

Ambitions Academies Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2016



Company Registration Number:

07977940 (England and Wales)

COMPANIES HOUSE

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Ambitions Academies Trust - Year ended 31 August 2016

Reference and Administrative Details

Members

Mrs Pat Marchiori
Mr Richard Smith
Mrs Marilyn Bramford

Trustees

Mrs Pat Marchiori (Chair of Trustees)
Mr Richard Smith #
Mrs Marilyn Bramford*
Mr Brian R Hooper (resigned 1/6/16)
Mr Phillip Minns (appointed 1/6/16 - resigned - 08/12/16)
Mrs Caroline Sard #
Mr Nigel Smith*
Mrs Berni Catling*
Mrs Ann Harris OBE (resigned 17/3/16)
Mr Jonathan Badger
Miss Louise Parker (appointed 15/9/16)

*Membership of Finance Committee

Membership of Audit & Risk Management Committee

Company Secretary

Sherri Hawkins

Senior Management Team:

- Chief Executive Officer and Accounting Officer
 - Brian Hooper (resigned 1/6/16)
 - Phillip Minns (appointed 1/6/16 - resigned 8/12/16)
 - Sherri Hawkins (8/12/16 until 15/12/16)
 - Sian Thomas (appointed 16/12/16)
- Director of Special Education
 - Nicki Morton
- Director of Primary Education
 - Alex Prout
- Director of Outcomes and Performance Improvement
 - Paul Holman
- Executive Principal
 - Sian Thomas
- Business Director
 - Sherri Hawkins
- Finance Director/Chief Financial Officer
 - Verity McAuley

Company Name

Ambitions Academies Trust

Principal and Registered Office

Petersfield Road
Bournemouth
BH7 6QP

Company Registration Number

07977940 (England and Wales)

Reference and Administrative Details *(continued)*

Auditors

Filer Knapper LLP
Chartered Accountants and Statutory Auditor
10 Bridge Street
Christchurch
Dorset
BH23 1EF

Bankers

Lloyds Bank Plc
PO Box 1000
Andover
BX1 1LT

Solicitors

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

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 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law. The financial statements are presented in Sterling.

The Trust was incorporated on 6 March 2012. These financial statements consolidate the figures for Tregonwell Academy, Queen's Park Academy and Longspee Academy from 1 September 2014, as well as King's Park Academy which converted to an Academy on 1 March 2015, Manorside Academy which converted to an Academy on 1 April 2015 and St Aldhelm's Academy which transferred to the Trust on 1 June 2015. All academies are reporting a full year of accounts in this period.

As at 31 August 2016, the Trust comprised of six Academies, Little Ambers Nursery and Ambitions Teaching School.

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 Ambitions Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Ambitions Academies 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, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

In accordance with normal practice, the Trust insures its Trustees and Academy Advisory Committee members against errors, negligent acts or omissions relating to their work for the Trust, with no limit on any single claim.

Method of Recruitment and Appointment or Election of Trustees

The Trust has a total of nine trustees. This includes the Chief Executive Officer. Trustees serve a term of office of four years. New trustees and Academy Advisory Committee (AAC) members are appointed by the board of trustees. When new trustees or AAC members are to be appointed, the Board or the Academy Advisory Committee approves at that time an appropriate process and criteria for recruitment, based on an analysis of the current skill and capability requirements of the Board or Academy Advisory Committee, the current needs of each of the Academies and governance good practice at Trust level. In the period, the trustees appointed a new Chief Executive Officer, using professional recruitment consultancy, Veredus.

Policies and Procedures Adopted for the Induction and Training of Trustees

When new trustees or Academy Advisory Committee members are appointed, an analysis of the requirements of their role and their current skills determine their induction process. The induction process is set out in the Governance Handbook.

Trustees' Report *(continued)*

Organisational Structure

For the period of these financial statements, the Trust's decisions are taken on behalf of all Academies by the Board of trustees, in respect of governance, financial control and procedure and staffing structure. Associate Principals under the guidance of Directors of Education, the Executive Principal and Academy Advisory Committees lead individual Academies, making decisions on the direction of teaching and learning and attainment.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration for all personnel except the Chief Executive Officer is set by the Pay and Remuneration Committee, which is a sub-committee of the trustees. The Chief Executive Officer's pay and remuneration is set by an annual committee held solely for the appraisal and setting of pay and remuneration of the Chief Executive Officer.

Related Parties and other Connected Charities and Organisations

The Trust seeks to avoid related party transactions. In this period, there are no related parties with which the Trust has transacted.

Objectives and Activities

Objects and Aims

The aim of the Trust is to operate as a group of collaborating Academies for the benefit of young people. Academies are geographically close which offers the Trust the opportunity to develop a common ethos, share best practice and combine resources. Ambitions Academies Trust exists to provide outstanding education for pupils and young people, improving the life chances of all pupils and young people across the Trust. The Trust provides an outstanding education across all sectors, primary, secondary and special, ensuring that pupils and young people are given a broad and balanced education which prepares them well for success in their future lives. The Trust provides strong challenge and support to Academies and ensures they deliver success for all.

Professional development, challenge and support are at the heart of ensuring that staff are some of the finest teachers so they can deliver outstanding teaching. As a "unique" Trust, the mainstream and special classes benefit greatly from working collaboratively across the Trust. Ambitions Academies Trust has been appointed as a Teaching School since 2014 which has enabled us to build on our successful outreach and teacher training work. This now enables us to provide extensive support to many schools and Academies across Bournemouth and Poole.

Objectives, Strategies and Activities

For the period covered by these financial statements the Trust comprises of six Academies: Tregonwell Academy, Queen's Park Academy, Longspee Academy, King's Park Academy, Manorside Academy and St Aldhelm's Academy. The Trust also encompasses Ambitions Teaching School.

Specialist Provision

The Trust provides specialist education through two of its academies, both of which are Outstanding.

Tregonwell Academy is an outstanding specialist provision. It caters for statemented and purchased place pupils across Bournemouth, Poole, Hampshire and Dorset who have a range of needs, together with offering an alternative provision for pupils and students that are excluded or at risk of exclusion from mainstream schools. Tregonwell Academy is based in Bournemouth and delivers provision across three sites; the Petersfield Campus, the Nigel Bowes Campus and the Throop Learning Centre.

Trustees' Report *(continued)*

Specialist Provision *(continued)*

Tregonwell Academy's Petersfield Campus for secondary school pupils and Nigel Bowes Campus for primary pupils provide a personalised education tailored to the individual needs of the pupils. The Throop Learning Centre provides a student focused learning environment for those students who find themselves unable to access their schooling in their mainstream school at particular times in their education for a variety of reasons. It is a small unit which aims to promote the nurturing environment that these students require at these times in their lives. These needs could include illness and recovery time, an operation which causes a safety issue in their mainstream school, anxiety, medical condition or pregnancy.

Longspee Academy is a specialist provision in Poole, working with children and young people who have social, emotional and mental health issues. These issues have manifested themselves in extremely challenging behaviour which cannot be supported within mainstream settings. Longspee Academy provides education for children across Bournemouth, Poole, Hampshire and Dorset from Reception to Year 8. Within this period, Longspee celebrated an Ofsted judgement of Outstanding.

Primary and Early Years Provision

The Trust has three primary academies and one Early Years provision.

Queen's Park Academy is a Junior School with approximately 510 pupils on roll. Queen's Park Academy is Outstanding and is based in Bournemouth.

