returned to a surplus. Although the position for each academy above shows a wide range of reserves, the Trust board ensures that each academy has sufficient resources to meet their agreed targets. The figures stated above do not therefore represent the bank reserves for each academy.

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**17. Funds (continued)**

**Analysis of Expenditure per Academy:**

	Teaching And Education Support Staff costs £'000	Other Support Staff costs £'000	Educational Supplies £'000	Other costs £'000	Total £'000
Sutton Community	3,417	1,567	228	1,107	6,319
The Dukeries Academy	4,613	1,682	522	1,662	8,479
Bristnall Hall Academy	4,431	813	247	1,211	6,702
Jubilee Academy Mossley	687	139	58	199	1,083
Star Academy	635	140	47	154	976
Diamond Academy	568	87	27	161	843
The Nicholas Hamond	2,118	412	120	529	3,179
Admirals Academy	802	133	54	198	1,187
Westbourne Academy	3,632	857	255	1,037	5,781
Iceni Academy	2,791	588	210	506	4,095
Mildenhall College	4,363	542	267	1,069	6,241
The Hathaway Academy	2,765	944	276	772	4,757
Kingsmoor Academy	638	155	115	182	1,090
Norwich Road Academy	1,237	189	62	288	1,776
Academy Transformation	-	1,196	50	610	1,856
Mark Hall Academy	2,676	966	343	845	4,830
Ravens Academy	708	181	128	204	1,221
	<b>36,081</b>	<b>10,591</b>	<b>3,009</b>	<b>10,734</b>	<b>60,415</b>

**18. Analysis of net assets between funds**

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Balance at 31 August 2014 £'000	Balance at 31 August 2013 £'000
Tangible fixed assets	-	-	83,930	83,930	72,236
Current assets	3,367	8,070	-	11,437	8,878
Current liabilities	-	(5,471)	-	(5,471)	(3,868)
Long term liabilities	-	(956)	-	(956)	(154)
Pension scheme liability	-	(15,056)	-	(15,056)	(10,017)
<b>Total net assets</b>	<b>3,367</b>	<b>(13,413)</b>	<b>83,930</b>	<b>73,884</b>	<b>67,075</b>

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**19. Capital commitments**

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Contracted for, but not provided in the financial statements	-	41
	-	41

**20. Financial commitments**

**Operating leases**

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows:

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
<u>Land and buildings</u>		
Expiring with one year	-	63
Expiring within two and five years inclusive	91	-
Expiring in over five years	-	-
	91	63
<u>Other</u>		
Expiring within one year	69	149
Expiring within two and five years inclusive	330	170
Expiring in over five years	--	-
	399	319

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

	Total 31 August 2014 £'000	As restated Total 31 August 2013 £'000
Net income	9,285	67,539
Depreciation (note 13)	1,597	721
Capital grants from DfE and other capital income	(2,904)	(1,033)
Interest receivable (note 4)	(56)	(4)
FRS 17 pension cost less contributions payable (note 26)	249	65
FRS 17 pension finance income (note 26)	450	193
Increase in stock	(19)	-
Decrease in debtors	627	(3,101)
Increase in creditors	1,593	3,653
Increase in creditors due after more than one year	812	-
Inherited assets (note 28)	(7,286)	(66,276)
<b>Net cash inflow from operating activities</b>	<b>4,348</b>	<b>1,757</b>

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**22. Returns on investment and servicing of finance**

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Interest received	56	4
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>56</b>	<b>4</b>

**23. Capital expenditure and financial investment**

	Total 31 August 2014 £'000	Total 31 August 2013 £'000
Purchase of tangible fixed assets	(4,254)	(1,064)
Capital grant from DfE	2,904	275
Other Government grants	-	758
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,350)</b>	<b>(31)</b>

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

	At 1 September 2013 £'000	Cash Flows £'000	At 31 August 2014 £'000	At 31 August 2013 £'000
Cash at bank and in hand	5,470	3,167	8,637	5,470
	<b>5,470</b>	<b>3,167</b>	<b>8,637</b>	<b>5,470</b>

**25. 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.

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

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### 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
  - Mark Hall Academy
  - Ravens Academy
- 4) **Staffordshire Pension Fund**
  - Star Academy
- 5) **Suffolk County Council Pension Fund**
  - Westbourne Academy
  - Mildenhall College 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 £190,640 (2013: £384,095) were payable to the schemes at 31 August and are included within creditors.

