

REGISTRAR OF COMPANIES

Aurora Academies Trust

Annual Report and Financial Statements

31 August 2014

Company Limited by Guarantee
Registration Number
08107711 (England and Wales)

THURSDAY



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Reference and administrative information

| | |
|------------------------------------|---|
| Member | Aurora Education Trust |
| Directors | Jean Ashby Tony Blaker Michael Connelly Gene Eidelman (Chair) Dr Dawn Eidelman Karen Gosden Tim McCarthy Lesley Moore Margaret Pleasants David Wootton |
| Company Secretary | Martha Burnige |
| Chief Executive Officer | Tim McCarthy |
| Senior Management Team | |
| Executive Headteachers | John Greenwood Paul Reilly |
| Financial Director | David Baron (appointed 1 November 2014) |
| Registered address | Glenleigh Park Academy Gunter's Lane Bexhill on Sea East Sussex TN39 4ED |
| Company registration number | 08107711 (England and Wales) |
| Auditor | Buzzacott LLP 130 Wood Street London EC2V 6DL |
| Bankers | HSBC Bank Queen Victoria Street London EC4N 4TZ |

Reference and administrative information

| | |
|-------------------|--|
| Solicitors | Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS |
|-------------------|--|

Director's report 31 August 2014

The directors of Aurora Academies Trust ('the Company') present their annual report together with the financial statements and the auditor's report of the Company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 26 to 29 of the attached financial statements and comply with the Company's memorandum and articles of association, applicable laws and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005 ('SORP 2005').

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Company is incorporated as a company limited by guarantee and is an exempt charity under the Charities Act 2011. The Company's governing document is its articles of association. The sole member of the Company is Aurora Education Trust (company number 08022387). The Company was incorporated on 15 June 2012 and the four primary schools operated by the Company opened on 1 September 2012.

Organisational structure

During the year the Company had a board of 10 directors, although one director resigned during the year who has not been replaced. The directors have formed a committee for each of the academies known as the Local Academy Boards. Each Local Academy Board includes staff and parent representatives and the chair of each Local Academy Board is a director of the Company.

The directors have delegated day to day responsibility for management of the Company to the Chief Executive Officer and two Executive Headteachers.

Members' liability

Every member of the Company undertakes to contribute such amount as may be required (not exceeding £10) to the Company's assets if it should be wound up whilst he or she is a member or within one year after he or she ceases to be a member, for payment of the Company's debts and liabilities before he or she ceases to be a member, and of the costs charges and expenses of winding up and for the adjustments of the rights of the contributories themselves.

Directors' indemnities

Subject to the provisions of the Companies Act 2006, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability or negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Principal activities

The Company is a multi-academy trust which operates four primary academies in East Sussex.

The academies are Oakwood Primary Academy and Heron Park Primary Academy in Eastbourne and King Offa Primary Academy and Glenleigh Park Primary Academy in Bexhill on Sea.

Directors

The directors are trustees of the Company for the purposes of the Charities Act. The following directors were in office at 31 August 2014 and served throughout the period except where shown. Two directors, Helen Kavanagh and Brian Hampson resigned in the year. Mrs Kavanagh was not replaced and Mr Hampson was replaced by Jean Ashby.

| Director | Appointed/Resigned | Appointing body |
|--|-----------------------|-----------------|
| Mrs Jean Ashby, Chair of Oakwood Primary Academy | Appointed 16 Jul 2014 | Directors |
| Chief Superintendent Tony Blaker | | Directors |
| Mr Michael Connelly | | Member |
| Mr Gene Eidelman | | Member |
| Dr Dawn Eidelman | | Member |
| Ms Karen Gosden, Chair of Heron Park Primary Academy | | Directors |
| Mr Brian Hampson | Resigned 11 Jun 2014 | Directors |
| Mrs Helen Kavanagh | Resigned 11 Jun 2014 | Member |
| Mr Tim McCarthy | | Ex officio |
| Ms Lesley Moore, Chair of Glenleigh Park Primary Academy | | Directors |
| Mrs Margaret Pleasants, Chair of King Offa Primary Academy | | Directors |
| Mr David Wootton | | Directors |

Method of recruitment and appointment or election of directors

The sole member of the Company, as principal sponsor, is entitled to appoint up to eight directors, known as Sponsor Directors. The directors appoint the chair of each Local Academy Board as a director of the Company. The Chief Executive Officer is an ex officio director of the Company. The directors have co-opted Tony Blaker, Chief Superintendent of Sussex Police as a director following his resignation as Chair of Glenleigh Park Primary Academy. The directors have also co-opted David Wootton as a director who is the former chair of the Independent Academies Association. Jean Ashby took over as Chair of the Oakwood Primary Academy Local Academy Board after serving as a governor for two years, and was subsequently appointed as a director.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of directors

Throughout the period directors have taken part in the Company's Global Leadership Institute training which has had leadership and governance as one of its foci. The Chief Executive Officer and the two Executive Headteachers led training in December, March and May 2014. Topics included *Understanding Governance; Use of data; Raisonline Training; and Preparation for Ofsted*. There is a planned regular training schedule for 2014-15.

Risk management

The Company has prepared a risk register which highlights strategic, operational, reputation and financial risks.

Each risk has been allocated a risk value, a risk owner and an action plan to minimise the risk. Key risks include poor academic results at the academies, a decline in the condition of the buildings and facilities and the effect of industrial action in particular linked to changes in teachers' pay. It is the intention that the risk register is reviewed termly.

Connected organisations, including related party relationships

The sole member of the Company, Aurora Education Trust, was formed by Mosaica Education Inc. an international education company based in Atlanta, USA.

Two of the directors of the Company are directors of Mosaica Education Inc. with a third being President of Mosaica Education Inc. The Company has contracted with Mosaica Education Inc. for the provision of the Paragon curriculum and for educational services. The contract between the Company and Mosaica Education Inc. is on an "at cost" basis in accordance with the tripartite agreement signed by the Company, Mosaica Education Inc. and the Department for Education. The directors are aware of the potential for conflicts of interest and manage them in accordance with the Companies Act, the Company's articles of association and the Academies Financial Handbook. Directors who are independent of Mosaica Education Inc. approve payments made to Mosaica Education Inc.

