

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

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AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the academy, its members, trustees and advisers	1 - 2
Trustees' report	3 - 11
Governance statement	12 - 15
Statement on regularity, propriety and compliance	16
Trustees' responsibilities statement	17
Independent auditors' report	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities	22
Balance sheet	23
Cash flow statement	24
Notes to the financial statements	25 - 43

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS, TRUSTEES AND
ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2015**

Members

M Fitzpatrick (appointed 12 November 2014)
A Steel (appointed 12 November 2014)
A Wilson (appointed 12 November 2014)

Trustees

A Steel, Chair of Trustees (appointed 12 November 2014)
AA Brown, Head Teacher & Accounting Officer (appointed 12 November 2014)
G Brown (appointed 12 November 2014)
AJ Hall, Head Teacher (appointed 12 November 2014)
R Priestman (appointed 12 November 2014)
CJ Simmons (appointed 12 November 2014)

Company registered number

09308398

Principal and registered office

West View Primary School
Davison Drive
Hartlepool
TS24 9BP

Senior management team

A Brown, Headteacher (West View Primary School)
A Hall, Headteacher (West Park Primary School)
C Haylock, Head of School (West View Primary School)
N Boagey, Assistant Headteacher (West View Primary School)
S McIntosh, Assistant Headteacher (West View Primary School)
C Palmer, Assistant Headteacher (West Park Primary School)
N Pearce, Assistant Headteacher (West Park Primary School)
L Todd, Assistant Headteacher (West View Primary School)
S Crowe, Head of Academy Operations

Independent auditors

Clive Owen LLP
Chartered Accountants
Chartered Accountants & Statutory Auditors
140 Coniscliffe Road
Darlington
Co. Durham
DL3 7RT

Bankers

Lloyds Bank
128-132 York Riad
Hartlepool
TS26 9DD

AD ASTRA ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND
ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2015**

Solicitors

Tilly, Bailey and Irvine LLP
York Chambers
York Road
Hartlepool
TS26 9DP

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2015

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' report of Ad Astra Academy Trust (the academy) for the period ended 31 August 2015. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates 2 primary academies in Hartlepool. Its academies have a combined pupil capacity of 693 and had a roll of 629 in the school census on 16 January 2015.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a charitable company limited by guarantee and was set up by a Memorandum of Association on 12 November 2014. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Ad Astra Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Ad Astra Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

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

The academy trust has purchased insurance to protect Trustees from claims arising against negligent acts, errors or omissions occurring whilst on academy business. Further details are provided in note 12.

Method of Recruitment and Appointment or Election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Headteachers or any post held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. The Trustees are able to appoint additional Trustees under the Articles should their skills and expertise be deemed beneficial to Trust operations or if further schools should join the Trust in the future. A due diligence process will be undertaken to ensure any future board members share the ethos and values of the Trust and to ensure that their appointment will bring added value to the Trust board. Schools that are 'good' or 'outstanding' will be entitled to appoint up to three Trustees to represent their respective school; one of which will be the Headteacher. The current board of Trustees believe in 'earned autonomy' and therefore those schools that are considered 'inadequate' or that 'require improvement' may not be represented at Trust level until rapid progress and improvement has been secured.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Trustees are given a tour of the academy and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only one or two Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

During the year the academy operated a unified governance structure consisting of 3 levels; the Trustees, the Local Governing Body (and its sub committees) and the Senior Leadership team of each school within the Trust. The aim of this structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees

The trust board is responsible for the strategic direction of the trust and ensuring high standards of corporate governance are maintained at all levels. It exercises its functions and powers by addressing such matters as;

- Developing, implementing and monitoring plans articulating the strategic vision of the trust from both an educational and business perspective and ensuring these are financially viable.
- To monitor the effectiveness of the support arrangements to ensure the trust are satisfied with the level of service and that they represent value for money.
- Being responsible for school improvement performance within the trust with appropriate rigour and challenge to ensure high standards of achievement and attainment for all children.
- Appointing senior members of staff with the necessary skills and attributes and undertaking rigorous performance management of such staff to ensure they deliver an outstanding service to the trust.
- To approve the trust budget and ensure financial accountability to the Department for Education for all schools within the trust.

Local Governing Bodies

The Local Governing Body is responsible for ensuring the implementation of the strategic direction of the Trust within their respective academy. It exercises its functions and powers by addressing such matters as;

- Initially set appropriate targets for the attainment and progress of children within the academy and monitor the progress of these with rigour and challenge.
- Being accountable for standards of teaching and learning, celebrating success and taking action at a local level to address any areas of underperformance.
- Approving and monitoring the self-evaluation form and academy development plan, ensuring these are appropriately resourced.
- Ensuring the curriculum diet of the academy is broad and balanced and to monitor its effectiveness.
- Ensuring the academy is inclusive to all learners and other stakeholders.
- Working with the Headteacher and the Trust Head of Operations to develop a balanced budget that meets the needs of all learners and the priorities identified in the school development plan.
- Monitoring the use of specific funds given to the academy to ensure this meets the purpose for which it has been given. To particularly monitor the use of Pupil Premium funding to ensure this is used effectively to narrow the gap between social disadvantage and attainment.
- Ensuring that the trust business support function meets the needs of the academy by delivering an effective, equitable and compliant service.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Senior Leadership Teams

At individual school level, the senior leadership team is responsible for the operational aspect of the strategic plan being locally responsible and accountable for;

- High standards of teaching and learning with a relentless focus on continuous school improvement.
- High levels of attainment and achievement for all pupils irrespective of their starting point.
- Effective safeguarding of pupils.
- Undertaking effective performance management to ensure all pupils attending trust schools are taught by high quality staff who have high expectations and aspirations for the children they teach.
- Demonstrating strong leadership skills to ensure a highly motivated and supportive school culture that breeds success.
- Effective and efficient use of resources to support teaching and learning priorities.
- Compliance in all aspects of school policies and procedures, statutory and otherwise.

