

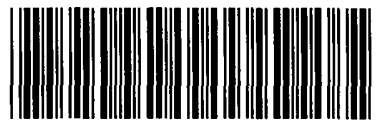
**INNOVATE MULTI ACADEMY TRUST
(A Company Limited by Guarantee)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2016

TUESDAY



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COMPANIES HOUSE

***Company Limited by Guarantee
Registration Number: 09071405
(England & Wales)***

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members	<p>P Goringe - resigned April 2016</p> <p>A Farmer - resigned October 2015</p> <p>T Lifford</p> <p>J Smith</p> <p>M Hough Robinson</p> <p>P Banks</p> <p>L Youngman - appointed 20 April 2016</p> <p>E Wincott</p>
Trustees	<p>T Lifford - Chair</p> <p>A Witheyman - Accounting Officer</p> <p>P Banks</p> <p>L Evans</p> <p>C Freeth</p> <p>P Goringe</p> <p>M Wills</p> <p>E Wincott</p> <p>L Youngman - appointed 20 April 2016</p>
Clerk to Trustees	D Lee
Company Secretary	<p>L Kerrison - resigned 15 August 2016</p> <p>D Lee - appointed 28 June 2016 & resigned 10 October 2016</p> <p>L Flavell - appointed 1 September 2016</p>
Central MAT - Senior Management Team:	
Chief Executive and Accounting Officer	A Witheyman
Headteacher - Badby Primary School	L Evans
Headteacher - Kilsby Church of England Primary School	C Freeth
Headteacher - Weedon Bec Primary School	A Witheyman
Headteacher - Woodford Halse Church of England Primary School	M Wills
Chief Finance Officer	<p>L Kerrison - resigned 15 August 2016</p> <p>L Flavell - appointed 1 September 2016</p>
Principal Addresses	<p>Badby Primary School</p> <p>School Lane</p> <p>Badby</p> <p>Northamptonshire</p> <p>NN11 3AJ</p> <p>Kilsby Church of England Primary School</p> <p>Manor Road</p> <p>Kilsby</p> <p>Warwickshire</p> <p>CV23 8XS</p> <p>Weedon Bec Primary School</p> <p>West Street</p> <p>Weedon</p> <p>Northamptonshire</p> <p>NN7 4QU</p>

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (cont'd)

Principal Addresses (cont'd)	Woodford Halse Church of England Primary Academy High Street Woodford Halse Daventry Northamptonshire NN11 3RQ
Registered Office	Weedon Bec Primary School West Street Weedon Northamptonshire NN7 4QU
Company Registration Number	09071405
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2016.

The company was formed on 4 June 2014 and the multi academy trust commenced on 30 June 2014. The trust operates 4 primary schools for pupils aged 4 to 11 serving the catchment areas of Kilsby, Woodford Halse and Daventry. It has a pupil capacity of 815 and a roll of 691 in the school census on 6 October 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The multi academy trust is a company limited by guarantee with no share capital (Registration Number: 09071405) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of Innovate Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Innovate Multi Academy Trust.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on pages 2 and 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

Innovate Multi Academy Trust has in place Directors and Trustees liability insurance indemnity cover.

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. These include application, shortlisting and interview procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to Parent and Staff trustees, procedures are in place for nomination and election of the trustees as part of local governing bodies of the academies.

Policies and Procedures Adopted for the Induction and Training of Trustees

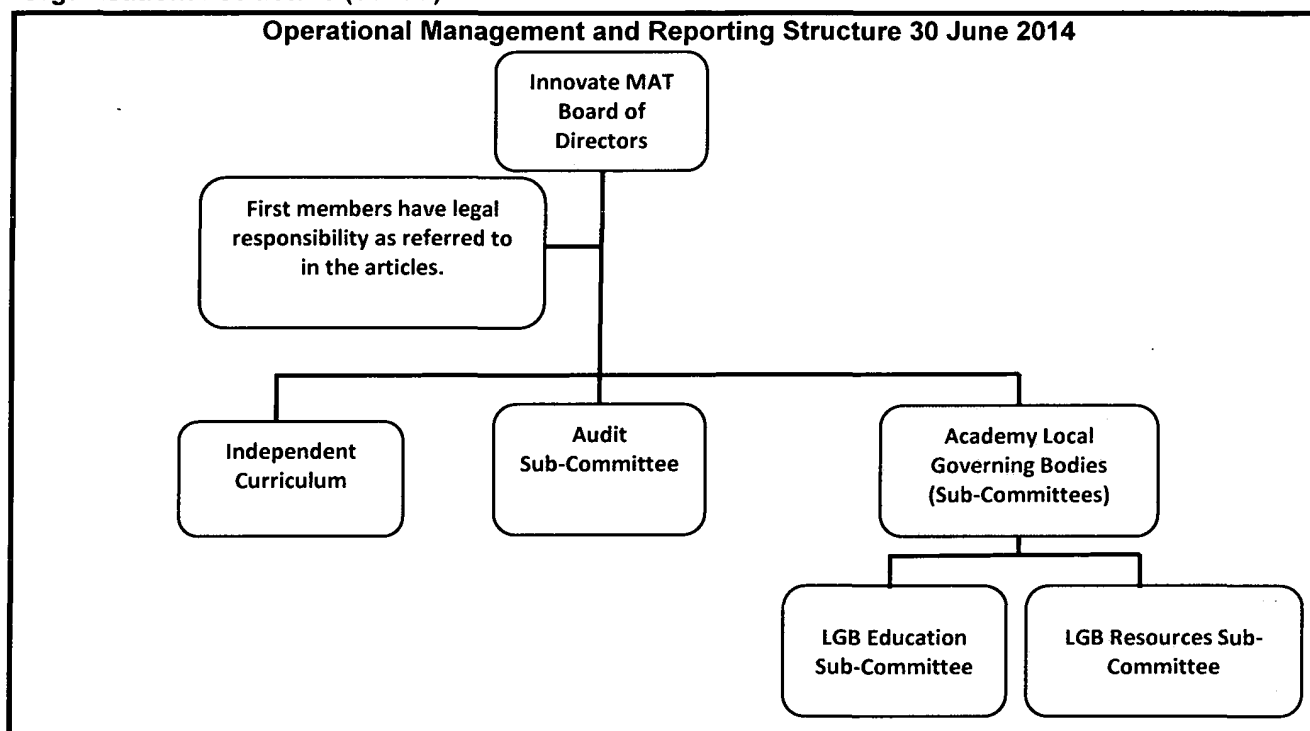
An induction pack containing relevant documentation needed to undertake the role is evolving and will be updated regularly so that it can be provided to all newly appointed trustees. The induction pack describes their role as a trustee and gives some basic information about the academies including the local governing bodies. Training for trustees is undertaken depending on their experience.

