

Companies House

Company Registration No. 09071405 (England and Wales)

INNOVATE MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2018



INNOVATE MULTI ACADEMY TRUST

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INNOVATE MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

P Banks
M Hough Robinson (until 14 September 2017)
T Lifford
E Wincott
E Youngman (until 12 September 2018)
P Cantley (from 12 September 2018)

Trustees

P Banks
L Evans
K Falvey
A Howden
A Kerr (Chair of Trustees)
T Lifford
L Stawt
A Witheyman (Chief Executive/Accounting Officer)
The Diocese of Peterborough
R Abbott (Resigned 26 September 2018)
M Harris (Resigned 26 September 2018)
E Wincott (Resigned 13 November 2017)
I Brown (Appointed 26 September 2018)

Senior management team

- CEO and Head Teacher of Weedon Bec Primary School	A Witheyman
- Head Teacher of Badby Primary School	L Evans
- Head Teacher of Kilsby CofE Primary School	A How
- Head Teacher of Woodford Halse CofE Primary Academy	E Newton
- Chief Finance Officer	L Flavell

Company secretary

L Flavell

Company registration number

09071405 (England and Wales)

Principal and registered office

Weedon Bec Primary School
West Street
Weedon
NN7 4QU

Academies operated

Kilsby CofE Primary School
Weedon Bec Primary School
Woodford Halse CofE Primary Academy
Badby Primary School

Location

Warwickshire
Northamptonshire
Northamptonshire
Northamptonshire

Head Teacher

A How
A Witheyman
E Newton
L Evans

INNOVATE MULTI ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	Smith Hodge & Baxter Audit Services Thorpe House 93 Headlands Kettering Northamptonshire NN15 6BL
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Bankers	Lloyds Bank plc 18 High Street Daventry Northamptonshire NN11 4HT
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Solicitors	Walker Morris LLP Kings Court 12 King Street Leeds LS1 2HL
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INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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 2018.

The company was formed on 4 June 2014 and the multi academy trust commenced on 30 June 2014. The trust operates four primary schools for pupils aged 5 to 10 serving the catchment areas of Kilsby, Woodford Halse and Daventry. It has a pupil capacity of 823 and a roll of 708.

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 to 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.

Method of recruitment and appointment or election of trustees

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

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

Policies and procedures adopted for the induction and training of trustees

Upon appointment, new trustees are provided with dates of future meetings, and copies of minutes and actions from previous meetings. Following this, new trustees would meet with the Chief Executive Officer to understand the structure of the academy trust and would receive a tour of the schools.

Following this initial induction, the new trustees' begin to attend board meetings and would start to receive the reports that are provided to the board on a regular basis (e.g. management accounts). Further meetings would then be arranged with the Chief Executive Officer and the Chief Finance Officer as necessary to provide further information.

An annual skills audit is undertaken for the board as a whole and training for the coming 12 months would be arranged based on the results of that skills audit.

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.

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 four "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, IMAT Pay and audit committee as sub-committees to the MAT.

Arrangements for setting pay and remuneration of key management personnel

The academy trust's pay policy details the policy's for setting senior management remuneration. Pay of the Chief Executive Officer and Chief Finance Officer are benchmarked against other academy trusts via the academy trust's payroll provider, Education Payroll Management, with the Chief Executive's pay being set in accordance with annual appraisals conducted by the Appraisal Review Committee and an external advisor. Head Teacher pay is also subject to the same appraisal process as the Chief Executive Officer and is set in line with the relevant Head Teacher Pay Group.

Assistant/Deputy Head Teacher pay is determined based on the annual appraisals undertaken by Head Teachers and the recommendations made by those Head Teachers to the Review Committee. All Assistant/Deputy Head Teachers are paid in line with the School Teachers Pay and Conditions document.

The academy trust has established a new Pay Committee with effect from September 2018 which will become involved in reviewing staff performance and pay from that date.

Final approval of senior management remuneration remains the responsibility of the Review Committee.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period

-

Full-time equivalent employee number

-

Percentage of time spent on facility time

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

Percentage of pay bill spent on facility time

Total cost of facility time

-

Total pay bill

-

Percentage of the total pay bill spent on facility time

-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

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.

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.

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

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.

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.

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.