Connected Organisations including Related Party Relationships

West View Primary works closely with a local community interest company that provides alternative educational opportunities and youth club services for children and young people. West View Primary School procures the services of the Project to deliver a variety of specialist activities, including Forest School activities, pupil support and outdoor learning activities. The impact of using the services of West View Project has seen particular impact for working with our most vulnerable children and has seen positive improvements in behaviour and helped them to re-engage with learning. One Trustee of Ad Astra who is also the Chair of the Local Governing Body at West View Primary School is also a member of the board of directors of West View Project. This interest has been declared openly and the Trustee concerned is not part of the decision making process when considering the services of the Project.

The Headteacher of West View Primary School is also a director of his own company, Lead 4 Impact which supports the educational policy direction of the Department for Education both nationally and regionally. From time to time the Trustee concerned undertakes work during the time he is employed as Headteacher and so the school claims back the proportion of salary relating to this. Trustees see this as a mutually beneficial arrangement as it brings invaluable experience and expertise into the Trust which helps Ad Astra to be at the forefront of educational policy and direction as well as the reciprocal learning benefits that this brings to the Trust.

Further details are stated in Note 25 to the Financial Statements.

Risk Management

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the charitable company is the operation of West Park Primary School and West View Primary School to provide education for students of different abilities between the ages of 2 and 11 years.

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

The main objectives of the academy during the year ended 31 August 2015 are summarised below:

1. To support all of our children to achieve or surpass national expectations;
2. Ensure all of our academies exceed national expected targets;
3. Support all of our academies to achieve an OFSTED grading of Outstanding;
4. To ensure that leadership and the quality of teaching and learning is good or better in all of our schools;
5. To enable staff in our trust to be innovative, lifelong learners and to work collaboratively;
6. To budget effectively, to build capacity within the Trust and to deploy our resources efficiently for the benefit of pupils and staff;
7. Develop strong relationships between families, the community and stakeholders

Objectives, Strategies and Activities

The academy's main objectives are encompassed within its mission statement which is to provide an innovative, first class education to inspire our children to achieve their full potential.

Ad Astra Academy Trust believes that highly skilled and committed staff led by strong and effective leadership is the key to success for each school within the trust. Since conversion both schools have worked collaboratively to identify areas of good practice and to support each other. This has proved particularly successful with staff relishing the opportunity to look beyond the boundaries of their own school to identify innovative practices to transfer back into their own setting.

Both schools have continued in their relentless focus to improve outcomes for all pupils regardless of their starting point. High standards of teaching and learning have been achieved by continuous review and analysis of pupil performance data. Regular pupil progress reviews have been undertaken to inform this process; celebrating success and identifying where improvements can be made. Analysis of this work is shared and discussed with the Local Governing Bodies of each school and also with Trustees so that they have a detailed awareness of the work that is being undertaken to ensure each child is receiving the best education possible.

Independent review of school performance has also continued with both schools being judged to be graded overall 'outstanding' by the School Improvement Partner. This is a positive reflection given that both schools are likely to be inspected by Ofsted in the near future and gives credence to the judgements that each schools have awarded themselves in their self-evaluation. Both schools have undertaken training in the new OfSTED framework to ensure that the senior leadership teams are fully aware of the requirements of the new inspection process. This has been disseminated to all staff to ensure they understand the new inspection regime and can therefore be as prepared as possible.

Senior and middle leadership teams in each school have worked collaboratively to determine a consistent approach to teaching and learning with cross-school moderation proving particularly successful. The 'assessment without levels' agenda has seen difficulties in many schools where they have wrestled with the most effective way to assess pupil progress and attainment. However both schools within the Trust have worked together towards developing a transparent system that is clear to the staff that are assessing work as well as understood by pupils and parents.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

OBJECTIVES AND ACTIVITIES (continued)

A rigorous approach to performance management and professional development have been a common theme in both schools during the period. Ad Astra recognises that high quality teaching carried out by enthusiastic and committed staff is the key to success. Both schools have continued to use a performance management matrix which breaks down the key elements of successful teaching and learning and staff are assessed accordingly. A colour coded approach to this provides a very visual overall picture of the standards of teaching; showing at a glance the high standards across both schools but also where there are areas for development. Staff also see this as a good assessment tool for themselves and have used it as a motivational tool to improve their own performance.

The trustees have recognised that the key to allowing the educational experts to focus and deliver a high quality pupil experience is to have an effective business leadership structure in place to deliver an all non-educational outcomes. Although a relatively new academy trust, the trustees have been insightful and have invested in some of the staffing requirements already but recognise that this needs to be further developed and strengthened to provide an effective infrastructure to adequately support planned future expansion. During the period the trust has re-deployed two existing school staff into shared roles across the trust; a Head of Academy Operations and a Senior Finance Officer. This has enabled a strong focus on the financial performance of the schools within the trust particularly through the transition and formative stages of the trust. The introduction of a new finance system has also been managed carefully and is now beginning to show real benefits in the efficiency of financial operations. During the latter part of the period an ICT Manager has also been recruited to further strengthen the team and allow a strategic approach to this key area of the business.

Building capacity is intrinsically linked to expanding the number of schools within the trust and therefore this is the focus of the trust strategic growth plan. However this is not a strategy that is taken lightly by the trustees; everyone involved in Ad Astra wants to expand but in a way that demonstrates a measured, prudent and professional approach. By doing so this will ensure that the schools that join Ad Astra do so in the knowledge that the organisation is prepared and structured to take on the intricacies of growing and developing a complex organisation.