### Teachers' Pension Scheme

#### Introduction

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

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

## **Academy Transformation Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

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

The Teachers' Pensions Regulations require an annual 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**

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

#### **Teachers' Pension Scheme Changes**

Lord Hutton made recommendations in March 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57<sup>th</sup>; 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 2013 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and

## **Academy Transformation Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2014**

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

regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is 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 FRS17 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 2014 was £2,486,000, of which employer's contributions totalled £1,904,000 and employees' contributions totalled £582,000. The agreed contribution rates for future years expressed as weighted averages are 17% per cent for employers and 6% per cent for employees.

The four 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.

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



**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

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

**Principal actuarial assumptions:**

	Scheme 1 %	Scheme 2 %	Scheme 3 %	Scheme 4 %	Scheme 5 %	Scheme 6 %	Average %
<b>2014</b>							
Rate of increase in salaries	3.5	3.9	4.4	4.5	4.5	4.5	4.2
Rate of increase for pensions	2.7	2.2	2.6	2.7	2.7	2.7	2.6
Discount rate for scheme liabilities	3.7	4.0	3.9	3.7	3.7	3.9	3.8
Inflation assumption	-	2.2	2.6	-	-	2.7	2.5
<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

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 2014</b>	<b>At 31 August 2013</b>
<i>Retiring today</i>		
Males	22.1	21.2
Females	24.3	23.8
<i>Retiring in 20 years</i>		
Males	24.5	23.3
Females	26.9	25.9

# Academy Transformation Trust

## Notes to the Financial Statements for the Year Ended 31 August 2014

### 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 2014 %	Fair Value at 31 August 2014 £'000	Expected return at 31 August 2013 %	Fair Value at 31 August 2013 £'000
Equities	6.4	8,574	6.6	5,556
Bonds	3.5	1,853	4.0	1,446
Property	5.0	1,388	5.1	900
Cash / Liquidity	2.8	418	2.3	177
Other	2.2	724	5.9	326
Total market value of assets		<u>12,957</u>		<u>8,405</u>
Present value of scheme liabilities				
- Funded		<u>(28,013)</u>		<u>(18,422)</u>
Deficit in the schemes		<u>(15,056)</u>		<u>(10,017)</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 £1,483,000 (2013: £329,000).

The Trust's staff are members of six defined benefit plans. A summary of the plans is as follows: (See page 43 for the name of each scheme).

	Scheme 1 £'000	Scheme 2 £'000	Scheme 3 £'000	Scheme 4 £'000	Scheme 5 £'000	Scheme 6 £'000	Total £'000
<b>2014</b>							
Fair value of plan assets	3,127	1,299	1,359	196	2,170	4,806	12,957
Present value of funded defined benefit obligations	(4,956)	(3,167)	(6,209)	(446)	(3,523)	(9,712)	(28,013)
<b>Deficits in schemes</b>	<b>(1,829)</b>	<b>(1,868)</b>	<b>(4,850)</b>	<b>(250)</b>	<b>(1,353)</b>	<b>(4,906)</b>	<b>(15,056)</b>
<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>

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

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

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	2,153	930
Contributions by employer	(1,904)	(865)
<b>Total operating charge</b>	<b>249</b>	<b>65</b>
Interest on defined benefit pension plan obligation	1,018	421
Expected return on defined benefit pension plan assets	(568)	(228)
<b>Pension finance costs</b>	<b>450</b>	<b>193</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 £3,690,000 loss (2013: £1,214,000 loss).

