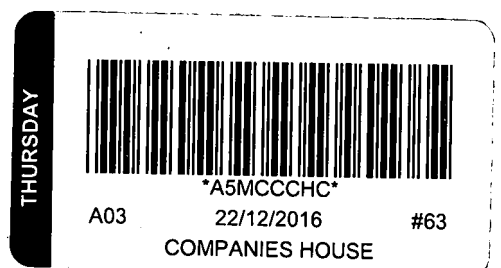


**John Taylor MAT**  
**(A Company Limited by Guarantee)**

**Annual Report and Consolidated Financial Statements**

**For The Year Ended 31 August 2016**

**Company Registration No: 07421140**  
**(England and Wales)**



## John Taylor MAT

### Reference and administrative details

For the year ended 31 August 2016

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|   |   |                    |
|---|---|--------------------|
| <b>Member only</b>                              | Church of England Central Education Trust (appointed 01/05/2016)  |                    |
| <b>Members &amp; Directors</b>                  | G Moss (Chair)<br>D Beaty<br>J Hodgkinson (resigned 31/10/2016)<br>A Lee<br>S Treanor   |                    |
| <b>Directors</b>                                | M Donoghue (Accounting Officer)<br>R Hayes (appointed 21/12/2015)<br>C Hopkins (appointed 25/05/2016)<br>T Hopkins (appointed 06/05/2016)<br>B Mahoney (appointed 07/10/2015)<br>B Richardson |                    |
| <b>Company secretary</b>                        | B Mahoney   |                    |
| <b>Senior Leadership Team</b>                   |   |                    |
| Principal of JTHS and JTMAT CEO                 | M Donoghue  |                    |
| Principal of Kingsmead School                   | I Bryant  |                    |
| Co-Principals of Thomas Russell Infants' School | L Farmer  |                    |
| Principal of Yoxall St Peter's Primary School   | S Burton  |                    |
| Director of Business                            | C Jones   |                    |
|   | B Mahoney   |                    |
| <b>Company registration number</b>              | 07421140 (England and Wales)  |                    |
| <b>Registered office and principal address</b>  | Dunstall Road<br>Burton on Trent<br>Staffordshire DE13 8AZ  |                    |
| <b>Academies operated</b>                       | <b>Location</b>   | <b>Principal</b>   |
| John Taylor High School                         | Barton Under Needwood   | M Donoghue         |
| Kingsmead School                                | Hednesford  | I Bryant           |
| Thomas Russell Infants' School                  | Barton Under Needwood   | L Farmer, S Burton |
| Yoxall St Peters Primary School                 | Yoxall  | C Jones            |
| <b>Independent auditor</b>                      | RSM UK Audit LLP<br>St Philips Point<br>Temple Row<br>Birmingham B2 5AF   |                    |
| <b>Bankers</b>                                  | Lloyds TSB<br>High Street<br>Burton on Trent<br>Staffordshire DE13 9LT  |                    |
| <b>Solicitors</b>                               | Anthony Collins Solicitors LLP<br>134 Edmund Street<br>Birmingham B3 2ES  |                    |

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## John Taylor MAT

### Directors' Report

#### For the year ended 31 August 2016

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The Members and Directors present their annual report together with the consolidated financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a director's report under company law.

During 2016 the trust operated four academies for pupil's aged 3 to 19 serving catchment areas in Barton under Needwood, Yoxall and Hednesford (all in Staffordshire). Kingsmead School joined on 1 September 2015 with Thomas Russell Infant and Yoxall St Peter's Primary Schools joining on 1 April 2016 and 1 May 2016 respectively. In June 2016 the Academy Trust had a combined pupil on roll number of 3,039.

#### Key Achievements of John Taylor Multi-Academy Trust 2015-16:

- The incorporation of Kingsmead School (September 2015) added significantly to both the capacity and responsibility of the MAT. The Trust has grown further through the incorporation of Thomas Russell Infants School (April 2016) and Yoxall St Peter's C of E Primary (May 2016), to become a 'mixed MAT' of primary and secondary providers, and denominational/non-denominational schools.
- Infrastructure across the MAT has developed significantly – of particular note being the adoption of SchoolIP (for planning, self-evaluation and performance management) across all MAT schools, PS Financials embedded across all MAT schools, the development of a governor portal, and MAT website
- Organisational structures have matured, as required by the growth of the MAT. For example, the Executive Group (of all MAT Principals) meets regularly, and policy alignment continues – with financial- and human resource-related policies adopted across the MAT, and others following with rapidity.
- Governance across all MAT schools operates with aligned committee structures and coherent meeting dates (enabling effective flow of agendas and minutes to and from the MAT Board), permanent Clerks for two of the MAT schools' Local Governing Bodies have been sourced, strategic and operational risk registers have been developed by all our schools, and the inaugural MAT Governor Conference was well-attended and well-received, supported by the MAT's auditors, its solicitors, and with a keynote contribution from the Regional Schools Commissioner (West Midlands)
- The MAT has submitted an application (September 2016) for an 8 form-entry Free School to provide for secondary age children in response to housing and demographic growth – the aspiration being that the school will open in September 2018. It is in the process of preparing an application for a 3 form-entry primary school for the same area, with the potential to open in September 2019. This demonstrates our capacity and the ambition of the Trust, and has raised our profile with various stakeholders locally and across the region.

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Constitution**

The Academy Trust is a company limited by guarantee (registration number 07421140) and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. John Taylor Multi Academy Trust was formed on 1 June 2015 and has adopted the above registration number with revised memorandum and articles of association.

The trustees of John Taylor MAT (who are Governors) are also Directors for the Charitable Company for the purpose of company law. The Charitable Company is known as John Taylor MAT (JTMAT).

Detail of the Members and Directors who served during the year are included in the Reference and Administrative Details on page 1. The attendance of Members and Directors who were in office at 31 August 2016 and served throughout the year is listed on Page 16.

During the year under review 7 Trustee Board meetings plus one Extraordinary meeting and 6 local governors' meetings were held. The training and induction provided for new Directors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All Directors are provided with copies of relevant policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role.

##### **Members' liability**

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

##### **Directors' indemnities**

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

##### **Principal activities**

To provide an excellent broad and balanced curriculum for all learners in MAT academies that ensures each individual reaches stretching personal goals and fulfils their potential.

##### **Method of recruitment and appointment or election of directors**

Directors of the Trust are appointed by existing members in accordance with the Trust's Articles of Association. Chairs of each Local Governing Body and its Committees are annually elected to their roles at the first committee meeting of the academic year in each academy's Local Governing Body (LGB). Directors are appointed because of the range of skills and expertise they can bring to help realise JTMAT's vision and values for the Trust, enhance the effective strategic leadership and management of the Trust, and effectively represent stakeholder interest within the Trust. Two directors shall be appointed to the Board from the LGBs of its academies. In order to ensure opportunity is shared across all JTMAT schools, the tenure of LGB academy directors will be a maximum of four years. Following a recent skills survey audit, which identified a shortfall in PR/Marketing expertise, it was agreed that this skill set will be addressed during the next appointment.

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **Policies and procedures adopted for the induction and training of directors**

The training and induction provided for each new Director will depend on their existing experience. The Trust purchases support that provides for individual and collective training through an annual programme of training which is reviewed each year to reflect any changes in practice and legislation. The Trust, as a matter of course, will annually revisit training needs of existing directors and discuss in their induction process any needs pertaining to new Directors. This practice is replicated for governors serving on the Local Governing Bodies of academies within the Trust.

#### **Organisational structure**

The Directors and Key Management Personnel are responsible for setting general policy, adopting a strategic plan and budget, monitoring academies by the use of budgets and making major decisions about the direction of the Trust and its academies capital expenditure and senior staff appointments. They are also bound by duties and responsibilities as set out in charity law and the duties of a director as set out in company law. The Chief Executive Officer is accountable for the overall financial viability and sustainability of the Trust and for the development of relationships with key internal and external stakeholders for the benefit of its students and the wider communities. As the Accounting Officer for JTMAT, the Chief Executive Officer has personal responsibility for ensuring value for money, regularity and propriety. Each Local Governing Body has established a Managing and Organising Committee whose role is to improve, monitor and evaluate the efficiency and effectiveness of systems, procedures and structures of the Academy and the deployment of resources required to ensure them. These Committees will meet half-termly and have responsibility for a number of related areas.

The CEO meets with the key management personnel of the Trust (listed on p.1) as an Executive Group 6 times per year. Senior Leadership Teams comprising Principals, Vice Principals, Assistant Principals and Directors of Business control Trust academies at an executive level implementing the policies laid down by the Governors of the LGB and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff through appointment panels, which always contain a Governor. Some spending control is devolved to members to staff within leadership responsibilities that lie below senior level (e.g. curriculum or phase leaders), with limits above this being countersigned by the Principal, a Vice Principal or the Director of Business, in line with the approved Scheme of Delegation for that Academy.

#### **Arrangements for setting pay and remuneration of key management personnel**

The rules for determining the pay and remuneration of JTMAT key management personnel are set out in the Trust Pay Policy which follows closely the stipulations embodied in the School Teachers' Pay and Conditions (STPCD) and Green Book documents. The remuneration of the CEO is discussed, reviewed annually and set by the MAT Board. The Trustees have established pay ranges for each individual school within the MAT based on the total unit score calculation and remuneration for key management personnel does not exceed the maximum permissible within each school group size.

#### **Related parties and co-operation with other organisations**

As a multi academy trust, John Taylor MAT has no structural or commercial affiliation to any other organisations. All pecuniary interests for staff and directors are recorded, and reviewed annually. "Pecuniary interests" is a standing item on every MAT Board and LGB meeting.

The Academy Trust has a subsidiary undertaking, John Taylor High School Fund, a registered charity. The object of the charity is to advance the education of students by providing and assisting in the provision of facilities for the education of students at John Taylor MAT. Details of the subsidiary undertakings result are shown in note 14 of the financial statements.

## John Taylor MAT

### Directors' Report

For the year ended 31 August 2016

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#### Objectives and activities

##### Objects and aims

The principal object and activity of the charitable company is the operation of John Taylor MAT 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.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to its academies, the catchment areas from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the Trust during the year ended 31 August 2016 are summarised below:

- Children are well-prepared for the next stage in their lives through experiencing the best learning opportunities through exceptional teaching and support, and access to high quality resources and provision in and beyond the classroom.
- Children achieve more, and make better progress, by attending a JTMAT academy than would otherwise be expected. We add value.
- Our academies are full, and always oversubscribed as a result of their popularity, reputation and success.
- Our academies are staffed with high-performing professionals, exhibiting passion and taking pride in their work, in a context of effective support and challenge.
- Accommodation and premises are safe, well-maintained, and with facilities that are constantly improving.
- Infrastructure is both effective and efficient, underpinned by sound financial management practices whereby value for money is always given due regard.
- Management systems are coherent and cohesive, and staffed by colleagues who are innovative, adaptable, and capable of absorbing new initiatives.
- Our academies, and the Multi-Academy Trust, are held in the highest regard by others within and beyond the education sector, and our work and its impact is validated by external accreditation and inspection.

