

REGISTERED COMPANY NUMBER: 07635510 (England and Wales)

Report of the Trustees and
Financial Statements For The Year Ended 31 August 2017
for
Nova Education Trust



Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

Nova Education Trust

Contents of the Financial Statements
For The Year Ended 31 August 2017

	Page
Reference and Administrative Details	1 to 2
Report of the Trustees	3 to 8
Governance Statement	9 to 11
Statement on Regularity, Propriety and Compliance	12
Statement of Trustees Responsibilities	13
Report of the Independent Auditors	14 to 15
Independent Accountant's Report on Regularity	16
Statement of Financial Activities	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Cash Flow Statement	20
Notes to the Financial Statements	21 to 39

Nova Education Trust

Reference and Administrative Details
For The Year Ended 31 August 2017

MEMBERS

S O'Hara (appointed 11.9.2017)
J Sims (appointed 11.9.2017)
N Sarwar (appointed 7.11.2017)
B Thomas (appointed 11.9.2017)
P Waterland (resigned 11.9.2017)
P Chandrakumar (resigned 11.9.2017)
J Mills

TRUSTEES

J Tomasevic (CEO/Accounting Officer)
J Mills (Chair)
R Flewitt
A Rahman (Staff Director/Vice CEO)
C James (Staff Director/Executive Headteacher)
D Hooker
S Macdougall (Vice Chair)
J White
A Woods OBE
K Ghattaora
A Goddard
C J Hall (appointed 6.9.2016)
M Auty QC
B Stein (appointed 11.4.2017)

COMPANY SECRETARY

A J Ingram

SENIOR MANAGEMENT TEAM

J Tomasevic (CEO/Accounting Officer)
C James (Executive Headteacher)
D Hooker (Vice CEO, Executive Headteacher)
A Rahman (Vice CEO, Executive Headteacher)

REGISTERED OFFICE

Room C10 The Sir Colin Campbell Building
University of Nottingham Innovation Park
Triumph Road
NOTTINGHAM
Nottinghamshire
NG7 2TU

REGISTERED COMPANY NUMBER

07635510 (England and Wales)

AUDITORS

Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

SOLICITORS

Browne Jacobson LLP
Mowbray House
Castle Meadow Road
Nottingham NG2 1BJ

Nova Education Trust

Reference and Administrative Details
For The Year Ended 31 August 2017

BANKERS

Royal Bank of Scotland
Nottingham City Office
8 South Parade
Nottingham NG1 2JS

Nova Education Trust
Report of the Trustees
For The Year Ended 31 August 2017

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

By the end of the period, the academy trust operated five secondary and three primary schools in Nottinghamshire. It had a combined capacity of 6,782 pupils including the final capacity of Nottingham Free School at 587 and at the census in January 2017 there were 4,037 pupils on roll in the six schools within the trust at that date.

OBJECTIVES AND ACTIVITIES

Objects and aims

The objects of the multi-academy trust, as set out in its articles of association, are specifically restricted to:

(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the need of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and

(b) to promote for the benefit of the public in the United Kingdom the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Given the stated object of the trust, the trustees have made clear their strategic intent to develop the educational effectiveness of the trust so as to extend the opportunities for young people to receive an outstanding education. This strategy takes due cognisance of the capacity that the trust holds and the impact of such work on the academy.

Principal Activities

The principal activity of the Charitable Company in the year ended 31 August 2017 was the operation of Toot Hill School, Meden School, Nottingham Free School, Birklands School, Newark Academy, Victoria School, Nottingham University Samworth Academy and Firbeck Academy to provide education for students of different abilities between the ages of 3 and 18, with an emphasis on high academic achievement and a maximum retention rate at 16. The multi-academy trust has an excellent academic and pastoral reputation for preparing students for their transition to university and adult life.

Objectives, Strategies and Activities

The key objectives for the year have been:

- Continue to secure higher achievement for all groups of learners in our Trust academies;
- Secure a wider range of schools to provide school-to-school support;
- Secure additional teaching room capacity;
- Prepare for the opening of a new Free School for the Newark area in September 2017;
- Secure positive Ofsted outcomes for the academies in the Trust, as well as partner academies receiving educational services from the trust;
- Create a professional Central Services team to support the trust's schools.

During the academic year 2016/17 the Trust has continued to provide extensive support to enable its partner academies, Nottingham University Samworth Academy (NUSA), Firbeck Academy, Djanogly City Academy (DCA), and Nottingham University Academy of Science & Technology (NUAST), to secure positive learning outcomes. NUSA joined the Trust on 1 April 2017, together with Firbeck Academy. The Trust works extensively alongside leadership teams and governing bodies/trustees in an open and collaborative manner to improve standards of education in the target institution. Newark Academy joined the Trust on 1 October 2016 and the Victoria (formerly Riverside) Primary School joined the Trust on 1 September 2016 having both been previously sponsored by the Trust.

Public Benefit

In setting their objectives the trustees have had due regard to guidance published by the Charity Commission on public benefit with particular reference to the advancement of education. The principal public benefit delivered by the Trust is the provision of a high-quality education to students in line with the articles of association.

There has been no significant use of volunteers in the Torch Academy Gateway Trust's charitable or income generating activities.

STRATEGIC REPORT

Achievement and performance

Nova Education Trust

Report of the Trustees For The Year Ended 31 August 2017

STRATEGIC REPORT

Achievement and performance

The main charitable activity undertaken by the school is the delivery of high-quality education to its students.

	Progress 8	Attainment 8	%4+ E&M		% Ebacc 4+	
	GCSE	GCSE	GCSE	Target	GCSE	Target
Toot Hill School	0.25	56.1	81%	82%	38%	49%
Meden	0.05	42.5	48%	61%	3%	4%
Newark Academy	-0.46	42.0	58%	61%	8%	14%
NUSA	0.13	41.3	48%	49%	18%	17%

Birklands	Result	Target FFT 50
Achieved standard in Reading, Writing and Maths	29%	37%
Progress - Reading	-2.9	-
Progress - Writing	+3.1	-
Progress - Maths	-3.1	-

Victoria	Result	Target FFT 50
Achieved standard in Reading, Writing and Maths	19%	35%
Progress - Reading	-5.9	-
Progress - Writing	-2.8	-
Progress - Maths	-3.4	-

Firbeck	Result	Target FFT 50
Achieved standard in Reading, Writing and Maths	27%	40%
Progress - Reading	-1.8	-
Progress - Writing	-2.9	-
Progress - Maths	-3.6	-

The Education and Skills Funding Agency approved the refurbishment of a building on the site of Toot Hill School to enable it to be used to temporarily house the new Free School for the Newark Area prior to the new school being built. Approval was also granted to open the new Free School in September 2017 to year 7 entrants. The Free School was named "The Suthers School".