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Public benefit

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

Strategic report

Achievements and performance

Innovate Multi Academy Trust achievements in 2017-18 include:

- Engagement with other schools who wish to join the trust
- iMAT recruitment to drive the MAT forward Education Standards Officer
- Major building projects at 2 schools Heating and classroom replacement at 1 and a new roof at another
- Implementation of a new finance system
- Re written scheme of delegation to ensure clearer roles and responsibility as well as Director training
- 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 2018 provisional results indicate an increase in the number of children achieving good learning development at the end of the Foundation Stage up to 56% from 48% last year, this is below the national average for 2017 and as a result forms a major part of our school development plan this year - we are looking into the feasibility of developing our own pre school provision on site. At Key Stage 1 due to cohort related issues a lower percentage reached the expected standard in all three tested subjects. (Mathematics (64%), writing (59%) and reading (64%)) The percentage of children achieving greater depth standard at the end of KS1 was above National expectations in Reading and Maths.

In Year 6, attainment continued to be very pleasing with above National average attainment in reading (84%), above average in writing (88%) and broadly average in mathematics (74%). Across the 3 subjects 66% of pupils achieved the expected standard in reading, writing and mathematics which is above the National Average. The number of children achieving Greater depth increased in all subjects. In reading 41% of children achieved the greater depth standard which was very pleasing.

Achievement of pupils at Kilsby CE Primary School

RESULTS 2017-2018

Reception - Each child represents 6.25%, Reading 88%, Writing 88%, Maths 94%, reaching GLD overall 88%.

Phonics year 1 screening - Each child represents 5.88% - 82% of our Year 1 pupils achieved the expected standard or better.

Phonics year 2 - Each child represents 7.69% - 92% (92% national 2017). 3 children needed to re-sit phonics screening and two out of these three passed.

Year 2 - Each child represents 8.33% - Reading 83%, Writing 75%, Maths 83% reaching the expected standard or better. Reading 42%, Writing 25%, Maths 17% reaching Greater Depth Standard.

Year 6 - Each child represents 6.67% - Reading 93%, Grammar 100%, Maths 93%, Writing 80%, Combined 80% reaching the expected standard or better. Reading 80%, Grammar 73%, Maths 60%, Writing 53% reaching the Higher Standard.

Progress from KS1

Reading	4.5	Floor standard	-7
Writing	3.3	Floor standard	-7
Maths	3.3	Floor standard	-5

We are above national results for KS2 in reading, writing, grammar and maths for children meeting ARE and those achieving the higher standard (greater depth). Combined KS2 attainment data is also above national. Our progress from KS1 to KS2 is also well above national.

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Achievement of pupils at Woodford Halse CE Primary School

Key Stage 2 attainment was below national averages for Year 6 children. The overall combined result for R, W and M was 41% against National of 64%. In Tests the school improved attainment in Reading, Maths and Grammar, achieving 64% in Reading (against prev year 57%) and 73% in Maths (against prev year 57%) and 86% in Grammar (against previous year 57%). Thus showing significant improvement across the board. Writing attainment fell against the previous year (where results have been shown to be inaccurate) with 59% of children achieving ARE (against prev year 82%). At Key Stage 2 we had 13% achieving GDS in Reading and 9% in Mathematics, with none in Writing.

In KS1 we had 60% achieving a combined expected in Reading, Writing and Mathematics. With 64% achieving expected in Writing. 64% achieving expected in Reading. 69% achieving expected in Mathematics. In the phonics screening test we had 75% achieve the expected level.

In EYFS we had 83% of children achieved expected in GLD.

Achievement of pupils at Badby Primary School

School data for KS2 shows continued improvement in attainment this year. Combined attainment was 85% for our cohort of 20 children. Attainment in GPS was just above national at 80%. In addition, attainment was above national data for reading (85%) and well above in maths (95%). Writing attainment has seen a significant improvement with 95% 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 (35%). Higher scaled score was also above national in maths (35%), GPS (40%) and in line for reading (30%). Attainment at GDS for all subjects combined was above national at 20%. Progress for KS2 is average or expected progress for all three subjects.

KS1 data shows that attainment was inline with national in reading (76%), above national for writing (72%) and above national for maths (80%) individually and above national when combined (68%). Attainment of children working at GDS is of a concern for this cohort. All three subjects are below national comparisons for GDS. Writing was lowest at 8%, maths was 12% and reading was 76%. This was not a surprise for this cohort and is inline with their outcomes from EYFS. Interventions to support individual needs are in place. Phonics results in Year 1 are again above national (95%) however, the Phonics recheck in Year 2 returned 2/3 children still not achieving the standard.

Good Level of Development (GLD) at EYFS is above national at 79%.

Key performance indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. Adhoc Benchmarking analysis has been produced to highlight areas of opportunity in ensuring the academy is delivering value for money. This will continue to be challenged through 2018/19.