##### Strategies and activities

The Trust's main strategy is enshrined in its mission statement which is that 'we believe in the power of education to improve lives – and the world'. The keys to our success are:

**Our commitment to ensure learning is at the heart of all we do:** Keeping "the main thing, the main thing" – prioritising our people, time, energy and funding to the improvement of the educational experience – both formal and informal – we provide:

**A passion for excellence:** Only comparing ourselves with the best. When finding it, seeking to match and then surpass it.

**Restlessness and curiosity:** Looking for opportunity to be involved and to learn from new experiences. Courage to innovate: Leading change – in teaching and learning, curriculum development, organisational structures.

**Tenacity and resilience:** Holding to our mission in times of turbulence, and remaining resolute until we achieve what we set out to do.

**Collegiality:** listening to others, sharing with others, learning from others.

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **Objectives and activities (continued)**

In line with our Equality Policy the Trust is committed to ensuring equality of opportunity for all who learn and work here.

#### **Equality statement**

The Academy Trust seeks to achieve the objectives set down in the Equality Act 2010.

- a) As part of its accommodation strategy the Trust updates its access audit as required.
- b) The Trust has, in each Academy, an appointed SEN Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment held by each Academy which the Trust can make available for use by students and a range of assistive technology is available in each Special Needs Department.
- d) The policy for the admittance of all students is described in the Trust's Admissions Policy. Appeals against a decision not to offer a place are dealt with under the appeals procedure outlined within the admissions policy.
- e) The Trust has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There is a continuing programme of staff development in each Academy to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in Academy prospectuses, and achievements are recorded and published in the standard format.
- g) We inform pupils and parents, at the point of transfer to Academies within the MAT, of the Academy's pastoral system and identified staff e.g. House Learning Manager, to whom they can go to if they require support or assistance of any kind.

#### **Public Benefit**

The Directors have complied with the duty in Section 17 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission in exercising their powers or duties. In particular, the Directors 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.

# John Taylor MAT

## Directors' Report

For the year ended 31 August 2016

### STRATEGIC REPORT

#### Achievements and performance

Academies within the Trust continue to perform strongly or are improving in a range of key performance indicators. Academic achievement is clearly very closely aligned to our strategic objectives as articulated on page 4 – particularly regarding children's preparedness for the next stages of their lives (our first objective) and the most demonstrable way in which we can indicate that our Trust adds value (the second objective).

Below are statistical tables indicating the success at KS1, KS2, KS4 and KS5. Due to the changing nature of assessment and the metrics by which schools are assessed – in both the primary and secondary phases – comparisons with previous years are not applicable. Moving forward, the Trust would hope to be able to compare like-for-like data for its schools with previous years.

#### **Key Performance Indicators 2015-16 (Achievement and Progress)**

##### **John Taylor High School**

| % A*-C English and Maths | Average Grade | % Achieving EBacc | Progress 8 (unvalidated) | % Expected Progress English | % Expected Progress Maths | Average Points per Entry (Post-16 overall) | % Grades AAB in 3 Facilitating Subjects |
|--------------------------|---------------|-------------------|--------------------------|-----------------------------|---------------------------|--|---|
| 71                       | B-            | 44                | 0.28                     | 79                          | 77                        | 36.35                                      | 8.63                                    |

##### **Kingsmead School**

| % A*-C English and Maths | Average Grade | % Achieving EBacc | Progress 8 (unvalidated) | % Expected Progress English | % Expected Progress Maths | Average Points per Entry (Post-16 overall) | % Grades AAB in 3 Facilitating Subjects |
|--------------------------|---------------|-------------------|--------------------------|-----------------------------|---------------------------|--|---|
| 44                       | C-            | 13                | -0.24                    | 60                          | 55                        | 33.74                                      | 6.9                                     |

##### **Thomas Russell Infants School**

| Year 2 (end of KS 1) | Reading expected and above % | Reading above expected % | Writing expected and above % | Writing above expected % | Maths expected and above % | Maths above expected % |
|----------------------|------------------------------|--------------------------|------------------------------|--------------------------|----------------------------|------------------------|
| 2016                 | 62%                          | 25%                      | 67%                          | 3%                       | 78%                        | 3%                     |

|                          |      |
|--------------------------|------|
| Year 1 phonics screening | PASS |
| 2016                     | 93%  |

| End of Early Years | Expected level | Above expected level | Expected and above |
|--------------------|----------------|----------------------|--------------------|
| 2016               | 68%            | 12%                  | 80%                |



John Taylor MAT

Directors' Report

For the year ended 31 August 2016

**Achievements and performance (continued)**

**Yoxall St Peter's CE (VC) Primary School**

|                               |  |          |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
|-------------------------------|--|----------|----------|------------|---------|-----|-------|------|-----|-------|-------|-----|-------|------|----------------|--------|---------|----|-----|---------|----|------|-------|----|------|--|----------------|----------|--------|--|------|-----|-----|-----|------------|
|                               | 2016   |          |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Good Level of Development     | School - 77%<br>67% (national average not yet available)   |          |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Year 1 Phonics Screening Test | 70.59% Achieved<br>2016 – 80% (national average not yet available)   |          |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| KS1 Assessments               | National % achieving age related expectations (national average not yet available)<br>Reading 55%<br>Writing 55%<br>Maths 55%<br>Reading+Writing+Maths 55%<br><br>School achieving Age Related Expectations for KS1<br>Reading 52%<br>Writing 39%<br>Maths 52%<br>Reading+Writing+Maths 39%  |          |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| KS2 Assessments               | <b>Average standardised scores</b> <table><tr><td>2016</td><td>National</td><td>Yoxall</td></tr><tr><td>Reading</td><td>103</td><td>104.1</td></tr><tr><td>SPAG</td><td>104</td><td>101.8</td></tr><tr><td>Maths</td><td>103</td><td>101.5</td></tr></table><br><b>Progress</b> <table><tr><td>2016</td><td>Floor standard</td><td>Yoxall</td></tr><tr><td>Reading</td><td>-5</td><td>0.0</td></tr><tr><td>Writing</td><td>-7</td><td>-4.6</td></tr><tr><td>Maths</td><td>-5</td><td>-2.6</td></tr></table><br><b>Combined score</b> <table><tr><td></td><td>Floor Standard</td><td>National</td><td>Yoxall</td><td></td></tr><tr><td>2016</td><td>65%</td><td>53%</td><td>40%</td><td>8 Children</td></tr></table><br>National % achieving age related expectations (national average not yet available)<br>Reading 66%<br>Writing 77%<br>SPAG 72%<br>Maths 70%<br>Children achieving expected level<br>Reading – 70%<br>Writing – 45%<br>SPAG – 65%<br>Maths – 60% | 2016     | National | Yoxall     | Reading | 103 | 104.1 | SPAG | 104 | 101.8 | Maths | 103 | 101.5 | 2016 | Floor standard | Yoxall | Reading | -5 | 0.0 | Writing | -7 | -4.6 | Maths | -5 | -2.6 |  | Floor Standard | National | Yoxall |  | 2016 | 65% | 53% | 40% | 8 Children |
| 2016                          | National   | Yoxall   |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Reading                       | 103  | 104.1    |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| SPAG                          | 104  | 101.8    |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Maths                         | 103  | 101.5    |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| 2016                          | Floor standard   | Yoxall   |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Reading                       | -5   | 0.0      |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Writing                       | -7   | -4.6     |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| Maths                         | -5   | -2.6     |          |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
|                               | Floor Standard   | National | Yoxall   |            |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |
| 2016                          | 65%  | 53%      | 40%      | 8 Children |         |     |       |      |     |       |       |     |       |      |                |        |         |    |     |         |    |      |       |    |      |  |                |          |        |  |      |     |     |     |            |

## John Taylor MAT

### Directors' Report

For the year ended 31 August 2016

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#### **Achievements and performance (continued)**

External scrutiny of results at all JT MAT schools has indicated that all are in a position to validate in their own self-evaluation and to other parties entrusted with responsibility for school standards the 'good' and 'outstanding' Ofsted judgments with which each school is currently rated.

Validated data will not be made available until later in the academic year, but will be used by the MAT and leaders at MAT- and school-level to further appraise our successes, amend our improvement planning and intervention, with a view of securing even better outcomes for the year ahead.

#### **Financial Review**

The financial results of the trust reflect the addition of Kingsmead School on 1 September 2015, Thomas Russell Infants' School on 1 April 2016 and Yoxall St Peters Primary School on 1 May 2016. Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for tangible fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' SORP (FRS102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £15,506,000 (2015 John Taylor High School only: £7,846,000) was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and income on conversion) was £153,000 (2015 John Taylor High School only, income over expenditure: £158,000).

At 31 August 2016 the net book value of fixed assets was £31,344,000 (2015 John Taylor High School only: £11,944,000). Assets were used exclusively for providing education and the associated support services to the students of the academies within the Trust.

The deficit of the pension reserve of £5,574,000 (2015: £2,227,000) relates to the non-teaching staff pension scheme, where, unlike the teachers scheme, separate assets are held to fund future liabilities as discussed in note 25. The deficit can be met in the longer term from any combination of increased employer to employee contributions, increased government funding or changes to scheme benefits.

#### **Sources of capital income**

As at 31 August 2016 the Trust has been awarded grants to the value of £557,464 from the EFA Capital Improvement Fund (for toilet refurbishment) which was completed in April 2016, and £676,000 towards new roof covering to be completed January 2017. It has also received £436,889 towards the cost of a new 4 classroom block funded by a combination of S106 and Basic Needs funding which was completed in October 2015.

#### **Going concern**

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

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **Financial and risk management objectives and policies**

The Directors have adopted the statement of recommended practice (SORP) approach to identifying and managing the risks of the Trust. The trust's exposure to risk is largely bank balances, trade creditors and debtors plus its inherited Local Government Defined Benefits pension scheme deficit for support staff across the Trust. The Academy Trust assesses the risks arising from its operations and examines the likelihood and materiality of each risk. The Trust has operational and strategic risk registers which describe the control mechanisms in place to manage or mitigate each risk. The Trust addresses the risk of misappropriation of funds through theft, fraud or other means by engaging positively with accountancy and internal and external auditing services and verification processes and using industry-standard, bespoke financial packages and systems designed to mitigate risk.

The MAT strategic risk register is reviewed at all MAT Board meetings and mitigating actions agreed as required and documented. Each Academy's strategic and operational risk registers are reviewed annually by the Local Governing Body.

#### **Reserves policy**

The appropriate level of reserves will be determined by the JTMAT Audit Committee and will be subject to annual approval by the Trust Board. The Trust aims to maintain an adequate level of uncommitted reserves to:

- provide a working balance to cushion the impact of uneven cash flows and avoid necessary short term borrowing;
- provide a contingency to cushion the impact of unexpected events, emergencies and large shortfalls in budgets;
- plan for potential major items of expenditure.

The Group's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1,935,000 (2015: £984,000). This figure takes account of the addition of 3 new schools to the Trust and their associated local authority balances.