Three directors of the Company (including the Chief Executive Officer) are also directors of Crawley Free School Trust (company number 8339290) which is a separate academy trust which opened a free school called The Gatwick School in September 2014.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Company's charitable objects as set out in its articles of association are:

- ♦ "to advance for the public benefit education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum, and

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

- ♦ the provision of facilities for recreation or other leisure time occupation for individuals who have need for such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving their condition of life."

Objectives, strategies and activities

The Company was established to provide:

- ♦ Improved teaching and learning – the Company's focus is on improving standards throughout its academies at a rapid pace, and improving the quality of teaching and learning through the introduction of a comprehensive staff training programme and online assessment.
- ♦ More opportunities – to make sure every pupil achieves the very best that they can, the Company's focus is on working with the senior leaders and teachers in its academies to raise achievement through the curriculum innovation, online assessment programmes, increased attendance and individualised paths for personal growth and development.
- ♦ More choice – the Company's academies work together as well as with Mosaica Education schools internationally sharing resources and experiences. The Company works with partners both locally and internationally, meaning that pupils enjoy a wider range of learning and recreational experiences.

The Company aims to:

- ♦ Improve standards – by aiming for 1.5 years' progress for each child in each academy.
- ♦ Raise aspirations – through the introduction of a new philosophy and ethos to bring educational improvements to the academies, pupils and communities. All pupils will have individualised paths for personal growth and development, with a focus on pupil self-awareness and self-esteem.
- ♦ Train staff – the professional development of all staff is given a high priority and each has an individual professional development plan (IPDP) which maps out their targets and the professional development and support needed for them to achieve their targets. Teachers are entitled to 90 hours of professional development training each year. In addition the Global Leadership Institute leadership training provides high quality professional development for senior and middle leaders in all of the academies. This training has been evaluated by all participants and is currently rated as Good with Outstanding features.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ♦ Increase parent engagement and involvement – through regular community events where parents and other members of the local community are invited to see what the children have been learning, meet with staff and become more engaged in their child's education. In particular there were eight occasions during the year in which parents were invited into each academy to celebrate what their child has been learning in Paragon lessons. Parental attendance at these events has been a huge success with well over 90% attendance being achieved at each academy. Parent surveys have also shown a high degree of satisfaction with 80%+ indicating that they are very happy with the education being provided for their child.

Public Benefit

In setting the Company's objectives and planning its activities, the Board of Directors have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

1. Ofsted Inspections:

During 2013-14 all four academies had their first Section 5 Inspection conducted by Ofsted.

The judgements in each category were:

| Academy | Achievement | Teaching | Behaviour and Safety | Leadership and Management | Overall Judgement Grade | Judgement Descriptor |
|----------------|-------------|----------|----------------------|---------------------------|-------------------------|----------------------|
| Glenleigh Park | 2 | 2 | 2 | 2 | 2 | Good |
| Heron Park | 3 | 3 | 2 | 3 | 3 | Requires Improvement |
| King Offa | 2 | 2 | 2 | 2 | 2 | Good |
| Oakwood | 3 | 3 | 3 | 2 | 3 | Requires Improvement |

Two academies (Glenleigh Park and King Offa) were rated as Good in all categories.

Two academies (Heron Park and Oakwood) were rated as Requiring Improvement although Oakwood subsequently received a letter of commendation from Sir Michael Wilshaw (Head of Ofsted) as recognising the strengths in Leadership and Management.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

1. Ofsted Inspections (continued)

A follow up visit to Heron Park by Her Majesty's Inspectors (HMI) led to a judgement that the Company and the senior leadership of the academy are taking effective action following Ofsted's recommendations and that no further visit is necessary before the school's next inspection.

These Ofsted judgements recognise the distance travelled in the two years that the Company has been operating the schools. It is pertinent to point out that all four predecessor schools were in the bottom 200 schools nationally for performance in the three years before they became academies operated by the Company. In particular King Offa had been in Special Measures and now has an official rating of Good. Some quotes from Ofsted regarding the Company's Leadership and Management of the schools are listed below:

Heron Park 8-9 May 2014

"The support and challenge provided by the academy trust has been crucial, especially in finding and appointing key academy leaders. The passion and enthusiasm for improving the education of pupils from the hands-on Chief Executive Officer of the Trust is evident, and sets the tone and expectation that is beginning to raise standards."

Glenleigh Park 8-9 July 2014

"Expectations of pupils' learning and behaviour have risen rapidly since the academy opened. Senior leaders and governors have very quickly and successfully established a positive and purposeful atmosphere leading to better teaching and achievement."

King Offa 7-8 May 2014

"The Aurora Academies Trust has provided excellent support to the school. Opportunities for high-quality training and the sharing of expertise between the academies in the trust have been central to the strengthening of leadership and teaching."

Oakwood 24-25 April 2014

"The senior leadership team, supported by governors and the Academies Trust, has brought about rapid improvements to the school since it opened. Teaching is improving strongly as a result, and many pupils now make rapid progress across much of the school."

STRATEGIC REPORT (continued)

Achievements and performance (continued)

2. Attendance improved rapidly in 2013-14

| Academy | July 2012 (predecessor schools) | July 2013 | July 2014 |
|-----------------------|--|------------------|------------------|
| Glenleigh Park | 92.1% | 92.7% | 95.8% |
| Heron Park | 92.4% | 93.1% | 94.9% |
| King Offa | 93.1% | 94.2% | 95.2% |
| Oakwood | 91.8% | 92.8% | 94.2% |

3. Enrolment has also increased rapidly in 2013-14

| Academy | Sept 2012 | Sept 2013 | Sept 2014 |
|-----------------------|------------------|------------------|------------------|
| Glenleigh Park | 184 | 236 | 281 |
| Heron Park | 296 | 323 | 357 |
| King Offa | 283 | 295 | 321 |
| Oakwood | 343 | 376 | 408 |

STRATEGIC REPORT (continued)

Achievements and performance (continued)

4. Achievement at KS2 has been varied

King Offa's results brought them close to national average figures and Oakwood continues to improve at Level 4+ in Reading, Writing and Maths. Heron Park improved significantly at Reading but 50% Level 4+ overall was below the Department for Education (DfE) Floor Target of 60%. Glenleigh Park also improved in Reading and Writing but its Maths results meant that it too did not make the Floor Target of 60%. The results at Heron and Glenleigh were attributable to a handful of children in each case who failed to make Level 4 in either Maths or Reading. Because of this and having met with the senior executives of the Company, the new Regional Schools Commissioner for the South East is confident in the Company's ability to effect necessary improvements at these two schools in 2015.