Both schools have continued to work closely with families to ensure each child is given support to achieve their potential. Given the high levels of social deprivation, West View has a significantly high number of children accessing outside agency support and has expanded the social inclusion team to help cope with the increasing number of children and families needing specialist support. Strong partnership working with outside agencies including social services and family support teams has continued and is seen as a strength by these organisations in their work to improve social outcomes for those involved.

The trust has worked closely with key stakeholders to ensure a successful transition to academy status. The conversion process involved consultation with parents, staff, Local Authority partners, educational partners and also other schools in Hartlepool. Both schools had a policy of open dialogue and intention to engage with partners rather than see the conversions as a purely school decision. Both Local Governing bodies felt strongly that consultation was important to the future success and stability of the trust. As neither school received any objections to the proposed conversions, this was a clear indication that all those with an interest in the schools could see the benefits of academy status. A commitment to partnership working with stakeholders will see the trust continue to experience a stable and enjoyable relationship with those people and organisations that are an integral part of the school community and therefore give the trust the best chance of future success.

The activities undertaken above to achieve these objectives are all intended to provide the highest quality of education in the public sector for students between the ages of 2 and 11 years.

Public Benefit

The academy's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Trustees have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Trustees have considered this guidance in deciding what activities the academy should undertake.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Despite only being converted for a short period of time Ad Astra has accomplished much in the period;

- Ad Astra Academy Trust was awarded sponsorship status in July this year which will allow the trust to take on schools that require support for improvement.
- A strategic plan was formulated by the Trustees to articulate the strategic vision for the future of the Trust and the resources required to realise this vision.
- The trust appointed three qualified and experienced members of trust staff to enable the business support function to operate effectively.
- Liaison with the Regional Schools Commissioner to highlight the positive benefits that Ad Astra can bring to the academy agenda in the North East.
- West View Primary won a regional Pupil Premium award in recognition of the work and positive impact the school has made to the performance of children who are entitled to pupil premium funding. As a result the Headteacher was asked to be an 'Educating Britain Advocate.'
- West Park Primary School was awarded the status of eco-school for their work in relation to the environment and sustainability.
- Neither school has been inspected by OfSTED during the period.

Key Performance Indicators

Financial Performance

Figures pro-rata'd to a full academic year for comparison purposes.

<u>Key Performance Indicator</u>	<u>West View Primary School</u>	<u>West Park Primary School</u>
Total income per pupil (excluding balances on conversion)	£7,154	£4,695
Total GAG funding per pupil	£4,554	£3,442
Teaching Staff expenditure per pupil	£2,780	£2,343
Teaching Staff expenditure as a percentage of total expenditure	39.77%	52.29%
Support Staff expenditure per pupil	£2,444	£1,060
Support Staff expenditure as a percentage of total expenditure	34.97%	23.64%
Total Staffing expenditure per pupil	£5,224	£3,403
Total Staffing as a percentage of total expenditure	74.74%	75.93%
Percentage of pupils eligible for Free School Meals	77.71%	4.85%
Surplus as a percentage of funding	7.55%	11%
Percentage of children eligible for Pupil Premium funding	74%	11%

Educational Performance

<u>Key Performance Indicator</u>	<u>End of reception (Good Level of Development)</u>	<u>Year 1 Phonics</u>	<u>Year 2 APS – all subjects</u>	<u>Year 6 APS – all subjects</u>	<u>KS2 Value Added – all subjects</u>
West View Primary School	65%	87%	15.8	28.9	100.5
West Park Primary School	66%	89%	17.3	31.4	100.7
National Average	60%	77%	16.1	28.8	100.0

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy 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 Accounting Policies.

FINANCIAL REVIEW

Financial report for the period

Most of the academy's income is obtained from the Department for Education (DfE) via the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/EFA during the period ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE/EFA. In accordance with The Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2005), 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.

In addition the schools within the trust receive Early Years funding from the Local Authority based on numbers of pupils at key census times. This is received termly in arrears. A similar grant is received in respect of funding for two year old children, again based on pupil numbers. Although each school receives SEN funding via the EFA, top-up funding is provided by the Local Authority for children where it has been assessed that their need is such that it warrants one to one support from a teaching assistant.

During the period ended 31 August 2015, total expenditure of £2,328,000 was in excess of recurrent grant funding from the DfE/EFA together with other incoming resources. The excess of expenditure over income for the year (before transfers and actuarial gains, and excluding restricted fixed asset funds) was £346,000.

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

At 31 August 2015 the net book value of fixed assets was £10,282,000 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 students of the academy.

The provisions of Financial Reporting Standard No.17 'Retirement Benefits' (FRS 17) have been applied in full, resulting in a deficit of £622,000 recognised on the balance sheet.

The academy held fund balances at 31 August 2015 of £10,032,000 comprising £9,841,000 of restricted funds and £191,000 of unrestricted funds.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

Principal risks and uncertainties

The principal risks and uncertainties are centred on changes in the level of funding from the DfE/EFA. In addition the academy is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy balance sheet.

The Trustees have assessed the major risks, to which the academy is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area in addition to training in Safeguarding.

The academy is subject to a number of risks and uncertainties in common with other academies. The academy has in place procedures to identify and mitigate financial risks.

Reserves Policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as out of school clubs
- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs.

The level of reserves is reviewed by the Trustees regularly throughout the year. The minimum level of reserves for the ongoing needs of an academy is reviewed by the Trustees on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees therefore consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of the equivalent of 4 weeks of expenditure which would include one month salary cost. However at the present time the reserves held by the Trust would not be sufficient to meet this commitment without it being financially constraining to the Trust. Therefore trustees have decided that the current minimum level of reserves to be the equivalent of two weeks of expenditure with the intention to grow these reserves at a rate of half a week per year for the next four years to reach the four week desired level. At 31 August 2015 this equates to a minimum level of £186,000.

