



Abbey Multi Academy Trust

Registered number: 07705552

**Trustees' Report and Financial
Statements for the year ended
31 August 2017**



Abbey Multi Academy Trust

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Abbey Multi Academy Trust

Reference and Administrative Details

| | |
|---|--|
| Members | P Whitman R Noake A Nicholl The Rt Revd P Slater (appointed 27/6/17) |
| Academy Trustees | P Whitman C Kitson (CEO and Accounting Officer) H Pratten (resigned 18/10/17) J R Norden (resigned 18/10/17) T Mason D Stratton P Laurence S Simkins F Baker C Pyrah (resigned 7/12/16) Rev J Smith C R Blair (appointed 7/12/16) G Price (appointed 18/10/17) |
| Company Secretary | C Owen |
| Senior Management Team | |
| CEO/Executive Principal (Secondary) | C Kitson |
| Executive Principal (Primary) | H Pratten |
| Principal – Abbey Grange C of E Academy | J R Norden |
| Head of School – St Chad's C of E Primary Academy | A Dunn |
| Head of School – Lightcliffe Academy | T Rothwell |
| Head of School – Bishop Young C of E Academy | P Cooper (appointed 1/4/17) |
| Head of School – Manston St James Primary Academy | M Edwards (resigned 31/8/17); J Kent (appointed 1/9/17) |
| Principal – Holy Trinity C of E Primary Academy | D Foulke |
| Principal – Lightcliffe C of E Primary School | C Woodbridge |
| Director of Finance and Corporate Services | I Harmer |
| Director of Academy Effectiveness | D J Whieldon (resigned 31/12/17) |
| Director of Performance and Standards | C Garrett (to 31/8/17) |
| Director of Education | C Garrett (from 1/9/17) |
| Company Name | Abbey Multi Academy Trust |
| Principal and Registered Office | c/o Chapter House Abbey Grange Church of England Academy Butcher Hill Leeds LS16 5EA |
| Company Registration Number | 07705552 (England and Wales) |
| External Auditor | Mazars LLP Mazars House Gelderd Road Gildersome Leeds LS27 7JN |
| Internal Auditor | RSM Risk Assurance Services LLP Fifth Floor, Central Square 29 Wellington Street Leeds LS1 4DL |

Abbey Multi Academy Trust

Reference and Administrative Details (continued)

Bankers

Lloyds Bank plc
65-68 Briggate
Leeds
LS1 6LH

Solicitors

Browne Jacobson LLP
14th Floor
No. 1 Spinningfields
Hardman Square
Manchester M3 3EB

Abbey Multi Academy Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's 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.

In September 2016 the Trust operated 1 primary and 2 secondary academies in West Yorkshire, which increased to 3 primaries and 3 secondaries from 1st May 2017 with the incorporation of LEAF Academy Trust, before increasing to 4 primaries and 3 secondaries with the conversion of Lightcliffe C of E Primary School on 1st August 2017. Its academies at 1st September 2017 have a combined pupil capacity of 5,004.

Structure, Governance and Management

Constitution

The 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 Trust. The Trustees of Abbey Multi Academy Trust (the Trust) are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Abbey Multi Academy Trust. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

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 £10.00 for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The Trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on Trust business, further details are provided in note 11.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association require the appointment of at least seven Trustees.

The Trust Board is comprised of the Chief Executive Officer, Principals and Chairs of the LGBs from the founding academies Abbey Grange C of E Academy and St Chad's Primary. Trustees are appointed by members according to skills and experience.

Abbey Multi Academy Trust

Trustees' Report (continued)

Structure, Governance and Management (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

Bespoke training and induction is provided for new Governors and Trustees depending on their previous experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors and Trustees are given a tour of the Trust site and the chance to meet with staff and students. They are provided with access to policies, procedures, minutes, accounts, budgets, strategic and development plans in addition to other documents that they need to undertake their role. Governors and Trustees are provided with training and are encouraged to access external training on matters such as Child Protection and Safeguarding.

Organisational Structure

The Trustees are responsible for setting the strategic direction of the Trust. They review and agree the Company's policies and procedures and are responsible for the major decisions of the Trust.

The Trustees meet at least 6 times in each financial year.

The Trustees have delegated a number of their functions to the Board of Governors (Local Governing Bodies) of Abbey Grange Church of England Academy, St Chad's Church of England Primary School, Lightcliffe Academy, Manston St James Primary Academy, Holy Trinity Church of England Primary Academy and Lightcliffe Church of England Primary School. However, Bishop Young Church of England Academy does not have these delegated functions as it operates with an Advisory Board, rather than a formal Governing Body.

Related Parties and other Connected Charities and Organisations

There are no connected organisations. Related party transactions are disclosed in note 24 which are the Diocese of Leeds, Leeds Faith in Schools and the former LEAF Academy Trust.

Objectives and Activities

Objectives, Strategies and Activities

The Trust's objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a Multi Academy Trust with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

In accordance with the Articles of Association, the Trust has adopted a 'Funding Agreement' approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis of admitting students to the academies.

Abbey Multi Academy Trust

Trustees' Report (continued)

Objectives and Activities (continued)

Public Benefit

In setting the Trust's objectives and planning its activities, the Trustees have given careful consideration to and have complied with the Charities Act 2011 and the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

Serving the Local Community and Society

The Trust plays a significant part in the local and wider community and, where possible in support of our charitable objectives, we seek to develop strong partnerships with new and existing organisations to benefit the local community.

The Trust's sites continue to play a critical role in the development of community focused service delivery programmes. The Trust and its partners strongly believe good progress has been made to increase social responsibility, cohesion and healthy living within the community; however, the impact is very modest when compared to the significant obstacles faced by many in the community.

Our partners in delivering this change are:

- The Diocese of Leeds
- Leeds City Council
- Calderdale Council
- The citizens of Leeds and Calderdale

In addition to the community focused services developed by the Trust and its partners, local clubs and groups continue to make use of the facilities provided by the Trust. Indeed following the rebrokerage of the former LEAF academies, the number of community groups accessing Trust facilities has grown significantly.

Strategic Report

Achievements and Performance

Abbey MAT Board's vision is to develop a high performing Multi Academy Trust that delivers the very best educational experience for pupils from 3 - 19 in both church and non-denominational schools. The overarching aim for the Trust is to create academies that provide an environment which is welcoming, caring, calm, disciplined and purposeful and which, within a caring and Christian ethos, will stretch our young people academically, support them pastorally and help them develop socially and spiritually. We believe in allowing each academy to retain its own distinct voice and identity, supporting all with efficient and effective Central Services and expertise. All our academies are focused and innovative with School Improvement Practices sharing best practice and developing deep partnerships that will embed consistent levels of student outcomes and ensure progress.

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance (continued)

We are committed to raising the skills base across the communities by ensuring a focus on quality, encouraging innovation through research and strengthening the ethos of the academies as distinctive schools within their respective communities. Our framework will strive to maintain academies which will retain their own independent culture and ethos, whilst operating within a strategic partnership to improve quality, share best practice and operate effectively and efficiently. As a successful Multi Academy Trust, we will work in partnership to bring about an environment and culture where, through school to school support, each will flourish and be involved in shaping the partnership. We believe passionately that education, at every stage of the student journey, is about the development and nurture of the whole child. The environment of the Trust is designed to encourage creativity, physical excellence and academic achievement so that they are ready to take their place in the world and bring their contribution to society.

On 1st May 2017 after protracted discussions, the three academies which were formerly part of the LEAF Academy Trust joined the Trust. Of these, the David Young Community Academy (DYCA) was in special measures following an Ofsted visit in October 2015. The other two, namely Manston St James and Rothwell C of E Primary, were rated as being "Good" and "Requires Improvement" respectively. Following this, both DYCA and Rothwell underwent name changes to Bishop Young Church of England Academy and Holy Trinity Church of England Primary Academy respectively. Additionally, on 1st August 2017 Lightcliffe Church of England Primary joined the Trust as a converting academy.

During this year there have been two Ofsted Section 8 Inspections which have confirmed both Abbey Grange (March 2017) and St Chad's (October 2017) are good schools. Both schools received overwhelmingly positive reports, validating the Trust's views of the schools. As well as a strong and effective central team now employed by the Trust, effective strategic leadership at both Abbey Grange and St Chad's provides the Multi Academy Trust with capacity to support other schools. Leadership teams across all Trust schools are developing new areas of expertise and we have systems in place to ensure that effective practice is shared, for example through embedded, effective and bespoke CPD which develops Quality First Teaching for all staff and facilitates effective succession planning. This is further evidenced in the SIAMS Statutory Report at Abbey Grange (October 2016) which judged the school as 'Outstanding' and commented on: "The exceptionally single-minded approach of governors, senior leaders and all staff to ensuring that Abbey Grange is a rich, diverse and highly effective church school and a happy place for students to learn" and "The current welfare and future life chances of the students drives the decisions that are made and leads to outstanding outcomes for them."

The consistently good and improving picture of the strongest performers in the Trust sits within a context of an improving picture for others schools, including the original sponsored school, Lightcliffe Academy, where the positive outcomes in the March 2016 Ofsted Inspection (when the school came out of Special Measures and into Requires Improvement after 12 months within Abbey Multi Academy Trust) have continued to show improvements in the school. The academy is improving strategically and sequentially over time with stable leadership across the school. Although not directly comparable, Progress 8 (P8) figures for Abbey Grange and Lightcliffe Academy represent an improvement upon 2015-2016; Lightcliffe is likely to be no longer considered a 'coasting' academy and Abbey Grange's P8 score moves it into the above average band. Current indicators suggest that Abbey Grange's Post 16 outcomes will continue to be judged as above average for attainment and progress and it is ranked as one of the top performing sixth form providers in Leeds city.