Key financial performance indicators

The directors have set the following key performance indicators for the Company for 2014-15:

1. To meet and exceed national average academic performance across the academies;
2. For the academies to become the top performing schools in their areas;
3. For 90% of all teaching to be graded at least "Good";
4. All academies to achieve at least 95% pupil attendance;
5. Each academy to carry forward a budget surplus of 3%.

Going concern

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

Financial review

Financial report for the year

The Company achieved a surplus of £413,000 for the year. After actuarial losses on the LGPS pension scheme of £675,000 the net movement on funds for the year amounted to a deficit of £262,000 (2013 – outflow of £22,000 excluding £20,430,000 of net assets transferred on conversion from the Local Authority).

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The majority of the Company's funding was provided by the Educational Funding Agency (EFA). The Company's incoming resources for the year were £7,369,000 (2013 - £26,552,000) of which £830,000 (2013 - £20,430,000) related to funds received on conversion or transferred from the Local Authority. £5,596,000 (2013 - £6,005,000) related to funding for educational operations including £28,000 (2013 - £28,000) of capital grants. Resources expended for the year totalled £6,956,000 (2013 - £6,144,000).

Excluding assets and liabilities transferred in from the Local Authority and movements on the fixed asset fund, the operational deficit for the period was £18,000 (2013 – surplus £369,000).

The Company held fund balances of £20,146,000 at 31 August 2014 which included unrestricted funds of £475,000 and restricted funds of £19,671,000, including a deficit of £1,396,000 on the Local Government Pension Scheme.

The results for the year are shown on page 23.

Reserves policy

The policy of the directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Company whilst ensuring that excessive funds are not accumulated. The directors are satisfied that the Company's reserves are sufficient for its current purposes.

The reserves as at 31 August 2014 amounted to £20,146,000 (2013 - £20,408,000) which comprised primarily of restricted fixed asset reserves. The free reserves amounted to £475,000 (2013 - £331,000).

The Company has a pension scheme liability of £1,396,000 (2013 - £435,000) as at 31 August 2014 which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the directors to further the Company's objectives. In the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013 following Parliamentary approval. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability. The Company will always pay the employer contribution rates set by the pension scheme administrators.

Investment policy

The monies received by the Company are largely public funds provided for the education of children and young people. Consequently the directors take a conservative view on the investment of any surpluses. This takes the form of keeping such funds on deposit in interest bearing accounts. The object of this policy is to protect the funds that the Company holds whilst taking opportunities to maximise them where possible.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial and risk management objectives and policies

The Company has limited financial risks given that its principal source of income is the Department of Education. It is not exposed to high levels of risk in connection with cash flow, creditors or bad debtors. Changes to the employer contribution rate for the Local Government Pension Scheme is an identified risk to the Company in light of the deficit.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties in relation to the Company have been identified in the risk register which is updated regularly.

PLANS FOR FUTURE PERIODS

The directors would like to grow the Company to include up to ten academies and free schools on the South Coast and beyond, possibly forming a second cluster of schools elsewhere in the country. As well as expanding the Company, the Company also plans to work with local schools, academies and academy groups and free schools to share best practice and resources.

AUDITOR

In so far as the directors are aware:

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

Director's report, incorporating a strategic report, approved by order of the members of the Board of Directors and signed on its behalf by:



Margaret Pleasants
Director

Date: 15/12/14

Scope of responsibility

As directors, we acknowledge we have overall responsibility for ensuring that the Company 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 Directors have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Company and the Secretary of State for Education. The Chief Executive Officer is also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities. The Board of Directors has formally met five times during the period. Attendance during the year at meetings of the Board of Directors was as follows:

| Director | Meetings attended | Out of a possible |
|--------------------|--------------------------|--------------------------|
| Jean Ashby | 1 | 1 |
| Tony Blaker | 1 | 5 |
| Michael Connelly | 2 | 5 |
| Dr Dawn Eidelman | 5 | 5 |
| Gene Eidelman | 5 | 5 |
| Karen Gosden | 4 | 5 |
| Brian Hampson | 3 | 4 |
| Helen Kavanagh | 2 | 3 |
| Tim McCarthy | 5 | 5 |
| Lesley Moore | 4 | 5 |
| Margaret Pleasants | 5 | 5 |
| David Wootton | 1 | 5 |

Governance reviews

From April to July 2014 the Trust's academies received inspections from four separate Ofsted teams. Each inspection provided an external judgement on the effectiveness of the Trust's governance which formed part of the overall judgement on Leadership and Management.

At three of the academies (Glenleigh Park, King Offa and Oakwood) the governance provided by the Trust was judged to be good and this contributed to the overall good judgement for Leadership and Management. Although at the fourth academy, Heron Park, the overall leadership and management judgement was requiring improvement, the governance of the Trust was singled out for praise in the report. The effective governance provided by the Trust is leading to "rapid improvements" in its academies.

Governance reviews (continued)

Extracts from Ofsted Reports (April – July 2014):

Glenleigh Park: The Aurora Academies Trust provides strong support for ongoing improvements in the academy. Training is highly effective. All leaders spoke of the impact this has on developing their leadership roles and in raising pupils' achievement.

King Offa: The Aurora Academies Trust has provided excellent support to the school. Opportunities for high-quality training and the sharing of expertise between the academies in the trust have been central to the strengthening of leadership and teaching.

Oakwood: The Aurora Academies Trust has a good understanding of the school and has helped ensure that the school is improving. It made well-judged appointments to the senior leadership team and has been clear about its expectations of the school and of senior leaders. The academy trust has given effective training to teachers and governors and helped monitor pupils' achievement and the quality of teaching.

Heron Park: The support and challenge provided by the academy trust has been crucial, especially in finding and appointing key academy leaders. The passion and enthusiasm for improving the education of pupils from the hands-on Chief Executive Officer of the trust is evident, and sets the tone and expectation that is beginning to raise standards.

Review of Governance

There will be an external review of Governance carried out at Heron Park in the Autumn Term 2014 and at Oakwood in the Spring Term 2015. The Trust intends to carry out a further external review of its governance in all four academies in the Autumn Term 2015.

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 the Company's 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 at the Company for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Directors has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- ◆ regular reviews 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 Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the directors have appointed Tony Blaker, a director, as Responsible Officer ('RO') and have appointed Buzzacott, the external auditor, to perform additional checks.