Manorside Academy is a two-form entry school in Poole based in the Rossmore and Alderney area, close to our secondary school.

King's Park Academy is a Primary School providing education to approximately 550 pupils in Bournemouth. The school provides for children mainly from the local areas of Boscombe and of Littledown. In January of this year, our first Early Years provision was opened with the support of Bournemouth Borough Council following the closure of a provision on the site.

Secondary Provision

St Aldhelm's Academy is the Trust's first secondary academy and has capacity for 900 pupils. St Aldhelm's Academy is proud to have gone from Special Measures to Good within its first year of joining the Trust.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charitable Company's objective and aims and in planning activities for the period. The Trustees consider that the Charitable Company's aims are demonstrably to the benefit of the public.

Trustees' Report *(continued)*

Strategic Report

Achievements and Performance

This year, the Trust has celebrated significant improvements in educational achievement and progress within the three academies that joined the Trust during the latter half of the prior year.

King's Park Academy has excelled in its Key Stage 2 results, demonstrating accelerated progress across all subjects and increased attainment results to continue a 2 year upward trend.

Manorside is above floor level in its Key Stage 2 results for the first time in the last 5 years.

St Aldhelm's celebrated an increase of 13% in its GCSE results for A*-C including English and maths. This, alongside the achievement of Good in Ofsted rating, shows a huge progress for St Aldhelm's against a background of years of underachievement.

The Trust is proud of its first Early Years provision, based at King's Park Academy. Little Ambers was opened in January 2016, working with Bournemouth Borough Council to ensure high quality provision in the Boscombe and the Littledown area. The nursery has had a solid start as a new provision with high quality resources and well trained staff. Numbers of children have increased across the provision with a successful after school club and holiday provision.

Key Performance Indicators

The key financial performance indicators during the year were as follows:

Key Financial Performance Indicator 2015-16	Ambitions Academies Trust (excluding St Aldhelm's Academy)	Primary Academies	Special Academies	Ambitions Academies Trust	St Aldhelm's Academy
Year End Reserves: Target (excluding long term liabilities) Actual	14% 6%	18% 15%	7% (6%)	0% (10%)	(12%) (15%)
Number of months' reserves:	0.9	2.2	(0.7)	(1.2)	(1.5)
Direct Staff cost as % of Income: Target Actual	64% 60%	60% 56%	63% 69%	64% 61%	63% 68%
Total Staff cost as % of Income: Target Actual	78% 72%	70% 65%	74% 81%	77% 74%	75% 84%

The Trust recognises the priorities for the next year, particularly given the reserves level in terms of months. The Trust has invested significantly in capital this year, largely as a reflection of the capital needs of three new academies converting in a short space of time. Capital investment will be lower in the coming year, allowing the reserves to return to at least 8% and more than 1 month.

The Trust is pleased to report that staff costs are below the target again this year.

Ambitions Academies Trust - Year ended 31 August 2016

Trustees' Report *(continued)*

Education achievement during the year was as follows:

Summary of Primary Results:

	Key Stage 2 - Reading					
	2015				2016	
	4+ 2015	National	5+ 2015	National	2016	
Queen's Park Academy	98%	89%	61%	49%	67%	66%
King's Park Academy	80%		32%		60%	
Manorside Academy	62%		27%		42%	

	Key Stage 2 - Writing					
	2015				2016	
	4+ 2015	National	5+ 2015	National	2016	
Queen's Park Academy	97%	87%	53%	36%	94%	74%
King's Park Academy	80%		20%		88%	
Manorside Academy	42%		4%		61%	

	Key Stage 2 - Maths					
	2015				2016	
	4+ 2015	National	5+ 2015	National	2016	
Queen's Park Academy	98%	87%	69%	42%	87%	70%
King's Park Academy	84%		34%		77%	
Manorside Academy	65%		19%		68%	

	Key Stage 2 - SPAG					
	2015				2016	
	4+ 2015	National	5+ 2015	National	2016	
Queen's Park Academy	97%	80%	76%	56%	87%	72%
King's Park Academy	77%		43%		81%	
Manorside Academy	58%		31%		74%	

Trustees' Report *(continued)*

Summary of Special Results:

	Reading			
	On track to achieve targets		Have made accelerated progress (2+ steps)	
	Number of pupils	% of pupils	Number of pupils	% of pupils
Longspee - 49 pupils	48	98%	41	84%
Nigel Bowes - 46 pupils	46	100%	29	63%

	Writing			
	On track to achieve targets		Have made accelerated progress (2+ steps)	
	Number of pupils	% of pupils	Number of pupils	% of pupils
Longspee - 49 pupils	48	98%	41	84%
Nigel Bowes - 46 pupils	46	100%	26	55%

















	Maths			
	On track to achieve targets		Have made accelerated progress (2+ steps)	
	Number of pupils	% of pupils	Number of pupils	% of pupils
Longspee - 49 pupils	48	98%	31	63%
Nigel Bowes - 46 pupils	46	100%	29	63%

Tregonwell Academy	Making Good or Outstanding Progress		
	English	Maths	Science
Key stage 3	83%	78%	
Year 10	85%	83%	67%
Year 11	87%	96%	100%

Trustees' Report *(continued)*

Summary of Secondary Results:


St Aldhelm's Academy Progress and Achievement

	Progress	
Outcome	T1 Current	T6 Current
Year 10 4LP En	0%	27% (17/63) 
Year 10 3LP En	3%	76% (48/63) 
Year 10 4LP MA	0%	22% (13/60) 
Year 10 3LP MA	3%	78% (47/60) 
Year 8 2LP KS3 En	23%	37% (24/65) 
Year 8 2LP KS3 Ma	40%	62% (40/65) 
Year 8 2LP KS3 Sc	30%	37% (24/65) 
Year 8 2LP KS3 En/Ma	14%	34% (22/65) 
Year 7 2LP KS3 En	42%	79% (38/48) 
Year 7 2LP KS3 Ma	38%	75% (36/48) 
Year 7 2LP KS3 Sc	25%	77% (37/48) 
Year 7 2LP KS3 En/Ma	10%	67% (32/48) 
Outcome	T1 Current	End of KS3
Year 9 2LP KS3 En	18%	35% (25/72) 
Year 9 2LP KS3 Ma	10%	31% (22/72) 
Year 9 2LP KS3 Sc	21%	19% (11/72) 
Year 9 2LP KS3 En/Ma	5%	15% (11/72)

Trustees' Report *(continued)*

Summary of Secondary Results: *(continued)*

St Aldhelm's Academy Progress and Achievement *(continued)*

	Achievement	
Outcome	T1 Current	T6 Current
Year 10 En 5+ (1-9)	2%	24% (15/64) ↑
Year 10 Ma 5+ (1-9)	0%	30% (19/64) ↑
Year 10 5 A*-C or 5+ En/Ma	0%	20% (13/64) ↑
Year 10 Basics 5+	0%	20% (13/64) ↑
Year 8 Level KS3 5+ En	23%	63% (41/65) ↑
Year 8 Level KS3 5+ Ma	39%	65% (42/65) ↑
Year 8 Level KS3 5+ Sc	19%	63% (41/65) ↑
Year 8 Level KS3 5+ En/Ma	17%	51% (33/65) ↑
Year 7 Level KS3 5+ En	23%	48% (23/48) ↑
Year 7 Level KS3 5+ Ma	10%	33% (16/48) ↑
Year 7 Level KS3 5+ Sc	4%	44% (21/48) ↑
Year 7 Level KS3 5+ En/Ma	6%	27% (13/48) ↑
Outcome	T1 Current	End of KS3
Year 9 Level KS3 5+ En	52%	65% (46/71) ↑
Year 9 Level KS3 5+ Ma	26%	65% (46/71) ↑
Year 9 Level KS3 5+ Sc	56%	75% (53/71) ↑
Year 9 Level KS3 5+ En/Ma	25%	54% (38/71) ↑