The Trust regularly monitors and reviews the level of reserves in the light of the changing funding and financial climate and other risks such as the potential cash impact on its pension scheme liability. This will be reviewed further following the release of the 2016 triennial pension scheme valuation.

The Group held total fund balances at 31 August 2016 of £28,384,000 (2015: £11,313,000) comprising £26,449,000 (2015: £10,329,000) of restricted funds and £1,935,000 (2015: £984,000) of unrestricted general funds and included within the restricted reserves is a pension reserve deficit of £5,574,000 (2015: £2,227,000).

The Academy Trust has a restricted fixed assets fund, with a balance of £31,344,000 which is in respect of fixed assets and capital expenditure of the Academy Trust, which is not available for general purpose of the Academy Trust and will only be realised by disposing of the tangible assets.

The pension liability at 31 August 2016 is £5,574,000 which is shown separately in a restricted fund and the trustees continue to review the contribution due based on the reports received from the schemes actuaries ensuring the cash is available to meet contributions as they fall due.

#### **Investment Policy**

The Academy 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. The Trust does however look to maximise its income through the transfer of uncommitted balances to a short-term higher interest deposit account which it regards as a low risk strategy.

## John Taylor MAT

### Directors' Report

**For the year ended 31 August 2016**

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#### **Key performance indicators:**

Members and directors must have the skills, knowledge and experience to run the Multi Academy Trust. Their duties include ensuring that the trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook. The Trust will continue to grow and intends to reach a number of eight schools by 2019.

#### **Governance KPIs**

1. Ensure that distinction is achieved between Member and Director roles within the MAT as enshrined in documentation.
2. All Members and Directors fully understand their duties as Company Directors and Charity Trustees as laid out in the Companies Act 2006 and Charity Commission guidance as exemplified in a skills audit.
3. All schools have a full complement for their Local Governing Bodies, with an appropriate set of skills and experiences to undertake their defined responsibilities.

#### **Financial KPIs**

1. Ensure economy, efficiency and effectiveness over the use of Trust funds (value for money).
2. Assurance received that annual financial accounts have been properly prepared and are free of material misstatements.
3. Accounts filed with Companies House for public access by 31 December each year and on the Trust website by 31 January of the following year.
4. All statutory returns submitted on time.
5. Staffing costs capped at 80% of total Trust income (actual staff costs at 82/83%).
6. Alternative sources of funding are pursued, consistent with the Trust's core competencies.
7. Sufficient levels of income are generated to support the asset base of the Trust.
8. Sources of funding pursued for capital development projects.

#### **Human Resource KPIs**

1. All MAT academies fully staffed with high calibre staff.
2. Pupil to teacher ratios are favourable compared to national levels.
3. Development opportunities made available to staff to work across schools in the MAT.
4. 100% training penetration rate achieved (calculated as % of employees completing a course of training compared to total number of employees employed).
5. 100% performance management penetration for all eligible staff across all MAT schools.

#### **School Standards KPIs**

- 1 All MAT schools retain or improve their Ofsted inspection rating.
- 2 ~~Parent, staff and student survey data illustrates satisfaction.~~
- 3 Schools can demonstrate the adding of value to children of all ages, abilities, and backgrounds.
- 4 All schools are fully compliant with health and safety, safeguarding and other statutory requirements.

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **Plan for Future Periods**

The Academy Trust will continue striving to improve the levels of performance of its pupils and students at all levels and will continue its efforts to ensure they secure employment or a place in Higher Education once they leave school.

Key priorities are identified in our Strategic Plan 2016-19:

#### **Opportunities for Strategic Development 1: Teaching and Curriculum**

- a. Shared training plans to derive and exploit opportunities for collaboration and cross-fertilisation of expertise.
- b. Shared training day(s) calendared across MAT schools to facilitate the above.
- c. An annual teaching and learning event to showcase innovation and celebrate excellent practice.
- d. Close alignment of key performance indicators for teachers across the MAT regarding appraisal to promote consistency of challenge.
- e. Formal teacher secondments and regular development opportunities for teachers – across schools, across phases.
- f. An on-line repository of learning resources and lesson video footage to be shared across all schools within the MAT.
- g. School improvement reviews to be commissioned on a regular cycle for all schools within the MAT.
- h. A greater number of Specialist Leaders of Education are recruited from the MAT's schools to work out of the National Forest Teaching School.

#### **Opportunities for Strategic Development 2: Leadership**

- a. Key performance indicators across the MAT's schools (e.g. financial position, pupil progress, school improvement activities, appraisal) can be monitored centrally via a single 'dashboard'.
- b. An asset register of all MAT assets is clearly formatted and accurate.
- c. All teaching and learning responsibility (TLR) holders have undertaken recognised middle leader training within two years of taking up their position within the MAT.
- d. All leadership group (LG) post holders have undertaken recognised senior leader training within two years of taking up their position within the MAT.
- e. An annual governance event takes place to enable networking and skills development for all Local Governing Bodies.
- f. Policy (and contracts where applicable) alignment across all MAT schools exists, with local contexts taken into account regarding procedures and protocols.
- g. Formal leadership secondments and regular development opportunities across the MAT.
- h. The Executive Group and School Representation Group are high functioning, effective structures to support communication and decision-making.

#### **Opportunities for Strategic Development 3: IT infrastructure**

- a. Key organisational architecture – calendars, agendas and minutes, policies – are shared with all staff across the MAT to improve efficiency and coherence.
- b. A MAT-wide IT hardware and software inventory is maintained.
- c. Common IT procedures are implemented across MAT schools to improve efficiency.
- d. Cross-site opportunities for data storage and back-up are fully utilised.

## John Taylor MAT

### Directors' Report

For the year ended 31 August 2016

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#### Plan for Future Periods (continued)

- e. Relevant spare stock is stored by the MAT for emergency replacement to its schools, minimising disruption to teaching and management through 'down time'.
- f. JTMAT web presence, and via social media, is effective in communicating to existing stakeholders and the wider community.
- g. Harnessing technology is a regular feature of both the MAT's teaching and governance annual events.
- h. IT-related training is delivered to MAT staff on a needs-driven, as opposed to school-driven, basis.
- i. Existing inter-site connectivity is exploited to enable cross site working.

#### Opportunities for Strategic Development 4: Support services

- a. Key support staff – IT technicians, cover supervisors, teaching assistants - work effectively across the MAT's schools, demonstrating an increased responsiveness to need, supported by high quality training, and opportunities to appoint staff into student support roles across schools are taken where appropriate.
- b. The MAT develops an impressive package of traded services, in conjunction with the National Forest Teaching School, and delivers high quality school improvement, financial support and other packages to other schools and MATs.
- c. Commercial income is maximised through a centralisation of lettings provision across the Trust's schools.

#### Principal risks and uncertainties

The Academy Trust has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the Trust's assets and reputation.

Based on its Terms of Reference, the Audit Committee undertook a comprehensive review of the risks to which the Trust is exposed. They identified systems and procedures, including specific preventable actions which should mitigate any potential impact on the Academy Trust. In addition to the annual review, the Audit Committee also considered any risks which arose as a result of a new area of work being undertaken by the Trust.

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control, and during the year the review has been informed by the work of the Director assigned to check the trust's internal controls and the external auditor, as well as the self-assessment process.

A strategic risk register is maintained at the Trust level which is reviewed at least annually by all Directors and more frequently where necessary. For each academy within the Trust, both strategic and operational risk registers are in place, reviewed by Governors on the LGB (it appearing as a standing item on all governing body agendas). The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust and its academies.

- Strategic & Reputational,
- Operational Risk,
- Compliance Risk,
- Financial Risk.

## **John Taylor MAT**

### **Directors' Report**

**For the year ended 31 August 2016**

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#### **Principal risks and uncertainties (continued)**

##### **1. Government funding**

The Academy has considerable reliance on continued government funding through the EFA. In 2015/16, 97% of the Academy's revenue was ultimately public funded. There can be no assurance gained that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the Trust is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the EFA.
- By ensuring that the trust delivers good value in the use of public resources.

##### **2. Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102.

#### **EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES**

The Academy Trust encourages the involvement of its employees in its management through regular meetings of the professional bodies/councils which have responsibility for the dissemination of information of particular concern to employees (including financial and economic factors affecting the performance of the Academy Trust and for receiving their views on important matters of policy.

The Academy Trust considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. Policy and its implementation is reviewed annually by Directors and its implementation by governors at each academy's LGB.

During employment the Academy Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

#### **AUDITOR**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

#### **Statement as to disclosure of information to auditors**

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

**John Taylor MAT**

**Directors' Report**

**For the year ended 31 August 2016**

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The Trustees' Report is approved by order of the Board of Directors and the Strategic Report (included therein) is approved by the Board of Directors in their capacity as the directors at a meeting on 12 December 2016 and signed on its behalf by:



**Mr Gareth Moss**  
**Chair**



## John Taylor MAT

### Governance Statement

For the year ended 31 August 2016

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#### Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between John Taylor MAT and the Secretary of State for Education. They are also responsible for reporting any material weaknesses or breakdowns in internal control.

#### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Governors' responsibilities.

The Board of Directors has formally met 7 times during the year. Attendance during the year at meetings of the Trust Board were as follows:

| Director                           | Meetings attended | Out of a possible |
|------------------------------------|-------------------|-------------------|
| G Moss (Chair)                     | 7                 | 7                 |
| D Beaty                            | 5                 | 7                 |
| M Donoghue (Accounting Officer)    | 7                 | 7                 |
| B Mahoney (appointed 7/10/2015)    | 7                 | 7                 |
| R Hayes (appointed 21/12/2015)     | 4                 | 6                 |
| J Hodgkinson (resigned 31/10/2016) | 5                 | 7                 |
| C Hopkins (appointed 25/05/2016)   | 2                 | 3                 |
| T Hopkins (appointed 06/05/2016)   | 3                 | 3                 |
| A Lee                              | 7                 | 7                 |
| B Richardson                       | 7                 | 7                 |
| S Treanor                          | 4                 | 7                 |

John Taylor MAT has amended its governance structure with revised terms of reference for all its sub-committees and these will continue to be reviewed annually. The Board has undertaken a review and self-evaluation of its own effectiveness and has carried out a skills audit of its members and organised training courses to address specific needs.

