

REGISTERED COMPANY NUMBER 09071405 (England and Wales)
EXEMPT CHARITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

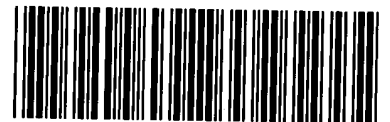
YEAR ENDED 31 AUGUST 2017

INNOVATE MULTI ACADEMY TRUST

(A Company Limited by Guarantee)

Smith Hodge & Baxter
Chartered Accountants
& Statutory Auditors
Thorpe House
93 Headlands
KETTERING
Northamptonshire
NN15 6BL

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INNOVATE MULTI ACADEMY TRUST

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FOR THE YEAR ENDED 31 AUGUST 2017

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INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members	P Banks	
	M Hough Robinson	(until 14 September 2017)
	T Lifford	
	J Smith	(until 19 April 2017)
	E Wincott	
	E Youngman	
Trustees	R Abbott	Chair to 8 November 2017 (appointed 1 September 2016)
	A Witheyman	Chief Executive/ Accounting Officer
	P Banks	
	L Evans	
	K Falvey	(appointed 1 September 2016)
	C Freeth	(resigned 12 December 2016)
	M Harris	
	M Hough Robinson	(resigned 23 March 2017)
	A Howden	(appointed 23 March 2017)
	A Kerr	Chair from 8 November 2017 (appointed 1 September 2016)
	T Lifford	
	J Smith	(resigned 19 April 2017)
	L Stawt	(appointed 26 April 2017)
	M Wills	(resigned 19 July 2017)
	E Wincott	
	E Youngman	
Company Secretary	D Lee	(resigned 10 October 2016)
	L Flavell	(appointed 1 September 2016)
Senior Management Team:		
• Chief Executive Officer, Accounting Officer and Headteacher of Weedon Bec Primary School	A Witheyman	
• Headteacher of Badby Primary School	L Evans	
• Headteacher of Kilsby Church of England Primary School	C Freeth	(resigned 12 December 2016)
	A How	(appointed 1 September 2017)
• Headteacher of Woodford Halse Church of England Primary Academy	M Wills	(resigned 19 July 2017)
	E Newton	(appointed 1 September 2017)
• Chief Finance Officer	L Flavell	(appointed 1 September 2016)
Principal Addresses	Badby Primary School School Lane Badby Northamptonshire NN11 3AJ	
	Kilsby Church of England Primary School Manor Road Kilsby Warwickshire CV23 8XS	
	Weedon Bec Primary School West Street Weedon Northamptonshire NN7 4QU	

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

REFERENCE AND ADMINISTRATIVE DETAILS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Principal Addresses (continued)	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 (England and Wales)
Independent Auditor	Smith Hodge & Baxter Chartered Accountants & Statutory Auditors Thorpe House 93 Headlands Kettering NN15 6BL
Bankers	Lloyds Bank plc 18 High Street Daventry Northamptonshire NN11 4HT
Solicitors	Walker Morris LLP Kings Court 12 King Street Leeds LS1 2HL

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

TRUSTEES' REPORT **FOR THE YEAR ENDED 31 AUGUST 2017**

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 2017.

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 5 to 10 serving the catchment areas of Kilsby, Woodford Halse and Daventry. It has a pupil capacity of 819 and a roll of 688 in the school census on 6 October 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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 1 and 2.

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 unlimited 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.

Organisational structure

The structure consists of three levels: the trustees, the iMAT committees 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.

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

The trustees control the academies at an executive level, whilst the senior management team (Head teachers, CEO 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, iMAT finance, iMAT Education and audit committee as sub-committees to the MAT.

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 Weedon Bec Primary School, Kilsby Church of England Primary School, Woodford Halse Church of England Primary Academy and Badby Primary School.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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;
- Church schools to be judged good or better for SIAMS.

The MAT also focused on attracting new schools to join by presenting and sharing information and learnings about the trusts progress and vision

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.

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.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

STRATEGIC REPORT
ACHIEVEMENTS AND PERFORMANCE

Innovate Multi Academy Trust achievements in 2016-17 include:

- Engagement with other schools who wish to join the trust
- iMAT recruitment to drive the MAT forward CEO & CFO
- All schools went through Ofsted inspections
- Major building work to improve facilities at 3 of the schools
- Research and due diligence into purchasing a new finance system
- 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 Weedon Bec Primary School

Our 2017 provisional results indicated this position in relation to unvalidated 2016 national outcomes, where available. Over 1/2 of children (52%) achieved good learning development at the end of the Foundation Stage, below the national average for 2016. This is down from 2016 but there are mitigating circumstances for this. The proportion of Year 1 children (88%) 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 (70%), writing (68%) and reading (73%). These were all increased from 2016. In Year 6, attainment in the tests was above average in reading (80%), above average in writing (83%) and grammar, punctuation and spelling (80%), and above average in mathematics (77%). 71% of pupils achieved the expected standard in reading, writing and mathematics which is well above the National Average. In Year 6 all of our data increased from 2016 which was very pleasing.