The academy's current level of free reserves, as defined above, are in surplus by £191,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The trustees continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Development of outdoor resources
- b) Building capacity within the Trust to facilitate future growth.

Investments Policy

The academy can invest surplus funds through money market accounts however have not done so to date. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum. The aim of the Trust is to spend the public monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good fund management to be used as and when circumstances allow.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE PERIOD ENDED 31 AUGUST 2015

PLANS FOR FUTURE PERIODS

Future Developments

The trustees have formulated a strategic plan which identifies future Trust growth as a priority moving forward. The approval of sponsorship status in July 2015 has given the trustees the ability to allow schools who require additional support in order to achieve a good or outstanding Ofsted grade to join the Trust. This has opened up the availability of market share substantially which will provide increased opportunities for growth. Taking this into consideration, the broad strategic objectives of the Trust are;

- To grow incrementally over the next five years and will be no bigger than ten schools by the end of 2019/2020.
- To actively seek two new schools by the end of the academic year 2015/16.
- The ratio of sponsored schools to converter schools will be 1:3 unless a specific business case is agreed by Trust members.
- Any school that joins the Trust will be required to undergo a stringent and evaluated due diligence process which will be defined in the Trust's policies and procedures.
- The strategic objectives and business growth plan will be reviewed annually to take into consideration any changes in government policy and the economic performance of the Trust.
- The membership of the board of trustees will be reviewed in the light of any business growth and with appropriate scrutiny

Funds held as custodian trust on behalf of others

West View Primary School received £25,000 from National College of Teaching and Leadership prior to conversion for school to school support initiatives. This was as a result of the Headteacher's links to National College for Teaching and Leadership and was designed to support two schools in Hartlepool to further develop their educational outcomes. The school acted as a broker in securing this funding but with the exception of a small amount of admin fee this revenue has or is to be transferred to the respective schools pending evaluation of their action plans.

AUDITORS

Insofar as the Trustees are aware:

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

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 3 December 2015 and signed on the board's behalf by:



A Steel
Chair of Trustees

AD ASTRA ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Ad Astra 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 nominated Headteacher, AA Brown, 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 Ad Astra 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 Trustees' responsibilities statement. The Board of Trustees has formally met 6 times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
A Steel, Chair of Trustees	6	6
AA Brown, Head Teacher & Accounting Officer	6	6
G Brown	6	6
AJ Hall, Head Teacher	6	6
R Priestman	4	6
CJ Simmons	5	6

The Board of Trustees comprises an equal representation from the two original members of the Trust; West View and West Park Primary Schools. Both Headteachers are also Trustees as well as both Chairs of Governors and then one other designated governor.

The Board has worked collaboratively from the beginning to establish a trust board with a range of skills and expertise in areas such as finance, IT and leadership to ensure an effective trust that clearly understands its responsibilities and accountabilities. There have been no changes to the Board of Trustees since its incorporation.

The Trustees currently operates a single layer of governance at board level. All Trustees consider each area of Academy operations as a collective body, however this will be reviewed as more Academies join the Trust in order to ensure Trustees are well informed but also effective and efficient in terms of how they operate. This review will likely result in a finance and audit committee initially, although this depends largely on the size of the trust at the time the review is undertaken. Trustees have discussed this issue at length and feel that while the trust is still in its infancy that it is important that all Trustees have a detailed overview of strategic and operational plans to ensure a successful foundation to the trust.

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the nominated Headteacher, AA Brown, has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Improving Educational Performance

The schools within Ad Astra have continued to deliver strong educational performance through a targeted focus on self-review; identifying and acting on improvements as a result of this. Schools have had independent moderation of their self-review system by a School Improvement Partner and the consensus is that both schools are delivering an outstanding provision for children in their care. Collaboration at a senior and middle leadership as well as at classroom teacher level has brought significant benefits in terms of moderation and sharing good practice. Despite each school being socially diverse both schools have embraced the value of collaboration and are keen to build upon this.

A consistent approach to assessment and data management as well as the presentation of key school documentation such as the school development plan and self-evaluation form has been invaluable in bringing the schools together as one trust. Through professional dialogue and debate a standard has been agreed that allows internal and external stakeholders to effectively analyse key performance indicators and performance. In turn this ensures that performance is at the heart of every layer of the trust from Members and Trustees to operational staff delivering the business.

Centralisation of business support functions has allowed the leadership teams within in school to focus on educational priorities and outcomes rather than being distracted by finance, estates, HR and policy development. While the Headteachers within each school remain very involved in these aspects; the focus has changed from operational involvement to being briefed from senior business support staff. This has been particularly welcomed by West Park where budget constraints meant they have not been in a position to afford a school business manager prior to conversion. Joining the trust has opened up this support which has allowed the Headteacher to focus on the teaching and learning aspect of the business.

Robust Governance

The Board of Trustees of Ad Astra has a wealth of skills and experience in areas such as leadership, accountancy, education and IT and these have brought significant benefits to the trust in the formative months of operation. The Trustees have an acute awareness of the academy agenda and the freedoms and liabilities this brings. The Trustees were recruited from the existing local governing bodies in each school (two of which are current chairs of the governing body) and as such have come to the trust with experience of governance and the current educational landscape. However, despite being local governors in their respective school, all Trustees have worked hard to see their Trustee role as one that encompasses the whole trust and the schools within it. Trustees have commented that 'trust' is something that now feels as though it has real meaning.