- The trust has not engaged in any significant fundraising activities.
- There are no material investment performance matters to report.

The trust continues to secure a high regard for its work in the immediate and extended community. This is reflected in the high number of applications and staying-on rates. Staff in the academies consider themselves valued, well-supported and recognised for their contribution to securing the objects of the Trust.

- Work began this year on "Novation", which is a framework of cultural values for the trust's pupils and employees. Staff have been involved in creating the framework, which will be consulted on with stakeholders and rolled out in 2017/18.

The trust has expanded this year and taken on academies in special measures, which have also had financial deficits. This has presented the trust with financial challenges but work is in progress to restructure the trust's academies and reduce costs with the aim of balancing budgets and building reserves. Financial control has been a key area of focus and the trust has a financial strategy in place which will deliver financial stability and allow the trust to continue to grow and deliver high achievement.

Going Concern

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

Financial review

Funding sources: Most of the academy's income was obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received in the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The results for the year are shown in the Statement of Financial Activities on page 17.

The deficit in the Local Government Pension Scheme (LGPS) of £15,274K is recognised in the balance sheet as per the requirements of FRS102. The pension deficit is not expected to have any material impact on the financial viability of the organisation.

Nova Education Trust
Report of the Trustees
For The Year Ended 31 August 2017

STRATEGIC REPORT

Financial review

Reserves Policy

The trust, in conjunction with the Executive Committee, aims to carry forward sufficient funds to meet the academy trust's long term objectives and to provide working capital, whilst ensuring that it does not affect its current operational activities. The financial positions of the schools which joined the Trust during the year have impacted on the trust's total reserves to the extent that reserves were fully utilised by the end of the year, resulting in a negative reserves balance of £31K excluding capital funds. Plans are in place to rectify this during 2017/18 and to build up reserves to a prudent level over the medium term. This will be achieved by the restructuring of school staffing establishments and by reducing other costs.

At 31 August 2017 the net book value of fixed assets was £79,982K, including the value of fixed assets which were transferred as part of the academy conversions. The year end balances on GAG funds and unrestricted funds (free reserves) were £125K deficit and £nil respectively.

Investment Policy

Investments must be made only in accordance with written procedures approved by the governing body. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

Principal risks and uncertainties

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the academy. Systems or procedures have been established to manage those risks and a Risk Register is maintained and regularly reviewed.

The school produces an annual Governance Statement. Internal control systems and exposure to risks are considered in relation to all activities and legislation discussed during weekly Leadership and termly trustees' meetings. Risk management is embedded into the day-to-day processes of the academy trust. Principal risk areas for the academy trust are the protection of students, employees and assets. Systems and procedures to minimise these are constantly being reviewed and updated.

The principal risks are:

- A drop in student income as a result of parents not sending their children to the academy because of perceived loss of effectiveness;
- Damage to the school as a result of fire, flood, condition issues and like events that result in academy closure;
- Buildings/plant e.g. boilers not functioning appropriately resulting in academy closure.
- Financial Risks: Under FRS102 it is necessary to charge the projected deficit on the Local Government Pension Scheme, which is provided to support staff, to restricted funds. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are increased to bring this deficit down in the future.
- Policy on Reserves: The policy of the academy is to carry forward a prudent level of reserves designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies.

Future plans

We intend to seek opportunities to expand the trust further, but only where this will support high achievement for both schools joining the trust and for the trust's existing schools and only where such expansion would not jeopardise the future financial stability of the trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Nova Education Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company changed its name from the Torch Academy Gateway Trust Limited to the Nova Education Trust Limited on 25th February 2017 and is now known as the Nova Education Trust.

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

Members' Liability

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

Nova Education Trust

Report of the Trustees For The Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Trustees' Indemnities

In accordance with normal commercial practice the academy trust has purchased insurance underwritten by Zurich Municipal to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim. There were no third party indemnity provisions during the year ended 31 August 2017, but see the contingent liability note for details of a claim made against the academy trust during the year.

Method of Recruitment and Appointment or Election of Trustees (Directors)

New articles of association were adopted on 1st April 2017. In accordance with these articles of association the directors were appointed as follows:

Type	Name	Number/Proportion	Appointed/ Elected By	Article
Directors	Mr J Mills Mr R Flewitt Mr K S Ghattaora Mr A Goddard Mrs S Macdougall Mrs J White Mr M R Auty QC Mr A Woods OBE Mr D A Hooker	Up to 10 Trustees	Appointed by Members	50
CEO	Mr J Tomasevic (CEO)		Appointed by members	57
Staff Co-opted Directors	Mr A Rahman (Vice CEO) Mr C James (Executive Headteacher)	No more than one third (including the CEO) of total number of Trustees	Appointed by Directors	58 50B
Other Directors	Prof. C J Hall Mr B Stein	Each of UoN and SF may appoint Trustees. UoN may appoint up to 2 trustees. SF may appoint 1 trustee.	Appointed by University of Nottingham & Samworth Foundation	50A

New trustees are recruited from a variety of backgrounds and have the necessary skills to support, enhance and develop the Academy Trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

New trustees are allocated a mentor from the existing governing body and provided with information in accordance with the Trustees' Induction Policy & Skills Audit.

Organisational Structure

During 2016/17, the members comprised three members of the governing body of Toot Hill School as at the time the decision to convert to an academy was taken, and the Chair of the trustees. With the exception of the Chair of the trustees, the Members are not directors of the trust and were members of the Toot Hill School Local Governing Body. Two of these members resigned and four new members were appointed in September 2017.