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance (continued)

The re-brokerage of the former LEAF Trust into Abbey MAT has meant that the Trust now includes weaker performing schools where outcomes are below expected levels. Turbulence in leadership and a legacy of poor teaching at Bishop Young Academy (BYA) are evident in a P8 figure which is well below floor. An immediate action plan is in place to secure rapid improvements in the BASICS measure at BYA for current Year 11 which will also impact upon the overall P8 score.

Only one of the four primary academies was above the floor standard for % of pupils reaching the expected standard in Reading, Writing and Mathematics. Manston St. James at 36% is well below and is an area of concern. A rapid improvement plan to urgently address this area of underachievement with the current Year 6 pupils is in place. All of the academies are above floor on progress measures, although there is variability in achievement within academies in different subject areas.

KS1 outcomes are largely in line with national figures. Historical data (2016) and 2017 information does indicate that for each of the academies there is a need to ensure that a higher % of pupils are reaching the expected standard and greater depth in the end of key stage assessments. Attainment in Phonics is an improving trend across the academies. EYFS provision across the academies is relatively strong. The % of pupils reaching a good level of development is above national/or in line with.

Whilst it is too early to have external evidence of impact on outcomes with the four new schools within the Trust, work and progress is underway with the Central Education Team. Identified weaknesses are addressed promptly with rapid improvement plans and this is already showing internal evidence of progress and positive impact.

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance – Secondary

Attainment for academic year 2016/2017 is detailed below.

Changes in the grading system at GCSE means that 2017 is not comparable with previous years; the information is therefore presented in separate tables.

| Abbey Grange Church of England Academy – GCSE | 2017 |
|--|-------------|
| Basics 5-9 (all) | 54% |
| Basics 5-9 (disadvantaged) | 33% |
| Basics 4-9 (all) | 79% |
| Basics 4-9 (disadvantaged) | 68.6% |
| Progress 8 (all) | 0.38 |
| Progress 8 (disadvantaged) | 0.20 |
| Attainment 8 (all) | 55.8 points |
| English Baccalaureate (all) | 46% |
| Average attainment grade 8 (all) | 5.61 |
| Average attainment grade 8 (disadvantaged) | 4.7 |
| Average English attainment grade (all) | 6.0 |
| Average English attainment grade (disadvantaged) | 5.28 |
| Average Maths attainment grade (all) | 5.17 |
| Average Maths attainment grade (disadvantaged) | 4.24 |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Secondary (continued)

| Lightcliffe Academy – GCSE | 2017 |
|--|-----------|
| Basics 5-9 (all) | 28% |
| Basics 5-9 (disadvantaged) | 15% |
| Basics 4-9 (all) | 53% |
| Basics 4-9 (disadvantaged) | 21% |
| Progress 8 (all) | -0.24 |
| Progress 8 (disadvantaged) | -0.68 |
| Attainment 8 (all) | 42 points |
| English Baccalaureate (all) | 14% |
| Average attainment grade 8 (all) | 4.22 |
| Average attainment grade 8 (disadvantaged) | 3.21 |
| Average English attainment grade (all) | 4.40 |
| Average English attainment grade (disadvantaged) | 3.49 |
| Average Maths attainment grade (all) | 4.00 |
| Average Maths attainment grade (disadvantaged) | 2.94 |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Secondary (continued)

| Bishop Young Church of England Academy – GCSE | 2017 |
|--|-------------|
| Basics 5-9 (all) | 19% |
| Basics 5-9 (disadvantaged) | 14.5% |
| Basics 4-9 (all) | 39% |
| Basics 4-9 (disadvantaged) | 33% |
| Progress 8 (all) | -1 |
| Progress 8 (disadvantaged) | -1.511 |
| Attainment 8 (all) | 30.6 points |
| English Baccalaureate (all) | 1% |
| Average attainment grade 8 (all) | 3.07 |
| Average attainment grade 8 (disadvantaged) | 2.72 |
| Average English attainment grade (all) | 3.41 |
| Average English attainment grade (disadvantaged) | 3.09 |
| Average Maths attainment grade (all) | 3.11 |
| Average Maths attainment grade (disadvantaged) | 2.76 |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Secondary (continued)

Attainment for academic years 2014/15 and 2015/16 is detailed below:

| Abbey Grange Church of England Academy - GCSE | 2015 Actual | 2016 Actual |
|--|------------------------|------------------------|
| 5 or more A*- C Grades | 80% | 78.2% |
| Basics (A*-C in English and Maths) | 74% | 78% |
| Attainment 8 | - | 55.40 |
| Progress 8 | - | 0.05 |
| 5 or more A*- C Grades (including English & Maths) | 73% | 73.2% |
| 5 or more A*- G Grades | 99% | 99% |
| A* - C English | 84% | 85.1% |
| Expected Progress (3 or more levels) in English | 80% | 82.2% |
| Better than Expected Progress (4 or more levels) in English | 43% | 49% |
| Pupil Premium/National Non-PP Gap (3 levels of progress English) | -13 | -3 |
| A* - C Maths | 80% | 84.9% |
| Expected Progress (3 or more levels) in Maths | 75% | 78% |
| Better than Expected Progress (4 or more levels) in Maths | 44% | 49% |
| Pupil Premium/National Non PP Gap (3 levels of progress Maths) | -26 | -10 |
| English Baccalaureate | 38% | 42.2% |

| Lightcliffe Academy - GCSE | 2015 Actual | 2016 Actual |
|---|------------------------|------------------------|
| 5 or more A*- C Grades | 60% | 66 |
| 5 or more A*- C Grades (including English & Maths) | 48% | 57% |
| 5 or more A*- G Grades | 96% | NA |
| A* - C English | 66% | 71% |
| Expected Progress (3 or more levels) in English | 59% | 67% |
| Better than Expected Progress (4 or more levels) in English | 27% | 25% |
| Pupil Premium/Non-PP Gap (3 levels of progress English) | -19 | -15 |
| A* - C Maths | 63% | 71% |
| Expected Progress (3 or more levels) in Maths | 56% | 67% |
| Better than Expected Progress (4 or more levels) in Maths | 17% | 24% |
| Pupil Premium/Non PP Gap (3 levels of progress Maths) | -22 | -14 |
| English Baccalaureate | 9% | 11% |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance – Primary

St Chad's CE Primary

| Key Stage Two (Year 6 Data) | 2017 | 2016 |
|----------------------------------|-------|------|
| Reading | 77% | 50% |
| Writing | 71% | 73% |
| GPS | 84% | 67% |
| Maths | 81% | 60% |
| Combined Reading, Writing, Maths | 71% | 43% |
| Progress in Reading | -0.32 | -1.9 |
| Progress in Writing | -2.82 | 0.2 |
| Progress in Maths | -1.93 | -1.1 |

| Key Stage One (Year 2 Data) | 2017 | 2016 |
|-----------------------------|------|------|
| Reading | 77% | 80% |
| Writing | 70% | 80% |
| Maths | 73% | 77% |

| Phonics (Year 1) | 2017 | 2016 |
|------------------|------|------|
| Year 1 | 90% | 87% |

| EYFSP | 2017 | 2016 |
|---------------------------------|------|------|
| Good Level of Development (GLD) | 77% | 70% |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Primary (continued)

Manston St James Primary

| Key Stage Two (Year 6 Data) | 2017 | 2016 |
|----------------------------------|-------|------|
| Reading | 45% | 55% |
| Writing | 68% | 68% |
| GPS | 55% | 57% |
| Maths | 54% | 63% |
| Combined Reading, Writing, Maths | 36% | 41% |
| Progress in Reading | -2.95 | -1.7 |
| Progress in Writing | -2.22 | -2.7 |
| Progress in Maths | -3.66 | -2.1 |

| Key Stage One (Year 2 Data) | 2017 | 2016 |
|-----------------------------|------|------|
| Reading | 69% | 67% |
| Writing | 56% | 63% |
| Maths | 71% | 70% |

| Phonics (Year 1) | 2017 | 2016 |
|------------------|------|------|
| Year 1 | 85% | 83% |

| EYFSP | 2017 | 2016 |
|---------------------------------|------|------|
| Good Level of Development (GLD) | 74% | 77% |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Primary (continued)

Holy Trinity CE Primary, Rothwell

| Key Stage Two (Year 6 Data) | 2017 | 2016 |
|----------------------------------|------|------|
| Reading | 63% | 79% |
| Writing | 71% | 74% |
| GPS | 67% | 89% |
| Maths | 75% | 68% |
| Combined Reading, Writing, Maths | 58% | 53% |
| Progress in Reading | -0.6 | -1.5 |
| Progress in Writing | -1.8 | -3.3 |
| Progress in Maths | +0.6 | -0.2 |

| Key Stage One (Year 2 Data) | 2017 | 2016 |
|-----------------------------|------|------|
| Reading | 68% | 62% |
| Writing | 68% | 55% |
| Maths | 71% | 76% |

| Phonics (Year 1) | 2017 | 2016 |
|------------------|------|------|
| Year 1 | 85% | 82% |

| EYFSP | 2017 | 2016 |
|---------------------------------|------|------|
| Good Level of Development (GLD) | 63% | 71% |

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report (continued)

Achievements and Performance - Primary (continued)