Trustees' Report *(continued)***Going Concern**

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

The trustees recognise that St Aldhelm's Academy has significant legacy issues dating back to December 2012, resulting in a current deficit of £2.4m, of which £1.3m represents cash drawn down from the Education Funding Agency (EFA) as per the Financial Notice to Improve issued in April 2012, £0.7m represents Pupil Number Adjustment deferment and £0.4m is underlying deficit financial performance, of which £0.2m was prior to conversion. St Aldhelm's Academy continues to work closely with the EFA on its financial recovery plan, with quarterly reviews and detailed financial submissions to both the EFA and trustees.

Without consideration of St Aldhelm's Academy, which is ringfenced in agreement with the EFA, the reserves of the Trust prior to capital additions remained level in the period at £1,530,795 (2015 - £1,580,543), with £700k of capital investment from reserves in the year.

Financial Review

In the main, the Trust's income comes from the Education Funding Agency (EFA). The income comes in the form of recurrent grants for specific purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated Statement of Financial Activities. The Trust also receives specific grants and a high level of non-recurrent income for special educational needs provision from Local Authorities.

The Trust also received recurrent grants for fixed assets from the EFA. These grants are shown in the consolidated Statement of Financial Activities as restricted income and represented in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets.

Tregonwell Academy has finished the year with a deficit. This position has arisen for a number of short-term operational reasons and also includes significant capital investment in the Petersfield Campus. Tregonwell Academy has set a balanced budget for 2016/17 and the Trust will support it through a financial recovery plan that enables it to return to a surplus within a reasonable period of time, directed by the Finance Committee.

St Aldhelm's Academy's deficit has increased further in this year, as anticipated. St Aldhelm's continues to follow its five year recovery plan, overseen by the Finance Committee. The recovery plan follows the trajectory of increased pupil numbers, with a balanced in-year position from September 2017. The 2016/17 position is anticipated to be a further increase in the deficit. Excluding the deficit covered by the repayment plan with the EFA, any deficit above the repayment plan is scheduled in the financial recovery plan to be dealt with by surpluses in 2020/21 and beyond, when pupil numbers have sufficiently recovered above 750 pupils for the school to operate financially independently of the Trust's support.

The deficit attributable to St Aldhelm's Academy is largely covered by an agreed repayment programme with the EFA, covering £1,981,326 of the £2,429,644 deficit. The Trust accounts for the EFA loan as a concessionary loan. The £1,981,326 loan is interest free. Concessionary loans are made to a public benefit entity at below market interest rates to advance the charitable purposes of the charity to which it is made and are not for commercial purposes. The loan is recognised on initial measurement at the amount advanced and subsequently at the balance due. The Trust expects St Aldhelm's to make an in-year surplus from September 2018. All expenditure in the period was used for direct provision of education to our pupils and for the support services necessary to enable this provision.

At 31 August 2016 the net book value of tangible fixed assets was £38,816,918 (2015 - £38,474,587). These assets were used exclusively for providing education to the Trust's pupils and related support services.

Trustees' Report *(continued)*

Reserves Policy *(continued)*

The Trust held balance at 31 August 2016, including St Aldhelm's Academy's deficit, was £28,535,434 (2015 - £33,845,335), comprising of a deficit of £2,040,517 (2015 - deficit of £1,014,698) of restricted funds, a pension reserve deficit of £9,617,000 (2015 - £4,828,000), fixed asset reserves of £39,732,430 (2015 - £38,668,135) and unrestricted reserves of £460,522 (2015 - £1,019,898).

Total restricted and unrestricted revenue reserves, which exclude the fixed asset fund of £39,732,430 (2015 - £38,668,135) and the pension reserve deficit of £9,617,000 (2015 - £4,828,000) as at 31 August 2016 were a deficit of £1,579,996 (2015 - surplus of £5,200) again including St Aldhelm's Academy's legacy deficit. Excluding St Aldhelm's Academy's legacy deficit, total revenue reserves were a surplus of £849,648 (2015 - £1,580,547). The Trust's reserves policy aims to maintain revenue reserves at between 8% and 12% of relevant turnover. The current level of revenue reserves using this measure is 6%, or 8% excluding pupil premium. The Trust has invested significantly in capital this year, largely as a reflection of the capital needs of three new academies converting in a short space of time plus the capital investment required at Tregonwell. Capital investment will be lower in the coming year, allowing the reserves to return to at least 8%. The pension liability has moved significantly to £9,617,000 (2015 - £4,848,000) due to a change in financial assumptions predominately the return on bonds. This is being addressed through contribution levels, currently 17.4%. The fixed asset fund includes capital grants of £891,676 for ongoing projects funded by Condition Improvement Grant funding.

The trustees consider that the underlying reserves levels excluding the long term liabilities of St Aldhelm's Academy and the cash reserves across the academies are sufficient for the working capital and operational needs of the Trust, based on historic levels of activity. The reserves meet our need for ongoing investment in our properties. Given the current expansion of the Trust, these requirements are not fixed. The trustees will keep the level of reserves under review.

Investment Policy

For the period covered by these financial statements, all cash balances have been held in current accounts in UK banks. In future, the Trust intends to hold surplus cash in low risk high interest deposit accounts using the services of a bank which specialises in charity clients.

Principal Risks and Uncertainties

The trustees have assessed, through a Risk Register and through the robust scrutiny and challenge of the Audit & Risk Management Committee, the major risks to which the Trust is exposed. In particular, assessment has been made of the risks relating to specific teaching, provision of facilities and other operational areas of the Trust and its finances. Risks are assessed through a number of systems, and procedures are implemented to mitigate these risks. Some of these mitigating procedures include internal financial controls, trend and sensitivity analysis, vetting of new staff, health and safety policies and data protection procedures. The Trust has ensured that adequate insurance cover is in place to mitigate risk through membership of the EFA's Risk Pooling Arrangement.

In respect of St Aldhelm's Academy's financial recovery, the Trustees have implemented an ongoing process of monitoring through the finance committee to quantify and mitigate the risks. While this is still relatively early days for St Aldhelm's Academy as part of the Trust, there are indications of strong improvement. Pupil numbers have risen steadily throughout the period with new pupils joining in every year group. The specialist leadership recruited to the Academy is having a transformative impact on the quality of teaching and learning and pupil outcomes, validated by the Ofsted rating of Good.

Post Balance Sheet Event

Following the period of the accounts, the Chief Executive Officer has left the Trust. The Business Director was appointed as interim Accounting Officer until 15 December 2016 when Sian Thomas became interim Chief Executive Officer and Accounting Officer. A permanent Chief Executive Officer will be appointed in due course.