The Trust has established an Audit and Compliance Committee whose main purpose is to oversee the audit process and related matters in line with the Trust Scheme of Delegation. During the year the committee met 3 times and invited Mr D Oates, a qualified accountant, to join the committee. M Donoghue and B Mahoney also attended all meetings.

| Director     | Meetings attended | Out of a possible |
|--------------|-------------------|-------------------|
| B Richardson | 3                 | 3                 |
| J Hodgkinson | 3                 | 3                 |
| A Jenkins    | 3                 | 3                 |
| D Oates      | 2                 | 2                 |

## John Taylor MAT

### Governance Statement

**For the year ended 31 August 2016**

In addition to the MAT Board, the Trust has established Local Governing Body Managing and Organising Committees at each school which met half termly (ie 6 per year) and are responsible for running the business of each Academy. They receive Management Accounts and detailed financial reports at each meeting in addition to Capital, Health and Safety and Premises related income and expenditure issues. Attendance during the year at all Managing and Organising Committees was as follows:

|                                | Location | Meetings attended | Out of a possible |
|--------------------------------|----------|-------------------|-------------------|
| D Beaty                        | JTH      | 5                 | 6                 |
| C Cheadle                      | JTH      | 4                 | 6                 |
| P Cleary                       | JTH      | 6                 | 6                 |
| M Donoghue                     | JTH      | 6                 | 6                 |
| G Flek                         | JTH      | 6                 | 6                 |
| C Foster                       | JTH      | 5                 | 6                 |
| J Hodgkinson                   | JTH      | 5                 | 6                 |
| A Jenkins                      | JTH      | 5                 | 6                 |
| A Lee                          | JTH      | 4                 | 6                 |
| B Mahoney                      | JTH      | 6                 | 6                 |
| G Moss                         | JTH      | 5                 | 6                 |
| B Richardson                   | JTH      | 5                 | 6                 |
| J Sidwell                      | JTH      | 4                 | 6                 |
| I Bryant                       | KNG      | 6                 | 6                 |
| B Heath                        | KNG      | 4                 | 6                 |
| R Hayes                        | KNG      | 6                 | 6                 |
| B Gamble                       | KNG      | 2                 | 6                 |
| J Bernard                      | KNG      | 6                 | 6                 |
| S Shirley                      | KNG      | 3                 | 6                 |
| D Ryder                        | KNG      | 5                 | 5                 |
| M Pickerill                    | KNG      | 5                 | 6                 |
| L Harrison                     | KNG      | 5                 | 6                 |
| H Brass                        | KNG      | 5                 | 6                 |
| R Dyke                         | KNG      | 5                 | 6                 |
| A Lowe                         | KNG      | 5                 | 5                 |
| J Middleton(resigned 01/01/16) | KNG      | 1                 | 2                 |
| K Bracebridge                  | KNG      | 5                 | 5                 |
| T Hopkins                      | TRI      | 2                 | 2                 |
| N Antona                       | TRI      | 2                 | 2                 |
| R Brittle                      | TRI      | 2                 | 2                 |
| S Shorten                      | TRI      | 2                 | 2                 |
| S Burton                       | TRI      | 1                 | 2                 |
| L Farmer                       | TRI      | 1                 | 2                 |
| A Tipper(resigned 01/07/16)    | TRI      | 0                 | 1                 |
| N Taylor                       | YOP      | 2                 | 2                 |
| C Jones                        | YOP      | 2                 | 2                 |
| P Siddell                      | YOP      | 2                 | 2                 |

#### Future Plans

In its Strategic Plan, the Trust proposes to become a group of eight academies by 2019 (compared with its current four), with both primary (three further schools) and secondary growth (one school) anticipated. Naturally, these projections are subject to revision. However, the Trust Board wholeheartedly and unanimously endorse this proposal as an ideal opportunity to provide exceptional educational provision to more communities in our area, and to further the Trust's objectives.

## **John Taylor MAT**

### **Governance Statement**

**For the year ended 31 August 2016**

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#### **Review of value for money**

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

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

#### **1. Robust governance and oversight of the Academy's finance**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control. I am informed by the internal audit service from Staffordshire County Council Audit – commissioned by the Audit Committee – who undertake reviews of key financial policies, procedures, and their implementation. Reports are produced which detail the Academy's compliance and demonstrate that the Academy has robust systems and financial controls in place. These reports are presented to the Audit Committee in order to elicit a management response, agree any appropriate action be taken and any further distribution of the report and its implications (e.g. to the Managing and Organising Committee).

The MAT Board approves the budget each year and is mindful of the need to balance expenditure against income to ensure the Trust remains a "going concern". The MAT Board also receives and approves the Statutory Accounts and the External Auditor's Management Report.

#### **2. Reviewing controls and managing risks**

The budget is monitored on a regular basis by the Director of Business and the CEO through the production of reports that are generated direct from each Academy's financial management systems. Remedial action is taken to address any significant variances that may have an impact on the budget outturn.

The Director of Business reports half termly to the MAT Board, presenting a budget monitoring report which details the consolidated financial position of the Academies to date and gives an update on the budget for the year, including any significant variances. In turn these are reported, at summary level, to the LGB Managing and Organising Committees of each academy for their own academy's financial position.

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A risk register is reviewed annually by the Trust, and financial risk is reviewed by the Audit Committee. The risk register details aspects of procedure and practice that contains risk, the extent of the impact were the risk to manifest itself, the likelihood of the Trust's exposure to such an incidence, and the control mechanisms in place to mitigate likelihood and impact. Annually, the Audit Committee asks the Principal and Director of Business the following:

- a) Have any risks recorded on the register materialised?
- b) Are there any new risks that have been added since the previous review?
- c) Are there any risks that have been removed as no longer applicable since the previous review?
- d) Have there been any adjustments to the control procedures detailed in the register since the previous review?

## John Taylor MAT

### Governance Statement

For the year ended 31 August 2016

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#### **Review of Value for Money (*continued*)**

In addition, "Risk" is a standing item on all Trust and LGB committee agendas, providing a regular opportunity for senior leaders, directors and governors to discuss risk and its management outside of an annual review.

The Trustees have produced a Reserves Policy which provides clarity on the extent and use of reserves generated by the Trust. This ensures sufficient working capital is provided to cover any cash flow issues that may arise between expenditure and receipt of grants, and provides a contingency to assist in the management of any unexpected and urgent costs e.g. emergency maintenance work on site, and provides the resources for future significant capital projects.

#### **3. Maximising income generation**

The Trust deposits surplus cash balances in accounts which offer the best interest rates available for secure investment to maximise interest earning potential. The Trust explores every opportunity to generate income through fund raising and grant application. In 2015/16, this proved an effective strategy to provide funds for refurbished toilet and changing facilities, a new, four classroom teaching block and roof replacement (all at JTHS). As the hub school for a Teaching School Alliance (The National Forest Teaching School), John Taylor High School encourages applications for grants and funding streams that provide opportunities to engage in research and development, initial teacher training, school-to-school support and other strategies that directly relate to the Trust's core purpose and mission. The accommodation of nursery provision at both Thomas Russell Infant and Yoxall St. Peter's Primary schools also generates income for the Trust. Income generated from lettings has also risen, and the Trust continues to seek ways in which it can enhance its use as a community resource and generate additional income towards its core activities in the process.

#### **4. Ensuring value for money is achieved and resources are used efficiently and effectively**

The CEO and Director of Business prepare the budget for directors' approval from the priorities established in the Strategic Plan produced with reference to the Academy's Strategic Plan 2016-19, available at [www.jtmat.co.uk](http://www.jtmat.co.uk). Through the improvement planning and self-evaluation processes, the Trust evaluates the effectiveness of strategies introduced in previous years in order to secure greater effectiveness and efficiency of resource deployment in subsequent plans.

The staffing structures of the Trust's academies are reviewed annually by the Local Governing Bodies of each Academy and staffing is deployed to drive and support curriculum delivery, intervention initiatives, and wider school improvement. Targeted and restricted funding (e.g. Pupil Premium) is deployed in accordance with criteria associated with it.

Contracts and services are regularly appraised and renegotiated when appropriate to ensure value for money. The Trust and its Academies seek multiple quotations for goods and services where possible. In exceptional circumstances when it is not possible to secure several alternative costings, the reason is recorded. The Trust utilises benchmarking information where available.

The Trust works closely with other local schools and academies to ensure best value. Through the Teaching School Alliance and other partnerships, economies of scale can be gained when procuring teacher training courses and other resources relating to our core activities. The Trust always assesses the costs and benefits of various options before making a purchasing decision in order to ensure that such a decision is securing best value and is the right option for the Academy for the longer term.

## **John Taylor MAT**

### **Governance Statement**

**For the year ended 31 August 2016**

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#### **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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in John Taylor MAT for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

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

#### **The risk and control framework**

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

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

The Audit Committee has considered the need for a specific internal audit function and currently utilises the services of Staffordshire County Council auditors as internal auditor which reports biannually. The key areas of focus for the audit committee has been around operational and regularity issues with a particular focus on the risk of fraud.

#### **Review of effectiveness**

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the Trustee with specific responsibility for overseeing finance;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

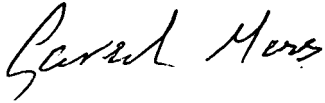
**John Taylor MAT**

**Governance Statement**

**For the year ended 31 August 2016**

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Approved by order of the board of trustees on 12 December 2016 and signed on its behalf by:



**Mr Gareth Moss**  
Chair of Trustees



**Mr Michael Donoghue**  
Accounting Officer

**John Taylor MAT**

**Statement on regularity, propriety and compliance**

**For the year ended 31 August 2016**

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

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

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



**Michael Donoghue**  
**Accounting Officer**  
**Date: 12 December 2016**

## John Taylor MAT

### Statement of Trustees' responsibilities

For the year ended 31 August 2016

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The Trustees (who are also the Directors of John Taylor MAT for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of John Taylor MAT 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from the DfE/EFA 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 12 December 2016 and signed on its behalf by:



**Mr Gareth Moss**  
Chair of Trustees



## **Independent Auditor's Report to the Members of John Taylor MAT**

**For the year ended 31 August 2016**

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We have audited the financial statements of John Taylor MAT for the year ended 31 August 2016 set out on pages 26 to 53. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

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

### **Respective responsibilities of trustees and auditor**

As explained more fully in the statement of trustees' responsibilities set out on page 23, 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.

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent charitable company's affairs as at 31 August 2016 and of the group incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015/6 issued by the Education Funding Agency.