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Badby Primary School	2018	2017	2016	2015
Pupil numbers	165	160	157	135
Staff costs as a % of revenue income received from EFA	94%	98%	92%	84%
Staff costs as a % of total revenue grant income	70%	75%	88%	82%
Staff costs as a % of total costs	75%	76%	78%	72%
Capital expenditure per pupil	£7	£50	£37	£215

Kilsby Church of England Primary School	2018	2017	2016	2015
Pupil numbers	100	96	94	83
Staff costs as a % of revenue income received from EFA	85%	65%	87%	68%
Staff costs as a % of total revenue grant income	73%	60%	80%	68%
Staff costs as a % of total costs	72%	61%	74%	68%
Capital expenditure per pupil	£0	£64	£77	£249

Weedon Bec Primary School	2018	2017	2016	2015
Pupil numbers	240	232	230	216
Staff costs as a % of revenue income received from EFA	89%	87%	86%	85%
Staff costs as a % of total revenue grant income	79%	80%	80%	81%
Staff costs as a % of total costs	79%	78%	80%	77%
Capital expenditure per pupil	£33	£27	£84	£95

Woodford Halse Church of England Primary School	2018	2017	2016	2015
Pupil numbers	203	184	219	215
Staff costs as a % of revenue income received from EFA	102%	87%	90%	88%
Staff costs as a % of total revenue grant income	82%	76%	87%	85%
Staff costs as a % of total costs	79%	77%	77%	77%
Capital expenditure per pupil	£44	£57	£81	£96

Going concern

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

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The principal source of funding for the academy is the General Annual Grant together with the start up grant.

Most of the multi academy trust's income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

At 31 August 2018 the net book value of fixed assets was £8,955,000 (2017:£8,253,000) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2018 are based on projecting forward the estimated position at 30 June 2016 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 2018 is £845,000 which compares to a deficit of £966,000 at 31 August 2017. 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 FRS 102 pension liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report. At the time of reporting, the trust's identified key risks are:

- The risk of achievement in core subjects being below government guidelines;
- Condition of buildings acting as a barrier to achievement;
- Increase in pupil numbers through local housing development may lead to: a decline in educational standards, inadequate facilities and resources to cope with demand, and insufficient capital funding to facilitate improvements;
- Financial systems for the academy are not adequate for the needs of the MAT 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.

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Reserves policy

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

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

The value of free reserves after deducting 4 weeks working capital requirements are £346,000.

The Academy held fund balances at 31 August 2018 of £10,249,000 (2017:£9,482,000), after allowing for the pension deficit of £845,000 (2017:£966,000); comprising £9,531,000 (2017:£8,815,000) of restricted funds and £718,000 (2017:£667,000) 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 2018. 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.

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 9. 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.

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.

Financial and risk management objectives and policies

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

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk register
- Risk management policy

INNOVATE MULTI ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Fundraising

The academy trust raises funds from the public via various events, which can range from cake sales to events to raise funds for specific purposes (e.g. playground/IT equipment). The academy trust does not actively pursue members of the public for donations to the school outside of invitations to these events.

In recent years, local businesses have been approached for donations of money and/or time for certain projects. One example of this is the new book barge based at Weedon Bec Primary School, which was funded from private capital donations and for which significant volunteer time was donated by members of the community.

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.

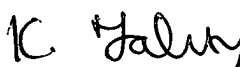
Auditor


In so far as the trustees are aware:

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

A resolution proposing that Smith Hodge & Baxter Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 12 December 2018 and signed on its behalf by:


A Kerr
Chair of Trustees


(VICE CHAIR)

INNOVATE MULTI ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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 Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Innovate Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
P Banks	7	7
L Evans	6	7
K Falvey	3	7
A Howden	2	7
A Kerr (Chair of Trustees)	6	7
T Lifford	7	7
L Stawt	4	7
A Witheyman (Chief Executive/Accounting Officer)	7	7
The Diocese of Peterborough	5	7
R Abbott (Resigned 26 September 2018)	2	7
M Harris (Resigned 26 September 2018)	4	7
E Wincott (Resigned 13 November 2017)	3	7
I Brown (Appointed 26 September 2018)	0	0

A new scheme of delegation was implemented during the year ended 31 August 2018 in order to clarify the roles of the senior management team (including the Chief Executive Officer, Finance Director and Head Teachers), the board of trustees' and the committees.

A new pay committee has also been established with effect from September 2018. This committee will oversee staff performance across the academy trust as well as staff pay (both general pay increases and incremental pay awards), and will also be involved in setting pay levels for Head Teachers based on the recommendations made.