Trustees' Report *(continued)*

Plans for Future Periods

The future plans of the Trust are as follows:

- The first priority of the Trust is to continue to consolidate its achievement of high standards by ensuring development of outstanding practice across the Trust, securing the best educational outcomes for pupils
- The Trust intends to continue its growth by considering expansion of its nursery provision.
- The Trust has submitted a proposal for a new alternative provision in Bournemouth to the free schools' programme. This will enable the Trust to make best use of its strength and expertise.
- The Trust is committed to working closely with schools and academies in the area where best use can be made of its National Leaders of Education for local pupils. The Trust will consider growth within the near future, provided it is of benefit to the Trust and its pupils, as well as new academies.

Employment of Disabled People

Ambitions Academy Trust's recruitment policy ensures that no candidate is discriminated against or unfairly treated because of a protected characteristic. Practical steps are taken to ensure reasonable adjustments are made at each stage of the recruitment process to allow disabled candidates to pursue a job vacancy and anonymous equality and diversity information is collected during the application process to ensure Ambitions Academy Trust's ability to monitor and improve its processes.

For staff members who become disabled during their employment with Ambitions Academy Trust, consideration is given to reasonable adjustments which will help to retain staff members whilst meeting the needs of the organisation in delivering its service.

Employment Involvement

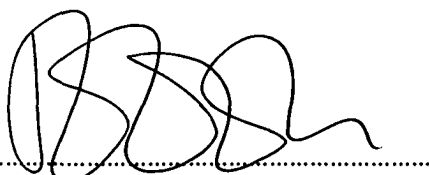
Ambitions Academy Trust works positively with Unions in all matters concerning its employees from joint consultation in relation to policy development, TUPE processes, disciplinary and grievance situations, issues relating to attendance at work and other employee relationship matters.

Auditor

Insofar 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 21 December 2016 and signed on the board's behalf by:



Mrs P Marchiori
Chair of Trustees

Date: 21 December 2016

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ambitions Academies 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs Pat Marchiori (Chair of Trustees)	3	4
Mr Richard Smith	4	4
Mrs Marilyn Bramford	4	4
Mr Brian R Hooper (resigned 01/06/16)	3	3
Mr Phillip Minns (appointed 01/06/16)	1	1
Mrs Caroline Sard	3	4
Mr Nigel Smith	3	4
Mrs Berni Catling	2	4
Mrs Ann Harris OBE (resigned 17/03/16)	0	3
Mr Jonathan Badger	2	4

The finance committee is a sub-committee of the main board of trustees. Its purpose is to monitor the Trust's finances over the year, including projected and actual levels of funding and review budgets. The finance committee is required to report back to the board of trustees and make recommendations as required for the trustees' approval.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Nigel Smith	3	3
Mrs Berni Catling	3	3
Mrs Marilyn Bramford	2	3
Mr Brian R Hooper (resigned 01/06/16)	1	2
Mr Phillip Minns (appointed 01/06/16)	1	1

The audit and risk management committee is a sub-committee of the main board of trustees. Its main purpose is to review the effectiveness of financial controls and risk management, and also to appoint and oversee the work of the internal and external auditors. The audit committee has considered the impact of FRS 102 on these accounts.

Ambitions Academies Trust - Year ended 31 August 2016

Governance Statement *(continued)*

Governance *(continued)*

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr Richard Smith	3	3
Mrs Caroline Sard	3	3
Mrs Louise Parker	3	3
Mr Brian R Hooper (resigned 01/06/16)	2	2
Mr Phillip Minns (appointed 01/06/16)	1	1

Review of Value for Money

As accounting officer, the chief executive 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 the Trust has delivered improved value for money during the year by improving educational results and targeted improvement.

The Trust has also used central procurement and economies of scale to make the best use of resources in respect of areas such as HR support, IT provision, telephony and broadband and cleaning services throughout the year. In respect of capital projects, the Trust has successfully secured Condition Improvement Funds for four projects totalling £1.4m in the year, enabling significant work to be undertaken at three Academies. For capital projects, the Trust aims to make the best use of local contractors where appropriate, supporting small and medium-sized local businesses while securing the best value for money.

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 Ambitions Academies Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance Statement *(continued)*

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 general purposes 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 Filer Knapper as internal auditor
- to ensure monthly financial review and oversight of academies by the Financial Controller

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

- Review of the trust-wide income systems with analysis of EFA income, Local Authority High Needs income and non-government sources of income such as lettings, catering, trips and parental donations
- Discussion of the management accounts process

On a regular basis in accordance with the three year plan directed by the audit committee, the internal auditor provides a report to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Financial Management

The trustees have identified that improvements can be made to the monitoring and reporting of restricted and unrestricted income to the trustees. In particular, the trustees have requested that a reconciliation of restricted and unrestricted income and expenditure by academy and by income stream is presented at each finance committee, along with detailed cash flow forecasts. This will assist decision making of the board in respect of capital expenditure and the use of grant funds.

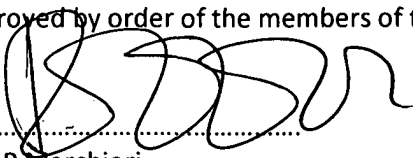
Review of Effectiveness

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

- the work of the internal auditor
- the work of the external auditor
- 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 and risk management committee and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 21 December 2016 and signed on its behalf by:


Mrs P Marchiori
Chair of Trustees


Ms S Thomas
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Ambitions Academies Trust I have considered my responsibility to notify the Trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the 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 Trust board of trustees are able to identify any material irregular 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 EFA.

Although no material breaches have been noted, I have highlighted that improvements could be made to the monitoring and reporting of restricted and unrestricted income and expenditure and cash flows. The Finance Committee will now be monitoring on a monthly basis all income and expenditure streams by both academy and income stream, along with cash flow forecasts. This will assist the board in their decision making in respect of capital expenditure and use of funds.



Ms S Thomas
Accounting Officer

Date: 21 December 2016

Statement of Trustees' Responsibilities

The trustees (who act as governors of Ambitions Academies 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 2015 to 2016
- 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.

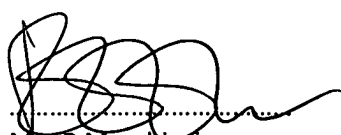
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been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

In so far as the trustees are aware:

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

The 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 21 December 2016 and signed on its behalf by:



Mrs P Marchiori
Chair of Trustees

Independent Auditor's Report to the Members of Ambitions Academies Trust

We have audited the financial statements of Ambitions Academies Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2016, 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

Ambitions Academies Trust - Year ended 31 August 2016

Independent Auditor's Report to the Members of Ambitions Academies Trust *(continued)*

Matters on which we are required to report by exception

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

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



10 Bridge Street
Christchurch
Dorset
BH23 1EF

LUCY FILER
(Senior Statutory Auditor)
For and on behalf of
FILER KNAPPER LLP
Chartered Accountants
& Statutory Auditor

Date: 23 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Ambitions Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 8 December 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ambitions Academies Trust during the period 1 September 2015 to 31 August 2016 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 Ambitions Academies Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ambitions Academies Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ambitions Academies Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Ambitions Academies Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Ambitions Academies Trust's funding agreement with the Secretary of State for Education dated 30 July 2014 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

The work undertaken to draw our conclusion includes:

- Reviewing the systems and procedures in place.
- Reviewing the results of the audit work which could have implications over the assurance conclusion.
- Reviewing the Trust's funding agreement and articles of association and whether these have been followed.
- Considering the requirements of the financial handbook and accounts directions issued by the EFA and whether any material breaches have occurred.