The Nova Education Trust is established as a standard multi-academy trust according to DfE models, with standard MAT Master Funding Agreement and Objects/Articles of Association and the following governance structure:

- Members of Nova Education Trust
 - Directors (who are also Trustees) and operate as a Board of Directors
 - Committees of the Nova Education Trust Board, including Local Governing Bodies

Day to day trust operations are delegated to the Chief Executive Officer (CEO), and executive management functions are delivered through the Executive Management Team which is led by the CEO.

A revised Governance Scheme of Delegation was approved by the Directors in May 2017, for implementation from September 2017.

Governance Structure: Roles & Responsibilities

The academy trust is a charitable company limited by guarantee (the liability of the members is set at £10 in the model Articles of Association). The trust has three layers of governance:

Nova Education Trust
Report of the Trustees
For The Year Ended 31 August 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Members:

The functions of the members of the academy trust include:

- Overseeing the achievement of the objectives of the company.
- Taking part in Annual and Extraordinary General Meetings.
- Appointing some of the directors.
- Power to amend the Articles of the company and, ultimately, to remove the directors.

The Trustees (The Directors):

- Legally responsible and accountable for all statutory functions.
- Ensure clarity of vision, ethos and strategic direction.
- Hold the executive to account for the educational performance of the trust's schools and pupils, and the performance management of staff.
- Oversee the financial performance of the trust and ensure that money is well spent.
- Operate the trust academies in accordance with the funding agreement that has been signed with the Secretary of State.

The Executive Management Team:

Most day-to-day management decisions will be made collectively through the Executive Management Team including:

- Management of the staff.
- Setting and monitoring the budgets of each academy.
- Overseeing the quality of teaching and learning.
- Ensuring the safety and welfare of the pupils.
- Minutes of formal Executive Management Team meetings are circulated to the trustees.
- All strategic and financial decisions delegated to the Executive Management Team are ratified by the trustees.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Performance Management of the Executive Committee is conducted by the CEO and proposals for pay increases and bonuses payable to the Executive Committee staff are subject to approval of the board. The Performance Management of the CEO is conducted by a delegated sub-committee of the Trustees, their recommendations for pay increase and bonus subject to the approval of the full board.

Related Parties and Other Connected Charities and Organisations

The multi-academy trust has an excellent transition programme and holds termly meetings with feeder primary schools. The multi-academy trust offers in-house training and CPD programmes to Local Authority schools and has an established Teaching School Alliance in collaboration with local Universities. The multi-academy trust also has a SCITT (School Centred Initial Teacher Training) body. The trust has provided educational services to schools outside of the trust during the year, namely the Nottingham University Academy of Science and Technology (NUAST) and the Djanogly City Academy. The University of Nottingham is the sponsor of NUAST and is therefore a related party to the trust.

CHANGE OF NAME

The academy trust passed a special resolution on 25 February 2017 changing its name from Torch Academy Gateway Trust to Nova Education Trust.

EMPLOYEES AND DISABLED PERSONS

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry.

The Trust considers all application forms 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.

The Trust works with employee trade unions and professional associations across all our academies and engages in consultation with work-based representatives, as required, to ensure that all aspects of the company affecting its employees, including financial and economic factors, is discussed, conveyed and consulted on with them.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy trust's auditors are aware of that information.

Nova Education Trust

Report of the Trustees
For The Year Ended 31 August 2017

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 21st December 2017 and signed on the board's behalf by:

A handwritten signature in black ink, appearing to be 'J Mills', written over a dotted line.

J Mills - Chair

Nova Education Trust

Governance Statement **For The Year Ended 31 August 2017**

Scope of Responsibility

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

The board of trustees have delegated the day-to-day responsibility to the Chief Executive Officer, 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 Nova Education Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

A review of governance was carried out in the year and a revised Governance Scheme of Delegation was approved by the Board in May 2017 for implementation with effect from 1st September 2017.

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
Mr J Tomasevic	4	4
Mr J Mills	3	4
Mr R Flewitt	4	4
Mr A Rahman	3	4
Mr C James	4	4
Mr D Hooker	4	4
Mrs S Macdougall	4	4
Mrs J White	4	4
Mr A Woods	4	4
Mr K Ghattaora	2	4
Mr A Goddard	4	4
Prof C Hall	2	3
Mr M Auty	2	4
Mr B Stein (appointed 11/04/17)	0	1

Governor self-evaluation is an annual agenda item for local governing bodies in the spring term and a skills profile of all governors is maintained by the clerk. Governor self-audits are conducted by the Governor Training Co-ordinator. Skills and competency self-evaluation sheets are completed and submitted by each governor. Training needs are extrapolated by the Training Co-ordinator and addressed via a rolling programme of governor training conducted for all members across the Trust and partnership. The resulting report from the Training Co-ordinator are available for inspection on request. A Governor Development Plan for each local governing body is constructed by the Head of School in consultation with the Chair of Governors and Executive Head Teacher.

The Executive Committee is a sub-committee of the main governing body. Attendance during the year at meetings was as follows.

Trustee	Meetings Attended	Out of a possible
Mr J Tomasevic	8	8
Mr A Rahman	8	8
Mr D Hooker	8	8
Mr C James	8	8

The purpose of the Executive Committee is described below:

In consultation with the CEO and the school's finance manager, approve and monitor the annual budget and establish a three year financial plan, ensuring that the academies operate in accordance with the appropriate Financial Regulations. Review budget situation termly and report in detail to the Board. To consider, and make decisions, on expenditure following recommendations from Heads of School ensuring best value and reporting to the full trust board.

To advise the trust board on priorities, including Health and Safety for the maintenance and development of the schools premises and to receive and consider the proposed annual capital spending programme.

To consider as required any issues related consultations in respect of asset ownership eg. asset management, asbestos surveys etc.

Nova Education Trust
Governance Statement
For The Year Ended 31 August 2017

To keep under review key documents related to Buildings and Site i.e. Building Development Plan, Health & Safety Audit and action plan, an Annual Fire Risk Assessment and an Emergency Plan and to ensure as far as is practical that Health and Safety issues and policies are appropriately addressed prioritised.