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

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
At 1 September	18,422	495
Inherited Liability	2,202	14,764
Current Service Cost	2,153	930
Interest Cost	1,018	421
Actuarial losses	3,861	1,528
Contribution by members	582	281
Curtailments and settlements	98	-
Estimated benefits paid (net of transfers in)	(323)	3
<b>At 31 August</b>	<b>28,013</b>	<b>18,422</b>

**Academy Transformation Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

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

**Movements in fair value of plan assets**

	<u>2014</u>	<u>2013</u>
	£'000	£'000
At 1 September	8,405	85
Inherited Asset	338	6,614
Expected return on plan assets	568	228
Actuarial gains	1,483	329
Contributions by employer	1,904	865
Contributions by members	582	281
Benefits paid	(323)	3
<b>At 31 August</b>	<b><u>12,957</u></b>	<b><u>8,405</u></b>

The estimated value of employer contributions for the year ended 31 August 2015 is £1,897,000 (2014: £1,529,000).

The three period history of experience adjustments is as follows:

	<b>31 August 2014 £'000</b>	<b>31 August 2013 £'000</b>	<b>31 August 2012 £'000</b>
Present value of defined benefit obligations	(28,013)	(18,422)	(495)
Fair value share of scheme assets	12,957	8,405	85
<b>Deficit in the scheme</b>	<b><u>(15,056)</u></b>	<b><u>(10,017)</u></b>	<b><u>(410)</u></b>
	<b>31 August 2014 £'000</b>	<b>31 August 2013 £'000</b>	
Experience adjustments on share of scheme assets	1,483	329	
Experience adjustments on scheme liabilities	(3,959)	(1,528)	
	<b><u>(2,476)</u></b>	<b><u>(1,199)</u></b>	

## Academy Transformation Trust

### Notes to the Financial Statements for the Year Ended 31 August 2014

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#### 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 £482,298 (2013: £59,999) from Gaia Technologies Plc., of which former Trustee Anas Abdul Mawla is shareholder and managing director. The balance due to Gaia Technologies Plc. at 31 August 2014 was £204,285 (2012: £4,245).

- The trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, Which Anas Abdul Mawla neither participated in, nor influenced.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

#### 28. Conversion to an academy trust

During the year end 31 August 2014 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:

Academy	Date of Transfer	Predecessor School	Local Authority
<b>Mark Hall Academy</b>	1 September 2013		Essex County Council
<b>Ravens Academy</b>	1 September 2013		Essex 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**  
**Notes to the Financial Statements for the Year Ended 31 August 2014**

**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
<b>Tangible fixed assets:</b>				
<i>Long leasehold land and buildings</i>				
Mark Hall Academy			2,416	2,416
Ravens Academy			1,479	1,479
<i>Freehold land and buildings</i>				
Mark Hall Academy			5,142	5,142
Ravens Academy			-	-
<b>LGPS pension deficit:</b>				
Mark Hall Academy		(1,414)		(1,414)
Ravens Academy		(450)		(450)
<b>Other identified assets and liabilities:</b>				
Mark Hall Academy	(36)			(36)
Ravens Academy	149			149
<b>Net assets/(liabilities)</b>	<b>113</b>	<b>(1,864)</b>	<b>9,037</b>	<b>7,286</b>

**29. 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 to 31 August 2013 was understated by £6,322,000. The result of the prior year adjustment is an increase to both the Fixed Assets and the Restricted Fixed Asset Reserve by £6,322,000.

**29. Principal Subsidiaries**

Company name	Country	Percentage Shareholding
Mark Hall Sports Services Limited	England	100% ATT only member

The principal activities of Mark Hall Sports Services Limited is the provision of high quality sports facilities for the advancement of sport and leisure education and activities in the local community.

## **Academy Transformation Trust Independent Reporting Accountants Assurance Report on Regularity to the Governing Body of Academy Transformation Trust and the Education Funding Agency**

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In accordance with the terms of our engagement letter dated 8 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, 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 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Academy Transformation Trust's funding agreement with the Secretary of State for Education dated 5 September 2012 and the Academies Financial Handbook, extant from 1 September 2013, 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 to 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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 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

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

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become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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

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

**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 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*Mazars LLP*

**Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
**Park View House**  
**58 Rope Walk**  
**Nottingham**  
**NG1 5DW**

23 December 2014