Lightcliffe CE Primary

| Key Stage Two (Year 6 Data) | 2017 | 2016 |
|----------------------------------|-------|------|
| Reading | 87% | 83% |
| Writing | 67% | 78% |
| GPS | 80% | 69% |
| Maths | 82% | 83% |
| Combined Reading, Writing, Maths | 62% | 67% |
| Progress in Reading | -0.31 | -0.8 |
| Progress in Writing | -5.4 | -2.6 |
| Progress in Maths | -0.26 | -1.2 |

| Key Stage One (Year 2 Data) | 2017 | 2016 |
|-----------------------------|------|------|
| Reading | 75% | 85% |
| Writing | 67% | 77% |
| Maths | 80% | 87% |

| Phonics (Year 1) | 2017 | 2016 |
|------------------|------|------|
| Year 1 | 87% | 92% |

| EYFSP | 2017 | 2016 |
|---------------------------------|------|------|
| Good Level of Development (GLD) | 83% | 88% |

Abbey Multi Academy Trust

Trustees' Report (continued)

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that Abbey Multi 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

Most of the Trust's income is derived from the Department of Education (DfE) via the Education & Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from these parties during the period 1 September 2016 to 31 August 2017 and the associated expenditure against these grants are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice "Accounting & Reporting by Charities (SORP FRS102)", such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August 2017, total revenue income was £43.9 million, set off by revenue expenditure of £22.1 million. The excess of income over expenditure for the period was therefore £21.8 million. This represents an increase in total revenue over the previous periods of £16.9 million due the fact that these statements included assets from the conversion of Lightcliffe Primary and the re-brokerage of the LEAF Academy Trust.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Trust's objectives.

Overall the Trust's operational income for the period was £20.4 million which is £3.6 million higher than in the previous year due in part to the following:

- The rebrokerage of the former LEAF Academy Trust schools on 1st May 2017. This increase amounted to £3.4 million.
- The conversion of Lightcliffe C of E Primary into the Trust with effect from 1st August 2017.

Abbey Multi Academy Trust

Trustees' Report (continued)

Financial Review (continued)

In addition the Trust has continued successfully to develop alternative income streams to support its activities, which include the following:

- Rebrokerage grant of £416,000 to support the integration of the former LEAF academies into the Trust
- Northern Powerhouse grant of £60,000 to support on-going expansion of the Trust
- Income generated by Trust senior management in supporting LEAF Academy Trust in the period immediately before re-brokerage
- Ongoing development of providing staff development to other schools and Trusts in West Yorkshire. This is using key staff to deliver this training in order to assist their development and therefore further benefit other academies in the Trust.

Finally the Trust was successful in obtaining over £300,000 from the Strategic Support Innovation Fund (SSIF) which it will use over the coming year to further develop expertise in teaching and learning.

Operational expenditure increased over the same period by £4.3 million to £22.1 million due to the following:

- Impacts of the LEAF re-brokerage and Lightcliffe Primary conversion as highlighted above.
- Impacts of continuing upward pressure on salary related costs, including the following:
 - Increase in employer contributions for the Local Government Pension Scheme of 3% from 1st April 2017
 - Introduction of the Apprenticeship Levy from 1st April 2017
 - Continued implementation of the living wage pledge as the Trust seeks to support its most lowly paid staff. The Trust continues to mirror the progress made by Leeds City Council in this respect.
 - Increased size of the Trust's Central Services Team to underpin the growth of the overall Trust.

At 31 August 2017, the net book value of fixed assets stood at £52.5 million, with details of movements in the fund shown at Note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

During the period the Trust spent £435,000 on fixed assets of which the majority was spent on the 2 major CIF projects at Lightcliffe Academy, which has seen significant expenditure on the renewal of roofs and windows, along with the replacement of aging, inefficient coal-fired boilers. In addition, the Trust commissioned the new extension at Abbey Grange which significantly increases the quality of teaching and learning facilities at the site.

The provisions of the Financial Reporting Standard No 102 'Accounting for Pension Costs' have been applied in full, resulting in a significant increase in recognised deficit on the Balance Sheet to £5.3 million, which is up from the £4.5 million recorded in last year's financial statements.

Abbey Multi Academy Trust

Trustees' Report (continued)

Financial Review (continued)

The reasons for this increase include the following:

- Incorporation of the deficit position from the LEAF Academy Trust, which accounted for £4.2 million
- Actuarial gain on the revaluation of liabilities
- Actuarial gains on the restatement of asset values
- Increase in net service costs due to low returns on investments in conjunction with historical low interest rates.

These movements which largely offset each other, continue the recent pattern of huge volatility in the FRS102 valuation year on year, as last year's large actuarial loss has been largely mitigated by this year's actuarial gain.

The major reason for this has been the substantial rise in the value of shares over the period, as the West Yorkshire Pension Fund has a large shareholding as part of its overall asset portfolio.

Abbey Multi Academy Trust

Trustees' Report (continued)

Financial Review (continued)

The Trust held fund balances at 31 August 2017 of £49.3 million, comprising of the following:

| | |
|------------------------------------|--------------|
| Restricted Revenue Reserves of | £261,000 |
| Restricted Pension Reserves of | (£5,337,000) |
| Restricted Fixed Asset Reserves of | £53,110,000 |
| Unrestricted Reserves of | £1,247,000 |

The revenue balances are made up as follows:

| | |
|-------------------------------------|-----------|
| Abbey Grange C of E Academy | £369,000 |
| Lightcliffe Academy | (£10,000) |
| St Chad's C of E Primary Academy | £206,000 |
| Bishop Young C of E Academy | £731,000 |
| Manston St James Primary Academy | £165,000 |
| Holy Trinity C of E Primary Academy | (£91,000) |
| Lightcliffe C of E Primary School | £138,000 |

The Trust is working with both Lightcliffe Academy and Holy Trinity Primary to address their inherited deficits. The former has further reduced its deficit from £116,000 at the end of 2016 to the current £10,000.

In the case of Holy Trinity Primary, the Trust is undertaking a detailed review of income & expenditure to ensure that this position can be addressed in the coming years.

In addition, following the rebrokerage of LEAF Academy Trust on 1st May 2017, the Trust is working with Bishop Young Academy to address its current and projected in-year deficits.

Whilst there are still brought forward reserves to cover these deficits, the Trust believes that it would be unequitable for these losses to go unchallenged.

Abbey Multi Academy Trust

Trustees' Report (continued)

Financial Review (continued)

Post Balance Sheet

In the period since 31 August 2017, the following significant changes have taken place:

- **School Condition Funding** - The Trust has been notified by the ESFA that it will qualify for capital funding under the terms of this grant. This will allow the Trust to look critically at its physical resources so that it can make ongoing and sustainable improvements to its infrastructure. The Trust expects to receive an allocation of c.£700,000.
- **Ofsted** - St Chad's Primary received an Ofsted visit during late October which resulted in the retention of its 'Good' rating, with many positive comments about progress within the school since its last inspection.
- **SIAMS** - Lightcliffe Primary received a routine inspection during September and was awarded a rating of 'Good', with the inspector making a number of positive comments.
- **CIF Funding** - The Trust was successful with 2 bids in the 2016/17 funding round for work at Lightcliffe Academy. These projects covered work on roofing, windows and new boilers. This work was largely completed after the finalisation of these financial statements.
- **Payroll** - The Trust has in recent months introduced a new payroll service which provides a single payroll provider for all of its academies. This replaces the previous 3 providers and will allow the Trust not only to reduce costs but also to improve the efficiency and effectiveness of the service.
- **SSIF Funding** - The Trust has started to implement the project's aims and objectives across all 10 schools within the project. This is expected to have a significant impact on the teaching of English across the Trust and the other three partner schools.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties

The Trust has in place sound risk management and assurance processes. Trustees believe that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and effective governance. The principal risks and uncertainties are centred around changes in the level of funding from the DfE/ESFA and the requirement to deliver surplus budgets in order to increase levels of reserves. In addition the Trust is a member of the West Yorkshire Local Government Pension Scheme (LGPS) which results in the recognition of a significant deficit on the Trust's balance sheet.

The Trustees continue to acknowledge that they live in ever uncertain times which have heightened their awareness of risk throughout the Trust and they have spent some time in discussing the risks and their approach to dealing with that risk.

Consequently the Trustees believe that they are developing a robust and rigorous approach to the management of risk which will stand the Trust in good stead as it develops over the coming years. The major risks facing the Trust are deemed to be as follows:

- **Proposed Re-Brokerage of the LEAF Academy Trust**

The Trust had been for some time in detailed discussions with the LEAF Academy Trust, the Leeds Diocese, as well as the ESFA and Department for Education over the re-brokering of this struggling Multi Academy Trust. The LEAF Academy Trust had been in difficulties for a number of years but this had increased significantly since the departure of its Chief Executive at the end of 2015.

As a result, the LEAF Academy Trust was struggling both financially and educationally, a fact heightened by the lead academy, the David Young Community Academy, being put into special measures following an Ofsted inspection in the autumn of 2015.

The Trust had been lending support to the LEAF Academy Trust through a number of its senior staff engaging with them to offer advice and guidance where appropriate, whilst protracted negotiations carried on with both the ESFA and Department for Education over the exact nature of the terms of the re-brokerage, especially the financial support that LEAF would require. The rebrokerage finally took place on 1st May 2017.