Ambitions Academies Trust - Year ended 31 August 2016

Independent Reporting Accountant's Assurance Report on Regularity to Ambitions Academies Trust and the Education Funding Agency *(continued)*

Conclusion

In the course of our work, other than those matters noted in the Statement of Regularity, Propriety and Compliance by the Accounting Officer, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



10 Bridge Street
Christchurch
Dorset
BH23 1EF

FILER KNAPPER LLP
Chartered Accountants
& Statutory Auditor

Date: 23 December 2016

Ambitions Academies Trust - Year ended 31 August 2016

Statement of Financial Activities (including Income and Expenditure Account)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total Funds 2016	Total Funds 2015
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	1,758,020	1,758,020	1,734,685
Transfer from local authority on conversion		-	-	-	-	17,051,634
Charitable activities:						
Funding for the Trust's educational operations	3	189,020	13,985,494	-	14,174,514	10,651,215
Other trading activities	4	294,212	22,191	-	316,403	155,515
Investments	5	1,625	-	-	1,625	1,289
Total		484,857	14,007,685	1,758,020	16,250,562	29,594,338
Expenditure on:						
Charitable activities:						
Trust education operations	6	384,564	15,254,504	1,353,395	16,992,463	10,978,761
Total		384,564	15,254,504	1,353,395	16,992,463	10,978,761
Net income / (expenditure)		100,293	(1,246,819)	404,625	(741,901)	18,615,577
Transfers between funds	17	(659,670)	-	659,670	-	-
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	17, 24		(4,568,000)		(4,568,000)	(224,000)
NET MOVEMENT IN FUNDS		(559,377)	(5,814,819)	1,064,295	(5,309,901)	18,391,577
RECONCILIATION OF FUNDS						
Funds brought forward at 1 September 2015		1,019,898	(5,842,698)	38,668,135	33,845,335	15,453,758
Funds carried forward at 31 August 2016		460,521	(11,657,517)	39,732,430	28,535,434	33,845,335

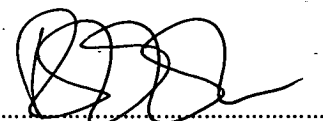
All of the Trust's activities derive from continuing operations and acquisitions during the above financial period.

Ambitions Academies Trust - Year ended 31 August 2016

Balance Sheet as at 31 August 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	12		23,836		-
Tangible assets	13		38,816,918		38,474,587
Current assets					
Debtors	14	1,101,415		1,284,080	
Cash at bank and in hand		1,924,074		2,150,721	
		<u>3,025,489</u>		<u>3,434,801</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	(1,732,483)		(2,071,053)	
Net current assets			<u>1,293,006</u>		<u>1,363,748</u>
Total assets less current liabilities			40,133,760		39,838,335
Creditors: Amounts falling due after more than one year	16		(1,981,326)		(1,165,000)
Net assets excluding pension liability			<u>38,152,434</u>		<u>38,673,335</u>
Defined benefit pension scheme liability	24		(9,617,000)		(4,828,000)
Total assets			<u><u>28,535,434</u></u>		<u><u>33,845,335</u></u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	17	39,732,430		38,668,135	
Restricted income fund		(2,040,517)		(1,014,698)	
Pension reserve	17	<u>(9,617,000)</u>		<u>(4,828,000)</u>	
Total restricted funds			28,074,913		32,825,437
Unrestricted income funds	17		460,521		1,019,898
Total funds			<u><u>28,535,434</u></u>		<u><u>33,845,335</u></u>

The financial statements on pages 25 to 49 were approved by the trustees and authorised for issue on 21 December 2016 and are signed on their behalf by:



Mrs P Marchiori
Chair of Trustees

Company Number 07977940

Statement of Cash Flows

	Notes	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	(266,731)	1,675,917
Cash flows from investing activities	21	40,084	(445,655)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(226,647)</u>	<u>1,230,262</u>
Cash and cash equivalents at 1 September 2015		2,150,721	920,459
Cash and cash equivalents at 31 August 2016	22	<u>1,924,074</u>	<u>2,150,721</u>

Notes to the Financial Statements

Notes to the Financial Statements, incorporating:

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 Ambitions Academies 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Ambitions Academies Trust meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling.

First time adoption

These financial statements are the first financial statements of Ambitions Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Ambitions Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. Details of the transition to FRS102 are set out in note 28.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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. See note 17 for more details.

Income

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

Grants

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

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

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

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Sponsorship Income

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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other Income

Other income, including the hire of facilities, 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. The Trust does not currently hold any donated goods, facilities or services.

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

Agency Arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds. The Trust can use up to 10% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

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.

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Intangible Fixed Assets

Intangible assets costing £10,000 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, as follows:

Purchased computer software - 3 years straight line

Tangible Fixed Assets

There has been no minimal value for assets capitalised as tangible fixed assets. Tangible fixed assets 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. Tangible fixed assets purchased out of unrestricted funds are transferred to the restricted fixed asset fund when the assets are to be used for the Trust's charitable purposes and it is deemed appropriate to designate them as restricted. Depreciation on these transferred assets is charged to the restricted fixed asset 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/ reducing balance basis over its expected useful life, as follows:

- | | |
|------------------------------------|---|
| • Long leasehold buildings | Buildings 50 and 15 years straight line/ land 125 years straight line |
| • Fixtures, fittings and equipment | 25% reducing balance |
| • Computer hardware | 3 years straight line |
| • Motor vehicles | 5 years straight line |

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.

Provisions are measured at the best estimate of the amounts required to settle the obligation.

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Leased Assets

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

Concessionary Loan

The Trust accounts for the EFA loan as a concessionary loan. Concessionary loans are made to a public benefit entity at below market interest rates to advance the charitable purposes of the charity to which it is made. The loan is recognised on initial measurement at the amount advanced.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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.

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

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/ Department for Education/ Local Authority.

There are no limits imposed on the amount of GAG that the Trust is permitted to carry forward from one year to the next.

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Other Notes to the Financial Statements

2 Donations and capital grants

	Unrestricted Funds	Restricted Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£
Capital Grants	-	1,758,020	1,758,020	1,731,804
Donations	-	-	-	2,881
	-	1,758,020	1,758,020	1,734,685
2015 total	-	1,734,685	1,734,685	

Ambitions Academies Trust - Year ended 31 August 2016

Notes to the Financial Statements *(continued)*

3 Funding for the Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
DfE/EFA Revenue Grants				
General Annual Grant (GAG)	-	9,191,990	9,191,990	5,699,614
Start up grants	-	31,435	31,435	140,001
Other DfE/EFA grants	-	1,296,914	1,296,914	999,845
	-	10,520,339	10,520,339	6,839,460
Other Government Grants				
Local authority grants	68,723	3,126,230	3,194,953	3,295,455
Other income from the Trust's educational operations	120,297	338,925	459,222	516,300
	189,020	13,985,494	14,174,514	10,651,215
2015 total	155,091	10,496,124	10,651,215	

Certain 2014/15 unrestricted income has been restated to reflect reclassifications of some items of income in 2015/16.

4 Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Catering income	99,146	-	99,146	48,506
Educational trips	78,799	-	78,799	43,010
Hire of facilities	69,021	-	69,021	10,103
Consultancy	11,750	-	11,750	43,847
Other income	35,496	22,191	57,687	10,049
	294,212	22,191	316,403	155,515
2015 total	149,277	6,238	155,515	

Certain 2014/15 unrestricted income has been restated to reflect reclassifications of some items of income in 2015/16.