Achievement of pupils at Kilsby CE Primary School

RESULTS 2016-2017

Reception - Each child represents 5.88%, Reading 94%, Writing 94%, Maths 94%, reaching GLD overall 88%.

Phonics year 1 screening - Each child represents 9.09% - 91% of our Year 1 pupils achieved the expected standard or better.

Phonics year 2 - 1 child needed to resit and passed (100%).

Year 2 - Each child represents 7.14% - Reading 79%, Writing 79%, Maths 79% reaching the expected standard or better. Reading 50%, Writing 29%, Maths 21% reaching Greater Depth Standard.

Year 6 - Each child represents 5.88% - Reading 71%, Grammar 82%, Maths 53%, Writing 71%, Combined 47% reaching the expected standard or better. Reading 18%, Grammar 12%, Maths 18%, Writing 0% reaching the Higher Standard.

Progress from KS1

Reading	-2.5	Floor standard	-5
Writing	-4.7	Floor standard	-7
Maths	-3.8	Floor standard	-5

We are broadly in line with national attainment results for KS2 attainment in reading, writing and grammar. However maths and combined KS2 attainment data is below national as is attainment data for Higher Standard at KS2. We are above floor standards for progress from KS1 to KS2.

Achievement of pupils at Woodford Halse CE Primary School

Key Stage 2 attainment was below national averages for Yr6 children. The overall combined result for R,W and M was 42.9% against national of 61%. In Tests the school attained: 57% of children at Expected Standard or above for Reading compared to 71% nationally; 57% of children against Expected Standard or above for Grammar compared to 77% nationally; 57% of children at Expected Standard or above for Maths compared to 75% nationally. In Teacher assessed Writing the school attained 81.8% at Expected Standard or above against the national figure of 61%. This leaves us with scaled scores significantly below standard in Reading, Grammar and Maths. Yet a very good result in writing.

In KS1 we have 82% of children at Expected plus Greater Depth for Reading; 71% at expected for writing and not Greater Depth; 82% at expected and Greater Depth for Maths. In the phonics screening check 80% met the expected standard.

In EYFS we have 84.2% at expected GLD.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017****ACHIEVEMENTS AND PERFORMANCE (continued)****Achievement of pupils at Badby Primary School**

School data for KS2 shows a significant improvement in both attainment and progress this year. Combined attainment was 83% for our cohort of 23 children. Two were disapplied from SATs as both were late joiners (Yr 5) and working significantly below the standard expected in Year 6. Attainment in GPS was again above national at 87%. In addition, attainment was above national data for reading (91%) and maths (91%). Writing attainment has also seen a significant improvement with 83% of the cohort reaching the expected end of Y6 standards in this area. Achievement for children working at Greater Depth Standard (GDS) was above national in writing (26%). Higher scaled score were also above national in maths (47.8%), GPS (52%) and reading (52%). Attainment at GDS for all subjects combined was above national at 21.7%. Progress for KS2 was above floor for all three subjects and there was a significant improvement in progress measures this year. Writing progress across KS2 remains an area for development this year.

KS1 data shows that attainment was above national in reading (78%), writing (74%) and maths (78%) individually and combined (70%). Attainment of children working at GDS was above national in writing, in-line for maths and slightly below in reading. The reading outcomes were disappointing, however there are a high number of children with specific needs (including one who was disapplied) in last Year's Year 2 cohort. Interventions to support individual needs are in place. Phonics results in Year 1 are again above national (87%) however, the Phonics recheck in Year 2 returned 0/3 children still not achieving the standard. One of these children was disapplied; two children have specific reading and phonic interventions.

Good Level of Development (GLD) at EYFS is above national at 78%

Key Financial Performance Indicators

Weedon Bec Primary School	2017	2016	2015
Pupil numbers	232	230	216
Staff costs as a % of revenue income received from EFSA	87%	86%	85%
Staff costs as a % of total revenue grant income	80%	80%	81%
Staff costs as a % of total costs	78%	80%	77%
Capital expenditure per pupil	£27	£84	£95
Kilsby Church of England Primary School	2017	2016	2015
Pupil numbers	96	94	83
Staff costs as a % of revenue income received from EFSA	65%	87%	68%
Staff costs as a % of total revenue grant income	60%	80%	68%
Staff costs as a % of total costs	61%	74%	68%
Capital expenditure per pupil	£64	£77	£249
Woodford Halse Church of England Primary School	2017	2016	2015
Pupil numbers	184	219	215
Staff costs as a % of revenue income received from EFSA	87%	90%	88%
Staff costs as a % of total revenue grant income	76%	87%	85%
Staff costs as a % of total costs	77%	77%	77%
Capital expenditure per pupil	£57	£81	£96
Badby Primary School	2017	2016	2015
Pupil numbers	160	157	135
Staff costs as a % of revenue income received from EFSA	98%	92%	84%
Staff costs as a % of total revenue grant income	75%	88%	82%
Staff costs as a % of total costs	76%	78%	72%
Capital expenditure per pupil	£50	£37	£215

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 EFSA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFSA during the period ended 31 August 2017 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 EFSA. 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 2017 the net book value of fixed assets was £8,253,000 (2016: £8,453,000) and movements in tangible fixed assets are shown in note 12 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 2017 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 2017 is £966,000 which compares to a deficit of £1,253,000 at 31 August 2016. 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.