To monitor the staffing structures of each academy and the centralised service and to make appointments as necessary.

To oversee HR policies and ensure legal compliance.

Review of Value for Money

As accounting officer the CEO has responsibility for ensuring that the academy 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 in consultation with the Executive Committee 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:

- Appointing new posts to the Central Services Finance Team to support strong financial control and the achievement of value for money across the trust.
- Implementing a procurement policy which sets out requirements for market testing and value for money in the procurement of goods and services.
- Restructuring schools to deliver balanced budgets for 2017/18.

As Accounting Officer for the Nova Education Trust there is an on-going focus in ensuring that the Trust provides value for money in respect of funds received. This scrutiny has been undertaken by the trust board and executive leaders of the trust. Future focus will be on trust-wide procurement aimed at delivering efficiencies and cost savings.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nova Education Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the Audit Committee and by the Board 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.

An independent internal audit was carried out during the year, and the findings were reported to the Audit Committee in September 2017 and addressed. The Education Skills and Funding Agency carried out a review of financial management and governance arrangements during the year as part of a programme of planned and reactive visits to Multi Academy Trusts. The findings were that financial management arrangements were operating adequately, but it was noted that the financial position of the trust was vulnerable. The recommendations of this review were also reported to the Audit Committee in September 2017 and are in the process of being implemented.

No material failings or weaknesses in the internal control systems were reported to the board of trustees.

Nova Education Trust
Governance Statement
For The Year Ended 31 August 2017

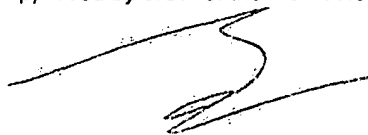
Review of Effectiveness

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:

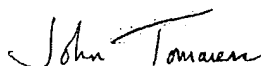
- the work of the external auditor;
- the work of the internal auditor;
- the review carried out by the Education Skills and Funding Agency;
- the financial management and governance self-assessment process;
- the work of the managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 21st December 2017 and signed on its behalf by:



.....
J Mills - Chair



.....
Mr J Tomasevic - Accounting Officer

Nova Education Trust

Statement on Regularity, Propriety and Compliance
For The Year Ended 31 August 2017

As accounting officer of Nova Education Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2016.

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 ESFA.



.....
Mr J Tomasevic - Accounting Officer

Date: 21st December 2017

Nova Education Trust

Statement of Trustees Responsibilities
For The Year Ended 31st August 2017

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

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

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

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

Approved by order of the board of trustees on 21st December 2017 and signed on it's behalf by:



.....
J Mills - Chair

Report of the Independent Auditors to the Members of Nova Education Trust

Opinion

We have audited the financial statements of Nova Education Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

Report of the Independent Auditors to the Members of
Nova Education Trust

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at

<https://www.frc.org.uk/Our-Work/Audit-and-Actuarial-Regulation/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our Report of the Independent Auditors.



Mark Garrison BCom FCA DChA (Senior Statutory Auditor)
for and on behalf of Allotts Business Services Ltd, Statutory Auditor
Chartered Accountants
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

Date: 22/12/2017

**Independent Reporting Accountant's Assurance Report on Regularity to
Nova Education Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 18 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Nova Education Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Nova Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Nova Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of officers of the academy
- Review and testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's system of controls
- Examination of relevant documents
- Review of the activities carried out by the academy
- Review of the delegated authorities set out in the Academies Financial Handbook

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Allotts Business Services Ltd

Reporting Accountant
Allotts Business Services Ltd
Chartered Accountants
The Old Grammar School
13 Moorgate Road
Rotherham
South Yorkshire
S60 2EN

Date:22/12/2017.....

Nova Education Trust

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For The Year Ended 31 August 2017**

	Note	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total 2017 funds £'000	Total 2016 funds £'000
INCOME AND ENDOWMENTS						
FROM						
Donations and capital grants	3	-	250	1,011	1,261	2,126
Donations - transfers into the Trust	28	647	(8,732)	49,362	41,277	-
Charitable activities						
Funding for the academy's educational operations	4	-	25,291	-	25,291	16,255
Teaching schools		-	86	-	86	46
Other trading activities	5	842	298	-	1,140	1,489
Investment income	6	4	-	-	4	6
Total		1,493	17,193	50,373	69,059	19,922
EXPENDITURE ON						
Raising funds	8	667	-	-	667	1,221
Charitable activities						
Academy's educational operations		-	28,224	1,793	30,017	18,927
Teaching schools		-	86	-	86	46
Total	7	667	28,310	1,793	30,770	20,194
NET INCOME/(EXPENDITURE)		826	(11,117)	48,580	38,289	(272)
Transfers between funds	22	(1,388)	1,562	(174)		
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	188	-	188	(2,245)
Net movement in funds		(562)	(9,367)	48,406	38,477	(2,517)
RECONCILIATION OF FUNDS						
Total funds brought forward		562	(5,938)	32,138	26,762	29,279
TOTAL FUNDS CARRIED FORWARD		562	(15,305)	80,544	65,239	26,762

All of the academy trust's activities derive from acquisitions in the current year.

The notes form part of these financial statements

Nova Education Trust (Registered number: 07635510)

Balance Sheet
At 31 August 2017

	Note	2017 £'000	2016 £'000
FIXED ASSETS			
Tangible assets	15	<u>79,982</u>	<u>32,137</u>
CURRENT ASSETS			
Stocks	16	90	88
Debtors	17	1,356	916
Cash at bank and in hand		<u>1,407</u>	<u>549</u>
		2,853	1,553
CREDITORS			
Amounts falling due within one year	18	<u>(2,322)</u>	<u>(695)</u>
NET CURRENT ASSETS		<u>531</u>	<u>858</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		80,513	32,995
PENSION LIABILITY	23	<u>(15,274)</u>	<u>(6,233)</u>
NET ASSETS		<u>65,239</u>	<u>26,762</u>
FUNDS	22		
Unrestricted funds:			
General fund		-	562
Restricted funds:			
General fund		(31)	296
Pension reserve		(15,274)	(6,233)
Fixed Asset fund		<u>80,544</u>	<u>32,137</u>
		<u>65,239</u>	<u>26,200</u>
TOTAL FUNDS		<u>65,239</u>	<u>26,762</u>