Trustees meet regularly and have a clear and focussed agenda achieving much in the first few months of operation. They have ensured that the business has been set up effectively from the beginning and have been insightful in directing resources to this to ensure the trust was given the best start and chance of success.

The Trustees have approved a detailed scheme of delegation which clearly sets out the roles and responsibilities for each layer of governance. This has been independently audited to ensure compliance. While the Trustee Board is small, Trustees have decided not to create any separate committees. This is partly due to numbers of Trustees and also because as the Trust is very much at an early stage, Trustees feel that everyone's involvement is important in ensuring a cohesive approach to trust development. This will be reviewed should further schools join the trust in the future.

Strong Financial Oversight

With the appointment of a Head of Academy Operations and a Senior Finance Officer working across the trust, this has resulted in strong financial management both at an operational and strategic level. The installation of a new financial software package (PS Financials) has allowed greater control of financial data and more effective and efficient reporting. This has been particularly useful in undertaking the monthly management accounts process as well as other accounting processes such as depreciation and fixed asset recording that were not required as a maintained school. This has also been rolled out across both schools allowing a centralised overview of each budget and cash flow position.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Improved Purchasing

Evidence of increased purchasing power has already been seen in the first joint procurement exercise. Significant savings (£2,000) has been achieved by bringing together IT hardware requirements for both schools and receiving quotes on this basis. In addition a review of the joint analysis of services retained with the Local Authority has commenced with a view to re-negotiating or tendering for services that meet the needs of the trust rather than continuing historical agreements without any due diligence or regard for effectiveness.

Income Generation

The trust continues to seek opportunities to maximise income into the trust and has been successful in bidding for additional Special Educational Needs (SEN) funding from the Local Authority to support children requiring one to one support in the classroom. Particularly at West View Primary where social deprivation factors are high, there has been a significant amount of work undertaken to ensure that families that are entitled to free school meals actually apply for them so that the school can ensure that the correct level of funding is received. This is especially important not only for pupil premium funding but also for other funding factors that rely on free school meal data in their calculation. With the introduction of the universal free school meal scheme for reception and key stage one children, some families have been unaware of the financial impact that not applying for free school meals can have on their child's school. By ensuring that correct data is recorded has meant that the schools can feel confident they are receiving the correct level of funding for their need.

Reviewing Controls and Managing Risks

A significant amount of work has taken place in the first few months of operation to determine a consistent approach to controls and risks across the trust. A risk register has been prepared that gives a clear picture of the risks faced by the trust with a red, amber, green rating according to impact and therefore determining the priority. Internal auditors have been appointed to ensure that controls are rigorously tested to reduce the level of risk as far as possible.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy 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 Ad Astra Academy Trust for the period 12 November 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the academy 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's significant risks, that has been in place for the period 12 November 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

THE RISK AND CONTROL FRAMEWORK

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Davies Tracey (chartered accountants and business advisers) as internal auditor.

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

- Testing of payroll systems
- Testing of Purchase systems
- Testing of Income systems

On a periodic basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The internal auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the nominated Headteacher, AA Brown, has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy 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 Internal Auditors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 3 December 2015 and signed on its behalf, by:



A Steel
Chair of Trustees



AA Brown, Head Teacher
accounting officer

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Ad Astra Academy Trust I have considered my responsibility to notify the academy Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the academy Board of Trustees are able to identify any material, irregular or improper use of funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook (2014).

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



AA Brown, Head Teacher
Accounting Officer

3 December 2015

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 3 December 2015 and signed on its behalf by:



A Steel
Chair of Trustees

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AD ASTRA ACADEMY TRUST

We have audited the financial statements of Ad Astra Academy Trust for the period ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AD ASTRA ACADEMY TRUST

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Clive Owen LLP

Kevin Shotton BA ACA (Senior statutory auditor)

for and on behalf of

Clive Owen LLP

Chartered Accountants

Chartered Accountants & Statutory Auditors

140 Coniscliffe Road

Darlington

Co. Durham

DL3 7RT

3 December 2015

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AD ASTRA
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 14 September 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ad Astra Academy Trust during the period 12 November 2014 to 31 August 2015 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 Ad Astra Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ad Astra Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ad Astra Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF AD ASTRA ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Ad Astra Academy Trust's funding agreement with the Secretary of State for Education dated 22 December 2014, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 12 November 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AD ASTRA
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

APPROACH (continued)

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interest;
- Review related party transactions;
- Review of borrowing arrangements;
- Review of land and building transactions;
- Review of potential and actual bad debts; and
- Review an instance of gifts/hospitality to ensure in line with policy.

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 12 November 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Clive Owen LLP

Kevin Shotton BA ACA

Clive Owen LLP

Chartered Accountants

Chartered Accountants & Statutory Auditors
140 Coniscliffe Road
Darlington
Co. Durham
DL3 7RT

3 December 2015

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account and statement of total recognised gains and losses)
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Transfer from Local Authority on conversion	2	249	(613)	10,352	9,988
Other voluntary income	2	1	-	-	1
Activities for generating funds	3	101	-	-	101
Incoming resources from charitable activities	4	-	2,153	22	2,175
TOTAL INCOMING RESOURCES		351	1,540	10,374	12,265
RESOURCES EXPENDED					
Charitable activities	6	160	2,065	91	2,316
Governance costs	5	-	12	-	12
TOTAL RESOURCES EXPENDED	7	160	2,077	91	2,328
NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS		191	(537)	10,283	9,937
Transfers between Funds	16	-	(6)	6	-
NET INCOME FOR THE PERIOD		191	(543)	10,289	9,937
Actuarial gains and losses on defined benefit pension schemes		-	95	-	95
NET MOVEMENT IN FUNDS FOR THE PERIOD		191	(448)	10,289	10,032
Total funds at 12 November 2014		-	-	-	-
TOTAL FUNDS AT 31 AUGUST 2015		191	(448)	10,289	10,032