The resources committee is a sub-committee of the main board of trustees. Its purpose is to:

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
L Evans	3	3
A Witheyman (Chief Executive/Accounting Officer)	3	3
M Harris (Resigned 26 September 2018)	0	3
I Brown (Appointed 26 September 2018)	2	3

INNOVATE MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The audit committee is a sub-committee of the main board of trustees. Its purpose is to monitor, evaluate and review policies, procedures and performance in relation to financial management, to comply with reporting and regulatory requirements, to prepare the draft budget for approval by the full Board of Directors, to lead the development of strategic financial plans and provide leadership on financial issues.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Banks	3	3
T Lifford	2	2
L Stawt	2	2
I Brown (Appointed 26 September 2018)	3	3

Review of value for money

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

- procuring certain goods/services under a single contract for the whole academy trust as opposed to each school procuring these individually, reducing per unit costs for these goods/services and ensuring that charges are consistent across the academy trust
- implementing a new finance software package with a purchase order approval function, ensuring that purchases are authorised prior to an order being placed and that they are authorised in line with the academy trust's scheme of delegation
- working with a no win, no fee consultant to assist the academy trust in preparing bids for Condition Improvement Funding for various capital projects across the academy trust. Where these bids were approved, a full tender process was then undertaken to ensure that the academy trust received value for money not just in terms of cost, but also quality, time, disruption and service.

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 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts.

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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

INNOVATE MULTI ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 resources committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided:

- not to appoint an internal auditor. However the trustees have appointed Smith Hodge & Baxter Audit Services, the external auditor, to perform additional checks

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

- testing of payroll systems
- testing of income systems
- testing of purchase systems
- testing of petty cash and staff expenses
- testing of control account / bank reconciliations

On a half-yearly basis, the reviewer reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the financial responsibilities of the board of trustees.

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 Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal reviewer;
- the work of the external auditor;
- 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 board of trustees on 12 December 2018 and signed on its behalf by:


A Kerr
Chair of Trustees (CHECKER)


A Witheyman
Chief Executive/Accounting Officer

INNOVATE MULTI ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Innovate Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

12 December 2018

INNOVATE MULTI ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The trustees (who are also the directors of Innovate Multi Academy Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education & 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 accounts for each financial year. Under company law the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.


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

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

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

Approved by order of the members of the board of trustees on 12 December 2018 and signed on its behalf by:


A Kerr
Chair of Trustees


R. Falusi
(VICE CHAIR)

INNOVATE MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI ACADEMY TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the accounts of Innovate Multi Academy Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

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 accounts' 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 accounts 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 accounts is not appropriate; or
- the trustees have not disclosed in the accounts 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 accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

INNOVATE MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

INNOVATE MULTI ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNOVATE MULTI ACADEMY TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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



Mrs Caroline Armstrong (Senior Statutory Auditor)
for and on behalf of Smith Hodge & Baxter Audit Services

Statutory Auditor

13th December 2018

Thorpe House
93 Headlands
Kettering
Northamptonshire
NN15 6BL

INNOVATE MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 19 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, 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 2017 to 31 August 2018 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 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 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 Innovate Multi Academy Trust and 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 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 to our conclusion includes:

- Assessment and testing of the internal audit work and reliance 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 tests 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 tests of procurement procedures
- Communication with the accounting officer

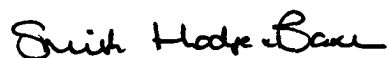
INNOVATE MULTI ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INNOVATE MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 31 August 2018 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 Audit Services
Thorpe House
93 Headlands
Kettering
Northamptonshire
NN15 6BL

Dated: 13th December 2018.

INNOVATE MULTI ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	3	15	-	1,910	1,925	1,734
Charitable activities:						
- Funding for educational operations	4	90	3,185	-	3,275	3,287
Other trading activities	5	111	171	-	282	273
Investments	6	2	-	-	2	1
Total		<u>218</u>	<u>3,356</u>	<u>1,910</u>	<u>5,484</u>	<u>5,295</u>
Expenditure on:						
Raising funds	7	50	78	-	128	167
Charitable activities:						
- Educational operations	9	69	3,594	1,248	4,911	3,984
Total	7	<u>119</u>	<u>3,672</u>	<u>1,248</u>	<u>5,039</u>	<u>4,151</u>
Net income/(expenditure)		99	(316)	662	445	1,144
Transfers between funds	19	(48)	-	48	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	21	-	322	-	322	432
Net movement in funds		<u>51</u>	<u>6</u>	<u>710</u>	<u>767</u>	<u>1,576</u>
Reconciliation of funds						
Total funds brought forward		667	(883)	9,698	9,482	7,906
Total funds carried forward		<u>718</u>	<u>(877)</u>	<u>10,408</u>	<u>10,249</u>	<u>9,482</u>