**Independent Auditor's Report to the Members of John Taylor MAT**

**For the year ended 31 August 2016**

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**Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the trustees' report and the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*RSM UK Audit LLP*

**Philip Coleman (Senior Statutory Auditor)**

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date:

*19 December 2016*

**John Taylor MAT**

**Group Statement of Financial Activities (including income and expenditure account)**

**For the year ended 31 August 2016**

|  | Notes | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
|--|-------|-------------------------------|--|--|--------------------------------|--------------------------------|
| <b>Income and endowments from:</b>                         |       |                               |  |  |                                |                                |
| Donations and capital grants                               | 4     | 11                            | 884                                    | 250  | 1,145                          | 648                            |
| Donations – transfer from local authority<br>on conversion | 28    | 855                           | (2,256)                                | 19,700                                     | 18,299                         | -                              |
| Charitable activities:                                     |       |                               |  |  |                                |                                |
| - Funding for the academy trust<br>educational operations  | 5     | -                             | 13,449                                 | -  | 13,449                         | 7,295                          |
| Other trading activities                                   | 6     | 453                           | -                                      | -  | 453                            | 380                            |
| Investments  | 7     | 10                            | -                                      | -  | 10                             | 7                              |
| <b>Total</b>   |       | <u>1,329</u>                  | <u>12,077</u>                          | <u>19,950</u>                              | <u>33,356</u>                  | <u>8,330</u>                   |
| <b>Expenditure on:</b>                                     |       |                               |  |  |                                |                                |
| Raising funds  | 8     | 378                           | 5                                      | -  | 383                            | 217                            |
| Charitable activities:                                     |       |                               |  |  |                                |                                |
| - Academy trust educational operations                     | 9     | -                             | 14,577                                 | 546  | 15,123                         | 7,629                          |
| <b>Total</b>   | 8     | <u>378</u>                    | <u>14,582</u>                          | <u>546</u>                                 | <u>15,506</u>                  | <u>7,846</u>                   |
| <b>Net income</b>  |       | 951                           | (2,505)                                | 19,404                                     | 17,850                         | 484                            |
| Transfers between funds                                    |       | -                             | 245                                    | (245)                                      | -                              | -                              |
| <b>Other recognised gains and losses</b>                   |       |                               |  |  |                                |                                |
| Re- measurement of net defined benefit<br>obligation       | 25    | -                             | (779)                                  | -  | (779)                          | (33)                           |
| <b>Net movements in funds</b>                              |       | 951                           | (3,039)                                | 19,159                                     | 17,071                         | 451                            |
| <b>Reconciliation of funds</b>                             |       |                               |  |  |                                |                                |
| Total funds brought forward                                |       | <u>984</u>                    | <u>(1,856)</u>                         | <u>12,185</u>                              | <u>11,313</u>                  | <u>10,862</u>                  |
| Total funds carried forward                                |       | <u>1,935</u>                  | <u>(4,895)</u>                         | <u>31,344</u>                              | <u>28,384</u>                  | <u>11,313</u>                  |

John Taylor MAT

Consolidated Balance Sheet  
Registered number 07421140

As at 31 August 2016

|   | Notes | 2016<br>£000   | 2016<br>£000   | 2015<br>£000 | 2015<br>£000   |
|---|-------|----------------|----------------|--------------|----------------|
| <b>Fixed assets</b>                                   |       |                |                |              |                |
| Tangible assets                                       | 13    |                | 31,344         |              | 11,944         |
| <b>Current assets</b>                                 |       |                |                |              |                |
| Debtors   | 15    | 819            |                | 373          |                |
| Cash at bank and in hand                              |       | 3,026          |                | 1,916        |                |
|   |       | <u>3,845</u>   |                | <u>2,289</u> |                |
| <b>Creditors: Amounts falling due within one year</b> | 16    | <u>(1,231)</u> |                | <u>(693)</u> |                |
| <b>Net current assets</b>                             |       |                | 2,614          |              | 1,596          |
| Net assets excluding pension liability                |       |                | 33,958         |              | 13,540         |
| Defined benefit pension scheme liability              | 25    |                | <u>(5,574)</u> |              | <u>(2,227)</u> |
| <b>Total net assets</b>                               |       |                | <u>28,384</u>  |              | <u>11,313</u>  |
| <b>Funds of the Academy trust:</b>                    |       |                |                |              |                |
| <b>Restricted funds</b>                               | 19    |                |                |              |                |
| – Restricted fixed asset funds                        |       |                | 31,344         |              | 12,185         |
| – Restricted general fund                             |       |                | 679            |              | 371            |
| – Pension reserve                                     |       |                | <u>(5,574)</u> |              | <u>(2,227)</u> |
| <b>Total restricted funds</b>                         |       |                | 26,449         |              | 10,329         |
| <b>Unrestricted income funds</b>                      | 19    |                | <u>1,935</u>   |              | <u>984</u>     |
| <b>Total funds</b>                                    |       |                | <u>28,384</u>  |              | <u>11,313</u>  |

The financial statements on pages 26 - 53 were approved by the board of trustees, and authorised for issue on 12 December 2016 and are signed on their behalf by:



Mr Gareth Moss  
Chair

John Taylor MAT

Academy Trust Balance Sheet

Registered number 07421140

As at 31 August 2016

|   | Notes | 2016<br>£000   | 2016<br>£000   | 2015<br>£000 | 2015<br>£000   |
|---|-------|----------------|----------------|--------------|----------------|
| <b>Fixed assets</b>                                   |       |                |                |              |                |
| Tangible assets                                       | 13    |                | 31,344         |              | 11,944         |
| <b>Current assets</b>                                 |       |                |                |              |                |
| Debtors   | 15    | 819            |                | 355          |                |
| Cash at bank and in hand                              |       | 2,860          |                | 1,748        |                |
|   |       | <u>3,679</u>   |                | <u>2,103</u> |                |
| <b>Creditors: Amounts falling due within one year</b> | 16    | <u>(1,231)</u> |                | <u>(693)</u> |                |
| <b>Net current assets</b>                             |       |                | <u>2,448</u>   |              | <u>1,410</u>   |
| Net assets excluding pension liability                |       |                | <u>33,792</u>  |              | <u>13,354</u>  |
| Defined benefit pension scheme liability              | 25    |                | <u>(5,574)</u> |              | <u>(2,227)</u> |
| <b>Total net assets</b>                               |       |                | <u>28,218</u>  |              | <u>11,127</u>  |
| <b>Funds of the Academy trust:</b>                    |       |                |                |              |                |
| <b>Restricted funds</b>                               | 19    |                |                |              |                |
| – Restricted fixed asset funds                        |       |                | 31,344         |              | 12,185         |
| – Restricted general fund                             |       |                | 575            |              | 269            |
| – Pension reserve                                     |       |                | <u>(5,574)</u> |              | <u>(2,227)</u> |
| <b>Total restricted funds</b>                         |       |                | <u>26,345</u>  |              | <u>10,227</u>  |
| <b>Unrestricted income funds</b>                      | 19    |                | <u>1,873</u>   |              | <u>900</u>     |
| <b>Total funds</b>                                    |       |                | <u>28,218</u>  |              | <u>11,127</u>  |

The financial statements on pages 26 - 53 were approved by the board of trustees, and authorised for issue on 12 December 2016 and are signed on their behalf by:



Mr Gareth Moss  
Chair

**John Taylor MAT**

**Consolidated Statement of Cash Flows**

**For the year ended 31 August 2016**

|   | Notes | 2016<br>£000 | 2016<br>£000 | 2015<br>£000 | 2015<br>£000 |
|---|-------|--------------|--------------|--------------|--------------|
| <b>Cash flows from operating activities</b>                       |       |              |              |              |              |
| Net cash (used by)/provided by operating activities               | 23    |              | (113)        |              | 573          |
| Cash funds transferred on conversion                              |       |              | 704          |              | -            |
|   |       |              | 591          |              | 573          |
| <b>Cash flows from investing activities</b>                       |       |              |              |              |              |
| Dividends, interest and rents from investments                    |       | 10           |              | 7            |              |
| Capital grants from DfE and EFA                                   |       | 755          |              | 375          |              |
| Purchase of tangible fixed assets                                 |       | (246)        |              | (857)        |              |
|   |       |              | 519          |              | (475)        |
| Net increase in cash and cash equivalents in the reporting period |       |              | 1,110        |              | 98           |
| Cash and cash equivalents at the beginning of the year            |       |              | 1,916        |              | 1,818        |
| <b>Cash and cash equivalents at end of the year</b>               |       |              | <b>3,026</b> |              | <b>1,916</b> |

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

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#### 1. Statement of accounting policies

John Taylor MAT is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations is set out in the Trustees' report.

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

##### **Basis of preparation and transition to FRS 102**

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

John Taylor MAT meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

These financial statements are the first financial statements of John Taylor MAT prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of John Taylor MAT for the year ended 31 August 2015 were prepared in accordance with previous UK GAAP.

An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 29.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust. Monetary amounts in these financial statements are round to the nearest whole £1,000, except where otherwise indicated.

##### **Basis of consolidation**

The Statement of Financial Statements (SOFA) and Balance Sheet consolidate the financial statements of the Academy Trust and its subsidiary undertaking, John Taylor High School Fund. The results of the Academy Trust and its subsidiary are consolidated on a line by line basis. The net movement in funds for the John Taylor MAT for the year ended 31 August 2016 was £17,091,743, which includes donated assets on conversion of £18,298,510 (2015: £482,361).

All the financial statements are made up to 31 August 2016. The Academy Trust has taken advantage of the available exemption under Section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities ("SOFA") or Income and Expenditure account.

All intra-group transactions, balances and unrealised gains on transactions with the subsidiary are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### **Going concern**

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

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

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#### 1. Statement of accounting policies (*continued*)

##### **Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from Kingsmead School, Thomas Russell Infants School and Yokall St Peters School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 28.

##### **Income**

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

##### Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

##### Donations

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

##### Other income

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

##### Donated goods, facilities and services

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

##### **Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.



## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

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#### 1. Statement of accounting policies (continued)

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

#### Charitable activities

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of its beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

#### **Tangible fixed assets and depreciation**

Assets costing £10,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged 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, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

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|                          |       |
|--------------------------|-------|
| Long leasehold buildings | 2%    |
| Computer equipment       | 33.3% |
| Furniture and equipment  | 10%   |
| Motor vehicles           | 20%   |

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Assets in the course of construction are included at cost less any identified impairment loss. Costs include professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation on these assets is not charged until they are brought into use.

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

#### **Liabilities**

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

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

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#### 1. Statement of accounting policies (*continued*)

##### **Leased assets**

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### **Investments**

The Academy Trust shareholding in its wholly owned subsidiary, John Taylor High School Fund, is initially measured at cost and subsequently measured at cost less any impairment. An assessment for impairment is made at each reporting date.

##### **Taxation**

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### **Pensions benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

##### **Funding 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 funders where the asset acquired or created is held for a specific purpose.

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

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

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#### 1. Statement of accounting policies (*continued*)

##### **Agency arrangements**

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the EFA. Related payments received from the EFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Academy Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the EFA. The funds received and paid and any balance held are disclosed in note 27.

##### **Financial instruments**

The Academy Trust has chosen to adopt Section 11 and 12 of FRS 102 in full in respect of financial instruments.