The RO's role includes giving advice on financial matters and performing a range of checks on the Company's financial systems. On a quarterly basis, the RO will report to the directors on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities. The RO has delivered their schedule of work as planned.

Review of effectiveness

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

- ◆ the work of the Responsible Officer;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self assessment process;
- ◆ the work of the Senior Management Team within the Company who have responsibility for the development and maintenance of the internal control framework.

Governance statement 31 August 2014

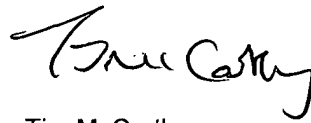
Review of effectiveness (continued)

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

Approved by order of the Board of Directors and signed on their behalf by:



Margaret Pleasants
Director



Tim McCarthy
CEO and Accounting Officer

Approved on:

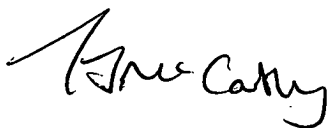
15/12/14

Statement on regularity, propriety and compliance 31 August 2014

As Accounting Officer of Aurora Academies Trust, I have considered my responsibility to notify the Company's Board of Directors 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 Company and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



Tim McCarthy
Accounting Officer

Date: 15/12/14

Statement of directors' responsibilities 31 August 2014

The directors (who act as governors of the Company and are also the trustees of the Company for the purposes of charity law) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements 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 directors to prepare financial statements for each financial year. Under company law, the directors 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 Company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the directors are required to:

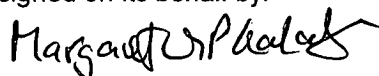
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' Statement of Recommended Practice (the Charities' SORP);
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the 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 Directors on 15/12/14 and signed on its behalf by:



Margaret Pleasants

Director

Date:

Independent auditor's report 31 August 2014

Independent auditor's report on the financial statements to the Members of Aurora Academies Trust

We have audited the financial statements of Aurora Academies Trust for the year ended 31 August 2014 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies 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 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of directors and auditor

The directors act as trustees for the charitable activities of the Company and are also the directors of the Company for the purpose of company law.

As explained more fully in the statement of directors' responsibilities set out in the directors' report including the strategic report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report including the strategic 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.

Independent auditor's report 31 August 2014

Opinion

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- ◆ the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ the financial statements have been prepared in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

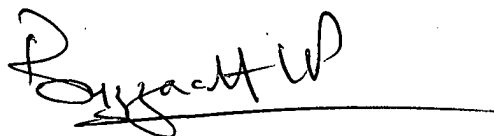
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report including the strategic report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Avnish Savjani, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

18 December 2014

Independent reporting accountant's report 31 August 2014

Independent reporting accountant's assurance report on regularity to Aurora Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 25 June 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Aurora Academies Trust during the period from 1 September 2013 to 31 August 2014 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 Aurora Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Aurora Academies Trust and the 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 the Aurora Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aurora Academies Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Company's funding agreement with the Secretary of State for Education dated 30 August 2012 and the Academies Financial Handbook, extant from 1 September 2013, 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 2013 to 2014. 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 from 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Independent reporting accountant's report 31 August 2014

Approach (continued)

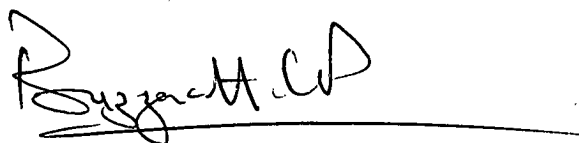
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Company's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Company's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 from 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

18 December 2014

Statement of financial activities 31 August 2014
(including income and expenditure account and statement of total recognised gains and losses)

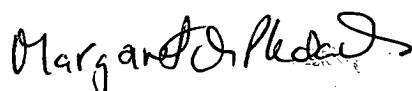
| | | Unrestricted general fund £'000 | Restricted funds | | | 2014 Total funds £'000 | 2013 Total funds £'000 |
|--|-------|--|------------------|----------------|----------------------------------|---------------------------------|---------------------------------|
| | Notes | | General £'000 | Other £'000 | Fixed assets fund £'000 | | |
| Incoming resources | | | | | | | |
| Incoming resources from generated funds | | | | | | | |
| Voluntary income | 1 | 105 | — | 2 | — | 107 | 60 |
| Voluntary income – transfer from Local Authority | 24 | — | (270) | — | 1,100 | 830 | 20,430 |
| Activities for generating funds | 2 | 88 | — | 748 | — | 836 | 57 |
| Incoming resources from charitable activities | | | | | | | |
| Funding for the Company's educational operations | 3 | — | 5,279 | 289 | 28 | 5,596 | 6,005 |
| Total incoming resources | | 193 | 5,009 | 1,039 | 1,128 | 7,369 | 26,552 |
| Resources expended | | | | | | | |
| Costs of generating funds | | | | | | | |
| Costs of activities for generating funds | 5 | 49 | — | 541 | — | 590 | — |
| Charitable activities | | | | | | | |
| Company's educational operations | 6 | — | 5,478 | 410 | 427 | 6,315 | 6,000 |
| Governance costs | 7 | — | 51 | — | — | 51 | 144 |
| Total resources expended | 4 | 49 | 5,529 | 951 | 427 | 6,956 | 6,144 |
| Net income (expenditure) for the year | | 144 | (520) | 88 | 701 | 413 | 20,408 |
| Gross transfers between funds | | — | 4 | — | (4) | — | — |
| Net income (expenditure) for the year | | 144 | (516) | 88 | 697 | 413 | 20,408 |
| Other recognised gains and losses | | | | | | | |
| Actuarial losses on defined benefit pension scheme | 22 | — | (675) | — | — | (675) | — |
| Net movement in funds | | 144 | (1,191) | 88 | 697 | (262) | 20,408 |
| Reconciliation of funds | | | | | | | |
| Total fund balances carried forward at 1 September 2013 | | 331 | (202) | — | 20,279 | 20,408 | — |
| Total fund balances carried forward at 31 August 2014 | | 475 | (1,393) | 88 | 20,976 | 20,146 | 20,408 |

All of the Company's activities derived from operations acquired during the prior financial period.