INNOVATE MULTI ACADEMY TRUST

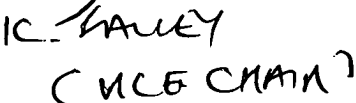
BALANCE SHEET

AS AT 31 AUGUST 2018

		2018	2017
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	8,955	8,253
Current assets			
Debtors	14	989	616
Investments	15	400	-
Cash at bank and in hand		1,412	1,809
		<u>2,801</u>	<u>2,425</u>
Current liabilities			
Creditors: amounts falling due within one year	16	(540)	(230)
Net current assets		<u>2,261</u>	<u>2,195</u>
Total assets less current liabilities		<u>11,216</u>	<u>10,448</u>
Creditors: amounts falling due after more than one year	17	(122)	-
Net assets excluding pension liability		<u>11,094</u>	<u>10,448</u>
Defined benefit pension scheme liability	21	(845)	(966)
Net assets		<u><u>10,249</u></u>	<u><u>9,482</u></u>
Funds of the academy trust:			
Restricted funds	19		
- Fixed asset funds		10,408	9,698
- Restricted income funds		(32)	83
- Pension reserve		(845)	(966)
Total restricted funds		<u>9,531</u>	<u>8,815</u>
Unrestricted income funds	19	<u>718</u>	<u>667</u>
Total funds		<u><u>10,249</u></u>	<u><u>9,482</u></u>

The accounts on pages 22 to 46 were approved by the trustees and authorised for issue on 12 December 2018 and are signed on their behalf by:


 A Kerr
 Chair of Trustees


 C. H. C. Chan

Company Number 09071405

INNOVATE MULTI ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash used in operating activities	22	(1,154)	(621)
Cash flows from investing activities			
Dividends, interest and rents from investments	2	1	
Capital grants from DfE Group	1,867	1,723	
Capital funding received from sponsors and others	43	-	
Purchase of tangible fixed assets	(880)	(30)	
Purchase of investments	(400)	-	
Net cash provided by investing activities		632	1,694
Cash flows from financing activities			
New long term bank loan	125	-	
Net cash provided by/(used in) financing activities		125	-
Net (decrease)/increase in cash and cash equivalents in the reporting period		(397)	1,073
Cash and cash equivalents at beginning of the year		1,809	736
Cash and cash equivalents at end of the year		<u>1,412</u>	<u>1,809</u>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 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.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by 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 pages 1 to 2.

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

1.2 Going concern

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

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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.

Donated goods, facilities and services

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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 that require 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.

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

Land and buildings	2% of cost
Leasehold improvements	2% of cost
Computer equipment	33.3% of cost
Fixtures, fittings & equipment	10-20% 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 and reclassified to freehold or leasehold land and buildings.

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.

1.6 Liabilities

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

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

1.8 Investments

Current asset investments are stated at market value.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.9 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. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

1.10 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.11 Pensions benefits

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

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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.12 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	1,867	1,867	1,723
Other donations	15	43	58	11
	<u>15</u>	<u>1,910</u>	<u>1,925</u>	<u>1,734</u>

The income from donations and capital grants was £1,925,000 (2017: £1,734,000) of which £15,000 was unrestricted (2017: £11,000) and £1,910,000 was restricted fixed assets (2017: £1,723,000).

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,678	2,678	2,789
Other DfE group grants	-	333	333	316
	-	3,011	3,011	3,105
Other government grants				
Local authority grants	-	85	85	85
Other funding				
Other incoming resources	90	89	179	97
Total funding	90	3,185	3,275	3,287

The income from funding for educational operations was £3,275,000 (2017: £3,287,000) of which £90,000 was unrestricted (2017: £35,000) and £3,185,000 was restricted (2017: £3,252,000).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	9	-	9	22
Nursery provision	28	171	199	144
Other income	74	-	74	107
	111	171	282	273

The income from other trading activities was £282,000 (2017: £273,000) of which £111,000 was unrestricted (2017: £159,000) and £171,000 was restricted (2017: £114,000).

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	2	-	2	1

The income from funding for investment income was £2,000 (2017: £1,000) of which £2,000 was unrestricted (2017: £1,000).

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds					
- Direct costs	-	-	-	-	59
- Allocated support costs	128	-	-	128	108
Academy's educational operations					
- Direct costs	2,207	178	270	2,655	2,560
- Allocated support costs	701	1,209	346	2,256	1,424
	<u>3,036</u>	<u>1,387</u>	<u>616</u>	<u>5,039</u>	<u>4,151</u>

The expenditure on raising funds was £128,000 (2017: £167,000) of which £50,000 was unrestricted (2017: £63,000) and £78,000 was restricted (2017: £104,000).