The financial statements were approved by the Board of Trustees on 21st December 2017 and were signed on its behalf by:



J Mills -Chair

The notes form part of these financial statements

Nova Education Trust

Cash Flow Statement
For The Year Ended 31 August 2017

	Notes	2017 £'000	2016 £'000
Cash flows from operating activities:			
Cash generated from operations	1	96	(1,189)
Interest paid		(3)	(3)
Transferred on conversion		<u>97</u>	<u>-</u>
Net cash provided by (used in) operating activities		<u>190</u>	<u>(1,192)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(347)	(2,356)
Capital grants from DfE/ESFA		1,011	2,126
Interest received		<u>4</u>	<u>6</u>
Net cash provided by (used in) investing activities		<u>668</u>	<u>(224)</u>
Change in cash and cash equivalents in the reporting period		858	(1,416)
Cash and cash equivalents at the beginning of the reporting period		<u>549</u>	<u>1,965</u>
Cash and cash equivalents at the end of the reporting period		<u>1,407</u>	<u>549</u>

The notes form part of these financial statements

Nova Education Trust

Notes to the Cash Flow Statement
For The Year Ended 31 August 2017

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	38,289	(272)
Adjustments for:		
Depreciation	1,793	1,103
Capital grants from DfE/ESFA	(1,011)	(2,126)
Transfer from Local Authority on conversion	(41,277)	-
Interest received	(4)	(6)
Interest paid	3	3
Increase in stocks	(2)	(35)
(Increase)/decrease in debtors	(440)	1,692
Increase/(decrease) in creditors	1,627	(1,876)
Difference between pension charge and cash contributions	<u>1,118</u>	<u>328</u>
Net cash provided by (used in) operating activities	<u>96</u>	<u>(1,189)</u>

Nova Education Trust

Notes to the Financial Statements **For The Year Ended 31 August 2017**

1. STATEMENT OF ACCOUNTING POLICIES

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Nova Education Trust meets the definition of a public benefit entity under FRS 102.

Going concern

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

The trust is currently operating with a cumulative deficit but plans to rectify this position going forwards by: achieving a surplus of at least £250k in 2017/18 and then a further surplus of at least £400k in 2018/19; carrying out restructures in academies which are operating in deficit in order to deliver surplus budgets; implementing a reserves strategy based on a financial risk assessment which will provide reserves targets for academies to achieve, and by not taking on any new schools in the medium term future with substantial unfunded deficits. These plans are considered achievable although the delivery of surpluses by some academies within the trust will be challenging and will require close monitoring and support for academies during the year. These plans are supported by the Executive Team and by the trustees.

Based on these plans the trustees have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Nova Education Trust

Notes to the Financial Statements - continued **For The Year Ended 31 August 2017**

2. ACCOUNTING POLICIES - continued

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Raising funds

Raising funds 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

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold and leasehold buildings	over 20 to 50 years
Leasehold land	over remainder of its life to a maximum of 125 years
Property improvements	over remainder of its life to a maximum of 25 years
Fixtures, fittings and equipment	over remainder of its life to a maximum of 10 years
ICT equipment	over remainder of its life to a maximum of 5 years
Motor Vehicles	over remainder of its life to a maximum of 10 years

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

Financial instruments

The academy trust only holds basic financial instruments as defined by FRS102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Stocks

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

Nova Education Trust

Notes to the Financial Statements - continued **For The Year Ended 31 August 2017**

2. ACCOUNTING POLICIES - continued

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 part 11, chapter 3 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.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funder 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 and Skills Funding Agency/Department for Education.

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the Pension and Similar Obligations note, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Donations - transfers into the trust

Where assets are received on the transfer of an existing academy or a state maintained school into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Donations - transfers into the Trust.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

2. ACCOUNTING POLICIES - continued

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 or services it must provide.

Leased assets

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the Pension and Similar Obligations note, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Donations	-	250	250	-
Grants	-	1,011	1,011	2,126
	<u>-</u>	<u>1,261</u>	<u>1,261</u>	<u>2,126</u>

Grants received, included in the above, are as follows:

	2017 £'000	2016 £'000
Capital grants	<u>1,011</u>	<u>2,126</u>

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Grants	-	24,594	24,594	15,657
Catering income	-	371	371	308
Trips	-	326	326	290
	<u>-</u>	<u>25,291</u>	<u>25,291</u>	<u>16,255</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	21,657	21,657	14,450
Other DfE/ESFA Grants	-	2,036	2,036	849
		23,693	23,693	15,299
Other government grant				
Local authority grants	-	651	651	303
Other grants	-	250	250	55
		901	901	358
		<u>24,594</u>	<u>24,594</u>	<u>15,657</u>

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Rental income	79	-	79	49
Staff cover insurance	-	(3)	(3)	-
Other events and activities	63	1	64	52
Books, uniforms etc	50	74	124	210
Placements	9	-	9	-
Consultancy	178	190	368	739
Other services	37	8	45	34
Sundry income	426	28	454	405
	<u>842</u>	<u>298</u>	<u>1,140</u>	<u>1,489</u>

6. INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Interest	<u>4</u>	<u>-</u>	<u>4</u>	<u>6</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

7. EXPENDITURE

				2017	2016
	Staff costs	Non-pay expenditure			
	£'000	Premises £'000	Other costs £'000	Total £'000	Total £'000
Raising funds					
Costs incurred by trading for a fundraising purpose	518		149	667	1,221
Charitable activities					
Academies educational operations					
Direct costs	17,020	1,388	2,277	20,685	12,946
Allocated support costs	<u>4,972</u>	<u>2,161</u>	<u>2,199</u>	<u>9,332</u>	<u>5,981</u>
	22,510	3,549	4,625	30,684	20,148
Teaching schools	<u>86</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>46</u>
	<u>22,596</u>	<u>3,549</u>	<u>4,625</u>	<u>30,770</u>	<u>20,194</u>

Net income/(expenditure) is stated after charging/(crediting):