Organisational Structure

The structure consists of three levels: the trustees, the senior management team and academy local governing bodies. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels whilst maintaining accountability.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Organisational Structure (cont'd)



The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academies through the use of budgets and making major decisions about the direction of the academies, capital expenditure and staff appointments.

The trustees control the academies at an executive level, whilst the senior management team (Headteachers and Chief Finance Officer) implement the policies laid down by the trustees and report back to them. The senior management team are responsible, in line with the Trust Scheme of Delegation, for the authorisation of spending within agreed budgets and the appointment of the majority of staff.

The Company has 5 "Members" who are also the subscribers to the articles of association, who can and have appointed directors for an initial 4 year term to run the business.

The Trust has appointed local governing bodies and audit committee as sub-committees to the MAT.

Arrangements for setting pay and remuneration of key management personnel

The Academy review the pay policy and personnel remuneration annually. This is ratified by the local resource committee and the Full Governing Body meetings, for the year ahead and cascaded to staff. The Academy currently follow the national guidance for both teachers terms and conditions of employment and the support staff under local Council guidance. The leadership structure also follows the guidance dictated by the Teachers Pay and Conditions document and the size of the school and therefore the leadership ranges for the Head of School and the Executive Headteacher are categorised accordingly. All governors of the Academy are appointed on a voluntary basis and no remuneration is provided.

Connected Organisations, including Related Party Relationships

Innovate Multi Academy Trust was incorporated on 4 June 2014 and became a multi academy trust from 30 June 2014 including under its control Badby Primary School, Kilsby Church of England Primary School, Weedon Bec Primary School and Woodford Halse Church of England Primary Academy.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**OBJECTIVES AND ACTIVITIES****Objects and Aims**

The multi academy trust's objects are specifically restricted to the following: -

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

To achieve this, the multi academy trust identified the following aspirational and measurable outcomes for each individual academy for the period: -

- The curriculum will be broad and balanced;
- Every child to make at least, and for many, above national expectations in both attainment and progress unless there are mitigating circumstances;
- Every academy to be well led and governed;
- All teachers motivated to self-improve and aspire to excellence;
- All schools to be judged good or better by Ofsted.

Principal Activities

At Innovate Multi Academy Trust, we work in partnership with young people, parents and carers to ensure that every student will:

- Feel safe, happy and healthy;
- Enjoy high quality learning opportunities, in a school at the leading edge of innovation;
- Feel challenged and inspired to achieve excellence in every aspect of their lives;
- Become confident, enterprising, creative learners, fully equipped for life and work;
- Become fully-rounded and responsible citizens, making a positive contribution to the school, local, national and global community.

Objectives, Strategies and Activities

To meet these priorities the Trust has appointed an operational team who have adopted a number of strategies and activities that include: -

- Regular networking and training to continually improve teaching and learning;
- A rigorous monitoring and evaluation cycle of all schools;
- Encourage outwardly facing senior leaders, who seek best practice from cutting-edge and innovative schools;
- Offer central support with recruitment of staff, particularly in the areas of finance and senior leadership.

Equal opportunities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Disabled Persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy, where possible. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, where possible, by making support resources available and through training and career development.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the multi academy trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT

Achievements and Performance

Innovate Multi Academy Trust achievements in 2015-16 include:

- Engagement with other schools who wish to join the trust;
- the ongoing work undertaken in developing a shared services model to realise economies of scale and reduce costs for the academies;
- the ongoing close working relationship between the academies to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust;
- Increased sporting fixtures and events.

Achievement of pupils at Badby Primary School

School data for KS2 shows that attainment in GPS continues improve and is again above national at 78.9%. Attainment was slightly above national data for reading (68.4%) and slightly below national for maths (68.4%). Writing attainment is below national at 68.4%. Attainment overall for reading, writing and maths combined was above national data at 57.9%. Achievement for children working at Greater Depth Standard (GDS) was above national in maths, writing and GPS and reading with each at 21%. Attainment at GDS for all subjects combined was above national at 10.5%. Progress for KS2 was above floor for all three subjects but is an area for development across all subjects, particularly maths. Mobility between end of KS1 and end of KS2 was particularly high for this year group with 32% children in this year group starting at the school from Year 3 onwards and 16% children who started after Year 4.

KS1 data shows that attainment was above national in reading (79.2%), writing (75%) and maths (79.2%) individually and combined (66.7%). Attainment of children working at GDS was above national in writing and maths and slightly above in reading. Phonics results in Year 1 are again above national (87.5%) but slightly lower than the previous year due to specific needs of individual children.

Good Level of Development (GLD) at EYFS is above national at 73%. Boys appear to have performed less well than girls, however it is important to not that the cohort was significantly boy heavy with double the number of boys to girls.

Achievement of pupils at Kilsby CE Primary School

RESULTS 2015-2016 - Reception - Each child represents 9%, Reading 82, Writing 82, Maths 91, Good level of development overall 82. Phonics year 1 screening - Each child represents 8% - 92% of our Year 1 pupils achieved the expected standard or better. 6 children scored full marks, 3 children were one mark away from full marks. Year 2 - % reaching required standard or above, each child represents 9% - reading 91%, Writing 91%, Maths 82%. Year 6 - each child represents 6.25%, Reading 69%, Grammar 86%, Maths 69%, Writing 76%, Combined 56%.