##### *Financial assets and liabilities*

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Short-term employment benefits**

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render services to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

#### 2. Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

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

##### *Pension scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# John Taylor MAT

## Notes to the Financial Statements

For the year ended 31 August 2016

### 2. Critical accounting estimates and areas of judgement (*continued*)

#### *Depreciation*

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgment. Depreciation is charged to the income statement based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

#### *Critical areas of judgement*

The judgments (apart from those involving estimation) that have the most significant effect on the amounts recognised in the financial statements are disclosed below:

#### *Leasing*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Academy Trust as lessee.

### 3. Comparative year information - Group

| Year ended 31 August 2015                              | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | Total<br>£000 |
|--|-------------------------------|--|--|---------------|
| <b>Income and endowments from:</b>                     |                               |  |  |               |
| Donations and capital grants                           | 32                            | -                                      | 616  | 648           |
| Charitable activities:                                 |                               |  |  |               |
| - Funding for the academy trust educational operations | -                             | 7,295                                  | -  | 7,295         |
| Other trading activities                               | 225                           | 155                                    | -  | 380           |
| Investments  | 7                             | -                                      | -  | 7             |
| <b>Total</b>   | <b>264</b>                    | <b>7,450</b>                           | <b>616</b>                                 | <b>8,330</b>  |
| <b>Expenditure on:</b>                                 |                               |  |  |               |
| Raising funds  | 89                            | 128                                    | -  | 217           |
| Charitable activities:                                 |                               |  |  |               |
| - Academy trust educational operations                 | -                             | 7,339                                  | 290  | 7,629         |
| <b>Total</b>   | <b>89</b>                     | <b>7,467</b>                           | <b>290</b>                                 | <b>7,846</b>  |
| <b>Net income</b>                                      | <b>175</b>                    | <b>(17)</b>                            | <b>326</b>                                 | <b>484</b>    |
| Transfers between funds                                | -                             | (482)                                  | 482  | -             |
| <b>Other recognised gains and losses</b>               |                               |  |  |               |
| Re-measurement of net defined benefit obligations      | -                             | (33)                                   | -  | (33)          |
| <b>Net movements in funds</b>                          | <b>175</b>                    | <b>(532)</b>                           | <b>808</b>                                 | <b>451</b>    |

John Taylor MAT

Notes to the Financial Statements

For the year ended 31 August 2016

4. Donations and capital grants

|                 | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Capital grants  | -                             | 1,127                       | 1,127                 | 616                   |
| Other donations | 11                            | 7                           | 18                    | 32                    |
|                 | <u>11</u>                     | <u>1,134</u>                | <u>1,145</u>          | <u>648</u>            |

5. Funding for the academy trust's educational operations

|                                | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| <b>DfE/EFA grants</b>          |                               |                             |                       |                       |
| General annual grant (GAG)     | -                             | 12,533                      | 12,533                | 6,673                 |
| Start-up grants                | -                             | 50                          | 50                    | 100                   |
| Other DfE/EFA grants           | -                             | 761                         | 761                   | 469                   |
|                                | -                             | <u>13,344</u>               | <u>13,344</u>         | <u>7,242</u>          |
| <b>Other government grants</b> |                               |                             |                       |                       |
| Local authority grants         | -                             | 83                          | 83                    | 53                    |
| Special educational projects   | -                             | 22                          | 22                    | -                     |
|                                | -                             | <u>105</u>                  | <u>105</u>            | <u>53</u>             |
| <b>Total funding</b>           | -                             | <u>13,449</u>               | <u>13,449</u>         | <u>7,295</u>          |

6. Other trading activities

|                 | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|-----------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Lettings income | 25                            | -                           | 25                    | 20                    |
| Catering income | 77                            | -                           | 77                    | 39                    |
| Music tuition   | 30                            | -                           | 30                    | 17                    |
| School trips    | 137                           | -                           | 137                   | 122                   |
| Other income    | 184                           | -                           | 184                   | 182                   |
|                 | <u>453</u>                    | <u>-</u>                    | <u>453</u>            | <u>380</u>            |

7. Investment income

|                                   | Unrestricted<br>Funds<br>£000 | Restricted<br>Funds<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|-----------------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Interest from short term deposits | 10                            | -                           | 10                    | 7                     |

# John Taylor MAT

## Notes to the Financial Statements

For the year ended 31 August 2016

### 8. Expenditure

|                                  | Staff<br>Costs<br>£000 | Premises<br>£000 | Other<br>costs<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|----------------------------------|------------------------|------------------|------------------------|-----------------------|-----------------------|
| Expenditure on raising funds     | -                      | -                | 383                    | 383                   | 217                   |
| Academy's educational operations |                        |                  |                        |                       |                       |
| - Direct costs                   | 9,549                  | 532              | 976                    | 11,057                | 5,865                 |
| - Allocated support costs        | 1,734                  | 1,752            | 580                    | 4,066                 | 1,764                 |
| <b>Total expenditure</b>         | <b>11,283</b>          | <b>2,284</b>     | <b>1,939</b>           | <b>15,506</b>         | <b>7,846</b>          |

Net income/(expenditure) for the year includes:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Fee payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows: |              |              |
| - Audit  | 22           | 10           |
| - Other services   | 6            | 3            |
| Operating leases rentals   | 17           | 4            |
| Net interest on defined benefit pension liability  | 158          | 77           |
| Depreciation of tangible fixed assets  | 546          | 290          |

### Central services

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

- human resources;
- financial services;
- legal services;
- educational support services; or
- others as arising

The academy trust charges for these services on the following basis:

- flat percentage of income (4% of GAG for all new schools as these are classed as 'good' schools and 3% of GAG for John Taylor High School as this is classed as 'outstanding');
- others as arising

The amounts charged during the year were as follows:

|                               | Total<br>£000 |
|-------------------------------|---------------|
| John Taylor High School       | 192           |
| Kingsmead School              | 228           |
| Thomas Russell Infants School | 11            |
| Yoxall St Peters School       | 7             |
|                               | <b>438</b>    |

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

**9. Charitable activities**

|  | <b>2016</b>   | <b>2015</b>  |
|--|---------------|--------------|
|  | <b>£000</b>   | <b>£000</b>  |
| <b>All from restricted funds:</b>      |               |              |
| Direct costs – educational operations  | 11,057        | 5,865        |
| Support costs – educational operations | 4,066         | 1,764        |
|  | <u>15,123</u> | <u>7,629</u> |

|                                  | <b>2016</b>  | <b>2015</b>  |
|----------------------------------|--------------|--------------|
|                                  | <b>£000</b>  | <b>£000</b>  |
| <b>Analysis of support costs</b> |              |              |
| Support staff costs              | 1,734        | 719          |
| Depreciation and amortisation    | 14           | 41           |
| Technology costs                 | 88           | 72           |
| Premises costs                   | 1,738        | 458          |
| Other support costs              | 459          | 434          |
| Governance costs                 | 33           | 40           |
|                                  | <u>4,066</u> | <u>1,764</u> |

**10. Staff numbers and costs**

| <b>Staff costs</b>                     | <b>2016</b>   | <b>2015</b>  |
|--|---------------|--------------|
|  | <b>£000</b>   | <b>£000</b>  |
| Wages and salaries                     | 8,533         | 4,725        |
| Social security costs                  | 713           | 346          |
| Pension costs                          | 1,610         | 808          |
|  | <u>10,856</u> | <u>5,879</u> |
| Total staff costs                      | 10,856        | 5,879        |
| Supply teacher costs                   | 302           | 25           |
| Staff restructuring costs              | 36            | -            |
| Staff development and other staff cost | 89            | 27           |
|  | <u>11,283</u> | <u>5,931</u> |

**Staff numbers**

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

|                            | <b>2016</b> | <b>2015</b> |
|----------------------------|-------------|-------------|
|                            | <b>No</b>   | <b>No</b>   |
| Teachers                   | 168         | 94          |
| Administration and support | 167         | 77          |
| Management                 | 21          | 9           |
|                            | <u>356</u>  | <u>180</u>  |

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

#### 10. Staff numbers and costs (continued)

The average number of persons employed by the Academy Trust during the year (expressed as full-time equivalents) was as follows:

|                            | 2016<br>No | 2015<br>No |
|----------------------------|------------|------------|
| Teachers                   | 157        | 87         |
| Administration and support | 114        | 53         |
| Management                 | 19         | 9          |
|                            | <u>290</u> | <u>149</u> |

#### Higher paid staff

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

|                     | 2016<br>No | 2015<br>No |
|---------------------|------------|------------|
| £60,001 – £70,000   | 3          | 2          |
| £70,001 – £80,000   | 1          | -          |
| £90,001 – £100,000  | 1          | 1          |
| £110,001 – £120,000 | <u>1</u>   | <u>-</u>   |

#### Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory payments totalling £35,600 (2015: £nil). Individually the payments were £25,000 and £10,600.

#### Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Academy Trust was £401,852 (2015: £121,880).

#### 11. Trustees' Remuneration & Expenses

Principal and staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment and not in respect of their services as trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their role as Trustees.

M Donoghue, the Principal of John Taylor High School, received remuneration of £114,558 in 2016 (2015: £97,048) and is accruing retirement benefits under the Teachers' Pension Scheme. The contributions paid in the year amounted to £18,820 (2015: £13,695).

B Mahoney (staff trustee appointed 07/10/2015) received remuneration of £56,720 in 2016 and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in 2016 were £11,772.

R Dungworth (staff trustee resigned 31/08/2015) received remuneration of £13,557 in 2015 and was accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in 2015 were £2,676.

A Skipper (staff trustee resigned 31/08/2015) received remuneration of £3,164 in 2015. The staff trustee did not contribute to the Local Government or Teachers' Pension Schemes.



**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

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**11. Trustees' Remuneration & Expenses (continued)**

During the year ended 31 August 2016, travel expenses totalling £777 (2015: £566) were reimbursed to the CEO and the Director of Business for travelling on Trust and school business. No other trustees received any reimbursement.

Other related party transactions involving trustees are set out in note 26.

**12. Trustees and officers insurance**

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

**John Taylor MAT**  
**Notes to the Financial Statements**  
**For the year ended 31 August 2016**

**13. Tangible Fixed Assets**

**Group and Academy Trust**

|                        | Long<br>leasehold<br>land &<br>buildings<br>£000 | Freehold<br>land &<br>buildings<br>£000 | Assets<br>under<br>construction<br>£000 | Computer<br>equipment<br>£000 | Furniture<br>and<br>equipment<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|------------------------|--|---|---|-------------------------------|---------------------------------------|---------------------------|---------------|
| <b>Cost</b>            |  |   |   |                               |                                       |                           |               |
| 1 September 2015       | 12,791   | -                                       | 278                                     | 143                           | 48                                    | 27                        | 13,287        |
| Transfer on conversion | 3,095  | 16,605                                  | -                                       | -                             | -                                     | -                         | 19,700        |
| Transfer               | 411  | -                                       | (411)                                   | -                             | -                                     | -                         | -             |
| Additions              | -  | -                                       | 151                                     | 69                            | 26                                    | -                         | 246           |
| 31 August 2016         | <u>16,297</u>                                    | <u>16,605</u>                           | <u>18</u>                               | <u>212</u>                    | <u>74</u>                             | <u>27</u>                 | <u>33,233</u> |
| <b>Depreciation</b>    |  |   |   |                               |                                       |                           |               |
| 1 September 2015       | 1,221  | -                                       | -                                       | 106                           | 11                                    | 5                         | 1,343         |
| Charged in year        | 257  | 275                                     | -                                       | 6                             | 5                                     | 3                         | 546           |
| 31 August 2016         | <u>1,478</u>                                     | <u>275</u>                              | <u>-</u>                                | <u>112</u>                    | <u>16</u>                             | <u>8</u>                  | <u>1,889</u>  |
| <b>Net book value</b>  |  |   |   |                               |                                       |                           |               |
| 31 August 2016         | <u>14,819</u>                                    | <u>16,330</u>                           | <u>18</u>                               | <u>100</u>                    | <u>58</u>                             | <u>19</u>                 | <u>31,344</u> |
| 31 August 2015         | <u>11,570</u>                                    | <u>-</u>                                | <u>278</u>                              | <u>37</u>                     | <u>37</u>                             | <u>22</u>                 | <u>11,944</u> |

During the year, included in long leasehold buildings is a new 4 classroom block built on the site at the John Taylor High School for a cost of £411,000.