	2017 £'000	2016 £'000
Auditors' remuneration	70	34
Other non-audit services	9	4
Depreciation - owned assets	1,793	1,103
Operating leases - Others	132	40
Operating leases - Land & buildings	<u>133</u>	<u>132</u>

8. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Staff costs	518		518	1,034
Other costs	<u>149</u>	<u>-</u>	<u>149</u>	<u>187</u>
	<u>667</u>	<u>-</u>	<u>667</u>	<u>1,221</u>

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000	2016 Total funds £'000
Direct costs		20,685	20,685	12,946
Support costs	<u>-</u>	<u>9,332</u>	<u>9,332</u>	<u>5,981</u>
	<u>-</u>	<u>30,017</u>	<u>30,017</u>	<u>18,927</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	2017	2016
	Total	Total
	£'000	£'000
Analysis of support costs		
Support staff costs	4,972	2,803
Technology costs	357	186
Premises costs	2,161	1,898
Other support costs	1,762	1,055
Governance costs	<u>80</u>	<u>39</u>
Total support costs	<u><u>9,332</u></u>	<u><u>5,981</u></u>

10. TRUSTEES' REMUNERATION AND BENEFITS

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

J Tomasevic (CEO and trustee)

Remuneration £260,000 - £265,000 (2016: £260,000 - £265,000)

Employer's pension contributions £nil (2016: £nil)

A Rahman (Vice CEO and staff trustee)

Remuneration £140,000 - £145,000 (2016: £115,000 - £120,000)

Employer's pension contributions £20,000 - £25,000 (2016: £15,000 - £20,000)

D Hooker (staff trustee)

Remuneration £10,000 - £15,000 (2016: £nil)

Employer's pension contributions £0 - £5,000 (2016: £nil)

C James (staff trustee)

Remuneration £120,000 - £125,000 (2016: £95,000 - £100,000)

Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000)

Trustees' expenses

During the year ended 31 August 2017, travel and subsistence expenses totalling £5,592 (2016 - £5,646) were reimbursed or paid directly to 2 trustees (2016 - 2).

Other transactions

Other related party transactions involving the trustees are set out in the Related Party Disclosures note.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

11. STAFF COSTS

	2017 £'000	2016 £'000
Wages and salaries	16,389	10,925
Social security costs	1,586	927
Operating costs of defined benefit pension schemes	3,708	2,077
Apprenticeship levy	<u>26</u>	<u>-</u>
	21,709	13,929
Supply teacher costs	745	424
Staff restructuring costs	<u>142</u>	<u>18</u>
	<u><u>22,596</u></u>	<u><u>14,371</u></u>
Staff restructuring costs comprise:	2017 £'000	2016 £'000
Redundancy payments	103	-
Severance payments	39	18
Other restructuring costs	<u>-</u>	<u>-</u>
	<u><u>142</u></u>	<u><u>18</u></u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £38,685 (2016: £17,717). Individually the payments were: £18,000, £12,000, £672, £768, £307, £767, £614, £768, £538, £153, £461, £461 and £3,176.

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

	2017 No.	2016 No.
Teachers and Educational support	342	246
Administration and support	221	196
Management	<u>46</u>	<u>29</u>
	<u><u>609</u></u>	<u><u>471</u></u>
	2017 No.	2016 No.
£60,001 - £70,000	5	4
£70,001 - £80,000	4	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	2
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£140,001 - £150,000	1	-
£260,001 - £270,000	1	1
	<u><u>13</u></u>	<u><u>9</u></u>

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) received by key management personnel for their services to the academy trust was £590,477 (2016: £517,563).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover of £5,000,000 on any one claim. The cost for the period ended 31 August 2017 was not separately identifiable but is included in the total insurance cost.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total funds £'000
INCOME AND ENDOWMENTS				
FROM				
Donations and capital grants	-	-	2,126	2,126
Charitable activities				
Funding for the academy's educational operations	-	16,255	-	16,255
Teaching schools	-	46	-	46
Other trading activities	1,308	181	-	1,489
Investment income	6	-	-	6
Total	1,314	16,482	2,126	19,922
EXPENDITURE ON				
Raising funds	1,221	-	-	1,221
Charitable activities				
Academy's educational operations	-	17,824	1,103	18,927
Teaching schools	-	46	-	46
Total	1,221	17,870	1,103	20,194
NET INCOME/(EXPENDITURE)	93	(1,388)	1,023	(272)
Transfers between funds	(51)	(179)	230	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	(2,245)	-	(2,245)
Net movement in funds	42	(3,812)	1,253	(2,517)
RECONCILIATION OF FUNDS				
Total funds brought forward	520	(2,125)	30,884	29,279
TOTAL FUNDS CARRIED FORWARD	562	(5,937)	32,137	26,762

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

14. CENTRAL SERVICES

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

- Human Resources
- Financial Resources
- Legal services
- Educational support services
- Marketing
- IT/Data services
- Insurance
- External audit

The trust charges for these services at a flat rate designed to cover the cost of the services. Actual charges in the year were as follows:

	2017 £000	2016 £000
Toot Hill School	-	-
Meden Comprehensive School	185	201
Birklands Primary School	32	30
Nottingham Free School	51	37
Victoria Primary School	64	-
Newark Academy	158	-
Firbeck Academy	-	-
Nottingham University Samworth Academy	188	-
	<u>678</u>	<u>268</u>

As the central costs are held in Toot Hill School, no charges were made to that school.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

15. TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Improvements to property £'000
COST			
Transfer on conversion	-	48,980	-
At 1 September 2016	17,139	9,450	6,725
Additions	205	-	-
At 31 August 2017	<u>17,344</u>	<u>58,430</u>	<u>6,725</u>
DEPRECIATION			
At 1 September 2016	1,242	757	471
Charge for year	283	836	269
At 31 August 2017	<u>1,525</u>	<u>1,593</u>	<u>740</u>
NET BOOK VALUE			
At 31 August 2017	<u>15,819</u>	<u>56,837</u>	<u>5,985</u>
At 31 August 2016	<u>15,897</u>	<u>8,693</u>	<u>6,254</u>

	Furniture and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
COST				
Transfer on conversion	185	9	117	49,291
At 1 September 2016	1,129	30	1,079	35,552
Additions	101	-	41	347
At 31 August 2017	<u>1,415</u>	<u>39</u>	<u>1,237</u>	<u>85,190</u>
DEPRECIATION				
At 1 September 2016	326	5	614	3,415
Charge for year	175	4	226	1,793
At 31 August 2017	<u>501</u>	<u>9</u>	<u>840</u>	<u>5,208</u>
NET BOOK VALUE				
At 31 August 2017	<u>914</u>	<u>30</u>	<u>397</u>	<u>79,982</u>
At 31 August 2016	<u>803</u>	<u>25</u>	<u>465</u>	<u>32,137</u>

Included in cost or valuation of land and buildings is freehold land of £2,982,365 (2016 - £2,982,365) which is not depreciated.