Progress from KS1

Reading	+1.3	Floor standard	-5	well above
Writing	+1.8	Floor standard	-7	well above
Maths	-1.8	Floor standard	-5	above

We are therefore in line with or above national results for attainment and above or well above floor standards for progress.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)
Achievement of pupils at Weedon Bec Primary School

Our 2016 provisional results indicated this position in relation to unvalidated 2016 national outcomes, where available. Over 2/3 of children (72%) achieved good learning development at the end of the Foundation Stage, above the national average for 2015. The proportion of Year 1 children (87%) meeting or exceeding the expected standard in the phonics test was above the national average. At Key Stage 1, over 2/3 of pupils reached the expected standard in mathematics (67%), writing (70%) and reading (73%). In Year 6, attainment in the tests was just above average in reading (70%), just below average in writing (70%) and grammar, punctuation and spelling (66%), and well below average in mathematics (54%). 47% of pupils achieved the expected standard in reading, writing and mathematics which is below the national average (53%). The rate of progress in reading was +0.9. In writing it was +0.3. In mathematics it was -5.4. The headteacher identifies that four pupils were not at the standard to be entered for the mathematics test having joined the school relatively late in Key Stage 2. Were these pupils to be excepted, the progress score for mathematics would be -3.8. Overall, achievement in the school is broadly in line with or just above national averages except for mathematics in Year 6.

We are also working closely with other schools in the Multi Academy Trust to increase the numbers of pupils achieving level 4 in maths, whilst focussing on the Pupil Premium children to further narrow the gap between these and non-Pupil Premium children.

Achievement of pupils at Woodford Halse CE Primary School

For the academic year 2015/16 Key Stage 2 attainment was below national attainment averages for Y6 children. The progress of pupils in reading and mathematics was below national averages. The progress of Y6 children in writing was slightly below national averages. The number of children with a statement of SEN was 10% which is very high. The number of children with an SEN code in this group was 30% which is well above the national average (18%). Girls' progress in writing was well above the national average. The gap between boys' and girls' attainment and progress at year 6 was significant. Inconsistencies in national progress calculations resulted in the school's progress scores appearing weaker.

Y1 Phonics outcomes were outstanding. KS1 outcomes were broadly in line with national averages. Foundation stage outcomes were above national averages.

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. Adhoc benchmarking analysis has been produced to highlight areas of opportunity in ensuring the academy is delivering value for money. This will continue to be challenged through 2016/17.

Badby Primary School	2016	2015
Pupil numbers	157	135
Staff costs as a % of revenue income received from EFA	92%	84%
Staff costs as a % of total revenue grant income	88%	82%
Staff costs as a % of total costs	78%	72%
Capital expenditure per pupil	£37	£215
Kilsby Church of England Primary School	2016	2015
Pupil numbers	94	83
Staff costs as a % of revenue income received from EFA	87%	68%
Staff costs as a % of total revenue grant income	80%	68%
Staff costs as a % of total costs	74%	68%
Capital expenditure per pupil	£77	£249

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Key Financial Performance Indicators (cont'd)

Weedon Bec Primary School	2016	2015
Pupil numbers	230	216
Staff costs as a % of revenue income received from EFA	86%	85%
Staff costs as a % of total revenue grant income	80%	81%
Staff costs as a % of total costs	80%	77%
Capital expenditure per pupil	£84	£95
Woodford Halse Church of England Primary School	2016	2015
Pupil numbers	219	215
Staff costs as a % of revenue income received from EFA	90%	88%
Staff costs as a % of total revenue grant income	87%	85%
Staff costs as a % of total costs	77%	77%
Capital expenditure per pupil	£81	£96

Going Concern

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

FINANCIAL REVIEW

Overview

The principal source of funding for the academy is the General Annual Grant together with the start up grant. Most of the multi academy trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The multi academy trust also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2016 the net book value of fixed assets was £8,453,000 (2015: £8,546,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Key Financial Performance Indicators

The Local Government Pension Scheme (LGPS) figures as at 31 August 2016 are based on projecting forward the estimated position at 30 June 2015 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS102 deficit at 31 August 2016 is £1,253,000 which compares to a deficit of £765,000 at 31 August 2015. The main reason for the increase in the deficit is because of:

- lower assumed rate of salary increases;
- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;
- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- increased longevity of retiring members.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Key Financial Performance Indicators (cont'd)**

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- Official budgets;
- Scheme of delegation;
- Financial regulations;
- Risk management policy.

Capital expenditure per pupil

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below government guidelines;
- Condition of buildings acting as a barrier to achievement;
- Increase in pupil numbers through local housing development may lead to a decline in educational standards, inadequate facilities and resources to cope with demand, and insufficient capital funding to facilitate improvements;
- Financial systems for the academy are not adequate for the needs of the MAT, which may cause financial and reputational risks, with directors not being provided with suitable financial performance data on which to base future development decisions;
- Treasury procedures are not closely monitored in some of the schools belonging to the MAT, which means there may be issues with cash flow, and reputational risk;
- Trustees do not have the diversity of skills required to run the Academy.

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of reserves for the current number of academies should be equivalent to 4 weeks expenditure, approximately £290,000 plus £50,000 for premises contingencies. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Any surplus reserves built up by the Academy are earmarked to cover:

- planned capital expenditure;
- staff costs to cover increase in pupil numbers;
- forecast increases in employer contributions to the Local Government Pension Scheme.

The value of free reserves after deducting 4 weeks working capital requirements are £366,000.

Financial position

The Academy held fund balances at 31 August 2016 of £7,906,000 (2015: £8,415,000), after allowing for the pension deficit of £1,253,000 (2015: £765,000); comprising £7,363,000 (2015: £7,872,000) of restricted funds and £543,000 (2015: £543,000) of unrestricted general funds.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Investment Policy**

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2016. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The Trust intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Risk Management

The major risks to which the multi academy trust is exposed have been identified on the academy's Risk Register and are identified in the Financial Review on pages 9 & 10. Trustees have reviewed the risks to which the multi academy trust is exposed and systems and procedures have been put in place to manage

Plans for future periods

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the Academy will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

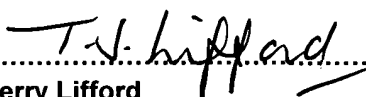
Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a Strategic Report was approved by the board of trustees, as the company directors on 6 December 2016 and signed on their behalf by:


.....
Terry Lifford
Chair of Trustees

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to each of the academy headteachers A Witheyman, C Freeth, M Wills, L Evans and CFO L Flavell 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 Innovate Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 9 times during the period September 2015 and August 2016. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a Possible
P Banks	8	9
L Evans	9	9
P Goringe	1	3
M Hough Robinson	1	9
T Lifford	6	9
J Smith - appointed 12 November 2015	5	9
M Wills	8	9
A Witheyman	9	9
E Youngman	3	7

The Academy Trust has not carried out an internal governance review but intends to do in Spring 2017.