The Trustees therefore identified the risk in two distinct guises: firstly the need for Senior Managers to continue supporting the failing Academy Trust with an ever increasing commitment, and the fact that the continued delay in agreeing the date for re-brokerage not only delayed the recovery of the LEAF Academy Trust but had deepened the problem, both academically and financially. This has been reflected in on-going poor financial performance with the deficits continuing to increase but also, more importantly, with poor retention of staff, lower student recruitment, as well as lower academic performance.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties (continued)

- **Future Growth of the Trust**

The Trust has been encouraged by the Leeds Diocese to expand the number of academies it has within its portfolio and has consequently begun to develop the infrastructure to deal with an enlarged Multi Academy Trust.

This has led to the creation of a financial strain on the current academies as the central charge is higher than all parties would like and is preventing the re-investment of surpluses into the development of enhanced facilities. Equally the Trust is determined to expand its range of services in order to fulfil its commitment to deliver outstanding educational provision.

The risk remains that if the Trust is unable to continue growth in the next 12-18 months that there will be an increasing strain on the finances of the Trust. The Trust continues to talk with a range of schools, as well as the Leeds Diocese, over either the possibility of conversion or the provision of a range of central services.

- **Finances**

The delay in the introduction of the National Fair Funding System, along with the failure by the Government to increase the unit of resources, has continued to put increased pressure on the Trust's finances as it has had to deal with the following changes to its cost base:

- Increased National Insurance Contributions, the Trust is now feeling the full impact of the recent increase in contributions.
- Increases in the minimum wage and pressure to adopt the 'Living Wage'. The Trust, as a faith based organisation, feel obligated to moving from the 'Minimum Wage' towards meeting the requirements for the higher 'Living Wage' for its lower paid staff despite the obvious cost pressures. This is also impacting on staff earning just above the 'Living Wage' as salary differentials are withered away.
- Introduction of the Apprenticeship Levy. The introduction of the levy in April 2017 has added annually over £50,000 to the Trust's current payroll costs. Whilst the Trust sees significant potential benefit for the training and development of specific groups of staff, it does represent a drain on resources.
- Increased Pension Contributions following the 2016 Tri-Annual Valuation of the Local Government Pension Scheme. The increase in contributions was 3% from April 2017 which, although impacting on these results, will have a significantly greater impact on the 2017/18 outturn.
- The Trust is becoming aware that there is expected to be a sharp increase in Teachers' Pension contributions in the next couple of years. If this is unfunded by the ESFA, it will place substantial further pressure on already stretched budgets.

The consequences of the above continue to put significant pressure on already tight budgets which will have an impact on the level of resources that the Trust can allocate to teaching and learning.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties (continued)

- **Capital Funding**

The Trust was successful with 2 CIF bids for its Lightcliffe Academy site to address major issues with both the heating and roofing across the school. This will make a major difference to the operations on the site, including significantly reducing both repair and utility bills. It has been unable to secure funding for its Holy Trinity Primary site which is urgently in need of significant investment due to failing infrastructure as a result of its past neglect prior to it being rebrokered by the Trust.

Without significant investment in the fabric of the building, there remains a significant risk that parts of the site will be subject to repeated failure resulting in the closure of parts of the Academy.

The Trust now qualifies for its own condition money from ESFA, but it is beginning to become aware that there is a significant backlog of maintenance issues, particularly in the newly acquired academies, especially Holy Trinity C of E Primary Academy.

Equally the Trust is seeking to secure further capital funding to support the expansion of primary provision at its St Chad's site where demand for places for entry at Reception level is running currently at nearly 4 times the 30 places available. The Trust would very much like to meet some of this demand by increasing its places to 60 but it will require significant support from both the Local Authority and the ESFA to achieve this.

- **Competition**

The Trust recognises that increased competition is now an integral part of the modern educational landscape as new providers are allowed to develop additional provision to meet a perceived gap in either capacity or quality. It does however see these new ventures as potential competition, particularly in the crowded 16-19 market in Leeds, where the development of new provision could put significant strain on its post 16 provision at Abbey Grange.

Equally the Trust wishes to expand its provision both at its Lightcliffe site and at St Chad's Primary to meet unmet demand in their local areas but it faces competition from other providers in the area who may also wish to expand.

Reserves Policy

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

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £1.247 million. Trustees plan to further increase the level of reserves long term, to provide a cushion for unexpected items of expenditure such as unplanned building repairs and unexpected staff sickness levels.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties (continued)

The long term target is 2 months of working capital which would amount to £2.5 million. Trustees accept that this is a long term goal which will be challenging to achieve in the current challenging financial climate.

Investment Policy

The Trust invests surplus funds through term deposit accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risk to the principal sum.

Abbey Multi Academy Trust

Trustees' Report (continued)

Plans for Future Periods

The Trustees are committed to the future development of the Trust in terms of the following:

- **Expansion**

The Trustees are committed to the expansion of the Trust but in a controlled manner so that a number of the pitfalls encountered by multi academy trusts who have experienced rapid growth are not repeated. The Trust has invested in additional resources to manage this proposed controlled increase in numbers.

In the immediate future:

The Trust is committed to increasing the size of the Trust and is actively participating with the Leeds City Council and the Leeds Diocese in the submission of free school applications to support perceived growth in pupil numbers in North Leeds, as well as pursuing an opportunity in Central Leeds.

In addition, it is in continual discussion with other diocesan primaries with regard to them joining the Trust over the coming 12 months.

The Trust is also mindful of the need to assure recruitment for future teaching staff in a current environment of teaching shortage. To this end St Chad's Primary are leading a Schools' Direct programme for primary teaching with four other primary schools and a local Higher Education provider. Abbey Grange has been involved with Schools' Direct for a number of years, although this is led by another school. In addition Abbey Grange will be a provider within Teamworks TSA SCITT and is already recruiting for the September 2018 intake.

- **Central Services - Curriculum**

The Trust has an increasingly well developed and comprehensive portfolio of School Improvement Services. This function is led by the Director of Education who, as an Ofsted inspector, is well placed to lead a team of SLEs and Lead Practitioners who will focus on CPD and school improvement. The Director of Education is supported by the Head of Effectiveness (Primary) from October 2017 and the Head of Effectiveness (Secondary) from January 2018. Equally, the inclusion within the Trust of additional primary schools will allow the Executive Principal (Primary) to work across the various primaries with a view to increasing standards across all schools/academies. This team is currently being supplemented by Lead Practitioners in both maths and (from January 2018) Teaching & Learning.

The Trust was also successful in its SSIF bid which will provide support in English for 10 schools, including all those in the Trust, to close the gap for disadvantaged students and support the development of leadership. This funding will be used for a range of innovative development opportunities designed to make sustained improvements across the group of schools.

Abbey Multi Academy Trust

Trustees' Report (continued)

Plans for Future Periods (continued)

- **Support Services**

The Trust is currently developing its support services, so that they are in a position to provide the enlarged Trust with all of the required support services at a higher quality and lower cost. Over the coming months the emphasis will be on developing the scope and range of service so that the Trust can reduce its reliance of third party contracts, thus increasing the amount of resources available for curriculum delivery both centrally and in individual academies.

The enlarged Trust is also using its increased size to seek improved procurement arrangements with its key suppliers, looking to source centrally with increased volumes.

- **Capital Developments**

With the enlargement highlighted above, the Trust has met the requirements for 'Devolved Capital Support', which will provide funds for the Trust to improve the fabric of its estate on an annual basis, giving increased clarity and certainty over proposed projects rather than having to bid for capital funds through the annual Condition Improvement Fund. This will give the Trust an allocation for 2018/19 fiscal year of around £700,000.

The Trust will over the coming months develop a comprehensive plan to ensure that this funding is spent in the most effective manner so that key areas of the Trust and estate receive the required funding to provide a high quality teaching and learning environment.

Auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company Directors, on 5th December 2017 and signed on the Board's behalf by:



Paul Whitman
Trustee

5th December 2017

Abbey Multi Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Abbey Multi Academy 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 mis-statement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the CEO/Executive Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management in accordance with the requirements and responsibilities assigned to it in the funding agreement between Abbey Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustees | Meetings attended | Out of a possible |
|-------------------------------|-------------------|-------------------|
| P G Whitman (Chair) | 4 | 7 |
| T M Mason | 6 | 7 |
| S Simkins | 6 | 7 |
| F Baker (Vice Chair) | 5 | 7 |
| C Pyrah (resigned 7/12/16) | 0 | 2 |
| C J Kitson (CEO) | 7 | 7 |
| J R Norden (Staff Trustee) | 7 | 7 |
| H L Pratten (Staff Trustee) | 6 | 7 |
| P J Laurence | 5 | 7 |
| M D Stratton | 3 | 7 |
| Rev J Smith | 7 | 7 |
| C R Blair (appointed 7/12/16) | 3 | 5 |

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor the financial position of the Trust and its individual academies and recommend appropriate remedial action where necessary. Also to ensure that the Trust is managing its wider resources in the most effective manner to facilitate the integration of new academies into the Trust and enhance the fabric of its estates.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of a possible |
|-----------------|-------------------|-------------------|
| F Baker (Chair) | 4 | 4 |
| S Simkins | 3 | 4 |
| M D Stratton | 2 | 4 |
| H L Pratten | 4 | 4 |
| J R Norden | 4 | 4 |
| C J Kitson | 3 | 4 |

Abbey Multi Academy Trust

Governance Statement (continued)

The Audit and Risk Committee is also a sub-committee of the main Board of Trustees. Its purpose is to oversee the development of the Trust's Risk Management Policy and processes, using both internal and external audit functions to give assurance on this and the systems of internal control. This will then allow the Committee to give the Trust Board the assurance it required.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of a possible |
|-------------------|-------------------|-------------------|
| S Simkins (Chair) | 3 | 4 |
| F Baker | 4 | 4 |
| M D Stratton | 2 | 4 |
| C J Kitson | 3 | 4 |
| Rev J Smith | 3 | 4 |

Review of Value for Money

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

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

Working increasingly collectively so that some external contracts are now supported by internal staff.