Balance sheet 31 August 2014

| | Notes | 2014 £'000 | 2014 £ | 2013 £'000 | 2013 £'000 |
|--|-------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | | 20,963 | | 20,279 |
| Current assets | | | | | |
| Debtors | 13 | 354 | | 279 | |
| Cash at bank and in hand | | 730 | | 694 | |
| | | <u>1,084</u> | | <u>973</u> | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 14 | (505) | | (409) | |
| Net current assets | | | <u>579</u> | | <u>564</u> |
| Total assets less current liabilities | | | <u>21,542</u> | | <u>20,843</u> |
| Pension scheme liability | 22 | | (1,396) | | (435) |
| Net assets including pension scheme liability | | | <u>20,146</u> | | <u>20,408</u> |
| Funds of the Company | | | | | |
| Restricted funds | | | | | |
| . Fixed assets fund | 15 | | 20,976 | | 20,279 |
| . General fund | 15 | | 91 | | 233 |
| . Pension reserve | 15 | | (1,396) | | (435) |
| Total restricted funds | | | <u>19,671</u> | | <u>20,077</u> |
| Unrestricted funds | | | | | |
| . General fund | 15 | | 475 | | 331 |
| Total funds | | | <u>20,146</u> | | <u>20,408</u> |

The financial statements on page 23 to 45 were approved by the directors, and authorised for issue on 2014 and are signed on their behalf by:



Margaret Pleasants

Director

Date: 15/12/14

Aurora Academies Trust

Company Limited by Guarantee

Registration Number: 08107711 (England and Wales)

Cash flow statement 31 August 2014

| | Notes | 2014 £ | 2013 £'000 |
|--|-------|------------|---------------|
| Net cash inflow from operating activities | 18 | 19 | 496 |
| Cash transferred on conversion to academies | | — | 219 |
| Capital expenditure | 19 | 17 | (21) |
| Increase in cash in the period | 20 | 36 | 694 |
| Reconciliation of net cash flow to movement in net funds: | | | |
| Net funds at 1 September 2013 | | 694 | — |
| Net funds at 31 August 2014 | | 730 | 694 |

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

Statement of Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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

Incoming resources

All incoming resources are recognised when the Company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

♦ **Grants receivable**

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 year 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.

♦ **Donations**

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

♦ **Other income**

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

Incoming resources (continued)

◆ ***Donated services and gifts in kind***

The value of donated services and gifts in kind provided to the Company are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Company 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 Company's policies.

Resources expended

Expenditure is recognised in the year 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.

◆ ***Costs of generating funds***

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

◆ ***Charitable activities***

These are costs incurred on the Company's educational operations.

◆ ***Governance costs***

These include the costs attributable to the Company's compliance with constitutional and statutory requirements, including audit, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on 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 Company's depreciation policy.

Principal accounting policies 31 August 2014

Tangible fixed assets (continued)

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

| | |
|------------------------------------|-------------------|
| ♦ Leasehold buildings | 2% per annum |
| ♦ Fixtures, fittings and equipment | 14%-20% per annum |
| ♦ Computer equipment | 33% per annum |

Depreciation is charged from the month of acquisition.

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

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

Leased assets

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

Taxation

The Company 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 Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the Company 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 Company.

Pensions benefits (continued)

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Company 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 21, the TPS is a multi employer scheme and the Company 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 Company 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.

Fund accounting

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

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

Restricted general funds comprise all other grants received from the Education Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, East Sussex County Council.

Notes to the Financial Statements 31 August 2014

1 Voluntary income

| | Unrestricted funds £'000 | Restricted funds £'000 | 2014 Total funds £'000 | 2013 Total funds £'000 |
|-----------------|--------------------------------|------------------------------|---------------------------------|---------------------------------|
| Other donations | 105 | 2 | 107 | 60 |

2 Activities for Generating Funds

| | Unrestricted funds £'000 | Restricted funds £'000 | 2014 Total £'000 | 2013 Total £'000 |
|---------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 11 | — | 11 | 18 |
| School trip income | 40 | — | 40 | 19 |
| Sale of uniform and books | 15 | — | 15 | 12 |
| School clubs | 22 | — | 22 | 8 |
| Family Support Keywork Services | | | | |
| Local Authority Grants | — | 408 | 408 | — |
| Contribution from third parties | — | 219 | 219 | — |
| Private Nursery income | — | 121 | 121 | — |
| | 88 | 748 | 836 | 57 |

3 Funding for the Company's educational operations

| | Glenleigh Park Primary Academy £'000 | King Offa Primary Academy £'000 | Oakwood Primary Academy £'000 | Heron Park Primary Academy £'000 | Aurora Academies Trust £'000 | 2014 Total £'000 | 2013 Total £'000 |
|--------------------------------|---|--|--|---|---------------------------------------|------------------------|------------------------|
| DfE /EFA capital grants | | | | | | | |
| Academy capital grants | 6 | 7 | 8 | 7 | — | 28 | 28 |
| DfE /EFA revenue grants | | | | | | | |
| General Annual Grant (GAG) | 873 | 1,136 | 1,284 | 1,200 | — | 4,493 | 4,669 |
| Start Up grants | 68 | 18 | 18 | 30 | — | 134 | 332 |
| Pupil premium grant | 141 | 139 | 170 | 149 | — | 599 | 382 |
| Other DfE / EFA | 25 | 9 | 10 | 9 | — | 53 | 312 |
| Total EFA grants | 1,107 | 1,302 | 1,482 | 1,388 | — | 5,279 | 5,695 |
| Other government grants | | | | | | | |
| Local Authority grants | 28 | 3 | 31 | — | — | 62 | 84 |
| Other restricted | | | | | | | |
| Nursery income | 63 | 10 | 154 | — | — | 227 | 198 |
| | 1,204 | 1,322 | 1,675 | 1,395 | — | 5,596 | 6,005 |

Notes to the Financial Statements 31 August 2014

4 Resources expended

| | | Non pay expenditure | | | |
|--|----------------------|---------------------|----------------------|------------------------------|------------------------------|
| | Staff costs £'000 | Premises £'000 | Other costs £'000 | 2014 Total funds £'000 | 2013 Total funds £'000 |
| Cost of activities for generating funds (note 5) | 501 | — | 89 | 590 | — |
| Charitable activities | | | | | |
| . Company's educational operations | | | | | |
| .. Direct costs | 3,447 | 427 | 767 | 4,641 | 4,651 |
| .. Allocated support costs | 1,130 | 414 | 130 | 1,674 | 1,349 |
| | 5,078 | 841 | 986 | 6,905 | 6,000 |
| Governance costs | — | — | 51 | 51 | 144 |
| | 5,078 | 841 | 1,037 | 6,956 | 6,144 |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Net incoming resources for the period include: | | |
| Operating leases | 10 | 6 |
| Fees payable to auditor | | |
| . Statutory audit of financial statements | 28 | 21 |
| . Other audit services | 9 | 6 |
| . Other services | 14 | 5 |