16. STOCKS

	2017 £'000	2016 £'000
Books and planners	9	9
Clothing	81	79
	<u>90</u>	<u>88</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

17. DEBTORS

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade debtors	339	425
Other debtors	80	-
VAT recoverable	135	100
Prepayments and accrued income	<u>802</u>	<u>276</u>
	<u>1,356</u>	<u>801</u>
Amounts falling due after more than one year:		
Trade debtors	<u>-</u>	<u>115</u>
Aggregate amounts	<u>1,356</u>	<u>916</u>

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	511	74
Taxation and social security	95	-
Other creditors	392	12
Accruals and deferred income	<u>1,324</u>	<u>609</u>
	<u>2,322</u>	<u>695</u>
Deferred income	2017 £'000	2016 £'000
Deferred Income at 1 September 2016	117	305
Resources deferred in the year	442	117
Amounts released from previous years	<u>(117)</u>	<u>(305)</u>
Deferred Income at 31 August 2017	<u>442</u>	<u>117</u>

Deferred income represents grants received in advance of entitlement arising and monies received in advance for school trips which took place after year end.

Included within other creditors was a loan of £nil (2016 - £10,370) on which interest of 0.5% per annum was charged. The loan was taken out pre-conversion and was unsecured.

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017 £'000	2016 £'000
Within one year	295	167
Between one and five years	618	593
In more than five years	<u>2,933</u>	<u>3,067</u>
	<u>3,846</u>	<u>3,827</u>

20. MEMBERS' LIABILITY

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

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	2017 Total funds £'000	2016 Total funds £'000
Fixed assets	-	-	79,982	79,982	32,137
Current assets	-	2,085	768	2,853	1,553
Current liabilities	-	(2,116)	(206)	(2,322)	(695)
Pension liability	-	(15,274)	-	(15,274)	(6,233)
	-	(15,305)	80,544	65,239	26,762

22. MOVEMENT IN FUNDS

	Balance 01.09.16 £000	Incoming Resources £000	Resourced Expended £000	Gains, losses and transfers £000	Balance 31.08.17 £000
Restricted general funds					
General annual grant (GAG)	284	21,657	(23,257)	1,191	(125)
Other ESFA/DFE	-	2,036	(1,963)	-	73
Other grants	-	901	(901)	-	-
Activities for generating funds	11	995	(985)	-	21
Donation	-	250	-	(250)	-
Teaching school	-	86	(86)	-	-
Restricted funds transferred in	-	(621)	-	621	-
Restricted pension reserve	(6,233)	(8,111)	(1,118)	188	(15,274)
	(5,938)	17,193	(28,310)	1,750	(15,305)
Restricted fixed asset funds					
Assets transferred on conversion	21,356	49,362	(1,203)	(31)	69,484
DfE grants	9,830	911	(485)	(92)	10,164
Capital expenditure from GAG	896	-	(95)	8	809
Unrestricted	30	-	(6)	-	24
Other grants	26	100	(4)	(59)	63
	32,138	50,373	(1,793)	(174)	80,544
Total restricted funds	26,200	67,566	(30,103)	1,576	65,239
Unrestricted funds	562	1,493	(667)	(1,388)	-
Total funds	26,762	69,059	(30,770)	188	65,239

GAG may only be spent in compliance with the academy trust's funding agreement.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at the year end.

Significant other grants are:

- Pupil Premium, for disadvantaged pupils
- EFA grant to cover the cost of the lease for Nottingham Free School

The capital grants include funds received towards improvements to leased property and other fixed assets required to equip Nottingham Free School.

The transfer into the restricted fixed asset funds represents the net effect of fixed assets purchased out of GAG and the amount of capital grant used on items not capitalised.

The transfer from the unrestricted fund represents unrestricted money utilised in the running of the school.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

22. MOVEMENT IN FUNDS – continued

Fund balances at 31 August 2017 were allocated as follows:

	2017 £000	2016 £000
Toot Hill School	245	356
Meden Comprehensive School	(26)	452
Birklands Primary School	(41)	-
Nottingham Free School	(97)	50
Victoria Primary School	108	-
Newark Academy	60	-
Firbeck Academy	(21)	-
Nottingham University Samworth Academy	(259)	-
Total before fixed assets and pension reserve	(31)	858
Restricted fixed asset fund	80,544	32,137
Pension reserve	(15,274)	(6,233)
	<u>65,239</u>	<u>26,762</u>

Analysis of academies by cost

	Teaching & Educational Support Staff £000	Other Support staff £000	Educational Supplies £000	Other Costs (excluding) depreciation £000	Total £000
Toot Hill School	7,821	2,197	148	2,919	13,085
Meden Comprehensive School	2,891	719	202	718	4,530
Birklands Primary School	551	117	16	170	854
Nottingham Free School	1,196	296	60	518	2,070
Victoria Primary School	1,128	233	33	292	1,686
Newark Academy	2,197	853	58	682	3,790
Firbeck Academy	436	99	17	79	631
Nottingham University Samworth Academy	1,404	458	73	396	2,331
Academy Trust	<u>17,624</u>	<u>4,972</u>	<u>607</u>	<u>5,774</u>	<u>28,977</u>

23. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire 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 of the LGPS 31 March 2016.

Contributions amounting to £76,612 were payable to the schemes at 31 August 2017 (2016: £nil) and are included within creditors.