Net income/(expenditure) for the year includes:	2018 £'000	2017 £'000
Fees payable to auditor for:		
- Audit	9	10
- Other services	6	1
- Previous auditor	-	2
Operating lease rentals	30	33
Depreciation of tangible fixed assets	178	230
Net interest on defined benefit pension liability	26	27
	<u>249</u>	<u>303</u>

8 Central services

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

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

The academy trust charges for these services on the following basis:

- amount per pupil (£160 per pupil);

The amounts charged during the year were as follows:	2018 £'000	2017 £'000
Kilsby CofE Primary School	17	21
Weedon Bec Primary School	41	49
Woodford Halse CofE Primary Academy	36	46
Badby Primary School	30	32
	<u>124</u>	<u>148</u>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Direct costs				
Educational operations	69	2,586	2,655	2,560
Support costs				
Educational operations	-	2,256	2,256	1,424
	<u>69</u>	<u>4,842</u>	<u>4,911</u>	<u>3,984</u>

The expenditure on educational operations was £4,911,000 (2017: £3,984,000) of which £69,000 was unrestricted (2017: £19,000), £3,594,000 was restricted (2017: £3,735,000) and £1,248,000 was restricted fixed assets (2017: £230,000).

	2018 £'000	2017 £'000
Analysis of support costs		
Support staff costs	701	629
Technology costs	82	66
Premises costs	1,209	397
Other support costs	197	252
Governance costs	67	80
	<u>2,256</u>	<u>1,424</u>

10 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	2,252	2,203
Social security costs	176	169
Pension costs	563	509
Staff costs	<u>2,991</u>	<u>2,881</u>
Agency staff costs	30	15
Staff restructuring costs	15	-
Total staff expenditure	<u>3,036</u>	<u>2,896</u>
Staff restructuring costs comprise:		
Severance payments	<u>15</u>	<u>-</u>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £14,950 (2017: £Nil). Individually, the payments were: £14,950 made in November 2017.

Staff numbers

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

	2018 Number	2017 Number
Teachers	39	38
Administration and support	96	78
Management	5	5
	<u>140</u>	<u>121</u>

Higher paid staff

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

	2018 Number	2017 Number
£60,000 - £70,000	-	1
£70,001 - £80,000	1	2
	<u>1</u>	<u>3</u>

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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £349,312 (2017: £327,974).

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Chief Executive Officer and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff members under their contracts of employment, and not in respect of their services as trustees.

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

A Witheyman (CEO/Head Teacher):

- Remuneration £70,000-£75,000 (2017: £70,000-£75,000)
- Employer's pension contributions £10,000 - £15,000 (2017: £10,000-£15,000)

C Freeth (Former Head Teacher):

- Remuneration N/A (2017: £10,000-£15,000)
- Employer's pension contributions N/A (2017: £0-£5,000)

M Wills (Former Head Teacher):

- Remuneration N/A (2017: £60,000-£65,000)
- Employer's pension contributions N/A (2017: £10,000-£15,000)

L Evans (Head Teacher):

- Remuneration £50,000 - £55,000 (2017: £60,000-£65,000)
- Employer's pension contributions £5,000 - £10,000 (2017: £10,000-£15,000)

During the year, travel and subsistence payments totalling £1,019 (2017: £585) were reimbursed or paid directly to 2 trustees (2017: 1 trustees).

Other related party transactions involving the trustees are set out within the related parties note.

12 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 trust 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.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Leasehold improvements	Computer equipment	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2017	8,591	-	122	43	8,756
Additions	11	852	15	2	880
At 31 August 2018	8,602	852	137	45	9,636
Depreciation					
At 1 September 2017	397	-	93	13	503
Charge for the year	133	9	27	9	178
At 31 August 2018	530	9	120	22	681
Net book value					
At 31 August 2018	8,072	843	17	23	8,955
At 31 August 2017	8,194	-	29	30	8,253

The net book value of land and buildings comprises:

	2018 £'000	2017 £'000
Long leaseholds (over 50 years)	8,072	8,194

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 FRS 102 and the Academy Accounts Direction 2017 to 2018, the commercial substance of the transaction takes precedence over the legal form. As a result, 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 FRS 102 and resulted in a depreciated replacement cost of £8,586,000 for the land and buildings donated to the Trust.

14 Debtors	2018 £'000	2017 £'000
Trade debtors	-	1
VAT recoverable	272	86
Other debtors	-	1
Prepayments and accrued income	717	528
	989	616

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

15 Current asset investments

At 31 August 2018, current asset investments include a fixed term deposit for £400,000. This is a 12 month deposit which matures in May 2019, with interest accruing at a rate of 0.8% per annum.