5 Cost of activities for generating funds

| | Unrestricted funds £'000 | Restricted funds £'000 | 2014 Total £'000 | 2013 Total £'000 |
|---------------------------------|-----------------------------|---------------------------|------------------------|------------------------|
| Family Support Keywork Services | — | 541 | 541 | — |
| School trips | 49 | — | 49 | — |
| | 49 | 541 | 590 | — |

Notes to the Financial Statements 31 August 2014

6 Charitable activities - Company's educational operations

| | 2014 Total £'000 | 2013 Total £'000 |
|--|------------------------|------------------------|
| Direct costs | | |
| Teaching and educational support staff costs | 3,447 | 3,197 |
| Depreciation | 427 | 419 |
| Educational supplies | 288 | 290 |
| Educational consultancy | 226 | 450 |
| Staff development | 30 | 36 |
| Interest (including FRS 17 adjustment) | — | 7 |
| Other direct costs | 223 | 252 |
| | 4,641 | 4,651 |
| Allocated support costs | | |
| Support staff costs | 1,130 | 620 |
| Recruitment and support | — | 6 |
| Maintenance of premises and equipment | 139 | 139 |
| Cleaning | 19 | 17 |
| Rent and rates | 25 | 76 |
| Energy and utility costs | 174 | 136 |
| Insurance | 53 | 132 |
| Catering | 116 | 156 |
| Other support costs | 18 | 67 |
| | 1,674 | 1,349 |
| | 6,315 | 6,000 |

7 Governance costs

| | 2014 Total £'000 | 2013 Total £'000 |
|---|------------------------|------------------------|
| Legal and professional fees | — | 112 |
| Auditor's remuneration: | | |
| . Audit of financial statements | 20 | 21 |
| . Audit of financial statements— prior year under accrual | 8 | — |
| . Other audit services | 5 | 6 |
| . Other audit services – prior year under accrual | 4 | — |
| . Other services | 14 | 5 |
| | 51 | 144 |

Notes to the Financial Statements 31 August 2014

8 Staff

a) Staff costs

Staff costs during the period were:

| | 2014 Total £'000 | 2013 Total £'000 |
|--|------------------------|------------------------|
| Wages and salaries | 4,067 | 3,065 |
| Social security costs | 267 | 191 |
| Pension costs (including FRS17 charge of £53,000; 2013 – credit of £8,000) | 651 | 427 |
| | 4,985 | 3,683 |
| Supply teacher costs | 3 | 20 |
| Agency costs | 90 | 114 |
| | 5,078 | 3,817 |

b) Staff numbers

The average numbers of persons (including senior management team) employed by the Company during the year expressed as a full time equivalents were as follows:

| Charitable activities | 2014 Number | 2013 Number |
|----------------------------|----------------|----------------|
| Teachers | 109 | 89 |
| Administration and support | 25 | 24 |
| Management | 12 | 13 |
| Keyworkers | 17 | — |
| | 163 | 126 |

c) Higher paid staff

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

| | 2014 Number | 2013 Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000 | — | 1 |
| £70,001 - £80,000 | 1 | — |
| £80,001 - £90,000 | 1 | — |
| £90,001 - £100,000 | 1 | — |

Two of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014 pension contributions for these members of staff amounted to £22,701 (2013 – £9,301). One employee participated in the Local Government Pension Scheme. During the period ended 31 August 2014 pension contributions for this member amounted to £11,307 (2013 - £nil).

9 Central services

Aurora Academies Trust has provided the following central services to its academies during the period.

- ◆ Financial services;
- ◆ Legal services;
- ◆ Provision of curriculum;
- ◆ Education support services; and
- ◆ Others as arising.

The Company charges for these services on the following basis:

- ◆ Curriculum: this is calculated on a per pupil basis (£100 per pupil).
- ◆ All other services are split equally between the four academies or charged pro-rata, based on pupil numbers.

The actual amounts charged during the year were as follows:

| | 2014 Total £'000 | 2013 Total £'000 |
|--------------------------------|------------------------|------------------------|
| Glenleigh Park Primary Academy | 115 | 107 |
| King Offa Primary Academy | 128 | 93 |
| Oakwood Primary Academy | 135 | 100 |
| Heron Park Primary Academy | 130 | 87 |
| Central services | — | 63 |
| | 508 | 450 |

10 Directors' remuneration and expenses

Staff directors only receive remuneration in respect of services they provide undertaking their roles as chief executive and staff and not in respect of their services as directors. Other directors did not receive any payments, other than expenses, from the Company in respect of their role as directors. The value of staff directors' remuneration was as follows:

| | 2014 £ | 2013 £ |
|----------------|--------------------|---------------------|
| Tim McCarthy | £95,001 - £100,000 | £100,001 - £105,000 |
| Helen Kavanagh | £10,001 - £15,000 | £15,001 - £20,000 |

During the year ended 31 August 2014 travel and subsistence expenses totalling £230 (2013 - £53,004) were reimbursed to one (2013 – five) directors. Included within the prior year amount were expenses for overseas travel totalling £52,249 which the directors agreed to refund to the Company. This balance remained outstanding at the year end.

Other related party transactions involving the directors are set out in note 23.

Notes to the Financial Statements 31 August 2014

11 Directors' and Officers' insurance

In accordance with normal commercial practice the Company has purchased insurance to protect directors and officers from claims arising from negligent acts errors or omissions occurring whilst on company business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2014 was £910. The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

| | Leasehold land and buildings £'000 | Furniture and equipment £'000 | Computer equipment £'000 | 2014 Total £'000 |
|-------------------------------|---|--|--------------------------------|------------------------|
| Cost/valuation | | | | |
| At 1 September 2013 | 20,649 | 23 | 26 | 20,698 |
| Transfer from Local Authority | 1,100 | — | — | 1,100 |
| Additions | — | 3 | 8 | 11 |
| At 31 August 2014 | 21,749 | 26 | 34 | 21,809 |
| Depreciation | | | | |
| At 1 September 2013 | 413 | 1 | 5 | 419 |
| Charge in year | 413 | 4 | 10 | 427 |
| At 31 August 2013 | 826 | 5 | 15 | 846 |
| Net book value | | | | |
| At 31 August 2014 | 20,923 | 21 | 19 | 20,963 |
| At 31 August 2013 | 20,236 | 22 | 21 | 20,279 |

The Company's transactions relating to Land and Buildings included the acquisition of the leasehold on a nursery adjacent to King Offa Primary Academy which was donated to the Company by East Sussex County Council at a value of £1,100,000, for a peppercorn rent over a term of 123 years.