Teachers' pension scheme

Introduction

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

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

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

23. PENSION AND SIMILAR OBLIGATIONS
- continued

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- 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 TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,859,000 (2016: £1,308,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local government pension scheme

The following disclosures relate to all academies in the multi-academy trust.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £974,000 (2016: £591,000), of which employer's contributions totalled £731,000 (2016: £441,000) and employees' contributions totalled £243,000 (2016: £150,000). The agreed contribution rates for future years is 18.3% per cent for employers.

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.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Present value of funded obligations	(28,158)	(11,455)
Fair value of plan assets	<u>12,884</u>	<u>5,222</u>
	<u>(15,274)</u>	<u>(6,233)</u>
Deficit	<u>(15,274)</u>	<u>(6,233)</u>
Liability	<u>(15,274)</u>	<u>(6,233)</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

23. PENSION AND SIMILAR OBLIGATIONS
- continued

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Current service cost	1,571	630
Net interest from net defined benefit asset/liability	267	139
Past service cost	<u>11</u>	<u>-</u>
	<u>1,849</u>	<u>769</u>
Actual return on plan assets	<u>655</u>	<u>627</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
At 1 September	11,454	7,743
Current service cost	1,571	630
Past service cost	11	-
Employee contributions	243	150
Interest cost	485	312
Actuarial (gain) / loss	249	2,699
Benefits paid	(162)	(79)
Inherited on conversion	<u>14,307</u>	<u>-</u>
	<u>28,158</u>	<u>11,455</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
At 1 September	5,221	4,083
Employer contributions	731	441
Employee contributions	243	150
Expected return on assets	218	173
Actuarial gain / (loss)	437	454
Benefits paid	(162)	(79)
Inherited on conversion	<u>6,196</u>	<u>-</u>
	<u>12,884</u>	<u>5,222</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Asset gains/(losses)	437	454
Liability gains/ (losses)	<u>(249)</u>	<u>(2,699)</u>
	<u>188</u>	<u>(2,245)</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

23. PENSION AND SIMILAR OBLIGATIONS
- continued

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£'000	£'000
Equities	8,518	3,592
Property	1,503	196
Government Bonds	411	355
Other Bonds	1,552	632
Cash	271	222
Inflation linked pooled fund	318	140
Infrastructure	311	85
	<u>12,884</u>	<u>5,222</u>

The actual return on the scheme assets was £1,246,000 (2016: £628,000).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2017	2016
Rate of increase in salaries	2.6%	2.2%
Pension increases	2.7%	2.3%
Salary increases	4.2%	4.1%

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

	At 31 August 2017	At 31 August 2016
Retiring today		
Males	22.6	22.1
Females	25.5	25.3
Retiring in 20 years		
Males	24.8	24.4
Females	27.9	27.7

The estimated value of employer contributions for the year ended 31 August 2018 is £888,000.

24. CONTINGENT LIABILITIES

A legal claim was intimated against the Trust during the year by another Academy Trust. The claim was said to be for breach of contract and for compensation relating to this of at least £623,000. The claim received is insufficiently clear to enable a more precise estimate of the financial effect of the claim (if any) to be made at this time.

The Trust, through its solicitors, is refuting the claim in its entirety, does not accept that there has been a breach of contract and therefore does not accept that any compensation is owed to the claimant. This remains the Trust's position.

25. CAPITAL COMMITMENTS

	2017	2016
	£'000	£'000
Contracted but not provided for in the financial statements	<u>313</u>	<u>-</u>

26. RELATED PARTY DISCLOSURES

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

27. AGENCY ARRANGEMENTS

The trust acts as an agent in distributing bursary funds. Payments received and paid out in respect of bursary arrangements are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds.

28. DONATIONS - TRANSFERS INTO THE TRUST

New schools joined the Trust during the year as follows:

School	Date joined	Type	Predecessor Body
Victoria Primary School	1 September 2016	Primary	NLT Academies Trust
Newark Academy	1 October 2016	Secondary	Lincoln College Academy Trust
Firbeck Academy	1 April 2017	Primary	Nottingham University Samworth Academies Trust
Nottingham University Samworth Academy	1 April 2017	Secondary	Nottingham University Samworth Academies Trust

All their operations and assets and liabilities were transferred to the Trust from their predecessor bodies for no consideration. The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfers into the Trust.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total £'000
Victoria Primary School				
Leasehold land and buildings	-	-	2,606	2,606
Other tangible fixed assets	-	-	58	58
Other identified assets and liabilities	11	143	-	154
LGPS pension deficit	-	(751)	-	(751)
Net assets	<u>11</u>	<u>(608)</u>	<u>2,664</u>	<u>2,067</u>

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total £'000
Newark Academy				
Leasehold land and buildings	-	-	17,041	17,041
Other tangible fixed assets	-	-	114	114
Other identified assets and liabilities	405	44	-	449
LGPS pension deficit	-	(2,651)	-	(2,651)
Net assets	<u>405</u>	<u>(2,607)</u>	<u>17,155</u>	<u>14,953</u>

	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total £'000
Firbeck Academy				
Leasehold land and buildings	-	-	3,794	3,794
Other tangible fixed assets	-	-	14	14
Other identified assets and liabilities	41	(60)	71	52
LGPS pension deficit	-	(1,488)	-	(1,488)
Net assets	<u>41</u>	<u>(1,548)</u>	<u>3,879</u>	<u>2,372</u>

Nova Education Trust

Notes to the Financial Statements - continued
For The Year Ended 31 August 2017

Nottingham University Samworth Academy	Unrestricted fund £'000	Restricted general fund £'000	Restricted fixed asset fund £'000	Total £'000
Leasehold land and buildings	-	-	25,539	25,539
Other tangible fixed assets	-	-	125	125
Other identified assets and liabilities	190	(748)	-	(558)
LGPS pension deficit	-	(3,221)	-	(3,221)
Net assets	<u>190</u>	<u>(3,969)</u>	<u>25,664</u>	<u>21,885</u>
 Total	 <u>647</u>	 <u>(8,732)</u>	 <u>49,362</u>	 <u>41,277</u>

There were no fair value adjustments to the values reported by the transferring schools.