5 Investment income

	Unrestricted Funds £	Total Funds 2016 £	Total Funds 2015 £
Short term deposits	1,625	1,625	1,289
2015 total	1,289	1,289	

Ambitions Academies Trust - Year ended 31 August 2016

Notes to the Financial Statements *(continued)*

6 Expenditure

	Staff Costs	Premises	Other Costs	Total 2016	Total 2015
	£	£	£	£	£
Educational operations:					
Direct costs	10,010,097	300,111	1,210,168	11,520,377	7,876,269
Allocated support costs	2,376,531	1,219,844	1,875,712	5,472,086	3,102,492
	<u>12,386,628</u>	<u>1,519,955</u>	<u>3,085,880</u>	<u>16,992,463</u>	<u>10,978,761</u>

2015 total	<u>8,076,698</u>	<u>932,476</u>	<u>1,969,587</u>	<u>10,978,761</u>	
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	2016	2015
	£	£
Outgoing resources for the year include:		
Operating lease rentals	23,420	17,485
Depreciation	1,352,720	667,418
Amortisation	674	-
Fees payable to auditor for:		
- audit	35,400	22,500
- audit related assurance	38,505	34,000
- other services	<u>1,669</u>	<u>28,500</u>

Notes to the Financial Statements *(continued)*

7 Charitable Activities

	Total 2016	Total 2015
	£	£
Direct Costs - educational operations	11,520,377	7,876,269
Support Costs - educational operations	5,472,086	3,102,492
	16,992,463	10,978,761

Analysis of support costs	Educational Operations	Total 2016	Total 2015
	£	£	£
Support staff costs	2,324,840	2,324,840	1,330,928
Depreciation	812,037	812,037	110,288
Technology costs	282,345	282,345	205,036
Premises costs	793,323	793,323	569,992
Other support costs	1,128,187	1,128,187	794,771
Governance costs	131,354	131,354	91,477
Total support costs	5,472,086	5,472,086	3,102,492

Included within expenditure are unrecoverable debts of £16,453.

8 Staff

a. Staff Costs

	Total 2016	Total 2015
	£	£
Staff costs during the year were:		
Wages and salaries	8,805,122	5,941,909
Social security costs	695,510	397,680
Operating costs of defined benefit pension schemes	1,633,856	942,998
	11,134,488	7,282,587
Supply staff costs	1,145,296	823,410
Staff restructuring costs	106,844	90,221
	12,386,628	8,196,218
Staff restructuring costs comprise:		
Redundancy payments	47,520	-
Severance payments	59,324	90,221
	106,844	90,221

Notes to the Financial Statements *(continued)*

8 Staff *(continued)*

b. Staff numbers

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

	2016	2016	2015	2015
	No.	FTE	No.	FTE
Teachers	218	215	189	153
Administration and support	165	95	134	58
Management	7	7	6	6
	390	317	329	217

c. Higher paid staff

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

	2016	2015
	No.	No.
£60,000 - £70,000	1	-
£80,000 - £90,000	-	1
£90,001 - £100,000	4	-
£100,001 - £110,000	1	-
£110,001 - £120,000	1	-
£150,001 - £160,000	-	2
£180,001 - £190,000	-	1
£200,001 - £210,000	1	-

d. 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 £942,934 (2015 - £730,821).

Notes to the Financial Statements *(continued)*

9 Central Services

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

- Educational support services
- Financial services
- Human resources
- IT
- Legal services

The actual amounts charged during the year were as follows:

	Percentage of relevant income charged	Total 2016 £	Total 2015 £
Tregonwell Academy	30%	342,886	346,796
Longpsee Academy	12%	137,154	131,012
Queen's Park Academy	16%	182,873	146,425
King's Park Academy	20%	228,591	100,185
Manorside Academy	12%	137,155	46,239
St. Aldhelm's Academy	10%	114,295	-
		<u>1,142,954</u>	<u>770,657</u>

10 Related Party Transactions - Trustees' remuneration and expenses

Two trustees have been paid remuneration or have received other benefits from an employment with the Trust. These payments relate only to the post of Chief Executive Officer and not as a trustee and these two trustees have only received remuneration in respect of services they provide undertaking the role of Chief Executive Officer under their contracts of employment. These remuneration figures are inclusive of employers' NI contributions.

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

B Hooper (Chief Executive Officer and Trustee - full year):

Remuneration £235,000 - £240,000 (2015 - £200,000 - £205,000)

Employer's pension contributions paid £30,000 - £35,000 (2015 - £25,000 - £30,000)

P Minns (Chief Executive Officer and Trustee from 1/6/16):

Remuneration £30,000 - £35,000 (2015 - n/a)

Employer's pension contributions paid £0 - £5,000 (2015 - n/a)

During the year ended 31 August 2016, travel and subsistence expenses totalling £735 were reimbursed or paid directly to one trustee (2015 - £14 to one trustee). Other related party transactions are set out in note 25.

Notes to the Financial Statements *(continued)*

11 Trustees and officers insurance

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

12 Intangible fixed assets

	Computer Software £	Total £
Cost		
At 1 September 2015	-	-
Additions	24,510	24,510
At 31 August 2016	24,510	24,510
Amortisation		
At 1 September 2015	-	-
Charged in year	674	674
At 31 August 2016	674	674
Net Book Values		
At 31 August 2015	-	-
At 31 August 2016	23,836	23,836

Notes to the Financial Statements *(continued)*

13 Tangible fixed assets

	Leasehold Land and Buildings £	Fixtures Fittings and Equipment £	IT and Computer Equipment £	Motor Vehicles £	Total £
Cost					
At 1 September 2015	38,211,835	533,582	1,088,319	27,059	39,860,795
Additions	1,501,540	55,887	114,258	23,366	1,695,051
Disposals	-	-	-	-	-
At 31 August 2016	39,713,375	589,469	1,202,577	50,425	41,555,846
Depreciation					
At 1 September 2015	1,040,594	133,976	209,418	2,220	1,386,208
Charged in year	750,277	101,697	491,440	9,306	1,352,720
Disposals	-	-	-	-	-
At 31 August 2016	1,790,871	235,673	700,858	11,526	2,738,928
Net Book Values					
At 31 August 2015	37,171,241	399,606	878,901	24,839	38,474,587
At 31 August 2016	37,922,504	353,796	501,719	38,899	38,816,918

14 Debtors

	2016 £	2015 £
Trade Debtors	363,801	543,677
VAT Recoverable	261,918	388,271
Other Debtors	52,448	-
Prepayments and accrued income	423,248	352,132
	<u>1,101,415</u>	<u>1,284,080</u>

Notes to the Financial Statements *(continued)*

15 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade Creditors	1,013,481	664,262
Taxation & Social Security	374,017	346,852
EFA Creditor: abatement of GAG	-	144,103
Other Creditors	8,326	32,403
Accruals & deferred income	336,659	883,433
	<u>1,732,483</u>	<u>2,071,053</u>

Deferred Income

	2016	2015
	£	£
Deferred income at 1 September 2015	158,786	-
Released from previous years	(158,786)	-
Resources deferred in the year	151,770	158,786
Deferred Income at 31 August 2016	<u>151,770</u>	<u>158,786</u>

Deferred income arises from grants paid in advance, covering the first 7 months of 2016/2017. These include Universal Infant Free School Meals, Devolved Formula Capital and rates and a capital grant from a local charitable organisation.