The fixed asset fund also included £13,000 (2013 - £nil) of unspent capital grants held as cash at the year end.

13 Debtors

| | 2014 Total £'000 | 2013 Total £'000 |
|--------------------------------|------------------------|------------------------|
| Trade debtors | 105 | 112 |
| VAT recoverable | 106 | 84 |
| Prepayments and accrued income | 143 | 83 |
| | 354 | 279 |

Notes to the Financial Statements 31 August 2014

14 Creditors: amounts falling due within one year

| | 2014 Total £'000 | 2013 Total £'000 |
|--------------------------------------|------------------------|------------------------|
| Trade creditors | 63 | 4 |
| Other taxation and social security | 155 | 129 |
| Accruals and deferred income | 287 | 276 |
| | 505 | 409 |
| Deferred income | | |
| Deferred income at 1 September 2013 | 10 | — |
| Resources deferred in the period | 151 | 10 |
| Amounts released from previous years | (10) | — |
| Deferred income at 31 August 2014 | 151 | 10 |

Deferred income of £164,000 relates to income received in the period for Universal Infants Free School Meals and Family Keyworkers to be utilised during the year ended 31 August 2015.

15 Funds

| | Balance at 1 September 2013 £'000 | Incoming resources £'000 | Resources expended £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2014 £'000 |
|-------------------------------------|--|--------------------------------|--------------------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 233 | 4,493 | (4,727) | 4 | 3 |
| Start up grant | — | 134 | (134) | — | — |
| Pupil premium | — | 599 | (599) | — | — |
| Other DfE grants | — | 53 | (53) | — | — |
| Pension reserve | (435) | (270) | (16) | (675) | (1,396) |
| | (202) | 5,009 | (5,529) | (671) | (1,393) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 20,236 | 1,100 | (413) | — | 20,923 |
| DfE/ EFA Capital Grants | 25 | 28 | (7) | (4) | 42 |
| Revenue funding assets | 18 | — | (7) | — | 11 |
| | 20,279 | 1,128 | (427) | (4) | 20,976 |
| Other restricted funds | | | | | |
| Other government grants | — | 62 | (62) | — | — |
| Family Support Keywork Services | — | 629 | (541) | — | 88 |
| Nursery income | — | 348 | (348) | — | — |
| | — | 1,039 | (951) | — | 88 |
| Total restricted funds | 20,077 | 7,176 | (6,907) | (675) | 19,671 |
| Unrestricted funds | | | | | |
| Unrestricted funds | 331 | 193 | (49) | — | 475 |
| Total unrestricted funds | 331 | 193 | (49) | — | 475 |
| Total funds | 20,408 | 7,369 | (6,956) | (675) | 20,146 |

Notes to the Financial Statements 31 August 2014

15 Funds (continued)

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

EFA revenue grant fund and other restricted funds

These grants relate to the company's development and operational activities.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Company was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. The transfer relates to amounts spent from GAG for maintenance which have been funded by a capital grant.

Fixed asset fund

These grants relate to funding received from DfE and other third parties to carry out works of a capital nature.

Pension reserve

The pension reserve relates to the academies' share of the deficit of the Local Government Pension Schemes overseen by their respective Local Authorities.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

| | 2014 Total £'000 | 2013 Total £'000 |
|---|------------------------|------------------------|
| Glenleigh Park Primary Academy | 157 | 142 |
| King Offa Primary Academy | 174 | 114 |
| Oakwood Primary Academy | 167 | 121 |
| Heron Park Primary Academy | — | 91 |
| Central services | 68 | 96 |
| Total before fixed assets and pension reserve | 566 | 564 |
| Restricted fixed assets fund | 20,976 | 20,279 |
| Pension reserve | (1,396) | (435) |
| Total | 20,146 | 20,408 |

Analysis of academies by cost

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

| | Teaching and educational support costs £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs (excluding depreciation) £'000 | 2014 Total £'000 |
|--------------------------------|---|--|----------------------------------|--|------------------------|
| Glenleigh Park Primary Academy | 752 | 363 | 63 | 310 | 1,488 |
| King Offa Primary Academy | 742 | 237 | 46 | 316 | 1,341 |
| Oakwood Primary Academy | 1,037 | 273 | 93 | 328 | 1,731 |
| Heron Park Primary Academy | 879 | 534 | 86 | 399 | 1,898 |
| Central services | 37 | 224 | — | (190) | 71 |
| Aurora Academies Trust | 3,447 | 1,631 | 288 | 1,163 | 6,529 |

16 Analysis of net assets between funds

| | Unrestricted funds £'000 | Restricted General Funds £'000 | Restricted Fixed Asset Fund £'000 | 2014 Total £'000 | 2013 Total £'000 |
|--|--------------------------------|---|---|------------------------|------------------------|
| Fund balances at 31 August 2014 are represented by: | | | | | |
| Tangible fixed assets | — | — | 20,963 | 20,963 | 20,279 |
| Current assets | 475 | 596 | 13 | 1,084 | 973 |
| Current liabilities | — | (505) | — | (505) | (409) |
| Pension scheme liability | — | (1,396) | — | (1,396) | (435) |
| Total net assets | 475 | (1,305) | 20,976 | 20,146 | 20,408 |

17 Financial commitments

Operating leases

At 31 August 2014, the Company had annual commitments under non-cancellable operating leases as follows:

| | 2014 Total £'000 | 2013 Total £'000 |
|--|------------------------|------------------------|
| Other | | |
| Expiring within one year | — | 4 |
| Expiring within two and five years inclusive | 4 | 2 |
| Expiring in over five years | — | — |
| | 14 | 6 |