The Purpose of the System of Internal Control

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

Abbey Multi Academy Trust

Governance Statement (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the 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 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 Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint RSM Risk Assurance Services Ltd as internal auditor
- to re-appoint Mazars LLP as external auditor

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

- Follow up of 2015/16 internal audit work
- Testing of Marketing systems
- Testing of Human Resources systems
- Testing of IT systems

On a regular basis the auditor reports to the Board of Trustees, through the Audit and Risk Committee/Finance and Resources Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Abbey Multi Academy Trust

Governance Statement (continued)

Review of Effectiveness

As Accounting Officer the CEO/Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process
- the work of the executive managers within the 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 & Risk Committee/Finance & Resources Committee and a plan to address weaknesses [if relevant] and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5th December 2017 and signed on its behalf by:



Paul Whitman
Trustee

5th December 2017



Carol Kitson
Accounting Officer

5th December 2017

Abbey Multi Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Abbey Multi Academy Trust I have considered my responsibility to notify Abbey Multi Academy Trust's Board of Trustees and the Education & 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 Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook 2015.

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

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



Carol Kitson
Accounting Officer

5th December 2017

Abbey Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who act as Directors of Abbey Multi Academy Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies' Accounts Direction 2016 to 2017
- make judgments and accounting 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 charitable company will continue in business

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 5th December 2017 and signed on its behalf by:



Paul Whitman
Trustee

5th December 2017

Abbey Multi Academy Trust

Independent Auditors' Report to the Trustees of Abbey Multi Academy Trust

We have audited the financial statements of Abbey Multi Academy Trust ("the 'trust'") for the Year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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, the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and Charities SORP 2015.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Academies Accounts Direction 2016 to 2017.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 company'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.

Abbey Multi Academy Trust

Independent Auditors' Report to the Trustees of Abbey Multi Academy Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditors' reports 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.

Opinions 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 Trustees' Annual Report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

We have nothing to report in respect of the following matters in relation to which 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Abbey Multi Academy Trust

Independent Auditors' Report to the Trustees of Abbey Multi Academy Trust (continued)

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 34, the Trustees 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 an auditor's report 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Shaun Mullins, (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Mazars LLP
Mazars House
Gelderd Road
Gildersome
LS27 7JN

20.12.2017

Abbey Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Abbey Multi Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 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 Abbey Multi Academy 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 Abbey Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Abbey Multi Academy Trust and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Abbey Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Abbey Multi Academy Trust's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Abbey Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 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 and the financial transactions do not conform to the authorities which govern them.

Approach

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

Abbey Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to the Governing Body of Abbey Multi Academy trust and the Education and Skills Funding Agency (continued)

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

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

Mazars LLP

Reporting Accountant
Mazars LLP

20 December 2017

Abbey Multi Academy Trust

Statement of Financial Activities for the year ended 31 August 2017 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2017 £000 | Total 2016 £000 |
|---|------|-------------------------------|--|---|-----------------------|-----------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 4 | - | 28 | 765 | 793 | 127 |
| Transfer from local authority on conversion | 28 | - | (404) | 4,187 | 3,783 | - |
| Transfer of existing academies | 29 | 424 | (2,048) | 20,637 | 19,013 | - |
| Charitable activities: | | | | | | |
| Funding for the Trust's educational operations | 5 | - | 18,991 | - | 18,991 | 15,759 |
| Other trading activities | 6 | 1,364 | - | - | 1,364 | 980 |
| Investments | 7 | - | 1 | - | 1 | 5 |
| Total | | 1,788 | 16,568 | 25,589 | 43,945 | 16,871 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| The Trust's educational operations | 8 | 1,197 | 19,708 | 1,227 | 22,132 | 17,594 |
| Service costs | | - | - | - | - | 181 |
| Total | | 1,197 | 19,708 | 1,227 | 22,132 | 17,775 |
| Net income/(expenditure) | | 591 | (3,140) | 24,362 | 21,813 | (904) |
| Other recognised gains/(losses): | | | | | | |
| Actuarial gains / (losses) on defined benefit pension schemes | 26 | - | 3,246 | - | 3,246 | (2,787) |
| Revaluation gain on defined pension assets | 26 | - | 928 | - | 928 | - |
| Acquisition of defined benefit pension scheme liabilities | 26 | - | (1,335) | - | (1,335) | - |
| Net movement in funds | | 591 | (301) | 24,362 | 24,652 | (3,691) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward (Restated) | | 656 | (4,775) | 28,748 | 24,629 | 28,320 |
| Total funds carried forward | | 1,247 | (5,076) | 53,110 | 49,281 | 24,629 |

Abbey Multi Academy Trust

Balance Sheet as at 31 August 2017

Company Number 07705552

| | Notes | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 (Restated) |
|--|-------|----------------|----------------|----------------|----------------------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | | 23 | | - |
| Tangible assets | 13 | | 52,527 | | 28,865 |
| Current assets | | | | | |
| Debtors | 14 | 1,439 | | 801 | |
| Cash at bank and in hand | 22 | 2,899 | | 672 | |
| | | <u>4,338</u> | | <u>1,473</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | <u>(2,270)</u> | | <u>(1,176)</u> | |
| Net current assets | | | <u>2,068</u> | | <u>297</u> |
| Total assets less current liabilities | | | <u>54,618</u> | | <u>29,162</u> |
| Net assets excluding pension liability | | | <u>54,618</u> | | <u>29,162</u> |
| Defined benefit pension scheme liability | 26 | | <u>(5,337)</u> | | <u>(4,533)</u> |
| Total net assets | | | <u>49,281</u> | | <u>24,629</u> |
| Funds of the Trust: | | | | | |
| Restricted funds | | | | | |
| . Fixed asset fund | 16 | 53,110 | | 28,748 | |
| . Restricted income fund | 16 | 261 | | (242) | |
| . Pension reserve | 16 | <u>(5,337)</u> | | <u>(4,533)</u> | |
| Total restricted funds | | 48,034 | | | 23,973 |
| Unrestricted income funds | 16 | | <u>1,247</u> | | <u>656</u> |
| Total funds | | | <u>49,281</u> | | <u>24,629</u> |

The financial statements on pages 40 to 71 were approved by the Trustees and authorised for issue on 5th December 2017 and are signed on their behalf by:



Paul Whitman
Trustee

Abbey Multi Academy Trust

Statement of Cash Flows for the year ended 31 August 2017

| | Notes | 2017 £000 | 2016 £000 |
|--|-------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | 1,870 | 2,154 |
| Cash flows from financing activities | 20 | 1 | 5 |
| Cash flows from investing activities | 21 | 356 | (2,759) |
| Change in cash and cash equivalents in the reporting period | | <u>2,227</u> | <u>(600)</u> |
| Cash and cash equivalents at 1 September 2016 | | 672 | 1,272 |
| Cash and cash equivalents at 31 August 2017 | 22 | <u>2,899</u> | <u>672</u> |

Abbey Multi Academy 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.

Basis of Preparation

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

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

Income

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

- **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 entitlement of receipt, 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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

- **Sponsorship**

Sponsorship income provided to the Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's policies.

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

Income tax recoverable in relation to donations received under Gift Aid or Deeds of Covenant is recognised at the time of the donation.

- **Other Income**

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

- **Donated goods, facilities and services**

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

- **Donated Fixed Assets**

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy, 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 Transfer on conversion within Donations and capital grant income.

- **Transfer of existing academies into the Trust**

Where assets are received on the transfer of an existing academy 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, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold 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 buildings | 1.67% to 4% |
| • Long leasehold buildings | 1.67% to 4% |
| • Fixtures, fittings and equipment | 10% to 20% |
| • Computer hardware | 20% to 25% |
| • Motor vehicles | 20% to 25% |

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

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

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

Provisions

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

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

Leased Assets

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. 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 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment. 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 notes 14. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stock

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

Taxation

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

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Pensions Benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') the Local Government Pension Scheme ('LGPS') and the Church of England Pension Scheme ('CPS'). 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 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 note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Non-teaching members of staff were offered membership of either of two defined benefit final salary schemes during the period. It is not possible to identify the Academy Trust's share of the underlying assets and liabilities for one of the schemes, the CPS, and accordingly the Academy Trust has taken advantage of the exceptions in FRS 102 and accounted for its contributions to the scheme as if it were a defined contribution scheme.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency, Leeds City and Calderdale Councils.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