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 FRS17 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 Register
- 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.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

FINANCIAL REVIEW (continued)

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 as it grows and may cause financial and reputational risks, with directors not being provided with suitable financial performance data on which to base future development decisions;
- Reducing income projections putting pressure on costs while growing the trust
- Clarity of roles and responsibilities during a changing environment

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.

Financial position

The Academy held fund balances at 31 August 2017 of £9,482,000 (2015:£7,906,000), after allowing for the pension deficit of £966,000 (2016:£1,253,000); comprising £8,815,000 (2016:£7,363,000) of restricted funds and £667,000 (2016:£543,000) of unrestricted general funds.

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.

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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 page 8. Trustees have reviewed the risks to which the multi academy trust is exposed and systems and procedures have been put in place to manage these.

PLANS FOR FUTURE PERIODS

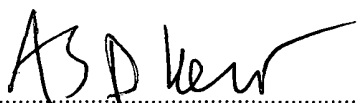
The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the Academy will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware

- there is no relevant information of which the charitable company's auditor is unaware; and
- the Trustees have taken all the 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.

Trustees' report, incorporating a strategic report, approved by order of the board of Trustees, as the company directors, on 6 December 2017 and signed on the board's behalf by:



.....
A Kerr
Chair of Trustees

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2017**

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 the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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

In September 2016, the governance and meeting structures were revised.

In changing the board constitution the following meeting structure was put to the Trustees and adopted:

- Trust Member Meetings
- Board of Directors Meetings
- iMAT education, resource & Audit Committee Meetings

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. Innovate Multi Academy Trust members have met 1 time during the period from 1 September 2016 to 31 August 2017.

Trust Members Meetings

Attendance during the year at meetings of the Trust members was as follows:

<u>Member</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
P Banks	1	1
M Hough Robinson	1	1
T Lifford	1	1
J Smith	1	1
J Wincott	1	1
L Youngman	1	1

Board Meetings

The board of Trustees met 6 times from 1 September 2016 to 31 August 2017. Attendance at the meetings of Trustees during the year was:

<u>Trustee</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
R Abbot (Chair)	4	6
P Banks	6	6
L Evans	6	6
K Falvey	5	6
C Freeth (resigned 31/12/16)	3	3
M Harris	3	3
A Howden (Joined Mar '17)	3	3
A Kerr	5	6
T Lifford	6	6
J Smith (Resigned 19/4/17)	2	5
L Stawt (Joined 19/4/17)	0	2
M Wills	3	6
J Wincott	5	6
A Witheyman	6	6
L Youngman	4	6

GOVERNANCE STATEMENT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Audit Committee

The Audit Committee is a sub Committee of the board of directors. The main purposes are to ensure a comprehensive audit programme is undertaken to review the Risk Map making recommendations and ensuring there is a robust system of internal controls in place. The Audit Committee makes recommendations to the board of directors as set out in the Terms of Reference which is reviewed annually.

Attendance by Trustees at the meetings during the year was:

<u>Trustee</u>	<u>Meetings Attended</u>	<u>Out of a Possible</u>
Ian Brown (Chair)	3	3
Peter Banks	2	3
David Walls	1	3

Review of Value for Money

As accounting officer the Executive Principal of Innovate Multi Academy Trust 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 the 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 the Academy Trust has improved value for money in the year examples of this are:

- Working in collaboration with local educational establishments and partnerships has produced discount in joint procurement and enabled detailed cost comparisons with other organisations.
- Reviewing areas of operations and implementing more cost effective solutions. All major expenditure items were analysed during the year to ensure that value for money was being obtained.
- Providing Benchmarking reports to Board members which analyses costs between the Trust and local comparative organisations. This has evidenced that Innovate Multi Academy Trust has the lowest overall base cost within the sample.

The purpose of the system of internal control

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

Capacity to handle risk

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

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2017 (continued)

The risk and control framework

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

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

The board of Trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However the Trustees have appointed the Academy Trust's Audit Committee to carry out a programme of internal checks for the year ended 31 August 2017.

The role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a quarterly basis the Audit Committee reports to the board of Trustees on the operation of the system of control and on the discharge of the board of Trustees' financial responsibilities. During the year ended 31 August 2017 the audit committee used the quarterly checks performed by the external auditors, Smith Hodge & Baxter, to assist its reporting. There were no significant issues identified and other findings have been addressed as part of usual governing body business.