All of the academy's activities derive from acquisitions in the current financial period.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 25 to 43 form part of these financial statements.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09308398

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£000	2015 £000
FIXED ASSETS			
Tangible assets	13		10,282
CURRENT ASSETS			
Debtors	14	213	
Cash at bank		333	
		<u>546</u>	
CREDITORS: amounts falling due within one year	15	(174)	
NET CURRENT ASSETS			<u>372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,654</u>
Defined benefit pension scheme liability	22		(622)
NET ASSETS INCLUDING PENSION SCHEME LIABILITY			<u><u>10,032</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Restricted funds	16	174	
Restricted fixed asset funds	16	10,289	
		<u>10,463</u>	
Restricted funds excluding pension liability			
Pension reserve		(622)	
		<u></u>	
Total restricted funds			9,841
Unrestricted funds	16		<u>191</u>
TOTAL FUNDS			<u><u>10,032</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 3 December 2015 and are signed on their behalf, by:


A Steel
Chair of Trustees

The notes on pages 25 to 43 form part of these financial statements.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2015

	Note	10 months ended 31 August 2015 £000
Net cash flow from operating activities	18	31
Capital expenditure and financial investment	19	(14)
Cash transferred on conversion to an academy trust	21	316
INCREASE IN CASH IN THE PERIOD		333

All of the cash flows are derived from acquisitions in the current financial period.

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE PERIOD ENDED 31 AUGUST 2015

	10 months ended 31 August 2015 £000
Increase in cash in the period	333
MOVEMENT IN NET FUNDS IN THE PERIOD	333
NET FUNDS AT 31 AUGUST 2015	333

The notes on pages 25 to 43 form part of these financial statements.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 and include grants from the Department for Education.

1.3 Incoming resources

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

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

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

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

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

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised.

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. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

The premises are held on a 125 year lease from Hartlepool Borough Council. As the risks and rewards have transferred to the academy, the asset has been recognised within tangible fixed assets. The initial acquisition was recognised at existing use valuation by Mouchel, on behalf of the Education Funding Agency. The Trustees consider that the cost of obtaining an additional valuation would outweigh the benefit.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold property	-	over 50 years
Long leasehold land	-	over 125 years
Fixtures and fittings	-	over 4 years
Computer equipment	-	over 3 years

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

1. ACCOUNTING POLICIES (continued)

1.7 Operating leases

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Taxation

The academy 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 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.

1.9 Pensions

Retirement benefits to employees of the academy 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.

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 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 quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

1. ACCOUNTING POLICIES (continued)

1.10 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from West View Primary School and West Park Primary School to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Ad Astra Academy Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

2. VOLUNTARY INCOME

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Transfer from Local Authority on conversion	249	9,739	9,988
Donations	1	-	1
Voluntary income	250	9,739	9,989

3. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
School trips	21	-	21
Lettings income	8	-	8
Staff consultancy	34	-	34
Supply teacher insurance	6	-	6
Catering income	32	-	32
	101	-	101

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

4. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
DfE/EFA revenue grants			
Devolved Formula Capital	-	7	7
General Annual Grant (GAG)	-	1,571	1,571
Start Up Grant A	-	25	25
Pupil Premium	-	264	264
Other DfE/EFA Grants	-	32	32
PE Teacher Grant	-	8	8
	<hr/> -	<hr/> 1,907	<hr/> 1,907
Other government grants			
SEN	-	54	54
Other Government Grants	-	199	199
	<hr/> -	<hr/> 253	<hr/> 253
Other funding			
Other Grants	-	15	15
	<hr/> -	<hr/> 15	<hr/> 15
	<hr/> -	<hr/> 2,175	<hr/> 2,175
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

5. GOVERNANCE COSTS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000
Governance Auditors' remuneration	-	6	6
Governance Auditors' non audit costs	-	4	4
Internal Assurance costs	-	2	2
	<hr/> -	<hr/> 12	<hr/> 12
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

6. CHARITABLE ACTIVITIES

	Total funds 2015 £000
DIRECT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	1,226
National insurance	62
Pension cost	209
Educational supplies	23
Staff development	10
Technology costs	5
Educational consultancy	28
Travel and subsistence	16
Other direct costs	16
	<hr/> 1,595 <hr/>
SUPPORT COSTS - EDUCATIONAL OPERATIONS	
Wages and salaries	177
National insurance	8
Pension cost	17
Depreciation	91
Technology costs	62
Maintenance of premises and equipment	35
Cleaning	34
Rates	40
Energy	26
Insurance	10
Security	3
Transport	4
Catering	121
Other support costs	93
	<hr/> 721 <hr/>
	<hr/> 2,316 <hr/>

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

7. RESOURCES EXPENDED

	Staff costs	Non Pay	Expenditure	Total
	2015	Premises	Other costs	2015
	£000	2015	2015	£000
	£000	£000	£000	£000
Academy's educational operations	1,497	-	98	1,595
Support costs - Academy's educational operations	202	220	299	721
Charitable activities	1,699	220	397	2,316
Governance	-	-	12	12
	1,699	220	409	2,328

There were no individual transactions exceeding £5,000 for:

- Ex-gratia/compensation payments
- Gifts made by the academy
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

8. NET INCOMING / (OUTGOING) RESOURCES

This is stated after charging:

	10 months ended 31 August 2015 £000
Depreciation of tangible fixed assets:	
- owned by the charity	91
Auditors' remuneration	6
Auditors' remuneration - non-audit	4
Operating lease rentals:	
- plant and machinery	3