16 Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Government loans	3	-
Trade creditors	344	76
Other taxation and social security	1	-
Other creditors	9	7
Accruals and deferred income	183	147
	<u>540</u>	<u>230</u>
	<u><u>540</u></u>	<u><u>230</u></u>
17 Creditors: amounts falling due after more than one year	2018 £'000	2017 £'000
Government loans	122	-
	<u>122</u>	<u>-</u>
Analysis of loans		
Not wholly repayable within five years by instalments	67	-
Wholly repayable within five years	58	-
	<u>125</u>	<u>-</u>
Less: included in current liabilities	(3)	-
	<u>122</u>	<u>-</u>
Amounts included above	<u><u>122</u></u>	<u><u>-</u></u>
Loan maturity		
Debt due in one year or less	3	-
Due in more than one year but not more than two years	14	-
Due in more than two years but not more than five years	41	-
Due in more than five years	67	-
	<u>125</u>	<u>-</u>
	<u><u>125</u></u>	<u><u>-</u></u>

At 31 August 2018, the academy trust had outstanding Salix loans totalling £124,919 (2017: £Nil). These loans are interest free and are repayable over 8-10 years in half-yearly instalments.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Deferred income	2018 £'000	2017 £'000
	Deferred income is included within:		
	Creditors due within one year	78	63
		<u>78</u>	<u>63</u>
	Deferred income at 1 September 2017	63	68
	Released from previous years	(63)	(68)
	Resources deferred in the year	78	63
		<u>78</u>	<u>63</u>
	Deferred income at 31 August 2018	78	63

At the balance sheet date, the Academy Trust was holding funds received in advance for universal infant free school meals for the 2019 academic year.

19	Funds	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
	Restricted general funds					
	General Annual Grant (GAG)	46	2,678	(2,756)	-	(32)
	Other DfE / ESFA grants	-	333	(333)	-	-
	Other government grants	-	85	(85)	-	-
	Other restricted funds	37	260	(297)	-	-
	Pension reserve	(966)	-	(201)	322	(845)
		<u>(883)</u>	<u>3,356</u>	<u>(3,672)</u>	<u>322</u>	<u>(877)</u>
	Restricted fixed asset funds					
	Transfer on conversion	8,176	-	(133)	-	8,043
	DfE group capital grants	1,508	1,867	(1,110)	48	2,313
	Capital expenditure from GAG	14	-	(5)	-	9
	Private sector capital sponsorship	-	43	-	-	43
		<u>9,698</u>	<u>1,910</u>	<u>(1,248)</u>	<u>48</u>	<u>10,408</u>
	Total restricted funds	8,815	5,266	(4,920)	370	9,531
	Unrestricted funds					
	General funds	667	218	(119)	(48)	718
		<u>667</u>	<u>218</u>	<u>(119)</u>	<u>(48)</u>	<u>718</u>
	Total funds	9,482	5,484	(5,039)	322	10,249

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

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 trust 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 2018.

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. During the year ended 31 August 2018, funds totalling £48,251 were transferred to restricted fixed asset funds from unrestricted funds as part of the academy trust's contribution towards various capital projects.

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

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	126	2,789	(2,869)	-	46
Other DfE / ESFA grants	-	316	(316)	-	-
Other government grants	-	85	(85)	-	-
Other restricted funds	37	176	(176)	-	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 on conversion	8,374	-	(198)	-	8,176
DfE group 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>
Unrestricted funds					
General 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>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	126	5,467	(5,625)	-	(32)
Other DfE / ESFA grants	-	649	(649)	-	-
Other government grants	-	170	(170)	-	-
Other restricted funds	37	436	(473)	-	-
Pension reserve	(1,253)	-	(346)	754	(845)
	<u>(1,090)</u>	<u>6,722</u>	<u>(7,263)</u>	<u>754</u>	<u>(877)</u>
Restricted fixed asset funds					
Transfer on conversion	8,374	-	(331)	-	8,043
DfE group capital grants	54	3,590	(1,379)	48	2,313
Capital expenditure from GAG	21	-	(12)	-	9
Capital expenditure from unrestricted funds	4	-	(4)	-	-
Private sector capital sponsorship	-	43	-	-	43
	<u>8,453</u>	<u>3,633</u>	<u>(1,726)</u>	<u>48</u>	<u>10,408</u>
Total restricted funds	<u>7,363</u>	<u>10,355</u>	<u>(8,989)</u>	<u>802</u>	<u>9,531</u>
Unrestricted funds					
General funds	<u>543</u>	<u>424</u>	<u>(201)</u>	<u>(48)</u>	<u>718</u>
Total funds	<u>7,906</u>	<u>10,779</u>	<u>(9,190)</u>	<u>754</u>	<u>10,249</u>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

19 Funds

(Continued)