Review of effectiveness

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

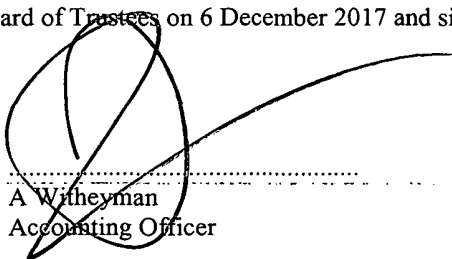
- the work of the Audit Committee;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 2017 and signed on its behalf by:



A Kerr
Chair of Trustees



A Witheyman
Accounting Officer

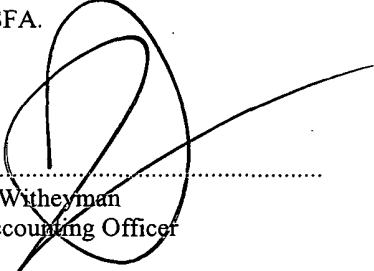
INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2017**

As accounting officer of Innovate Multi Academy Trust I have considered my responsibility to notify the Academy Trust board of Trustees and Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Academy Trust board of Trustees are able to identify any material irregularity or improper use of funds by the Academy Trust, or any material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2016.

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



.....
A Witheyman
Accounting Officer

Date: 6 December 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

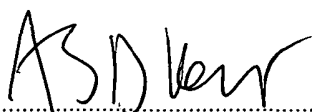
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Directions 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the ESFA/DfE have been applied for the purposes intended

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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 2017 and signed on its behalf by:



.....
A Kerr
Chair of Trustees

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF INNOVATE MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2017**

Opinion

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

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF INNOVATE MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2017**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS
OF INNOVATE MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2017

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Caroline Armstrong (Senior Statutory Auditor)
for and on behalf of Smith Hodge & Baxter
Chartered Accountants & Statutory Auditors
Thorpe House
93 Headlands
KETTERING
NN15 6BL

Date: 6 December 2017

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING
AGENCY
FOR THE YEAR ENDED 31 AUGUST 2017**

In accordance with the terms of our engagement letter dated 21 June 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Innovate Multi Academy Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Innovate Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Innovate Multi Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Innovate Multi Academy Trust and the ESFA, 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's funding agreement with the Secretary of State for Education dated 30 June 2014 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

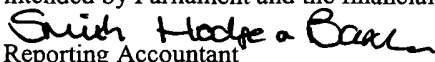
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure.

The work undertaken to draw our conclusion includes;

- Assessment and testing of the internal audit work and reliance placed upon this work for the review of internal control procedures
- Further testing of the internal control procedures has been carried out in the following areas:
 - Sample test of delegated authority procedures
 - Enquiry and review of transactions with connected persons
 - Review of governance procedures including inspection of Trustee and relevant Board minutes
 - Sample test of procurement procedures
- Communication with the accounting officer

Conclusion

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


Reporting Accountant

Smith Hodge & Baxter
Chartered Accountants & Statutory Auditors
Thorpe House
93 Headlands
KETTERING
NN15 6BL

6 December 2017

INNOVATE MULTI ACADEMY TRUST (REGISTERED NUMBER: 09071405)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2017

(Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

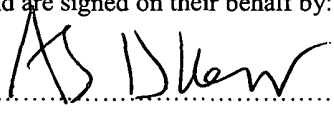
		Unrestricted	Restricted	Restricted	Restricted	Total	Total
	Note	Funds	Pension	General	Fixed	2017	2016
		£000s	Reserve	Funds	Asset	£000s	£000s
			£000s	£000s	Funds		
					£000s		
INCOME AND ENDOWMENTS FROM:							
Donations and capital grants	2	11	-	-	1,723	1,734	60
Charitable activities:							
Funding for the Academy Trust's							
educational operations	3	35	-	3,252	-	3,287	3,186
Other trading activities	4	159	-	114	-	273	170
Investments	5	1	-	-	-	1	1
Total		206	-	3,366	1,723	5,295	3,417
EXPENDITURE ON:							
Raising funds	6	63	-	104	-	167	125
Charitable activities:							
Academy Trust's educational operations	7	19	145	3,342	478	3,984	3,370
Total	6	82	145	3,446	478	4,151	3,495
Net income/(expenditure)		124	(145)	(80)	1,245	1,144	(78)
Transfers between funds	15	-	-	-	-	-	-
NET INCOME/(EXPENDITURE)							
FOR THE YEAR		124	(145)	(80)	1,245	1,144	(78)
Other recognised gains/(losses)							
Actuarial gains/(losses) on defined benefit							
pension schemes	15,25	-	432	-	-	432	(431)
Net movement in funds		124	287	(80)	1,245	1,576	(509)
RECONCILIATION OF FUNDS							
Total Funds brought forward		543	(1,253)	163	8,453	7,906	8,415
Total Funds carried forward	15	667	(966)	83	9,698	9,482	7,906