2-30 Other Notes to the Financial Statements

2 Comparative Statement of Financial Activities for Year Ended 31 August 2016

| | Note | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2016 £000 |
|---|------|----------------------------|----------------------------------|--------------------------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 4 | 29 | 15 | 83 | 127 |
| Transfer from local authority on conversion | | - | - | - | - |
| Charitable activities: | | | | | |
| Funding for the Trust's educational operations | 5 | 34 | 15,725 | - | 15,759 |
| Other trading activities | 6 | 944 | 36 | - | 980 |
| Investments | 7 | 5 | - | - | 5 |
| Total | | 1,012 | 15,776 | 83 | 16,871 |
| Expenditure on: | | | | | |
| Raising funds | | | | | |
| Charitable activities: | | | | | |
| The Trust's educational operations | 8 | 784 | 15,871 | 939 | 17,594 |
| Service costs | | - | 181 | - | 181 |
| Total | | 784 | 16,052 | 939 | 17,775 |
| Net income/(expenditure) | | 228 | (276) | (856) | (904) |
| Other recognised gains / (losses): | | | | | |
| Actuarial (losses)/gains on defined benefit pension schemes | | | (2,787) | | (2,787) |
| Net movement in funds | | 228 | (3,063) | (856) | (3,691) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 428 | (1,712) | 28,813 | 28,320 |
| Total funds carried forward | | 656 | (4,775) | 27,957 | 24,629 |

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust was not subject to any limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

4 Donations and capital grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Restricted Fixed Assets £000 | Total 2017 £000 | Total 2016 £000 |
|-----------------|-------------------------------|-----------------------------|---------------------------------------|-----------------------|-----------------------|
| Capital grants | - | - | 765 | 765 | 83 |
| Other donations | - | 28 | - | 28 | 44 |
| | <u>-</u> | <u>28</u> | <u>765</u> | <u>793</u> | <u>127</u> |

5 Funding for the Trust's educational operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2017 £000 | Total 2016 £000 |
|--|-------------------------------|-----------------------------|-----------------------|-----------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 17,158 | 17,158 | 14,548 |
| Other DfE/ESFA grants | - | 1,316 | 1,316 | 811 |
| | <u>-</u> | <u>18,474</u> | <u>18,474</u> | <u>15,359</u> |
| Other Government grants | | | | |
| Local authority grants | - | 307 | 307 | 202 |
| Other income from the Trust's educational operations | - | 210 | 210 | 198 |
| | <u>-</u> | <u>18,991</u> | <u>18,991</u> | <u>15,759</u> |

6 Other trading activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2017 £000 | Total 2016 £000 |
|--------------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Hire of Facilities | 28 | - | 28 | 11 |
| Sports Centre | 69 | - | 69 | 75 |
| Catering | 606 | - | 606 | 517 |
| Supply Teacher Insurance | - | - | - | 23 |
| Educational Visits | 530 | - | 530 | 254 |
| Other | 131 | - | 131 | 100 |
| | <u>1,364</u> | <u>-</u> | <u>1,364</u> | <u>980</u> |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

7 Investment income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2017 £000 | Total 2016 £000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | - | 1 | 1 | 5 |
| | - | 1 | 1 | 5 |

8 Charitable activities

| | Staff Costs £000 | Premises £000 | Other £000 | Total 2017 £000 | Total 2016 £000 |
|--|---------------------|------------------|---------------|-----------------------|-----------------------|
| Direct costs – educational operations | 13,318 | 1,011 | 2,006 | 16,335 | 13,524 |
| Support costs – educational operations | 3,192 | 733 | 1,872 | 5,797 | 4,251 |
| Total | 16,510 | 1,744 | 3,878 | 22,132 | 17,775 |

Net income (expenditure) for the period includes:

| | Total 2017 £000 | Total 2016 £000 |
|---|-----------------------|-----------------------|
| Operating leases rentals | 141 | 106 |
| Depreciation | 1,226 | 939 |
| (Gain)/loss on disposal of fixed assets | 1 | - |
| Amortisation | 1 | - |
| Fees payable to auditor for: | | |
| - audit | 22 | 16 |
| - other services | 2 | 5 |
| Actuarial fees | 2 | 2 |
| Trustees' liability insurance | 2 | 2 |

Analysis of support costs

| | Total 2017 £000 | Total 2016 £000 |
|----------------------------|-----------------------|-----------------------|
| Support staff costs | 2,526 | 1,839 |
| FRS 102 – Service Cost | 666 | 128 |
| FRS 102 – Finance Cost | 111 | 53 |
| Depreciation | 217 | 110 |
| Recruitment | 85 | 94 |
| Maintenance | 256 | 244 |
| Cleaning | 44 | 78 |
| Rent and rates | 164 | 65 |
| Energy | 301 | 321 |
| Insurance | 106 | 100 |
| Catering | 488 | 432 |
| Governance cost | 56 | 32 |
| Other | 777 | 755 |
| Total support costs | 5,797 | 4,251 |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

9 Staff

a. Staff costs

Staff costs during the period were:

| | Total 2017 £000 | Total 2016 £000 |
|--|-----------------------|-----------------------|
| Wages and salaries | 12,116 | 10,128 |
| Social security costs | 1,170 | 837 |
| Operating costs of defined benefit pension schemes | 2,421 | 1,421 |
| Apprenticeship Levy | 17 | - |
| | <u>15,724</u> | <u>12,386</u> |
| Supply staff costs | 681 | 557 |
| Staff restructuring costs | 105 | 93 |
| | <u>786</u> | <u>650</u> |
| | <u>16,510</u> | <u>13,036</u> |

Staff restructuring costs comprise:

| | | |
|---------------------------|------------|-----------|
| Redundancy payments | 48 | 69 |
| Severance payments | 57 | 8 |
| Other restructuring costs | - | 16 |
| | <u>105</u> | <u>93</u> |

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are 2 non-contractual severance payment(s) (2016: 1) £12,000 and £3,479 (2016: £2,352).

c. Staff numbers

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

| | 2017 No. | 2016 No. |
|----------------------------|-------------|-------------|
| Teacher | 215 | 179 |
| Administration and support | 252 | 205 |
| Management | 26 | 38 |
| | <u>493</u> | <u>422</u> |

d. Higher paid staff

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

| | 2017 No. | 2016 No. |
|---------------------|-------------|-------------|
| £60,001- £70,000 | 4 | 3 |
| £70,001- £80,000 | 3 | 1 |
| £80,001- £90,000 | 1 | 1 |
| £90,001 - £100,000 | 1 | - |
| £130,001 - £140,000 | 1 | 1 |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £805,585 (2016: 520,000).

10 Related Party Transactions – Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment.

Other Trustees did not receive any payments from the Trust in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

C Kitson (Chief Executive Officer and Director):

Remuneration £131,928 (2016: £127,437)

Employer's pension contributions paid £21,742 (2016: £21,002)

J R Norden (Staff Trustee):

Remuneration £92,129 (2016: £88,984)

Employer's pension contributions paid £15,178 (2016: £14,665)

H Pratten (Staff Trustee):

Remuneration £70,401 (2016: £64,715)

Employer's pension contributions paid £11,577 (2016: £10,665)

During the year ended 31 August 2017, travel and subsistence expenses totalling £nil were reimbursed or paid directly to Trustees (2016: nil).

11 Trustees' and Officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2017 was £2,277 (2016: £2,210). The cost of this insurance is included in the total insurance cost.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

12 Intangible fixed assets

| | Computer Software 2017 £'000 |
|------------------------|---------------------------------------|
| Cost | |
| Assets donated | 53 |
| At 31 August 2017 | <u>53</u> |
| Amortisation | |
| Assets donated | 29 |
| Charged in year | 1 |
| At 31 August 2017 | <u>30</u> |
| Carrying amount | |
| At 1 September 2016 | - |
| At 31 August 2017 | <u>23</u> |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

13 Tangible fixed assets

| | Freehold Land & Buildings £000 | Leasehold Land & Buildings £000 | Assets under construction £000 | Furniture & Equipment £000 | Computer Hardware £000 | Motor Vehicles £000 | Total £000 |
|--|---|--|--------------------------------------|----------------------------------|------------------------------|---------------------------|---------------|
| Cost | | | | | | | |
| At 1 September 2016 (as previously stated) | 19,583 | 9,494 | 2,758 | 384 | 435 | 31 | 32,685 |
| Prior Year Adjustment | - | 791 | - | - | - | - | 791 |
| At 1 September 2016 (Restated) | 19,583 | 10,285 | 2,758 | 384 | 435 | 31 | 33,476 |
| Transfer on conversion | - | 4,165 | - | 22 | - | - | 4,187 |
| Transfer of existing academies | - | 23,942 | - | 2,325 | 2,256 | 65 | 28,588 |
| Additions | 9 | 45 | 205 | 74 | 102 | - | 435 |
| Disposals | - | - | - | (2) | - | - | (2) |
| Reclassification of asset | 2,758 | - | (2,758) | - | - | - | - |
| At 31 August 2017 | 22,350 | 38,437 | 205 | 2,803 | 2,793 | 96 | 66,684 |
| Depreciation | | | | | | | |
| At 1 September 2016 | 2,995 | 951 | - | 286 | 354 | 25 | 4,611 |
| Transfer of existing academies | - | 4,634 | - | 1,644 | 1,981 | 60 | 8,319 |
| Charged in year | 595 | 416 | - | 98 | 112 | 6 | 1,227 |
| At 31 August 2017 | 3,590 | 6,001 | - | 2,028 | 2,447 | 91 | 14,157 |
| Net book values | | | | | | | |
| At 31 August 2016 (Restated) | 16,588 | 9,334 | 2,758 | 98 | 81 | 6 | 28,865 |
| At 31 August 2017 | 18,760 | 32,436 | 205 | 775 | 346 | 5 | 52,527 |

Long leasehold land and buildings represent either land owned by the Church of England and held on Trust by the Leeds Diocese (formerly West Yorkshire & the Dales) Board of Finance or land owned by the local authority and leased to the Trust under a 125 year lease. The land and buildings owned by the Church of England have been made available to the Trust under a supplemental agreement between the Leeds Diocesan Board of Finance and the Trust for as long as the Trust conforms to terms of the Trust deed.