# John Taylor MAT

## Notes to the Financial Statements

For the year ended 31 August 2016

### 14. Investments

#### Academy Trust

John Taylor MAT has a subsidiary undertaking, John Taylor High School Fund, a charity registered with the Charity Commission. The charity is wholly controlled by John Taylor MAT by way of its common trustees. The results of John Taylor High School Fund have been consolidated in these accounts.

A summary of the School Fund for the year to 31 August 2016 is presented below. The object of the charity is to advance the education of students by providing and assisting in the provision of facilities for the education of students at John Taylor MAT.

|                                       | Year ended<br>31 August<br>2016<br>£000 | Year ended<br>31 August<br>2015<br>£000 |
|---------------------------------------|---|---|
| <b>Income and expenditure account</b> |   |   |
| Income                                | 208                                     | 218                                     |
| Expenditure                           | (207)                                   | (204)                                   |
| Surplus for the year                  | 1                                       | 14                                      |
| Retained funds brought forward        | 168                                     | 154                                     |
| <b>Retained funds carried forward</b> | <b>169</b>                              | <b>168</b>                              |
| <b>Balance sheet</b>                  |   |   |
| Cash at bank                          | 169                                     | 168                                     |
| <b>Net assets</b>                     | <b>169</b>                              | <b>168</b>                              |

### 15. Debtors

|                              | Group                 |                       | Academy Trust         |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | Total<br>2016<br>£000 | Total<br>2015<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
| Trade debtors                | 56                    | 19                    | 56                    | 19                    |
| Prepayments & accrued income | 629                   | 26                    | 629                   | 26                    |
| Other debtors                | 8                     | 259                   | 8                     | 241                   |
| VAT Recoverable              | 126                   | 69                    | 126                   | 69                    |
|                              | <b>819</b>            | <b>373</b>            | <b>819</b>            | <b>355</b>            |

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

|                              | Group                 |                       | Academy Trust         |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | Total<br>2016<br>£000 | Total<br>2015<br>£000 | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
| Trade creditors              | 589                   | 379                   | 589                   | 379                   |
| Taxation and social security | 224                   | 100                   | 224                   | 100                   |
| Other creditors              | 213                   | 94                    | 213                   | 94                    |
| Accruals and deferred income | 205                   | 120                   | 205                   | 120                   |
|                              | <b>1,231</b>          | <b>693</b>            | <b>1,231</b>          | <b>693</b>            |

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

**17. Deferred income**

**Group and Academy Trust**

|  | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> |
|--|----------------------|----------------------|
| Deferred income is included within:      |                      |                      |
| Creditors due within one year            | <u>98</u>            | <u>52</u>            |
| Deferred income at 1 September 2015      | 52                   | 96                   |
| Resources deferred in the year           | 98                   | 52                   |
| Amounts released from previous years     | <u>(52)</u>          | <u>(96)</u>          |
| <b>Deferred income at 31 August 2016</b> | <u><u>98</u></u>     | <u><u>52</u></u>     |

Included within deferred income is £98,000 (2015: £52,000) relating to grants received in advance in the year.

**18. Financial instruments**

|  | <b>Group</b>         |                      | <b>Academy Trust</b> |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> |
| <b>Carrying amount of financial assets</b>       |                      |                      |                      |                      |
| Debt instruments measured at amortised cost      | <u>587</u>           | <u>278</u>           | <u>587</u>           | <u>260</u>           |
|  |                      |                      |                      |                      |
|  | <b>Group</b>         |                      | <b>Academy Trust</b> |                      |
|  | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> | <b>2016<br/>£000</b> | <b>2015<br/>£000</b> |
| <b>Carry amount of financial liabilities</b>     |                      |                      |                      |                      |
| Financial liabilities measured at amortised cost | <u>909</u>           | <u>541</u>           | <u>909</u>           | <u>541</u>           |

John Taylor MAT

Notes to the Financial Statements

For the year ended 31 August 2016

19. Funds

| Group                               | Balance at<br>1 September<br>2015<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains,<br>losses<br>and<br>transfers<br>£000 | Balance<br>at 31<br>August<br>2016<br>£000 |
|-------------------------------------|---|----------------|---------------------|--|--|
| <b>Restricted general funds</b>     |   |                |                     |  |  |
| General Annual Grant (GAG)          | 269                                       | 12,533         | (12,472)            | 245  | 575  |
| Start-up grant                      | -   | 50             | (50)                | -  | -  |
| Other DfE/EFA grants                | -   | 1,638          | (1,638)             | -  | -  |
| Other government grants             | -   | 105            | (105)               | -  | -  |
| School funds                        | 102                                       | 7              | (5)                 | -  | 104  |
|                                     | 371                                       | 14,333         | (14,270)            | 245  | 679  |
| Pension reserve                     | (2,227)                                   | (2,256)        | (312)               | (779)  | (5,574)                                    |
|                                     | (1,856)                                   | 12,077         | (14,582)            | (534)  | (4,895)                                    |
| <b>Restricted fixed asset funds</b> |   |                |                     |  |  |
| DfE/EFA capital grants              | 1,056                                     | 250            | (31)                | -  | 1,275                                      |
| Assets donated on conversion        | 10,647                                    | 19,700         | (510)               | -  | 29,837                                     |
| Capital expenditure from GAG        | 482                                       | -              | (5)                 | (245)  | 232  |
|                                     | 12,185                                    | 19,950         | (546)               | (245)  | 31,344                                     |
| <b>Total restricted funds</b>       | 10,329                                    | 32,027         | (15,128)            | (779)  | 26,449                                     |
| <b>Unrestricted funds</b>           |   |                |                     |  |  |
| General funds                       | 984                                       | 1,329          | (378)               | -  | 1,935                                      |
| <b>Total funds</b>                  | 11,313                                    | 33,356         | (15,506)            | (779)  | 28,384                                     |

John Taylor MAT

Notes to the Financial Statements

For the year ended 31 August 2016

19. Funds (continued)

Academy Trust

|                                     | Balance at<br>1 September<br>2015<br>£000 | Income<br>£000 | Expenditure<br>£000 | Gains,<br>losses &<br>transfers<br>£000 | Balance at<br>31 August<br>2016<br>£000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| <b>Restricted general funds</b>     |   |                |                     |   |   |
| General Annual Grant (GAG)          | 269                                       | 12,533         | (12,472)            | 245                                     | 575                                     |
| Start-up                            | -   | 50             | (50)                | -                                       | -                                       |
| Other DfE/EFA grants                | -   | 1,638          | (1,638)             | -                                       | -                                       |
| Other government grants             | -   | 105            | (105)               | -                                       | -                                       |
| Funds excluding pensions            | 269                                       | 14,326         | (14,265)            | 245                                     | 575                                     |
| Pension reserve                     | (2,227)                                   | (2,256)        | (312)               | (779)                                   | (5,574)                                 |
|                                     | (1,958)                                   | 12,070         | (14,577)            | (534)                                   | (4,999)                                 |
| <b>Restricted fixed asset funds</b> |   |                |                     |   |   |
| DfE/EFA capital grants              | 1,056                                     | 250            | (31)                | -                                       | 1,275                                   |
| Assets donated on conversion        | 10,647                                    | 19,700         | (510)               | -                                       | 29,837                                  |
| Capital expenditure from GAG        | 482                                       | -              | (5)                 | (245)                                   | 232                                     |
|                                     | 12,185                                    | 19,950         | (546)               | (245)                                   | 31,344                                  |
| <b>Total restricted funds</b>       | <b>10,227</b>                             | <b>32,020</b>  | <b>(15,123)</b>     | <b>(779)</b>                            | <b>26,345</b>                           |
| <b>Unrestricted funds</b>           |   |                |                     |   |   |
| General funds                       | 900                                       | 1,147          | (174)               | -                                       | 1,873                                   |
| <b>Total funds</b>                  | <b>11,127</b>                             | <b>33,167</b>  | <b>(15,297)</b>     | <b>(779)</b>                            | <b>28,218</b>                           |

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

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

Restricted general funds

The General Annual Grant is the recurrent funding to be used for educational purposes in accordance with the Academy Trust's Funding Agreement with the Def. The Pension reserve of £5,574,000 (overdrawn) represents the Group and Academy Trust's share of the deficit in the Staffordshire Pension Fund.

Restricted other funds

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

Fixed asset fund

This fund represents the net book value of fixed assets that the Group and Academy Trust have purchased out of grants received and have been transferred on conversion.

Unrestricted funds

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

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

**19. Funds (continued)**

| <b>Total funds analysis by academy</b>             | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
|--|--------------------------------|--------------------------------|
| John Taylor High School                            | 1,451                          | 1,169                          |
| Kingsmead School                                   | 661                            | -                              |
| Thomas Russell Infants School                      | 89                             | -                              |
| Yoxall St Peters School                            | 84                             | -                              |
| Central services                                   | 163                            | -                              |
|  | <hr/>                          | <hr/>                          |
| Total before fixed assets fund and pension reserve | 2,448                          | 1,169                          |
| Restricted fixed asset fund                        | 31,344                         | 12,185                         |
| Pension reserve                                    | (5,574)                        | (2,227)                        |
|  | <hr/>                          | <hr/>                          |
| Total funds  | 28,218                         | 11,127                         |
|  | <hr/>                          | <hr/>                          |

**Total cost analysis by academy**

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

|                               | <b>Teaching and<br/>educational<br/>support staff<br/>costs<br/>£000</b> | <b>Other support<br/>staff costs<br/>£000</b> | <b>Educational<br/>supplies<br/>£000</b> | <b>Other costs<br/>(excluding<br/>depreciation)<br/>£000</b> | <b>Total<br/>£000</b> |
|-------------------------------|--|---|--|--|-----------------------|
| John Taylor High School       | 4,912  | 845   | 544                                      | 1,542  | 7,843                 |
| Kingsmead School              | 4,037  | 688   | 407                                      | 531  | 5,663                 |
| Thomas Russell Infants School | 213  | 25  | 8  | 63   | 309                   |
| Yoxall St Peters School       | 192  | 20  | 11                                       | 64   | 287                   |
| Central services              | 107  | 90  | 9  | 131  | 337                   |
|                               | <hr/>  | <hr/>   | <hr/>                                    | <hr/>  | <hr/>                 |
|                               | 9,461  | 1,668   | 979                                      | 2,331  | 14,439                |
|                               | <hr/>  | <hr/>   | <hr/>                                    | <hr/>  | <hr/>                 |