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

INNOVATE MULTI ACADEMY TRUST (REGISTERED NUMBER: 09071405)**BALANCE SHEET AS AT 31 AUGUST 2017**

	Notes	2017 £000s	2016 £000s
FIXED ASSETS			
Tangible assets	12	8,253	8,453
		<hr/>	<hr/>
		8,253	8,453
CURRENT ASSETS			
Debtors	13	616	105
Cash at bank and in hand		1,809	736
		<hr/>	<hr/>
		2,425	841
LIABILITIES			
Creditors: Amounts falling due within one year	14	(230)	(135)
		<hr/>	<hr/>
NET CURRENT ASSETS		2,195	706
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES/ NET ASSETS EXCLUDING PENSION SCHEME LIABILITY		10,448	9,159
DEFINED BENEFIT PENSION SCHEME LIABILITY	25	(966)	(1,253)
		<hr/>	<hr/>
TOTAL NET ASSETS		9,482	7,906
		<hr/> <hr/>	<hr/> <hr/>
FUNDS OF THE ACADEMY TRUST	15		
Restricted funds:			
Fixed asset fund		9,698	8,453
Restricted income fund		83	163
Pension reserve		(966)	(1,253)
		<hr/>	<hr/>
Total restricted funds		8,815	7,363
Unrestricted income funds		667	543
		<hr/>	<hr/>
TOTAL FUNDS		9,482	7,906
		<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 19 to 38 were approved by the Trustees and authorised for issue on 6 December 2017 and are signed on their behalf by:


.....
A Kerr
Chair of Trustees

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000s	2016 £000s
Cash flows from operating activities:			
Net cash provided by / (used in) operating activities	19	(621)	54
Cash flows from investing activities	20	1,694	(23)
Cash flows from financing activities	21	-	-
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		1,073	31
Cash and cash equivalents at 1 September 2016		736	705
		<hr/>	<hr/>
Cash and cash equivalents at 31 August 2017	22	1,809	736
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Innovate Multi Academy Trust meets the definition of a public benefit entity under FRS 102 and is a private company limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on page 1.

The presentation currency of the financial statements is the pound sterling (£'000).

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 doubts on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of 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 performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Donations**

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

- **Other income**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

1. STATEMENT OF ACCOUNTING POLICIES (continued)

- **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 stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. The income is recognised within 'Income from other trading activities'.

- **Donated fixed assets**

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

Expenditure

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

In accordance with the accounting treatment set out by the Academies Accounts Direction the land and buildings associated with Kilsby Church of England Primary School and Woodford Halse Church of England Primary Academy have been included as an asset in the financial statements, based on a full market value at the date of conversion.

The academy trust has a legal agreement for the use of the land and buildings under a church supplemental agreement. This is a rolling agreement with a minimum two years written notice period for termination, no such notice has been given at the date of signing the accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Tangible Fixed Assets (continued)

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

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

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

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

Liabilities

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

Provisions

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

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

Leased assets

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

Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Pension 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 25, the TPS is a multi-employer scheme and there is insufficient information to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other 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 the 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 and Skills Funding Agency/Department for Education.

Restricted pension reserve funds represent the Academy's share of the assets and liabilities of the Local Government Pension Scheme.

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 amount 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

2. DONATIONS AND CAPITAL GRANTS	Unrestricted Funds £000s	Restricted Funds £000s	Total 2017 £000s	Total 2016 £000s
Capital Grants	-	1,723	1,723	26
Donations	11	-	11	16
School fund	-	-	-	18
	<u>11</u>	<u>1,723</u>	<u>1,734</u>	<u>60</u>

The income from donations and capital grants was £1,734,000 (2016: £60,000) of which £11,000 was unrestricted (2016: £16,000), £Nil was restricted (2016: £18,000) and £1,723,000 was restricted fixed assets (2016: £26,000).

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS	Unrestricted Funds £000s	Restricted Funds £000s	Total 2017 £000s	Total 2016 £000s
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	2,789	2,789	2,678
Other DfE/ESFA grants	-	316	316	332
	<u>-</u>	<u>3,105</u>	<u>3,105</u>	<u>3,010</u>
Other Government grants				
Local authority grants	-	85	85	176
Other grants	-	-	-	-
	<u>-</u>	<u>85</u>	<u>85</u>	<u>176</u>
Other income from the Academy Trust's educational operations	35	62	97	-
	<u>35</u>	<u>3,252</u>	<u>3,287</u>	<u>3,186</u>

The income from funding for the Academy Trust's educational operations was £3,287,000 (2016: £3,186,000) of which £35,000 was unrestricted (2016: £Nil) and £3,252,000 was restricted (2016: £3,186,000).

4. OTHER TRADING ACTIVITIES	Unrestricted Funds £000s	Restricted Funds £000s	Total 2017 £000s	Total 2016 £000s
Lettings	22	-	22	38
Early Years Funding	-	114	114	93
School clubs	107	-	107	38
Nursery Wraparound Care	30	-	30	24
	<u>159</u>	<u>114</u>	<u>273</u>	<u>170</u>

The income from other trading activities was £273,000 (2016: £170,000) of which £159,000 was unrestricted (2016: £77,000) and £114,000 was restricted (2016: £93,000).