The gross book value of freehold and long leasehold and buildings includes land with a value of £5,850,000 which is not depreciated.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

14 Debtors

| | 2017 £000 | 2016 £000 |
|--------------------------------|--------------|--------------|
| Trade debtors | - | 13 |
| VAT recoverable | 328 | 199 |
| Other debtors | 185 | 163 |
| Prepayments and accrued income | 926 | 426 |
| | <u>1,439</u> | <u>801</u> |

15 Creditors: amounts falling due within one year

| | 2017 £000 | 2016 £000 |
|------------------------------------|--------------|--------------|
| Trade creditors | 855 | 193 |
| ESFA creditor: abatement | - | 86 |
| Other creditors | 161 | 22 |
| Accruals and deferred income | 1,127 | 875 |
| Other taxation and social security | 127 | - |
| | <u>2,270</u> | <u>1,176</u> |

Deferred income

| | 2017 £000 | 2016 £000 |
|-------------------------------------|--------------|--------------|
| Deferred income at 1 September 2016 | 295 | 250 |
| Released from previous years | (235) | (250) |
| Resources deferred in the year | 501 | 295 |
| Deferred income at 31 August 2017 | <u>561</u> | <u>295</u> |

At the year end the Trust was is in receipt of £180,531 (2016: £180,000) in respect of future trips, £113,866 (2016: £114,000) for grants for future periods, £706 for childcare provision (2016: £nil) and £nil (2016: £1,135) for catering income received in advance.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

16 Funds

| | Balance at 1 September 2016 £000 (Restated) | Income £000 | Expenditure £000 | Gains, losses and transfers £000 | Balance at 31 August 2017 £000 |
|-------------------------------------|---|----------------|---------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | (242) | 17,645 | (17,142) | | 261 |
| Pupil Premium | - | 836 | (836) | | - |
| Other grants | - | 953 | (953) | | - |
| Pension reserve | (4,533) | (2,866) | (777) | 2,839 | (5,337) |
| | (4,775) | 16,568 | (19,708) | 2,839 | (5,076) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 25,045 | 4,187 | (764) | - | 28,468 |
| Donated assets | - | 20,637 | (252) | (309) | 20,076 |
| ESFA capital grants | 3,459 | 765 | (191) | 29 | 4,062 |
| Capital expenditure from GAG | 227 | - | (20) | - | 207 |
| Diocese Capital Grants | 17 | - | - | (17) | - |
| BYA Capital Grants | - | - | - | 297 | 297 |
| | 28,748 | 25,589 | (1,227) | - | 53,110 |
| Total restricted funds | 23,973 | 42,157 | (20,935) | 2,839 | 48,034 |
| Total unrestricted funds | 656 | 1,788 | (1,197) | - | 1,247 |
| Total funds | 24,629 | 43,945 | (22,132) | 2,839 | 49,281 |

Under the Funding Agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of General Annual Grant that it could carry forward at 31 August 2017.

GAG and Other Grants

The General Annual Grant and other grants were paid to cover the running costs of the Trust. Funds spent in the year have been done so in line with the academies funding agreements.

Unrestricted Funds

This is the revenue income generated by the Academy Trust throughout the year through the provision of consultancy services, unrestricted donations, and trading activities. These funds are held as a reserve for unforeseen expenditure.

Unrestricted funds can be transferred to restricted funds only with the consent of the Academy Trust.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Fixed Asset Fund

Education & Skills Funding Agency (ESFA)

The Trust has received grant funding from the ESFA in respect of a range of projects including the development of a new hall and teaching block.

Diocese Capital Grant

The Trust received monies from the Leeds Diocese for work at St Chad's C of E Primary Academy; the grant was fully spent in the year.

Bishop Young C of E Academy Capital Grant

The restricted fund represents available capital funds transferred on rebrokerage.

Total funds analysis by the Trust

Fund balances at 31 August 2017 were allocated as follows:

| | Total 2017 £000 | Total 2016 £000 |
|--|--------------------------------|--------------------------------|
| Abbey Grange CE Academy | 369 | 335 |
| Lightcliffe Academy | (10) | (116) |
| Bishop Young CE Academy | 731 | - |
| Manston St James Primary Academy | 165 | - |
| St Chad's CE Primary Academy | 206 | 195 |
| Holy Trinity CE Primary Academy | (91) | - |
| Lightcliffe CE Primary School | 138 | - |
| Total before fixed assets and pension reserve | 1,508 | 414 |
| Restricted fixed asset fund | 53,110 | 28,748 |
| Pension reserve | (5,337) | (4,533) |
| Total | 49,281 | 24,629 |

The Trust is carrying a net deficit of £91,000 on restricted general funds (excluding pension reserve) as a result of historic losses at its Holy Trinity C of E Primary Academy over recent years. The Trust is now supporting Holy Trinity C of E Primary Academy to re-position itself financially so that it can remove this deficit over the next two to three years. Holy Trinity C of E Primary Academy has returned a small surplus in the current financial period. The Trust is looking for Holy Trinity C of E Primary Academy to have cleared its recurrent deficit by the end of the 2019/20 financial year.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Total cost analysis by Academy

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

| | Teaching and Educational Support Staff Costs £000 | Other Support Staff Costs £000 | Educational Supplies £000 | Other Costs (excluding Depreciation) £000 | Total 2017 £000 | Total 2016 £000 |
|----------------------------------|---|--|---------------------------------|--|-----------------------|-----------------------|
| Abbey Grange CE Academy | 5,273 | 708 | 954 | 998 | 7,933 | 7,529 |
| Lightcliffe Academy | 5,059 | 918 | 647 | 1,140 | 7,764 | 7,600 |
| Bishop Young CE Academy | 1,070 | 425 | 205 | 418 | 2,118 | - |
| Manston St James Primary Academy | 432 | 31 | 37 | 103 | 603 | - |
| St Chad's CE Primary Academy | 808 | 93 | 79 | 201 | 1,181 | 1,107 |
| Holy Trinity CE Primary Academy | 207 | 15 | 17 | 75 | 314 | - |
| Lightcliffe CE Primary | 90 | 16 | 1 | 14 | 121 | - |
| Trust Services | 377 | 322 | 67 | 380 | 1,146 | 419 |
| Total | 13,316 | 2,528 | 2,007 | 3,329 | 21,180 | 16,655 |

Total cost analysis per Academy excludes depreciation and includes internal recharges where relevant.

17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|-------------------------------|--|--|------------------------|
| Tangible fixed assets | - | - | 52,550 | 52,550 |
| Current assets | 1,247 | 2,531 | 560 | 4,338 |
| Current liabilities | - | (2,270) | - | (2,270) |
| Pension scheme liability | - | (5,337) | - | (5,337) |
| Total net assets | 1,247 | (5,076) | 53,110 | 49,281 |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

18 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Amounts due within one year | 119 | 67 |
| Amounts due between one and five years | 38 | 55 |
| Amounts over five years | 29 | - |
| | <u>186</u> | <u>122</u> |

19 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) | 21,813 | (904) |
| Adjusted for: | | |
| Assets transferred on conversion | (19,013) | - |
| Assets donated on re-brokerage | (3,783) | - |
| Cash transferred from donated assets | 1,688 | - |
| Depreciation [note 13] | 1,226 | 939 |
| Amortisation | 1 | - |
| Gain/loss on sale of assets | 2 | - |
| Capital grants from DfE and other capital income | (791) | (83) |
| Interest receivable [note 7] | (1) | (5) |
| Defined benefit pension scheme cost less contributions payable [note 26] | 666 | 128 |
| Defined benefit pension scheme finance cost [note 26] | 111 | 53 |
| Decrease in debtors | 16 | 2,085 |
| Decrease in creditors | (65) | (59) |
| Net cash provided by / (used in) Operating Activities | <u>1,870</u> | <u>2,154</u> |

20 Cash flows from financing activities

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Interest received | 1 | 5 |
| Net cash provided by financing activities | <u>1</u> | <u>5</u> |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

21 Cash flows from investing activities

| | 2017 £000 | 2016 £000 |
|---|--------------|----------------|
| Purchase of intangible fixed assets | - | - |
| Purchase of tangible fixed assets [note 13] | (435) | (2,842) |
| Capital grants from DfE/ESFA | 791 | 66 |
| Capital funding received from sponsors and others | - | 17 |
| Net cash provided by/ (used in) investing activities | 356 | (2,759) |

22 Analysis of cash and cash equivalents

| | At 31 August 2017 £000 | At 31 August 2016 £000 |
|--|---------------------------------|---------------------------------|
| Cash in hand and at bank | 2,899 | 672 |
| Total cash and cash equivalents | 2,899 | 672 |

23 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 £10.00 for the debts and liabilities contracted before he/she ceases to be a member.

24 Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

The Diocese of Leeds (formerly the Diocese of West Yorkshire & the Dales) where the Director of Education, two further Trust Members (The Rt Revd P Slater and Mrs A Nicholl), and a Trustee, (Mr P Laurence), all regularly attend Diocese of Leeds Trust Board meetings as Diocese of Leeds Trust Members, transactions amounted to £7,587 (2016: £9,313) in respect of subscriptions and room hire.

Leeds Faith in Schools, where a Trustee, the Reverend Jude Smith, and a Trust Member, Mrs A Nicholl, are both Trustees, transactions amounted to £5,173 (2016: £5,173) in respect of the provision of faith related services.