Total funds analysis by academy

	2018 £'000	2017 £'000
Fund balances at 31 August 2018 were allocated as follows:		
Kilsby CofE Primary School	195	206
Weedon Bec Primary School	257	254
Woodford Halse CofE Primary Academy	6	89
Badby Primary School	242	192
Central services	(14)	9
Total before fixed assets fund and pension reserve	686	750
Restricted fixed asset fund	10,408	9,698
Pension reserve	(845)	(966)
Total funds	10,249	9,482

Central Services is carrying a net deficit of £14,000 on these funds as a result of expenditure on a new financial software package, including the upfront costs of installation, licences and training. These are all one-off costs that were funded by Central Services and are not expected to arise in future years. Central Services is expected to return to surplus in the 2018/19 financial year as a result of higher recharges and lower costs.

Total cost analysis by academy

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

	Teaching and educational support staff £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total £'000
Kilsby CofE Primary School	308	97	27	181	613
Weedon Bec Primary School	717	200	34	348	1,299
Woodford Halse CofE Primary Academy	678	282	14	358	1,332
Badby Primary School	481	195	42	746	1,464
Central services	23	55	-	75	153
	2,207	829	117	1,708	4,861

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2018 £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	8,955	8,955
Current assets	718	623	1,460	2,801
Creditors falling due within one year	-	(533)	(7)	(540)
Creditors falling due after one year	-	(122)	-	(122)
Defined benefit pension liability	-	(845)	-	(845)
	<u>718</u>	<u>(877)</u>	<u>10,408</u>	<u>10,249</u>
	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2017 £'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	8,253	8,253
Current assets	667	313	1,445	2,425
Creditors falling due within one year	-	(230)	-	(230)
Defined benefit pension liability	-	(966)	-	(966)
	<u>667</u>	<u>(883)</u>	<u>9,698</u>	<u>9,482</u>

21 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 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' 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.

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £215,406 (2017: £206,504).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contributions are as noted below. The agreed contribution rates for future years are 17.9% to 23.6% 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.

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	176	179
Employees' contributions	46	44
Total contributions	222	223

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	2.6	2.7
Rate of increase for pensions in payment/inflation	2.3	2.4
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.3	2.4
Commutation of pensions to lump sums - Pre April 2008 service	50	50
Commutation of pensions to lump sums - 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:

	2018 Years	2017 Years
Retiring today		
- Males	22.1	22.1
- Females	24.2	24.2
Retiring in 20 years		
- Males	23.9	23.9
- Females	26.1	26.1

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £'000	2017 £'000
Discount rate + 0.1%	72	64
Discount rate - 0.1%	(72)	(64)
Mortality assumption + 1 year	96	89
Mortality assumption - 1 year	(96)	(89)
CPI rate + 0.1%	61	57
CPI rate - 0.1%	(61)	(57)

The academy trust's share of the assets in the scheme

	2018 Fair value £'000	2017 Fair value £'000
Equities	1,143	932
Bonds	232	202
Property	124	88
Other assets	45	38
Total market value of assets	1,544	1,260

The actual return on scheme assets was £73,000 (2017: £102,000).

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities

2018
£'000

2017
£'000

Current service cost	351	297
Interest income	(34)	(22)
Interest cost	60	49
Total operating charge	<u>377</u>	<u>324</u>

Changes in the present value of defined benefit obligations

2018
£'000

2017
£'000

At 1 September 2017	2,226	2,197
Current service cost	351	297
Interest cost	60	49
Employee contributions	46	44
Actuarial gain	(283)	(352)
Benefits paid	(11)	(9)
At 31 August 2018	<u>2,389</u>	<u>2,226</u>

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

2018
£'000

2017
£'000

At 1 September 2017	1,260	944
Interest income	34	22
Actuarial gain	39	80
Employer contributions	176	179
Employee contributions	46	44
Benefits paid	(11)	(9)
At 31 August 2018	<u>1,544</u>	<u>1,260</u>

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

22 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	445	1,144
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(1,910)	(1,723)
Investment income receivable	(2)	(1)
Defined benefit pension costs less contributions payable	175	118
Defined benefit pension net finance cost	26	27
Depreciation of tangible fixed assets	178	230
(Increase) in debtors	(373)	(511)
Increase in creditors	307	95
Net cash used in operating activities	(1,154)	(621)

23 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means, of any asset for which a government capital grant was received, the academy trust 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 trust serving notice, the academy trust 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 purposes of the academy trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by the Secretary of State under the funding agreement.

24 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	25	24
Amounts due in two and five years	20	11
	45	35

INNOVATE MULTI ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

25 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the accounts	1,097	287

26 Related party transactions

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.

27 Members' liability

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