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE YEAR ENDED 31 AUGUST 2017**5. INVESTMENT INCOME**

	Unrestricted Funds £000s	Restricted Funds £000s	Total 2017 £000s	Total 2016 £000s
Bank interest received	1	-	1	1
	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>

Investment income was £1,000 (2016: £1,000) of which £1,000 was unrestricted (2016: £1,000) and £Nil was restricted (2016: £Nil).

6. EXPENDITURE

	Staff Costs £000s	Non Pay Premises £000s	Expenditure Other Costs £000s	Totals 2017 £000s	Totals 2016 £000s
Expenditure on raising funds	142	-	25	167	125
Academy's educational operations:					
Direct costs	2,125	230	205	2,560	2,339
Allocated support costs	629	396	399	1,424	1,031
	<u>2,896</u>	<u>626</u>	<u>629</u>	<u>4,151</u>	<u>3,495</u>

Expenditure was £4,151,000 (2016: £3,495,000) of which £2,896,000 was staff costs (2016: £2,722,000), £626,000 was premises (2016: £272,000) and £629,000 other costs (2016: £501,000).

Net income/(expenditure) for the period includes:

	2017 £000s	2016 £000s
Loss on disposal of fixed assets	-	1
Operating lease rentals	33	16
Fees payable to auditor - audit	10	7
- other services	1	2
- previous auditor	2	-
Depreciation	230	142

Included within expenditure are the following transactions:

	Total £	Amount £	Individual items above £5,000 Reason
Unrecoverable debts	125	N/A	N/A

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

7. CHARITABLE ACTIVITIES

	Total 2017 £000s	Total 2016 £000s
Direct costs – educational operations	2,560	2,339
Support costs - educational operations	1,424	1,031
	<u>3,984</u>	<u>3,370</u>

Expenditure on charitable activities was £3,984,000 (2016: £3,370,000) of which £19,000 was unrestricted (2016: £62,000), £145,000 was restricted pension (2016: £57,000) £3,342,000 restricted general (£3,108,000) and £478,000 restricted fixed assets (2016: £143,000).

	Total 2017 £000s	Total 2016 £000s
Analysis of support costs		
Support staff costs	629	369
Depreciation	230	142
Premises costs	396	130
Technology costs	66	65
Staff training and development	52	39
Catering	112	113
Governance Costs	80	119
Other support costs	89	54
	<u>1,424</u>	<u>1,031</u>

All of the Academy Trust's expenditure on charitable activities for both the current and previous periods was for its educational operations.

8. STAFF COSTS

a. Staff costs

	Total 2017 £000s	Total 2016 £000s
Staff costs during the year were:		
Wages and salaries	2,203	2,117
Social security	169	139
Operating costs of defined benefit pension schemes	509	439
Apprenticeship levy	-	-
	<u>2,881</u>	<u>2,695</u>
Supply staff costs	15	27
Staff restructuring costs	-	-
	<u>2,896</u>	<u>2,722</u>

b. Non statutory/mom-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £Nil (2016: £Nil).

c. Staff numbers

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

	2017 No.	2016 No.
Teachers	38	29
Administration and support	78	49
Management	5	10
	<u>121</u>	<u>88</u>

INNOVATE MULTI ACADEMY TRUST - REGISTERED NUMBER: 09071405

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

8. STAFF COSTS (continued)

d. Higher paid staff

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

	2017	2016
	No.	No.
£60,000 - £70,000	1	1
£70,001 - £80,000	2	-

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £298,835 (2016: £432,886).

9. CENTRAL SERVICES

The 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 Academy during the year:

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

The trust charges for these services based on an amount per pupil of £202 . The actual amounts charged during the year were as follows:

	2017	2016
	£000s	£000s
Badby Primary School	32	13
Kilsby Church of England Primary School	21	8
Weedon Bec Primary School	49	18
Woodford Halse Church of England Primary Academy	46	21
	148	60

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

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

A Witheyman (CEO/Headteacher of Weedon Bec Primary School and trustee):

Remuneration	£70,000 - £75,000	(2016: £55,000 - £60,000)
Employer's pension contribution	£10,000 - £15,000	(2016: £5,000 - £10,000)

C Freeth (Headteacher of Kilsby Church of England Primary School and trustee):

Remuneration	£10,000 - £15,000	(2016: £50,000 - £55,000)
Employer's pension contribution	£0 - £5,000	(2016: £5,000 - £10,000)

M Wills (Headteacher of Woodford Halse Church of England Primary Academy and trustee):

Remuneration	£65,000 - £70,000	(2016: £60,000 - £65,000)
Employer's pension contribution	£10,000 - £15,000	(2016: £10,000 - £15,000)

L Evans (Headteacher of Badby Primary School and trustee):

Remuneration	£60,000 - £65,000	(2016: £50,000 - £55,000)
Employer's pension contribution	£10,000 - £15,000	(2016: £5,000 - £10,000)

During the year ended 31 August 2017 travel and subsistence expenses totalling £585 were reimbursed or paid directly to 1 trustee (2016: £333 to 1 trustee).