Individual schools have done some internal governance checks and can confirm the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust;
- the headteacher is held to account for the educational performance of the school;
- the financial performance of the school is monitored and value for money obtained;

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

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

- 1) Obtaining at least 3 quotes for the when tendering for the MAT catering contract;
- 2) Sharing external training (Inspire Teaching School Alliance) across the MAT rather than individual schools training. Internal sharing of best practice happens between schools;
- 3) Obtaining at least 3 quotes for the new playground at Weedon Bec;
- 4) Staff are used as a shared resource where possible across schools in the MAT. As an example, a Sports coach and family support worker have been employed to enable us to offer enhanced services all schools.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Governance (cont'd)**

Our Trust has approved policies and procedures in place to ensure effective procurement and tendering have been used to get the best deal on goods and services. This does not necessarily mean procuring the cheapest products available but a product that achieves quality, sustainability and effectiveness at the best price. The Scheme of Delegation, Procurement Policy, Finance Policy and Segregation of Duties ensure that value for money is considered by all staff and trustees. In 2016/17 we plan to further evaluate our financial spending by benchmarking against each school in the Trust and the Government Benchmarking for Academies, alongside educational outcomes and improvements to provision. In addition to this the schools in the Trust has purchased services together including Human Resources, Payroll, Curriculum and Premises Support. We will continue to leverage this across other purchases going forward.

Improving Educational Outcomes

The schools of Innovate Multi Academy Trust continually review the progress of all their pupils throughout the year. This progress is audited three times in the year by a school improvement partner (SIP), the process involves identifying areas for development and the progress of classes and groups within them such as pupil premium and Headteachers also conduct peer evaluation of each school in the Trust. Any areas for concern are identified and an action plan is agreed with the Trust's Senior Management Team. The SIP produces written reports to all local governing bodies and reports to the MAT directors. All schools have had three visits this year. The individual schools annually review their staffing as part of the budget setting process. Where schools are growing additional staff have been deployed. The quality of teaching is monitored by the senior management team and discussed with the Trust's partner. As well as the termly reports from the SIP the trust also reviews the end of key stage data from each school. The trust has worked with the Inspire Teaching Alliance, Support Works Ltd, Delegated Services, and School Pupil Tracker to set up joint training for all the schools in the MAT.

Staff Resources

The staff from the schools meet monthly to share good practice, moderate and work on joint development programmes. This year we have all worked on a joint sporting events to improve physical fitness, raise self esteem and self confidence, and literacy projects to improve standards in writing. We are now looking at how to monitor progress using the new curriculum. The Headteachers work very closely together to support and challenge each other, and have been able to share staff expertise and time to ensure each school also benefits from in-house development and efficiency savings. School business Managers will also work towards sharing best practice during 2016/2017 with the help of the new CFO

The Risk and Control Framework**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 ongoing process designed to identify and prioritise the risks to the achievement of multi academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Innovate Multi Academy Trust for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees is reviewing the key risks to which the multi academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the multi academy trust's significant risks that has been in place for the period ending 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 FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Capacity to Handle Risk (cont'd)**

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

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

The audit committee have been assigned with monitoring internal controls and risk management. The trustees have appointed UHY Hacker Young, the external auditor to perform additional checks. In particular the checks carried out in the current period included:

- adequacy of financial policies;
- reviewing controls over bank, payroll and VAT reconciliations;
- adequacy of financial reporting.

The external auditors role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. On an annual basis, the external auditor reports to the board of directors on the operation of the systems of control and on the discharge of the board of directors financial responsibilities. The external auditor has delivered their schedule of work as planned, and no material control issues were identified.

Review of Effectiveness

As Accounting Officer of Innovate Multi Academy trust, the Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

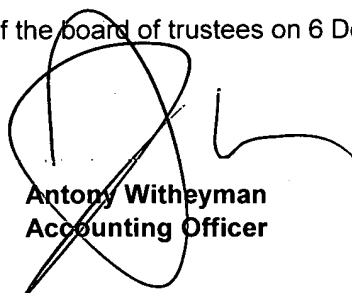
- the work of the external auditor;
- the audit committee;
- the financial management and governance self assessment process;
- the work of the executive managers within the multi academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:



Terry Lifford
Chair of Trustees



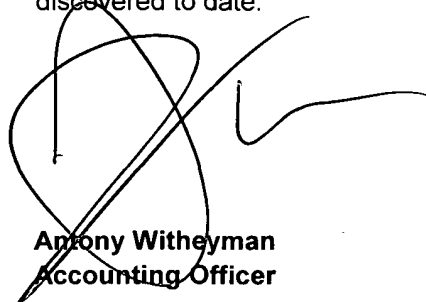
Antony Witheyman
Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of Innovate Multi England Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the multi academy trust board of trustees are able to identify any material irregular or improper use of funds by the multi academy trust, or material non-compliance with the terms and conditions of funding under the multi academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Antony Witheyman
Accounting Officer

6 December 2016

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:



Terry Lifford
Chair of Trustees

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2016**

We have audited the financial statements of Innovate Multi Academy 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the multi academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the multi academy trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the multi academy 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 16, the trustees (who are also the directors of the multi academy 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 (APB'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 multi academy trusts 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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland";
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)****Opinion on other matter prescribed by the Companies Act 2006**

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

Matters on which we are required to report by exception

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

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



Malcolm Winston
Senior Statutory Auditor
UHY Hacker Young (Birmingham) LLP, Statutory Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

6 December 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 7 September 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 the multi academy 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 the Innovate Multi Academy Trust and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Innovate Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Innovate Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Innovate Multi Academy Trust funding agreement with the Secretary of State for Education dated 30 June 2015, 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 and the financial transactions do not conform to the authorities which govern them.