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

9. STAFF

a. Staff costs

Staff costs were as follows:

	10 months ended 31 August 2015 £000
Wages and salaries	1,385
Social security costs	70
Other pension costs (Note 22)	226
	<hr/> 1,681
Supply teacher costs	14
Severance payments	4
	<hr/> <hr/> 1,699

Included in other pension costs is a debit of £37,000 relating to the pension deficit actuarial adjustment.

b. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows:

	10 months ended 31 August 2015 No.
Teachers	34
Educational Support	55
Premises	3
Admin & Finance	5
	<hr/> 97

c. Higher paid staff

The number of employees whose annualised emoluments fell within the following bands was:

	10 months ended 31 August 2015 No.
In the band £70,001 - £80,000	<hr/> <hr/> 1

During the year, pension contributions on behalf of the 1 employee were made to the Teachers Pension Scheme.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

10. CENTRAL SERVICES

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

- Financial services
- IT
- HR
- Legal support services
- Educational support services

The academy charges for these services on the following basis:

Based on pupil numbers.

The actual amounts charged during the year were as follows:

	10 months ended 31 August 2015 £000
West View Primary School	41
West Park Primary School	22
	<hr/>
Total	63
	<hr/>

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteachers and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteachers and other staff members under their contracts of employment, and not in respect of their role as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees. The value of Trustees' remuneration and other benefits for both the accounting period and for an annualised period were as follows:

	8 month period	6 month period	Annualised
AA Brown (Head Teacher and Trustee)			
Remuneration	£50,000 - £55,000		£75,000 - £80,000
Employers Pension Contributions	£5,000 - £10,000		£10,000 - £15,000
AJ Hall (Head Teacher and Trustee)			
Remuneration		£25,000 - £30,000	£55,000 - £60,000
Employers Pension Contributions		£1,000 - £5,000	£5,000 - £10,000

During the period, no Trustees received any reimbursement of expenses.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

13. TANGIBLE FIXED ASSETS

	Freehold property £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost				
Additions	10,289	61	23	10,373
At 31 August 2015	10,289	61	23	10,373
Depreciation				
Charge for the period	74	9	8	91
At 31 August 2015	74	9	8	91
Net book value				
At 31 August 2015	10,215	52	15	10,282

14. DEBTORS

	2015 £000
Trade debtors	12
Other debtors	58
Prepayments and accrued income	143
	<u>213</u>

**15. CREDITORS:
Amounts falling due within one year**

	2015 £000
Trade creditors	66
Accruals and deferred income	108
	<u>174</u>
	£000
Deferred income	
Resources deferred during the year	<u>51</u>

At the balance sheet date the academy was holding deferred income relating to capital funding and universal infant free school meals income that straddles the academic year end.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

16. STATEMENT OF FUNDS

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
Unrestricted income	-	351	(160)	-	-	191
Restricted funds						
General Annual Grant (GAG) Academy	-	1,571	(1,445)	(6)	-	120
conversion grant	-	25	(25)	-	-	-
Free School Meals	-	32	(32)	-	-	-
Pupil Premium	-	264	(264)	-	-	-
Other EFA Grants	-	8	-	-	-	8
Other government grants	-	253	(253)	-	-	-
Restricted conversion funds	-	67	(21)	-	-	46
Pension reserve	-	(680)	(37)	-	95	(622)
	-	1,540	(2,077)	(6)	95	(448)
Restricted fixed asset funds						
Legacy Assets	-	10,352	(91)	-	-	10,261
Devolved Formula Capital	-	7	-	-	-	7
Sport England	-	15	-	-	-	15
GAG Capital Expenditure	-	-	-	6	-	6
	-	10,374	(91)	6	-	10,289
Total restricted funds	-	11,914	(2,168)	-	95	9,841
Total of funds	-	12,265	(2,328)	-	95	10,032

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

General Annual Grant (GAG) must be used for the normal running costs of the academy including salaries and related costs, overheads, repairs and maintenance and insurance.

Academy Conversion Grant is to be used to cover costs of the initial conversion to an academy for each school.

Pupil Premium is additional funding to be spent as the academy sees fit to support deprived students.

Free School Meals are to be spent on catering for the pupils.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

16. STATEMENT OF FUNDS (continued)

Other EFA Grants consist of PE grants to be used in the provision of PE services.

Other Government Grants relate to funding received from Hartlepool Borough Council for the provision of education to SEN pupils, 2 year old funding and rates rebates.

Restricted conversion funds are monies received from the local authority upon conversion which are to be used for the provision of the enterprise scheme and the provision of PE services.

The pensions reserves is the liability due to the deficit on the Local Government Pension Scheme. Further details are shown in note 22.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

A transfer of £6,000 has been made to Capital expenditure from GAG to reflect those items included within fixed assets which have been purchased using GAG monies.

Unrestricted funds include the income from catering with the relevant costs allocated accordingly.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

West View Primary School	258
West Park Primary School	107
	<hr/>
Total before fixed asset fund and pension reserve	365
Restricted fixed asset fund	10,289
Pension reserve	(622)
	<hr/>
Total	10,032
	<hr/> <hr/>

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
West View Primary School	984	146	10	383	1,523
West Park Primary School	471	35	14	131	651
Central	-	63	-	-	63
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,455	244	24	514	2,237
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000
Tangible fixed assets	-	-	10,282	10,282
Current assets	191	348	7	546
Creditors due within one year	-	(174)	-	(174)
Provisions for liabilities and charges	-	(622)	-	(622)
	<u>191</u>	<u>(448)</u>	<u>10,289</u>	<u>10,032</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	10 months ended 31 August 2015 £000
Net incoming resources before revaluations	9,937
Cash received on conversion	(316)
Assets inherited on conversion	(10,352)
Depreciation of tangible fixed assets	91
Capital grants from DfE	(7)
Increase in debtors	(213)
Increase in creditors	174
FRS 17 adjustments	717
Net cash inflow from operations	<u><u>31</u></u>