Other related party transactions involving the Trustees are set out in note 27.

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. TANGIBLE FIXED ASSETS

	Leasehold Land & Building £000s	Furniture & equipment £000s	Computer equipment £000s	Total £000s
COST				
At 1 September 2016	8,586	37	103	8,726
Additions	5	6	19	30
Disposals	-	-	-	-
At 31 August 2017	8,591	43	122	8,756
DEPRECIATION				
At 1 September 2016	212	5	56	273
Charge for year	185	8	37	230
Disposals	-	-	-	-
At 31 August 2017	397	13	93	503
NET BOOK VALUE				
At 31 August 2017	8,194	30	29	8,253
At 31 August 2016	8,374	32	47	8,453

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017****12. TANGIBLE FIXED ASSETS (continued)**

On 30 June 2014 the academy's leasehold land and buildings for Badby Primary School and Weedon Bec Primary School were donated to the Trust by Northamptonshire County Council on a 125 year lease at a peppercorn rent. Where the Trust occupies the land and buildings under a licence from the Church of England, no interest in the site passes to the Trust. However, in accordance with FRS102 and the Academy Accounts Direction 2016/17, the commercial substance of the transaction takes precedence over the legal form. As a result, any land and buildings occupied under licence by the Trust and owned by the Church of England are recognised on the Trust's 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 life assessment was prepared for the Education & Skills Funding Agency by DTZ, a firm of Chartered Surveyors, in accordance with the requirements of FRS102 and resulted in a depreciated replacement cost value of £8,586,000 for the land and buildings donated to the Trust.

13. DEBTORS

	2017 £000s	2016 £000s
Trade debtors	1	2
Prepayments and accrued income	528	65
Other debtors	1	1
VAT recoverable	86	37
	<u>616</u>	<u>105</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000s	2016 £000s
Trade creditors	76	42
Other taxation and social security	-	-
Accruals and deferred income	147	87
Other creditors	7	6
	<u>230</u>	<u>135</u>

	2017 £000s	2016 £000s
Deferred income		
Deferred income at 1 September 2016	68	80
Released from previous years	(68)	(80)
Resources deferred in the year	63	68
Deferred income at 31 August 2017	<u>63</u>	<u>68</u>

At the balance sheet date the Academy Trust was holding funds received in advance for universal infant free school meals for the 2018 academic year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

15. FUNDS

	Balance at 1 September 2016 £000s	Income £000s	Expenditure £000s	Gains, losses and transfers £000s	Balance at 31 August 2017 £000s
Restricted general funds					
General Annual Grant (GAG)	126	2,789	(2,869)	-	46
Pupil premium	-	164	(164)	-	-
Other DfE/ESFA grants	-	152	(152)	-	-
Other restricted general funds	37	261	(261)	-	37
Pension Reserve	(1,253)	-	(145)	432	(966)
	<u>(1,090)</u>	<u>3,366</u>	<u>(3,591)</u>	<u>432</u>	<u>(883)</u>
Restricted fixed asset funds					
Transfer from LA on conversion	8,374	-	(198)	-	8,176
DfE/ESFA capital grants	54	1,723	(269)	-	1,508
Capital expenditure from GAG	21	-	(7)	-	14
Capital expenditure from unrestricted funds	4	-	(4)	-	-
	<u>8,453</u>	<u>1,723</u>	<u>(478)</u>	<u>-</u>	<u>9,698</u>
Total restricted funds	<u>7,363</u>	<u>5,089</u>	<u>(4,069)</u>	<u>432</u>	<u>8,815</u>
Total unrestricted funds	<u>543</u>	<u>206</u>	<u>(82)</u>	<u>-</u>	<u>667</u>
TOTAL FUNDS	<u>7,906</u>	<u>5,295</u>	<u>(4,151)</u>	<u>432</u>	<u>9,482</u>

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

Restricted General Funds represent unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the Academy together with other restricted general funds.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended.

Restricted Pension Reserve Funds represent the Academy's share of the assets and liabilities of the Local Government Pension Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

15. FUNDS (continued)

Total funds analysis by Academy

Fund balances at 31 August 2017 were allocated as follows:

	Total £000s 2017	Total £000s 2016
Badby Primary School	192	176
Kilsby Church of England Primary School	206	172
Weedon Bec Primary School	254	281
Woodford Halse Church of England Primary Academy	89	69
Central Trust	9	8
Total before fixed assets and pension reserve	750	706
Restricted fixed asset fund	9,698	8,453
Pension reserve	(966)	(1,253)
Total	9,482	7,906

Total cost analysis by Academy

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

	Teaching & Educational Support Staff Costs £000s	Other Support Staff Costs £000s	Other Costs Educational Supplies £000s	Other Costs (excluding Depreciation) £000s	Total 2017 £000s	Total 2016 £000s
Badby Primary School	470	180	14	180	844	692
Kilsby CofE Primary School	248	103	10	304	665	497
Weedon Bec Primary School	709	181	24	169	1,083	996
Woodford Halse CofE Primary	707	206	12	245	1,170	1,114
Central Trust	49	43	-	67	159	54
Academy Trust	2,183	713	60	965	3,921	3,353