Approach

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

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a 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 multi academy trust's income and expenditure.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

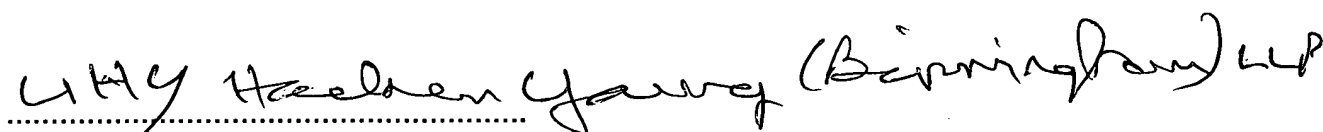
Approach (cont'd)

Summary of the work undertaken was as follows:

- Analytical review of the multi academy trust's general activities are within the multi academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the multi academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the multi academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the multi academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the multi academy trust's charitable objectives.

Conclusion

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



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

6 December 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016

(Including Income and Expenditure Account)

		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2016	04.06.14
		£'000	Funds	Asset	£'000	to
			£'000	Funds		31.08.15
				£'000		£'000
Income from:						
Donations and capital grants	3	16	18	26	60	8,591
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	3,186	-	3,186	3,545
Other trading activities	5	77	93	-	170	154
Investment income	6	1	-	-	1	-
Total		94	3,297	26	3,417	12,290
Expenditure on:						
Raising funds	7	32	93	-	125	120
Charitable activities:						
- Academy trust's educational operations	7 & 8	62	3,165	143	3,370	3,717
Total		94	3,258	143	3,495	3,837
Net income/(expenditure)		-	39	(117)	(78)	8,453
Transfers between funds	16	-	(24)	24	-	-
Other recognised gains and losses						
Change in recognition of LGPS interest cost	30	-	-	-	-	9
Actuarial loss on defined benefit pension schemes	27	-	(431)	-	(431)	(47)
Net movement in funds		-	(416)	(93)	(509)	8,415
Reconciliation of funds						
Total funds brought forward	16	543	(674)	8,546	8,415	-
Total funds carried forward	16	543	(1,090)	8,453	7,906	8,415

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

BALANCE SHEET AS AT 31 AUGUST 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	13	<u>8,453</u>	<u>8,546</u>
		<u>8,453</u>	<u>8,546</u>
Current assets			
Debtors	14	105	113
Cash at bank and in hand		<u>736</u>	<u>705</u>
		<u>841</u>	<u>818</u>
Current liabilities			
Creditors: Amounts falling due within one year	15	<u>(135)</u>	<u>(184)</u>
Net current assets		<u>706</u>	<u>634</u>
Total assets less current liabilities		9,159	9,180
Net assets excluding pension liability		<u>9,159</u>	<u>9,180</u>
Defined benefit pension scheme liability	27	(1,253)	(765)
Total Net Assets		<u><u>7,906</u></u>	<u><u>8,415</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	8,453	8,546
- Restricted income fund	16	163	91
- Pension reserve	16	<u>(1,253)</u>	<u>(765)</u>
Total Restricted Funds		<u>7,363</u>	<u>7,872</u>
- Unrestricted income fund	16	<u>543</u>	<u>543</u>
Total Unrestricted Funds		<u>543</u>	<u>543</u>
Total Funds		<u><u>7,906</u></u>	<u><u>8,415</u></u>

The financial statements on pages 21 to 23 were approved by the trustees and authorised for issue on 6 December 2016 and signed on their behalf by:


 Terry Lifford
 Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities	20	54	719
Cash flows from investing activities	21	(23)	(14)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period	23	<u>31</u>	<u>705</u>
Cash and cash equivalents at 1 September/4 June	23	705	-
Cash and cash equivalents at 31 August	23	<u>736</u>	<u>705</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**1 Statement of Accounting Policies: Basis of preparation****First time adoption of FRS 102**

These financial statements are the first financial statements of Innovate Multi Academy 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 Innovate Multi Academy 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.

Reconciliations to previous UK GAAP for the comparative figures are included in note 30.

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

Income

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

• Grants

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

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet in creditors; amounts falling due within one year in deferred income.

• Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

• Donations

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

• Other income

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

1 Statement of Accounting Policies: Basis of preparation (cont'd)

● **Donated goods, facilities and services**

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

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

● **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

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 academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

● **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture and equipment	10% - 15%
Computer equipment and software	33.33%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**1 Statement of Accounting Policies: Basis of preparation (cont'd)****Tangible Fixed Assets (cont'd)**

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.

Leased assets

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

Taxation

The multi academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the multi academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 27, the TPS is a multi employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**1 Statement of Accounting Policies: Basis of preparation (cont'd)****Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016 (see note 16).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 04.06.14 to 31.08.15 £'000
Devolved formula capital grant	-	26	26	21
Start up grant - capital	-	-	-	56
NCC fixed assets donation	-	-	-	8,586
NCC LGPS pension deficit	-	-	-	(668)
NCC prior years surplus b/fwd	-	-	-	515
Donations	16	-	16	24
School fund	-	18	18	44
Other Income	-	-	-	13
	<u>16</u>	<u>44</u>	<u>60</u>	<u>8,591</u>

The income from donations and capital grants was £60,000 (2015: £8,591,000) of which £16,000 (2015: £550,000) was unrestricted, £18,000 (2015: £622,000 deficit) restricted and £26,000 (2015: £8,663,000) restricted fixed assets.

4 FUNDING FOR THE MULTI ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 04.06.14 to 31.08.15 £'000
DfE/EFA grants				
General annual grant (GAG) (note 2)	-	2,678	2,678	3,066
Pupil premium grant	-	188	188	165
Start up grant - revenue	-	-	-	64
Sports premium grant	-	35	35	35
Universal infant free school meals grant	-	109	109	47
	<u>-</u>	<u>3,010</u>	<u>3,010</u>	<u>3,377</u>
Other Government grants				
Pupil premium grant - NCC	-	5	5	65
Pupil premium grant - BCC	-	10	10	-
High needs funding - NCC	-	114	114	103
Pupil growth - NCC	-	47	47	-
	<u>-</u>	<u>176</u>	<u>176</u>	<u>168</u>
	<u>-</u>	<u>3,186</u>	<u>3,186</u>	<u>3,545</u>

The income from the academy trusts' educational operations was restricted for both 2016 and 2015.