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

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

Fund balances at 31 August 2016 are represented by:

| Group                                    | Unrestricted<br>funds<br>£000 | Restricted<br>general<br>funds<br>£000 | Restricted<br>fixed<br>asset<br>funds<br>£000 | Total<br>2016<br>£000 |
|--|-------------------------------|--|---|-----------------------|
| Tangible fixed assets                    | -                             | -                                      | 31,344  | 31,344                |
| Current assets                           | 1,935                         | 1,910                                  | -   | 3,845                 |
| Creditors falling due within<br>one year | -                             | (1,231)                                | -   | (1,231)               |
| Defined pension scheme<br>liability      | -                             | (5,574)                                | -   | (5,574)               |
|  | <u>1,935</u>                  | <u>(4,895)</u>                         | <u>31,344</u>                                 | <u>28,384</u>         |
| <b>Academy Trust</b>                     |                               |  |   |                       |
|  | Unrestricted<br>funds<br>£000 | Restricted<br>general<br>funds<br>£000 | Restricted<br>fixed<br>asset<br>funds<br>£000 | Total<br>2016<br>£000 |
| Tangible fixed assets                    | -                             | -                                      | 31,344  | 31,344                |
| Current assets                           | 1,873                         | 1,806                                  | -   | 3,679                 |
| Creditors falling due within<br>one year | -                             | (1,231)                                | -   | (1,231)               |
| Defined pension scheme<br>liability      | -                             | (5,574)                                | -   | (5,574)               |
|  | <u>1,873</u>                  | <u>(4,999)</u>                         | <u>31,344</u>                                 | <u>28,218</u>         |

**21. Capital commitments**

|  | Total<br>2016<br>£000 | Total<br>2015<br>£000 |
|--|-----------------------|-----------------------|
| Contracted for, but not provided in the financial statements | <u>278</u>            | <u>664</u>            |

**22. Commitments under operating leases**

At 31 August 2016 the total future minimum lease payments under non-cancellable operating leases were as follows:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Amounts due within one year            | 26           | 9            |
| Amounts due between one and five years | 84           | -            |
|  | <u>110</u>   | <u>9</u>     |



## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

#### 23. Reconciliation of net income to net cash inflow from operating activities

|  | <b>Total<br/>2016<br/>£000</b> | <b>Total<br/>2015<br/>£000</b> |
|--|--------------------------------|--------------------------------|
| Net income for the reporting period                            | 17,850                         | 484                            |
| Adjusted for:  |                                |                                |
| Net asset transferred on conversion                            | (18,299)                       | -                              |
| Capital grants from DfE/EFA and other capital income           | (755)                          | (616)                          |
| Interest receivable  | (10)                           | (7)                            |
| Depreciation of tangible fixed assets                          | 546                            | 290                            |
| Defined benefit pension scheme cost less contributions payable | 154                            | 105                            |
| Defined benefit pension scheme finance cost/(income)           | 158                            | 77                             |
| (Increase) in debtors  | (295)                          | (39)                           |
| Increase in creditors  | 538                            | 279                            |
| <b>Net cash (used in)/provided by operating activities</b>     | <b>(113)</b>                   | <b>573</b>                     |

#### 24. Members' liability

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

#### 25. Pensions and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Staffordshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £194,953 (2015: £92,689) were payable to the schemes at 31 August 2016 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 2014. 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.

###### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

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

# John Taylor MAT

## Notes to the Financial Statements

For the year ended 31 August 2016

### 25. Pensions and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

The new employer contribution rate was 14.1% until 1 September 2015, when it increased to 16.48% (including a 0.08% administration fees), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £1,054,827 (2015: £504,000).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 21.2% for employers and 5.5% to 12.5% for employees.

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 28) together with new employees who joined the scheme in the period. 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.

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.

|                                 | 2016<br>£000 | 2015<br>£000 |
|---------------------------------|--------------|--------------|
| <b>Total contributions made</b> |              |              |
| Employer's contributions        | 402          | 199          |
| Employees' contributions        | 117          | 62           |
| <b>Total contributions</b>      | <b>519</b>   | <b>261</b>   |

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 August 2016 by a qualified independent actuary.

| Principal actuarial assumptions          | 2016<br>% | 2015<br>% |
|--|-----------|-----------|
| Rate of increase in salaries             | 2.5       | 4.5       |
| Rate of increase for pensions in payment | 2.1       | 2.6       |
| Discount rate                            | 2.1       | 3.7       |

# John Taylor MAT

## Notes to the Financial Statements

For the year ended 31 August 2016

### 25. Pensions and similar obligations (continued)

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

|                      | 2016<br>Years | 2015<br>Years |
|----------------------|---------------|---------------|
| Retiring today       |               |               |
| - Males              | 22.1          | 22.1          |
| - Females            | 24.3          | 24.3          |
| Retiring in 20 years |               |               |
| - Males              | 24.3          | 24.3          |
| - Females            | 26.6          | 26.6          |

#### The academy trust's share of the assets in the scheme

|                            | 2016<br>Fair value<br>£000 | 2015<br>Fair value<br>£000 |
|----------------------------|----------------------------|----------------------------|
| Equities                   | 2,705                      | 1,254                      |
| Bonds                      | 396                        | 186                        |
| Property                   | 287                        | 153                        |
| Other assets               | 217                        | 102                        |
| Total fair value of assets | 3,605                      | 1,695                      |

The actual return on scheme assets £553,000 (2015: £44,000).

#### Amounts recognized in the statement of financial activities

|                        | 2016<br>£000 | 2015<br>£000 |
|------------------------|--------------|--------------|
| Current service cost   | 556          | 304          |
| Net interest cost      | 158          | 77           |
| Total operating charge | 714          | 381          |

#### Changes in the present value of defined benefit obligations

|                                    | 2016<br>£000 |
|------------------------------------|--------------|
| Obligations at 1 September 2015    | 3,922        |
| Obligations acquired on conversion | 3,146        |
| Current service cost               | 556          |
| Interest cost                      | 257          |
| Employee contributions             | 117          |
| Actuarial loss                     | 1,233        |
| Benefits paid                      | (52)         |
| At 31 August 2016                  | 9,179        |

## John Taylor MAT

### Notes to the Financial Statements

For the year ended 31 August 2016

#### 25. Pensions and similar obligations (continued)

|   |                      |
|---|----------------------|
| <b>Changes in the fair value of the academy trust's share of scheme assets</b>      | <b>2016<br/>£000</b> |
| Assets at 1 September 2015  | 1,695                |
| Assets acquired on conversion   | 890                  |
| Interest income   | 99                   |
| Return on plan assets (excluding net interest on the net defined pension liability) | 454                  |
| Employer contributions  | 402                  |
| Employee contributions  | 117                  |
| Benefits paid   | (52)                 |
| At 31 August 2016   | <u>3,605</u>         |

#### 26. Related party transactions

Owing to the nature of the Academy Trust's 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 governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

Included within Trade Debtors is a balance at the yearend of £7,211 (2015: £520) due from the John Taylor Parent Teacher Association. Included within Trade Creditors is a balance at the year end of £50 (2015: £2,500) owned to John Taylor Charitable Trust. There were no other balances or transactions with related parties during the period.

No other related party transactions took place in the year, other than certain Trustees' remuneration and expenses already disclosed in note 11. Key management personnel disclosures are included in note 10.

#### 27. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to student as an agent for EFA. In the year it received £17,418 (2015: £18,113) and disbursed £16,648 (2015: £17,555). The Academy Trust retained a beneficial interest in individual transactions such that £770 has been recognised in income and expenditure in the statement of financial activities (2015: £558), as administration charges of the fund.

#### 28. Conversion to an academy

On 1 September 2015 the Kingsmead School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to John Taylor MAT from the Staffordshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as donations – transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

**28. Conversion to an academy (continued)**

|                            | <b>Restricted<br/>Unrestricted<br/>Funds<br/>£000</b> | <b>Restricted<br/>General<br/>Funds<br/>£000</b> | <b>Fixed Asset<br/>Funds<br/>£000</b> | <b>Total<br/>2016<br/>£000</b> |
|----------------------------|---|--|---------------------------------------|--------------------------------|
| Tangible fixed assets      |   |  |                                       |                                |
| Freehold land & buildings  | -   | -  | 16,605                                | 16,605                         |
| Budget surplus on LA funds | 621   | -  | -                                     | 621                            |
| LGPS Fund                  | -   | (1,762)  | -                                     | (1,762)                        |
| Net assets                 | <u>621</u>  | <u>(1,762)</u>                                   | <u>16,605</u>                         | <u>15,464</u>                  |

On 1 April 2016 the Thomas Russell Infants School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to John Taylor MAT from the Staffordshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion

|                                 | <b>Unrestricted<br/>Funds<br/>£000</b> | <b>Restricted<br/>General<br/>Funds<br/>£000</b> | <b>Restricted<br/>Fixed Asset<br/>Funds<br/>£000</b> | <b>Total<br/>2016<br/>£000</b> |
|---------------------------------|--|--|--|--------------------------------|
| Long leasehold land & buildings | -                                      | -  | 1,570  | 1,570                          |
| Budget surplus on LA funds      | 82                                     | -  | -  | 82                             |
| LGPS Fund                       | -                                      | (302)  | -  | (302)                          |
| Net assets                      | <u>82</u>                              | <u>(302)</u>                                     | <u>1,570</u>   | <u>1,350</u>                   |

The lease term of the land and buildings was agreed upon transfer to be 125 years.

On 1 May 2016 the Yoxall St Peters School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to John Taylor MAT from the Staffordshire Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion

**John Taylor MAT**

**Notes to the Financial Statements**

**For the year ended 31 August 2016**

**28. Conversion to an academy (continued)**

|  | Unrestricted<br>Funds<br>£000 | Restricted<br>General<br>Funds<br>£000 | Restricted<br>Fixed Asset<br>Funds<br>£000 | Total<br>2016<br>£000 |
|--|-------------------------------|--|--|-----------------------|
| Long leasehold land & buildings                        | -                             | -                                      | 1,525                                      | 1,525                 |
| Budget surplus on LA funds<br>(included within debtor) | 152                           | -                                      | -  | 152                   |
| LGPS Fund  | -                             | (192)                                  | -  | (192)                 |
| Net assets   | <u>152</u>                    | <u>(192)</u>                           | <u>1,525</u>                               | <u>1,485</u>          |

The lease term of the land and buildings was agreed upon transfer to be 125 years.

**29. First time adoption of FRS 102 and the Charities SORP 2015**

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

**Reconciliation of funds for the previous financial period**

|  | 1 September<br>2014<br>£000 | 31 August<br>2015<br>£000 |
|--|-----------------------------|---------------------------|
| Funds as reported under previous UK GAAP and under FRS 102 | <u>10,862</u>               | <u>11,313</u>             |

**Reconciliation of net income for the previous financial period**

|   | 2015<br>£000 |
|---|--------------|
| Net income as reported under previous UK GAAP   | 514          |
| Adjustments arising from transition to FRS 102: |              |
| Change in recognition of LGPS interest cost     | <u>(30)</u>  |
| Net income reported under FRS 102               | <u>484</u>   |

**Change in recognition of LGPS interest cost**

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability using the discount rate applied to the defined benefit obligation, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense by £30,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.