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds £000s	Restricted Pension Reserve £000s	Restricted General Funds £000s	Restricted Fixed Asset Funds £000s	Total Funds £000s
Tangible fixed assets	-	-	-	8,253	8,253
Current assets	667	-	313	1,445	2,425
Current liabilities	-	-	(230)	-	(230)
Non-current liabilities	-	-	-	-	-
Pension scheme liability	-	(966)	-	-	(966)
Total Net Assets	667	(966)	83	9,698	9,482

17. CAPITAL COMMITMENTS

	2017 £000s	2016 £000s
Contracted for, but not provided in the financial statements	287	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

18. COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2017	2016
	£000s	£000s
Amounts due within one year	24	16
Amounts due between one and five years	11	11
	<u>35</u>	<u>27</u>

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

	2017	2016
	£000s	£000s
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,144	(78)
Adjusted for:		
Loss on disposal of fixed assets	-	1
Depreciation	230	142
Capital grants from DfE and other capital income	(1,723)	(26)
Interest receivable	(1)	(1)
Defined benefit pension scheme cost less contributions payable	118	27
Defined benefit pension scheme finance cost	27	30
(Increase) /decrease in debtors	(511)	8
(Decrease)/increase in creditors	95	(49)
Net cash used in operating activities	<u>(621)</u>	<u>54</u>

20. CASH FLOWS FROM INVESTING ACTIVITIES

	2017	2016
	£000s	£000s
Dividends, interest and rents from investments	1	1
Capital grants from DfE/ESFA	1,708	26
Capital funding received from sponsors and others	15	-
Purchase of tangible fixed assets	(30)	(50)
Proceeds from sale of tangible fixed assets	-	-
Net cash used in investing activities	<u>1,694</u>	<u>(23)</u>

21. CASH FLOWS FROM FINANCING ACTIVITIES

	2017	2016
	£000s	£000s
Cash inflows from borrowing	-	-
Net cash provided by financing activities	<u>-</u>	<u>-</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31	At 31
	August	August
	2017	2016
	£000s	£000s
Cash at bank and in hand	1,809	736
Total cash and cash equivalents	<u>1,809</u>	<u>736</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

23. CONTINGENT LIABILITIES

During the year 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:

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

24. 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 cease to be a member.

25. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

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 H M 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 actual 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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION AND SIMILAR OBLIGATIONS (continued)

Valuation of the Teachers' Pension Scheme (continued)

- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently under way based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from April 2019.

The employer's pension costs paid to TPS in the period amounted to £206,504 (2016: £209,534).

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 separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £223,000 (2016: £213,000), of which employer's contributions totalled £179,000 (2016: £172,000) and employees' contributions totalled £44,000 (2016: £41,000). The agreed contribution rates for future years are between 18.9% and 24.6% for employers and 5.5% to 12.5% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	2.7%	4.1%
Rate of increase for pensions in payment/inflation	2.4%	2.1%
Inflation assumption (CPI)	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%
Commutation of pensions to lump sums		
- Pre April 2008 service	50%	50%
- Post April 2008 service	75%	75%

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	22.1	22.3
Females	24.2	24.3
<i>Retiring in 20 years</i>		
Males	23.9	24.0
Females	26.1	26.6

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION AND SIMILAR OBLIGATIONS (continued)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	At 31 August 2017 £000s	At 31 August 2016 £000s
Discount rate + 0.1%	(64)	(57)
Discount rate - 0.1%	64	57
Mortality assumption - 1 year increase	89	66
Mortality assumption - 1 year decrease	(89)	(66)
CPI rate + 0.1%	57	36
CPI rate - 0.1%	(57)	(36)

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

	Fair value at 31 August 2017 £000s	Fair value at 31 August 2016 £000s
Equities	932	670
Bonds	202	179
Property	88	76
Cash	38	19
Total market value of assets	1,260	944

The actual return on scheme assets was £102,000 (2016: £141,000).

Amounts recognised in the statement of financial activities	2017 £000s	2016 £000s
Current service cost	(297)	(199)
Interest income	22	26
Net interest cost	(49)	(56)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(324)	(229)

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

	2017 £000s	2016 £000s
At 1 September	2,197	1,355
Current service cost	297	199
Interest cost	49	56
Employee contributions	44	41
Actuarial (gain)/loss	(352)	546
Benefits paid	(9)	-
At 31 August	2,226	2,197

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

25. PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme (continued)

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

	2017	2016
	£000s	£000s
At 1 September	944	590
Interest income	22	26
Return on plan assets (excluding net interest on the net defined pension liability)	80	115
Employer contributions	179	172
Employee contributions	44	41
Benefits paid	(9)	-
At 31 August	(1,260)	(944)

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

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

27. ULTIMATE CONTROLLING PARTY

The Academy is under the control of the Trustees.