The Academy Trust received a total of £30,418 (2016: £16,334) from the LEAF Academy Trust in the lead up to the re-brokerage for the recharge of Chief Executive Officer and Director of Finance time spent, a further £5,500 was recharged towards recruitment costs for the Head at Manston St James.

The Trustees considered that all of the above transactions are in keeping with the activities of the Trust, especially a faith based organisation such as Abbey Multi Academy Trust.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

25 Agency arrangements

The Trust administers funds on behalf of the ESFA in respect of bursaries for Post 16 students, the analysis of funds area as follows:

| | Total 2017 £000 |
|--------------------------------|--------------------------------|
| Balance bought forward | 22 |
| Donated asset balance from BYA | 30 |
| Bursary grants received | 43 |
| 5% Admin Fee | (2) |
| Expenditure incurred | (35) |
| Amount reflected in Creditors | <u>58</u> |

26 Pension and similar obligations

The 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 West Yorkshire Pension Fund. 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.

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.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,347,319 (2016: £1,147,228).

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.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Church of England Defined Benefit Scheme

The Academy Trust participates in the CPS and employs 1 member of the scheme out of a total membership of approx. 9,000 active members.

The Church of England funded pension scheme (CPS) is a defined benefit scheme in which each employer in the scheme pays a common contribution rate. A valuation of the scheme was carried on as at 31 December 2015 and reported a pension deficit of £0.236 million on assets and technical provisions. The key elements of the valuation were:

- The valuation is based on the 'projected unit method' under which the technical provisions are calculated as the amount of assets required to meet projected benefit cash flows accrued to date.
- Total scheme assets £1.308 million
- Total scheme technical provisions £1.544 million
- Future investment assumptions; investments backing liabilities for pensions in payment, allocation to gilts of 33% until 31 December 2019, and thereafter increasing linearly to 70% by 31 December 2030 with the balance invested in return-seeking assets, and for investments backing liabilities prior to retirement, a 100% allocation to return-seeking assets.

Actuarial Assumptions:

| | 2015 |
|--------------------------------------|------|
| Rate of inflation (RPI) | 3.2% |
| Rate of gilts | 2.6% |
| Rate of increase in pension stipends | 3.2% |
| Rate of increase in pensions | |
| - RPI capped at 5% pa | 3.1% |
| - RPI capped at 3.5% | 2.6% |

A copy of the valuation report and supporting documentation is on the Church of England' Pensions website. Under the definitions set out in FRS 102, the CPS is a multi-employer pension scheme. The Trust has accounted for pension costs on the basis of contributions paid to the scheme in the year. The Trust has set out above the information available on the scheme.

During the year the average employer contribution rate was 25%.

The pension costs paid to CPS in the period amounted to £2,338 in 2017 (2016: £nil).

Local Government Pension Scheme

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 £581,601 (2016: £426,000), of which employer's contributions totalled £403,449 (2016: £284,000) and employees' contributions totalled £178,152 (2016: £142,000). The agreed contribution rates for future years are 2018: 15.4%, 2019: 15.9, 2020: 15.9% for employers and a variable rate for employees based upon earnings.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

As described in notes 29 and 30 the LGPS obligation relates to the employees of the academy trust, who were employees transferred on conversion or from existing academies and represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

| Principle actuarial assumptions | At 31 August 2017 | At 31 August 2016 |
|--|-------------------|-------------------|
| Rate of increase in salaries | 3.3% | 3.5% |
| Rate of increase for pensions in payment/inflation | 3.1% | 3.1% |
| Discount rate for scheme liabilities | 3.0% | 2.0% |
| Inflation assumption (CPI) | 2.0% | 2.0% |

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 |
|-----------------------------|-------------------|-------------------|
| <i>Retiring today</i> | | |
| Males | 22.1 | 22.7 |
| Females | 25.2 | 25.6 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.0 | 24.9 |
| Females | 27.0 | 28.0 |

The Trust's share of the assets in the scheme were:

| | Fair value at 31 August 2017 £000 | Fair value at 31 August 2016 £000 |
|-------------------------------------|---|---|
| Equity instruments | 11,792 | 4,924 |
| Government Bonds | 1,468 | 735 |
| Corporate Bonds | 597 | 275 |
| Cash | 229 | 92 |
| Others | 520 | 216 |
| Property | 688 | 315 |
| Total market value of assets | 15,295 | 6,557 |

The actual return on scheme assets was £1,018,000 (2016: £1,016,000).

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

Amount recognised in the statement of financial activities

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Current service cost (net of employer contributions) | 666 | 128 |
| Net interest cost | 111 | 53 |
| Total operating charge | <u>777</u> | <u>181</u> |

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

| | 2017 £000 | 2016 £000 |
|--|---------------|---------------|
| At 1 September | 11,090 | 6,792 |
| Current service cost | 1,074 | 436 |
| Interest cost | 291 | 258 |
| Employee contributions | 181 | 141 |
| Actuarial (gain)/loss | (3,246) | 3,598 |
| Past service cost | 89 | - |
| Benefits paid | (274) | (135) |
| Net increase in liabilities from acquisition | <u>11,427</u> | <u>-</u> |
| At 31 August | <u>20,632</u> | <u>11,090</u> |

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

| | 2017 £000 | 2016 £000 |
|---|---------------|--------------|
| At 1 September | 6,557 | 5,227 |
| Interest income | - | - |
| Return on plan assets (excluding net interest on the net defined pension liability) | 180 | 205 |
| Actuarial gain | 928 | 811 |
| Employer contributions | 497 | 308 |
| Employee contributions | 181 | 141 |
| Benefits paid | (274) | (135) |
| Net increase in assets from disposals/acquisitions | <u>7,226</u> | <u>-</u> |
| At 31 August | <u>15,295</u> | <u>6,557</u> |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

27 Central Services

The Trust allocates across its member Academies a number of centrally derived costs which include the following;

- The services of the Chief Executive,
- The Central Curriculum & Business Support Teams,
- HR & Finance Support,
- Legal & Professional charges &
- Insurance & Apprenticeship Levy

The basis of the central services charge for the period was £40k per form of entry for the Primary Academies, with Secondary Academies picking up the remaining balance on an equal basis less any income generated by the Central Services Team, through Grants and or the sale of services. Academies joining the Trust during the year were charged on a pro rata basis.

The budget & basis for the Central Services charge is approved annually by the Trust Board.

The actual amounts charged during the year were as follows:

| | Total 2017 £000 | Total 2016 £000 |
|-----------------------------|--------------------------------|--------------------------------|
| Abbey Grange CE Academy | 355 | 121 |
| Lightcliffe Academy | 355 | 178 |
| Bishop Young CE Academy | 125 | - |
| St Chads Primary CE Academy | 40 | 35 |
| Manston St James CE Academy | 35 | - |
| Holy Trinity CE Academy | 20 | - |
| Lightcliffe Primary | 5 | - |
| | 935 | 334 |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

28 Conversion to an Academy Trust

On 1 August 2017 Lightcliffe Primary converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Abbey Multi Academy Trust from the Calderdale Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair 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 – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and analysis of their recognition in the SOFA.

| | Unrestricted Funds £000 | Restricted Funds £000 | Restricted Fixed Asset Funds £000 | Total £000 |
|--|-------------------------------|-----------------------------|---|---------------|
| Tangible fixed assets | | | | |
| Leasehold land | - | - | 1,290 | 1,290 |
| Leasehold buildings | - | - | 2,875 | 2,875 |
| Fixtures and fittings | - | - | 22 | 22 |
| Current assets | | | | |
| Debtors | - | 191 | - | 191 |
| Cash at bank | - | - | - | - |
| Liabilities | | | | |
| Creditors due within 1 year | - | (52) | - | (52) |
| Pensions | | | | |
| Defined benefit pension scheme deficit | | (543) | | (543) |
| Net assets | <u>-</u> | <u>(404)</u> | <u>4,187</u> | <u>3,783</u> |

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

29 Assets and liabilities of academies joining the Trust during the period

On 1 May 2017 three academies: David Young Community Academy, Manston St James Primary Academy and Rothwell C of E Primary Academy were transferred from the LEAF Multi Academy Trust to the Abbey Multi Academy Trust under the direction of the Regional Schools Commissioner at which point all operations, assets and liabilities were transferred for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair 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 – Transfer of existing academies.

The following table sets out the fair values of the identifiable assets and liabilities transferred and analysis of their recognition in the SOFA.

| | Fair value at rebrokerage for donated assets £000 |
|--|--|
| Intangible fixed assets | |
| Computer Software | 24 |
| Tangible fixed assets | |
| Leasehold land | 122 |
| Leasehold buildings | 19,186 |
| Motor vehicles | 5 |
| Fixtures and fittings | 681 |
| ICT | 275 |
| Current assets | |
| Debtors | 463 |
| Cash at bank | 1,688 |
| Liabilities | |
| Creditors due within 1 year | (1,108) |
| Pensions | |
| Defined benefit pension scheme deficit | (2,323) |
| Net assets | 19,013 |

The book value of the assets transferred on rebrokerage were equal to the fair value.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2017 (continued)

30 Prior year adjustment

The following adjustment has been made to the financial statements to restate the previous year's figures relating to tangible assets. The land and buildings at St Chad's C of E Primary Academy were only subject to an ESFA desktop valuation on conversion, a full valuation was done within the year by an external valuer that identified a significant difference to the valuation used. The net movement in value of the land and buildings was £791k. This has been processed through the 2016 funds.