16 Creditors: amounts falling due in more than one year

	2016	2015
	£	£
Concessionary Loan and abatement of GAG.	<u>1,981,326</u>	<u>1,165,000</u>

Amounts falling due after more than one year is a liability of St. Aldhelm's Academy to the EFA in respect of deficit funding which was provided by the EFA to fund a deficit the Academy's funding resources.

This is comprised of £1,250,000 of a concessionary loan from the EFA, £144,103 Pupil Number Adjustment payment 14/15 delayed from 15/16 and £587,223 Pupil Number Adjustment payment 15/16 delayed from 16/17. This repayment schedule was agreed in this year by the EFA.

The amount is scheduled to be repaid in monthly instalments from September 2017 ending in August 2021. It is interest free.

Notes to the Financial Statements *(continued)*

17 Funds

	Balance at 1 Sep 15 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 Aug 16 £
Restricted general funds					
General Annual Grant (GAG)	85,298	7,214,262	(6,968,332)	-	331,228
Start Up Grant	70,878	-	(70,878)	-	-
Other DfE/ EFA grants	949	933,834	(934,783)	-	-
Local authority grants	208,964	3,102,558	(3,311,522)	-	-
Pupil Placement/ Outreach from other schools	-	263,023	(261,870)	-	1,153
Teaching school	77,336	64,636	(64,636)	-	77,336
Other income	-	21,921	(21,921)	-	-
Pension reserve (note 24)	(4,828,000)	-	(221,000)	(4,568,000)	(9,617,000)
Sponsored Academy deficit	(1,458,123)	2,407,451	(3,399,562)	-	(2,450,234)
	<u>(5,842,698)</u>	<u>14,007,685</u>	<u>(15,254,504)</u>	<u>(4,568,000)</u>	<u>(11,657,517)</u>
Restricted fixed asset funds					
Fixed Asset Fund	38,474,585	-	(1,353,395)	1,719,564	38,840,754
Transfer on conversion	-	-	-	-	-
DfE/EFA capital grants	193,550	1,700,125	-	(1,003,926)	889,749
LA capital grants	-	57,895	-	(55,968)	1,927
Capital expenditure from GAG	-	-	-	-	-
	<u>38,668,135</u>	<u>1,758,020</u>	<u>(1,353,395)</u>	<u>659,670</u>	<u>39,732,430</u>
Total restricted funds	<u>32,825,437</u>	<u>15,765,705</u>	<u>(16,607,899)</u>	<u>(3,908,330)</u>	<u>28,074,913</u>
Total unrestricted funds	<u>1,019,898</u>	<u>484,857</u>	<u>(384,564)</u>	<u>(659,670)</u>	<u>460,521</u>
Total funds	<u>33,845,335</u>	<u>16,250,562</u>	<u>(16,992,463)</u>	<u>(4,568,000)</u>	<u>28,535,434</u>

General Annual Grant (GAG) – The General Annual Grant funding from the Education Funding Agency has been used in line with the funding agreement for the running of the Trust, including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Other DfE/ EFA grants – Other Department for Education and Education Funding Agency Grants received have included Pupil Premium Grant, Year 7 catch up grant, universal infant free school meals and the PE grant, all of which were used for direct impact for the pupils targeted by these grants. The Trust also received grants for insurance, rates and St Aldhelm's joint use agreement. In the year, the Trust received funds in respect of the Head Teachers' Board and a collaborative fund grant which released senior leaders to support other schools. Brought forward funds included school improvement funding in respect of St Aldhelm's Academy and a sponsor capacity grant.

Pupil Premium – Funding from the Education Funding Agency to contribute to the additional educational needs of children who qualify. The purpose of this grant is to close the educational achievement gap between pupils identified under pupil premium and other pupils. This grant was spent on additional curriculum support services. An annual statement of how each of our Academies has utilised their grant is published on our website.

Teaching school – Funding for the teaching school originates both from a grant from the National College of Teaching and Learning and from income generated by the activities of the teaching school. Funds brought forward represent reserves formed of income generated by the activities of the teaching school.

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

DfE/EFA capital grants – Grants for both devolved formula capital and condition improvement fund bids are represented, with the balance at year end being the unspent proportion of the condition improvement fund bids where work crosses the academic year.

Local Authority Grants – Funding from the local authority includes high needs top up payments for pupils in special schools, purchase of bespoke provision and pupil premium funding for looked after pupils. This funding was spent on the full range of education provision for these pupils.

Pupil Placement/Outreach funding – Funding received from local authorities for provision of educational services either to pupils on the Trust's site or in their own schools for outreach services. This funding is spent on direct staff costs, equipment support staff and overheads.

Transfers between funds – Transfers between funds represents the movement of capital grants and unrestricted funds into the restricted fixed asset fund for capital additions in the year.

Analysis of Academies by fund balance

	2016	2015
	£	£
Ambitions Academies Trust	164,074	163,694
Tregonwell Academy	(549,152)	197,007
Queen's Park Academy	752,229	764,729
Longspee Academy	249,161	169,097
King's Park Academy	227,166	171,598
Manorside Academy	6,170	114,418
St. Aldhelm's Academy	(2,429,644)	(1,575,347)
Total before fixed assets and pension reserve	(1,579,996)	5,200
Pension reserve	(9,617,000)	(4,828,000)
Restricted fixed asset fund	39,732,430	38,668,135
Total	28,535,434	33,845,335

The Trust is carrying a net deficit of £1,579,996 on amalgamated unrestricted and restricted general funds (excluding fixed assets and pension reserve) mainly because of the deficit and repayment plan associated with St Aldhelm's Academy. The Trust is taking the following action to return these funds to surplus:

St Aldhelm's Academy is carrying a net deficit of £2,429,644 on these funds. The large majority of this deficit (£1,981,326) relates to a specific arrangement between the Trust and the EFA which has an agreed repayment plan to the EFA with instalments to run from 2017/18 to 2020/21. The remaining deficit of £448,318 is the responsibility of the Trust. The Trust will ensure there are sufficient free reserves to cover the repayment plan by rigorously matching income and resources on an on-going basis and limiting capital investment, and this will also ensure the remaining deficit does not grow any larger and indeed is reduced. Pupil numbers continue to increase and are forecast to reach a level at which the academy makes a surplus from 2018.

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

Tregonwell Academy is carrying a net deficit of £549,152 on these funds because it experienced a disparity in the year on the needs of the high needs pupils and the associated funding from Local Authorities. This was most apparent in the Pupil Referral Unit. Additionally, substantial capital works were required in the year at Petersfield Campus. In order to return the Academy to surplus, the Trust is addressing the disparity on income as a matter of urgency and resources are being matched appropriately. In addition, capital investment will be limited to essential repairs.