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 04.06.14 to 31.08.15 £'000
5 OTHER TRADING ACTIVITIES				
School Clubs	38	-	38	49
Lettings income	15	-	15	5
Early years funding - NCC	-	93	93	100
Nursery wraparound care	24	-	24	-
	<u>77</u>	<u>93</u>	<u>170</u>	<u>154</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

				Total 04.06.14 to 31.08.15 £'000
6 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	
Bank interest received	1	-	1	-
	1	-	1	-

The income from the academy trusts' investment income was unrestricted for 2016.

				Total 04.06.14 to 31.08.15 £'000
7 EXPENDITURE	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2016 £'000
Expenditure on raising funds	117	-	8	125
Academy's educational operations				
Direct costs	2,236	-	103	2,339
Allocated support costs	369	272	390	1,031
	2,605	272	493	3,370
	2,722	272	501	3,495

The expenditure was £3,495,000 (2015: £3,837,000) of which £94,000 (2015: £20,000) was unrestricted, £3,258,000 (2015: £3,686,000) restricted and £143,000 (2015: £131,000) restricted fixed assets.

	Total 04.06.14 to 31.08.15 £'000
Net income/(expenditure) for the year includes:	
Operating leases rentals	16
Loss on disposal of fixed assets	1
Depreciation	142
Fees payable to auditors for:	
Audit	7
Other Services	2

8 CHARITABLE ACTIVITIES

	Total 04.06.14 to 31.08.15 £'000
Direct costs - educational operations	2,339
Support costs - educational operations	1,031
	3,370
Analysis of Support Costs	
Support staff costs	369
Depreciation	142
Technology costs	65
Premises costs	130
Other support costs	206
Governance	119
	1,031

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

9 STAFF

a Staff costs

		Total 04.06.14 to 31.08.15
	2016 £'000	£'000
Staff costs during the year/period were:		
Wages and salaries	2,117	2,265
Social security costs	139	130
Operating costs of defined benefit pension schemes	439	448
	<u>2,695</u>	<u>2,843</u>
Supply staff costs	27	24
	<u>2,722</u>	<u>2,867</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

b Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2015: £nil).

c Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2016 expressed as full time equivalents was as follows:

		Total 04.06.14 to 31.08.15
	2016 No	No
Charitable Activities		
Teachers	29	36
Administration and support	49	46
Management	10	5
	<u>88</u>	<u>87</u>
Governance activities	-	-
	<u>88</u>	<u>87</u>

d Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	1	-
£70,001 - £80,000	-	2

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £432,886 (2015: £478,296).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

10 CENTRAL SERVICES

The multi academy trust has provided the following central services to Badby Primary School, Kilsby Church of England Primary School, Weedon Bec Primary School and Woodford Halse Church of England Primary School during the year including:

- human resources;
- financial services;
- legal services;
- educational support services;
- accounting services.

The multi academy trust charges for these services an amount per pupil of £82. The actual amounts charged during the year were as follows:

	2016 £'000
Badby Primary School	13
Kilsby Church of England Primary School	8
Weedon Bec Primary School	18
Woodford Halse Church of England Primary School	21
	<u>60</u>

No central services were provided by the multi academy trust to the schools for 2015.

11 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Head of MAT and other staff trustees receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

A Witheyman (Headteacher and Staff Trustee):

Remuneration	£55,000 - £60,000	(2015: £70,000 - £75,000)
Employers pension cont's	£5,000 - £10,000	(2015: £10,000 - £15,000)

C Freeth (Headteacher and Staff Trustee):

Remuneration	£50,000 - £55,000	(2015: £55,000 - £60,000)
Employers pension cont's	£5,000 - £10,000	(2015: £5,000 - £10,000)

M Wills (Headteacher and Staff Trustee):

Remuneration	£65,000 - £70,000	(2015: £75,000 - £80,000)
Employers pension cont's	£5,000 - £10,000	(2015: £10,000 - £15,000)

L Evans (Headteacher and Staff Trustee):

Remuneration	£50,000 - £55,000	(2015: £55,000 - £60,000)
Employers pension cont's	£5,000 - £10,000	(2015: £5,000 - £10,000)

During the period ended 31 August 2016 there were travel and subsistence expenses reimbursed to the trustees of £333 (2015: £nil). Other related party transactions including trustees are set out in note 28.

12 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees' and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover on any one claim and the cost for the period ended 31 August 2016. The cost of this insurance is included in the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

13 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Computer Equipment £'000	Furniture & Equipment £'000	Total £'000
Cost				
At 31 August 2015	8,586	82	9	8,677
Additions	-	22	28	50
Disposals	-	(1)	-	(1)
At 31 August 2016	<u>8,586</u>	<u>103</u>	<u>37</u>	<u>8,726</u>
Depreciation				
At 31 August 2015	106	24	1	131
Charged in year	106	32	4	142
Disposals	-	-	-	-
At 31 August 2016	<u>212</u>	<u>56</u>	<u>5</u>	<u>273</u>
Net book value				
At 31 August 2016	<u>8,374</u>	<u>47</u>	<u>32</u>	<u>8,453</u>
At 31 August 2015	<u>8,480</u>	<u>58</u>	<u>8</u>	<u>8,546</u>

On 30 June 2014 the Academy's leasehold land and buildings for Badby Primary School and Weedon Bec Primary School were donated to the Academy by Northamptonshire County Council on a 125 year lease at a pepper corn rent. Where Innovate Multi Academy Trust occupies the land and buildings under a licence from the Church of England no interest in the sites pass to the multi academy trust. However, in accordance with FRS102 and the Academy Accounts Direction 2015/16 the commercial substance of the transaction takes precedence over the legal form. As a result any land and buildings occupied under license by the multi academy trust and owned by the Church of England are recognised on the academy trust balance sheet for the future economic benefits that are expected to flow from the use of such properties. On 31 August 2015 an existing use valuation and useful asset life assessment was prepared for the Education Funding Agency by a firm of Chartered Surveyors DTZ in accordance with the requirements of FRS102 that the leasehold land and buildings gifted had a depreciated replacement cost value of £8,586,000.