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	10 months ended 31 August 2015 £000
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(21)
Capital grants from DfE	7
Net cash outflow capital expenditure	<u><u>(14)</u></u>

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

20. ANALYSIS OF CHANGES IN NET FUNDS

	12 November 2014 £000	Cash flow £000	Other non-cash changes £000	31 August 2015 £000
Cash at bank and in hand:	-	333	-	333
Net funds	-	333	-	333

21. CONVERSION TO AN ACADEMY TRUST

On 1 January 2015 and 1 March 2015 respectively West View Primary School and West Park Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ad Astra Academy Trust from Hartlepool Borough Council for £NIL consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities.

West View Primary School

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Leasehold land and buildings	-	-	2,322	2,322
Budget surplus/(deficit) on LA funds	171	61	-	232
LGPS pension surplus/(deficit)	-	(463)	-	(463)
Net assets/(liabilities)	171	(402)	2,322	2,091

The above net assets include £232,000 that were transferred as cash.

West Park Primary School

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Leasehold land and buildings	-	-	8,030	8,030
Budget surplus/(deficit) on LA funds	78	6	-	84
LGPS pension surplus/(deficit)	-	(217)	-	(217)
Total	78	(211)	8,030	7,897

The above net assets include £84,000 that were transferred as cash.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

22. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hartlepool Borough Council. Both are 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 of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

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

The total contribution made to the TPS in the period amounted to £187,000 of which employer's contributions totalled £111,000 and employees' contributions totalled £76,000.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

22. PENSION COMMITMENTS (continued)

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2015 was £109,000, of which employer's contributions totalled £78,000 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 14.2% for employers and 5.5-12.5% 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.

As described in note 21 the LGPS obligation relates to the employees of the academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy at the balance sheet date.

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2015 £000
Equities	730
Bonds	29
Property	55
Cash	57
Other	16
Total market value of assets	<u>887</u>
Present value of scheme liabilities	(1,509)
(Deficit)/surplus in the scheme	<u><u>(622)</u></u>

The amounts recognised in the Balance sheet are as follows:

	10 months ended 31 August 2015 £000
Present value of funded obligations	(1,509)
Fair value of scheme assets	<u>887</u>
Net liability	<u><u>(622)</u></u>

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

22. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of financial activities are as follows:

	10 months ended 31 August 2015 £000
Current service cost	(115)
Interest on obligation	(32)
Expected return on scheme assets	32
	<hr/>
Total	(115)
	<hr/>
Actual return on scheme assets	(14)
	<hr/>

Movements in the present value of the defined benefit obligation were as follows:

	10 months ended 31 August 2015 £000
Inherited defined benefit obligation	1,473
Current service cost	115
Interest cost	32
Contributions by scheme participants	31
Actuarial gains	(141)
Benefits paid	(1)
	<hr/>
Closing defined benefit obligation	1,509
	<hr/>

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

	10 months ended 31 August 2015 £000
Inherited fair value of scheme assets	793
Expected return on assets	32
Actuarial losses	(46)
Contributions by employer	78
Contributions by employees	31
Benefits paid	(1)
	<hr/>
	887
	<hr/>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £95,000 gain.

The academy expects to contribute £121,000 to its Defined benefit pension scheme in 2016.

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015**

22. PENSION COMMITMENTS (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2015
Discount rate for scheme liabilities	3.80 %
Rate of increase in salaries	3.50 %
Rate of increase for pensions in payment / inflation	2.00 %
Inflation assumption (CPI)	2.10 %
Commutation of pensions to lump sums	80.00 %

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

	2015
Retiring today	
Males	23.0
Females	25.5
Retiring in 20 years	
Males	25.2
Females	27.8

Amounts for the current period are as follows:

Defined benefit pension schemes

	2015 £000
Defined benefit obligation	(1,509)
Scheme assets	887
Deficit	(622)
Experience adjustments on scheme liabilities	141
Experience adjustments on scheme assets	(46)

23. OPERATING LEASE COMMITMENTS

At 31 August 2015 the academy had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2015 £000	Other 2015 £000
Expiry date:		
Between 2 and 5 years	-	5

AD ASTRA ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2015

24. NET FINANCE INCOME ON PENSION SCHEME

	10 months ended 31 August 2015 £000
Expected return on pension scheme assets	32
Interest on pension scheme liabilities	(32)
	<hr/>
	-
	<hr/>

25. RELATED PARTY TRANSACTIONS

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

Lead 4 Impact Limited - a company in which AA Brown (a Trustee of the trust) is a director.

- The trust received income totalling £5,690 in the year for services it provided to Lead 4 Impact Limited. There were no outstanding items at 31 August 2015

West View Project Community Interest Company - a charity in which C Simmons, (a Trustee of the trust) has an involvement.

- The trust purchased services totalling £5,546 from West View Project Community Interest Company. There were no outstanding items at 31 August 2015.

Davies Tracey Limited - a company in which R Priestman (a Trustee of the trust) has a position of influence.

- The trust purchased internal audit services from Davies Tracey Limited totalling £1,800. There were no amounts outstanding at 31 August 2015.

The trust entered into the above transactions at arms length following competitive tendering exercises where necessary in accordance with its financial regulations. AA Brown, C Simmons and R Priestman neither participated in nor influenced the tendering processes for their respective related parties.

In entering into the above transactions, the trust has complied with the requirements of EFA's Academies Financial Handbook.