Analysis of Academies by cost

	Teaching and Educational Support Staff Costs	Other Support Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2016	Total 2015
	£	£	£	£	£	£
Ambitions Academies Trust	930,434	113,987	19,304	60,975	1,124,700	770,657
Tregonwell Academy	3,332,170	223,198	270,354	291,657	4,117,379	3,900,349
Queen's Park Academy	1,363,200	172,143	139,953	129,848	1,805,144	1,613,199
Longspee Academy	1,080,971	72,608	28,868	86,874	1,269,321	1,339,672
King's Park Academy	1,842,993	266,363	116,238	157,254	2,382,848	1,207,933
Manorside Academy	1,107,274	116,313	47,676	126,939	1,398,202	564,207
St. Aldhelm's Academy	2,677,896	163,574	346,529	353,475	3,541,474	915,326
The Trust	12,334,938	1,128,186	968,922	1,207,022	15,639,068	10,311,343

18 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2016	Total Funds 2015
	£	£	£	£	£
Intangible fixed assets	-	-	23,836	23,836	-
Tangible fixed assets	-	-	38,816,918	38,816,918	38,474,587
Current assets	460,521	1,673,292	891,676	3,025,489	3,434,801
Current liabilities	-	(1,732,483)	-	(1,732,483)	(2,071,053)
Non current liability	-	(1,981,326)	-	(1,981,326)	(1,165,000)
Pension scheme liability	-	(9,617,000)	-	(9,617,000)	(4,828,000)
Total net assets	460,521	(11,657,517)	39,732,430	28,535,434	33,845,335

Notes to the Financial Statements *(continued)*

19 Commitments under operating leases

At August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Amounts due within one year	23,420	17,485
Amounts due between one and five years	67,669	87,204
Amounts due after five years	-	3,885
	<u>91,089</u>	<u>108,574</u>

20 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(741,901)	18,615,577
Adjusted for:		
Amortisation	674	-
Depreciation charges	1,352,720	667,418
Capital grants from DfE and other capital income	(1,758,020)	(1,538,254)
Capital income on transferred academies	-	(20,827,690)
Interest receivable	(1,625)	(1,289)
Cash transferred on conversion to an Academy Trust	-	-
Pension liability transferred on conversion	-	2,590,000
Defined benefit pension scheme obligation inherited	-	-
Defined benefit pension scheme finance cost	-	-
(Increase)/decrease in stocks	-	-
(Increase)/decrease in debtors	182,665	(439,342)
Increase/(decrease) in creditors	(338,570)	1,444,497
Increase/(decrease) in non current creditors	1,037,326	1,165,000
Net cash provided by / (used in) Operating Activities	<u>(266,731)</u>	<u>1,675,917</u>

21 Cashflows from investing activities

	2016 £	2015 £
Dividends, interest and rents from investments	1,625	1,289
Purchase of intangible fixed assets	(24,510)	-
Purchase of tangible fixed assets	(1,695,051)	(1,985,198)
Capital grants from DfE/EFA	1,758,020	1,538,254
Net cash inflow from returns on investment and servicing of finance	<u>40,084</u>	<u>(445,655)</u>

Notes to the Financial Statements *(continued)*

22 Analysis of cash and cash equivalents

	2016	2015
	£	£
Cash in hand and at bank	1,924,074	2,150,721
Total cash and cash equivalents	<u>1,924,074</u>	<u>2,150,721</u>

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

24 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 Dorset County Pension Fund. Both are multi-employer defined benefit schemes

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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.

Notes to the Financial Statements *(continued)*

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

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 £761,808 (2015 - £942,998).

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

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

Local Government Pension Scheme

The 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 2016 was £780,000 (2015 - £507,000), of which employer's contributions totalled £582,000 (2015 - £380,000) and employees' contributions totalled £198,000 (2015 - £127,000). The agreed contribution rates for future years are 17.4% for employers and 5.5% to 8.5% for employees.

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

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.80%	4.20%
Rate of increase for pensions in payment/inflation	2.30%	2.70%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.30%	2.70%
Commutation of pensions to lump sums	<u>50.00%</u>	<u>50.00%</u>

Notes to the Financial Statements *(continued)*

24 Pension and similar obligations *(continued)*

Local Government Pension Scheme *(continued)*

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.9	22.8
Females	<u>25.3</u>	<u>25.2</u>
<i>Retiring in 20 years</i>		
Males	25.2	25.1
Females	<u>27.7</u>	<u>27.6</u>

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

	Fair value at 31 August 2016	Fair value at 31 August 2015
	£	£
Equities	3,112,000	2,358,000
Gilts	592,000	505,000
Cash	56,000	166,000
Other Bonds	688,000	540,000
Diversified Growth Fund	253,000	205,000
Property	555,000	433,000
Infrastructure	139,000	48,000
Hedge Fund	1,000	7,000
Total market value of assets	<u>5,396,000</u>	<u>4,262,000</u>

The actual return on scheme assets was £555,000 (2015 - £433,000)

Amount recognised in the statement of financial activities

	Total 2016	Total 2015
	£	£
Current service cost (net of employee contributions)	913,000	586,000
Net interest cost	180,000	117,000
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	2,000	1,000
Total operating charge	<u>1,095,000</u>	<u>704,000</u>

Notes to the Financial Statements *(continued)*

24 Pension and similar obligations *(continued)*

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

	Total 2016	Total 2015
	£	£
At 1 September 2015	9,090,000	8,380,000
Upon conversion	-	-
Current service cost	913,000	586,000
Interest cost	365,000	217,000
Employee contributions	198,000	127,000
Actuarial (gain)/loss	4,568,000	(201,000)
Benefits paid	(121,000)	(18,000)
Plan introductions, benefit changes, curtailments and settlements	-	(1,000)
At 31 August 2016	15,013,000	9,090,000

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

	Total 2016	Total 2015
	£	£
At 1 September 2015	4,262,000	3,776,000
Upon conversion	-	-
Interest income	185,000	100,000
Return on plan assets (excluding net interest on the net defined pension liability)	292,000	(102,000)
Actuarial gain/(loss)	-	-
Employer contributions	582,000	380,000
Employee contributions	198,000	127,000
Benefits paid	(121,000)	(18,000)
Plan introductions, benefit changes, curtailments and settlements	(2,000)	(1,000)
At 31 August 2016	5,396,000	4,262,000

25 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.

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

Notes to the Financial Statements *(continued)*

26 Events after the end of the reporting period

The Chief Executive Officer left the Trust on 8 December 2016. The Business Director had been appointed as interim Accounting Officer from this date until 15 December 2016. On 16 December 2016, an interim Chief Executive Officer and Accounting Officer was appointed. A permanent Chief Executive Officer will be appointed in due course.

27 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the Trust received £2,112 and distributed £326 from the fund. Unspent bursary funds will be returned to the EFA in due course in consultation with them.

28 Transition to FRS102

This is the first year that Ambitions Academies Trust has presented its financial statements under SORP 2015 and FRS102.

The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015. The date of transition to FRS102 and SORP 2015 was therefore 1 September 2014.

As a consequence of adopting FRS102 and SORP 2015, certain accounting policies have changed to comply with those standards.

Reconciliation of total funds

No transitional adjustments were required.

Reconciliation of net income / (expenditure)

No transitional adjustments were required.

Set out below are the changes in accounting policies arising from the transition to FRS102.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS102 the costs of short-term employee benefits are recognised as a liability and an expense. The majority of employees have a holiday entitlement which is coterminous with the Trust's financial year and no liability arises. A small proportion of employees have a holiday entitlement period which runs to 31 March each year and for which any unused entitlement should be recognised.

As at 1 September 2014 and 31 August 2015, this balance was immaterial and no transition adjustment has been recognised.

Change in recognition of LGPS interest costs

Under previous UK GAAP the Trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income / expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015.

Classification of software as an intangible asset

Computer software with a net book value of £23,836 at 1 September 2014 (or 31 August 2015 if purchased that year) has been reclassified from tangible to intangible fixed assets as required under FRS102. This has no effect on the Trust's net assets nor the income / expense for the year, except that the previous depreciation charge is now described as amortisation.