	2016 £'000	2015 £'000
14 DEBTORS		
Trade debtors	2	10
VAT recoverable	37	50
Other debtors	1	-
Prepayments and accrued income	<u>65</u>	<u>53</u>
	<u>105</u>	<u>113</u>
	2016	2015
15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	£'000	£'000
Trade creditors	42	19
Other creditors	6	33
Accruals	19	52
Deferred income	<u>68</u>	<u>80</u>
	<u>135</u>	<u>184</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (cont'd)

Deferred Income	2016	2015
	£'000	£'000
Deferred income at 1 September	80	-
Resources deferred in the year	68	80
Amounts released from previous years	(80)	-
Deferred income at 31 August	<u>68</u>	<u>80</u>

At the balance sheet date the MAT was holding funds received in advance for 2016/17 for free school meals £60,397 (2015: £75,962), school clubs £1,384 (2015: £nil), rates relief £559 (2015: £nil), trips monies £5,160 (2015: £1,479) and devolved formula capital £nil (2015: £2,319).

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General annual grant (GAG) (note i)	47	2,678	(2,575)	(24)	126
Pupil premium grant (note ii)	-	188	(188)	-	-
Start up grant (note iii)	5	-	(5)	-	-
Sports premium grant (note iv)	-	35	(35)	-	-
Pupil premium grant - LA (note ii)	-	15	(15)	-	-
Free School Meals (note v)	-	109	(109)	-	-
Early Years Funding (note vi)	-	93	(93)	-	-
Other LA Income (note vii)	-	161	(161)	-	-
School Fund (note viii)	39	18	(20)	-	37
	<u>91</u>	<u>3,297</u>	<u>(3,201)</u>	<u>(24)</u>	<u>163</u>
Restricted fixed asset funds					
Fixed assets donation (note ix)	8,480	-	(106)	-	8,374
Devolved formula capital grant (note x)	16	20	(4)	-	32
Start up grant (note iii)	41	6	(25)	-	22
Transfer from Unrestricted Funds	9	-	(5)	-	4
Transfer from Restricted Funds	-	-	(3)	24	21
Total restricted funds	<u>8,546</u>	<u>26</u>	<u>(143)</u>	<u>24</u>	<u>8,453</u>
Restricted pension scheme liability					
Pension reserve (note xi)	(765)	-	(57)	(431)	(1,253)
	<u>(765)</u>	<u>-</u>	<u>(57)</u>	<u>(431)</u>	<u>(1,253)</u>
Total restricted funds	<u>7,872</u>	<u>3,323</u>	<u>(3,401)</u>	<u>(431)</u>	<u>7,363</u>
Unrestricted funds					
Unrestricted funds (note xii)	43	94	(94)	4	47
NCC prior years surplus b/fwd	500	-	-	(4)	496
Total unrestricted funds	<u>543</u>	<u>94</u>	<u>(94)</u>	<u>-</u>	<u>543</u>
Total funds	<u>8,415</u>	<u>3,417</u>	<u>(3,495)</u>	<u>(431)</u>	<u>7,906</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

16 FUNDS (cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2016 (see note 2).
- ii) Pupil premium grant has been used to support children from low income families placed at the MAT.
- iii) Start up grant has been received from the EFA to assist in covering costs on transfer to Academy status and to support additional cost pressures associated.
- iv) Sports premium grant has been received to enhance the educational teaching and equipment of Physical education.
- v) Free school meals grant from the EFA has been used to supply all pupils of the schools with School dinners throughout the academic year.
- vi) Early Years Funding has been received from Northamptonshire CC for children attending the nursery within the schools.
- vii) Other LA Income includes additional income received for children with high needs and income for pupil number growth.
- viii) School fund are legacy funds from contributions and donations received from parents and other organisations which are used to support the academy trust's activities.
- ix) Fixed asset donation is the value of the school that was transferred to the Multi Academy Trust upon conversion from the Local Authority.
- x) Devolved formula capital has been used to maintain the school through maintenance repairs.
- xi) The pension reserve represents the deficit on the Local Government Pension Scheme (note 27).
- xii) Included in unrestricted funds is early years funding which has been received to provide financial assistance to parents for care of children over the age of 3 in pre-school care.

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August are represented by:

	Total 2016 £'000	Total 2015 £'000
Badby Primary School	176	147
Kilsby Church of England Primary School	172	179
Weedon Bec Primary School	281	221
Woodford Halse Church of England Primary School	69	87
Central services	8	-
Total before fixed assets and pension reserve	<u>706</u>	<u>634</u>
Restricted fixed assets fund	8,453	8,546
Pension reserve	<u>(1,253)</u>	<u>(765)</u>
	<u>7,200</u>	<u>7,781</u>
Total	<u><u>7,906</u></u>	<u><u>8,415</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

16 FUNDS (cont'd)

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excl. Depreciation)	Total
	£'000	£'000	£'000	£'000	£'000
Badby Primary School	463	101	13	115	692
Kilsby CoE Primary School	312	71	17	97	497
Weedon Bec Primary School	705	126	53	112	996
Woodford Halse CoE Primary School	756	188	37	133	1,114
Central services	-	-	-	54	54
Academy Trust	2,236	486	120	511	3,353

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds	Pension Restricted Funds	General Restricted Funds	School Fund Restricted Funds	Fixed Assets Restricted Funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	-	8,453	8,453
Current assets	543	-	261	37	-	841
Current liabilities	-	-	(135)	-	-	(135)
Pension scheme liability	-	(1,253)	-	-	-	(1,253)
	543	(1,253)	126	37	8,453	7,906

18 CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	Nil	Nil

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £'000	2015 £'000
Operating leases which expire:		
. Within one year	16	16
. Within two to five years	11	-
	27	16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

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

	2016 £'000	2015 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(78)	8,453
Adjusted for:		
Depreciation (note 13)	142	131
Fixed assets donation	-	(8,586)
LGPS pension deficit transfer	-	668
Capital grants from DfE and other capital income	(26)	(77)
Interest receivable	(1)	-
Loss on disposal of fixed assets	1	-
Defined benefit pension scheme cost less contributions payable (note 27)	27	26
Defined benefit pension scheme finance cost (note 27)	30	33
Decrease/(increase) in debtors	8	(113)
(Decrease)/increase in creditors	(49)	184
Net cash provided by operating activities	54	719

21 CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	1	-
Purchase of tangible fixed assets	(50)	(91)
Capital grants from DfE/EFA	26	77
Net cash used in investing activities	(23)	(14)

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash (used in)/provided by financing activities	-	-

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug 2016 £'000	At 31 Aug 2015 £'000
Cash in hand and at bank	736	705
Total cash and cash equivalents	736	705

25 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to :

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

26 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**27 PENSION AND SIMILAR OBLIGATIONS**

The Academy'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 Warwickshire County Council Pension Fund. Both are defined benefit schemes.

As described in note 27, the LGPS obligation relates to the employees of the multi academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the multi academy trust at the balance sheet date.

The total pension cost to the Academy during the period ended 31 August 2016 was £438,863 (2015: £448,243) of which £209,534 (2015: £202,608) relates to the TPS and £229,329 (2015: £245,635) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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.

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%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)**Teachers' Pension Scheme (cont'd)**

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined as employer rate of 16.48% 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 employers pension costs paid to TPS in the period amounted to £209,534 (2015: £202,608).

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 scheme, with the assets held in a separate trustee administered funds. The total contributions made for the period ended 31 August 2016 was £270,329 (2015: £290,635) of which employers contributions totalled £229,329 (2015: £245,635) and employees contributions totalled £41,000 (2015: £45,000). The agreed employers contributions for future years are 23.6% for Badby Primary School, Kilsby Church of England Primary School, Weedon Bec Primary School and Woodford Halse Church of England Primary School for employers and agreed employees contributions of 5.5% for Badby Primary School, Kilsby Church of England Primary School, Weedon Bec Primary School and Woodford Halse Church of England Primary School.

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2016 % per annum	At 31 August 2015 % per annum
Discount rate	2.1%	3.8%
Salary increases	4.1%	4.6%
Pension increase	2.1%	2.7%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	At 31 August 2016 Approx Change to Employers Liability £'000	At 31 August 2015 Approx Change to Employers Liability £'000
Discount rate decreased by 0.5% per annum	289	177
Assumed pension increased by 0.5% per annum	190	87
Salary growth increased by 0.5% per annum	90	84
Life expectancy at retirement increased by 1 year	66	42

The mortality assumptions used were as follows:

	At 31 August 2016 years	At 31 August 2015 years
Longevity at age 65 retiring today		
- Men	22.3	22.3
- Women	24.3	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.0	24.0
- Women	26.6	26.6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equity instruments	670	414
Debt instruments	179	112
Property	76	53
Cash	19	11
Total market value of assets	944	590
Present value of scheme liabilities		
- Funded	(944)	(590)
- Unfunded	(1,253)	(765)
Total liabilities	(2,197)	(1,355)
Deficit in the scheme	(1,253)	(765)

The actual return on the scheme assets in the year was £141,000 (2015: £15,000).

Amounts recognised in the Statement of Financial Activities

	2016 £'000	2015 £'000
Current service cost	199	211
Interest cost	30	33
Total operating charge	229	244

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

27 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

	2016 £'000	2015 £'000
Changes in deficit during the year/period		
Balance at admission date 30 June 2014	-	668
Deficit in the scheme at 1 September 2015	765	-
Movement in year:		
- Employer service cost (net of employee contributions)	199	211
- Employer contributions	(172)	(185)
- Expected return on scheme assets	(26)	(22)
- Interest cost	56	55
- Actuarial losses	431	38
Deficit in the scheme at 31 August 2016	1,253	765

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

	2016 £'000	2015 £'000
Balance at admission date 30 June 2014	-	999
Scheme liabilities at 1 September 2015	1,355	-
Current service cost	199	211
Interest cost	56	55
Contributions by scheme participants	41	45
Benefits paid	-	-
Actuarial losses	546	45
Scheme liabilities at 31 August 2016	2,197	1,355

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

	2016 £'000	2015 £'000
Balance at admission date 30 June 2014	-	331
Fair value of scheme assets at 1 September 2015	590	-
Expected return on scheme assets	26	22
Actuarial losses	115	7
Contributions by employer	172	185
Benefits paid	-	-
Contributions by scheme participants	41	45
Fair value of scheme assets at 31 August 2016	944	590

The estimated value of employer contributions for the year ended 31 August 2017 is £163,000 (2015: £152,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the multi academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account:

There were no related party transactions took place in the period of account, other than those trustees remuneration and expenses already disclosed in note 11.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

30 EXPLANATION OF TRANSITION TO FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

Reconciliation of total funds	1 September 2014 £'000	31 August 2015 £'000
Total funds under previous UK GAAP	Nil	8,415
Total funds reported under FRS 102	Nil	8,415
Reconciliation of net income/(expenditure)		31 August 2015 £'000
Net income/(expenditure) previously reported under UK GAAP		8,462
Change in recognition of LGPS interest cost		(9)
Net movement in funds reported under FRS 102		8,453

At the date of transition no restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Explanation of the transitional adjustments

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2015 or 31 August 2016. The effect of the change has been to increase the debit to expense by £9,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

31 CONVERSION TO AN ACADEMY TRUST

On 30 June 2014 Innovate Multi Academy Trust converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Innovate Multi Academy Trust from Northamptonshire County Council for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding not amount recognised as net income/resources expended in the Statement of Financial Activities as voluntary income/other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Leasehold land and buildings	-	-	8,586	8,586
Budget surplus on LA funds	515	44	-	559
LGPS pension deficit	-	(668)	-	(668)
Net assets/(liabilities)	515	(624)	8,586	8,477

The above net assets/liabilities include £559,000 that were transferred as cash.

On 30 June 2014 the leasehold land and buildings were transferred on a 125 year lease at a pepper corn rent from Northamptonshire County Council to the multi academy trust. Where Innovate Multi Academy Trust occupies the land and buildings under a licence from the Church of England no interest in the sites pass to the multi academy trust.