18 Reconciliation of net income to net cash inflow from operating activities

| | 2014 Total £'000 | 2013 Total £'000 |
|--|------------------------|------------------------|
| Net income | 413 | 20,408 |
| Depreciation (note 12) | 427 | 419 |
| Capital grants from DfE and other capital income | (28) | (28) |
| Assets transferred from Local Authority | (1,100) | (20,649) |
| Cash transferred on conversion to an academy | — | (219) |
| FRS 17 pension liability on conversion (note 22) | 270 | 438 |
| FRS 17 pension cost less contributions payable (note 22) | 53 | (8) |
| FRS 17 pension finance cost (note 22) | (37) | 5 |
| Increase in debtors | (75) | (279) |
| Increase in creditors | 96 | 409 |
| Net cash inflow from operating activities | 19 | 496 |

19 Capital expenditure and financial investment

| | 2014 Total £'000 | 2013 Total £'000 |
|--|------------------------|------------------------|
| Purchase of tangible fixed assets | (11) | (49) |
| Capital grants from DfE / EFA | 28 | 28 |
| Net cash outflow from capital expenditure and financial investments | 17 | (21) |

20 Analysis of changes in net funds

| | At 1 September 2013 £'000 | Cashflows £'000 | At 31 August 2014 £'000 |
|--------------------------|------------------------------------|--------------------|----------------------------------|
| Cash in hand and at bank | 694 | 36 | 730 |

21 Members' Liability

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

22 Pension and similar obligations

The Company's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Sussex County Council. Both are defined-benefit schemes.

The LGPS obligation relates to the employees of the Company, 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 Company at the balance sheet date.

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

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

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

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 for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- ◆ an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>).

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

22 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes (continued)

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and 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 (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014 was £403,000 of which employer's contributions totalled £310,000 and employees' contributions totalled £93,000.

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.

| | At 31 August 2014 | At 31 August 2013 |
|--|-------------------------|-------------------------|
| Principal Actuarial Assumptions | | |
| Rate of increase in salaries | 4.5% | 5.1% |
| Rate of increase for pensions in payment / inflation | 2.7% | 2.8% |
| Discount rate for scheme liabilities | 3.7% | 4.6% |

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

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

| | At 31 August 2014 | At 31 August 2013 |
|-----------------------------|-------------------------|-------------------------|
| <i>Retiring today</i> | | |
| Males | 22.2 | 21.3 |
| Females | 24.4 | 23.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 24.2 | 23.3 |
| Females | 26.7 | 25.7 |

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

| | Expected return at 31 August 2014 | Fair value at 31 August 2014 £'000 | Expected return at 31 August 2013 | Fair value at 31 August 2013 £'000 |
|-------------------------------------|--|--|--|--|
| Equities | 6.4% | 2,255 | 6.6% | 1,315 |
| Bonds | 3.5% | 289 | 4.2% | 148 |
| Property | 4.5% | 289 | 4.7% | 131 |
| Cash | 3.3% | 58 | 3.6% | 49 |
| Total market value of assets | | 2,891 | | 1,643 |
| Present value of scheme liabilities | | (4,287) | | (2,078) |
| Deficit in the scheme | | (1,396) | | (435) |

The actual gain on Scheme assets was £262,000 (2013 - £192,000).

| Amounts recognised in statement of financial activities | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| <i>Current service costs (net of employee contributions)</i> | 363 | 176 |
| Total operating charge | 363 | 176 |

Analysis of pension finance costs

| | | |
|--|-------------|----------|
| Expected return on pension scheme assets | (142) | (68) |
| Interest on pension liabilities | 105 | 73 |
| Pension finance costs | (37) | 5 |

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial losses recognised in the statement of financial activities since the adoption of FRS 17 is £675,000.

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

| | 2014 £'000 | 2013 £'000 |
|--|----------------|---------------|
| Movements in the overall deficit were as follows: | | |
| Deficit at 1 September 2013 | (435) | (438) |
| Current service cost | (363) | (176) |
| Employer contributions | 310 | 184 |
| Net finance interest | 37 | (5) |
| Actuarial loss/(gain) | (675) | — |
| Transferred on acquisition | (270) | — |
| At 31 August 2014 | (1,396) | (435) |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Movements in the present value of defined benefit obligations were as follows: | | |
| Deficit at 1 September 2013 | 2,078 | 1,686 |
| Current service cost | 363 | 176 |
| Interest cost | 105 | 73 |
| Employee contributions | 93 | 53 |
| Actuarial loss | 765 | 124 |
| Benefits paid | (25) | (34) |
| Transferred on acquisition | 908 | — |
| At 31 August 2014 | 4,287 | 2,078 |

| | 2014 £'000 | 2013 £'000 |
|---|---------------|---------------|
| Movements in the fair value of Company's share of scheme assets: | | |
| At 1 September 2013 | 1,643 | 1,248 |
| Expected return on assets | 142 | 68 |
| Actuarial gain | 90 | 124 |
| Employer contributions | 310 | 184 |
| Employee contributions | 93 | 53 |
| Benefits paid | (25) | (34) |
| Transferred on acquisition | 638 | — |
| At 31 August 2014 | 2,891 | 1,643 |

The estimated value of the employer contributions for the year ended 31 August 2015 is £359,000.

The experience adjustments are as follows:

| | 2014 £'000 | 2013 £'000 |
|--|---------------|---------------|
| Present value of defined benefit obligations | (4,287) | (2,078) |
| Fair value of share of scheme assets | 2,891 | 1,643 |
| Deficit on scheme | (1,396) | (435) |
| Experience adjustments on share of scheme assets | 90 | 124 |
| Experience adjustments on scheme liabilities | (24) | — |

22 Related party transactions

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

The following related party transactions took place in the period of account:

Aurora Education Trust (AET) is the sole member of the Company. There have been no transactions with AET in the period to 31 August 2014.

Michael Connelly and Dawn Eidelman are both directors of the Company and are also directors and shareholders of Mosaica Education Inc. (MEI) and its subsidiary Mosaica Education UK. Gene Eidelman is a director of the Company and also president and shareholder of MEI. MEI has provided services to the Company including the provision of curriculum, general consultancy and education support services. Fees totalling £190,108 (2013 - £391,234) were payable to MEI in the period to 31 August 2014. These fees include the following services:

- ◆ Management services and educational support, £73,427 (2013 - £270,472);
- ◆ Provision of curriculum fees, £118,803 (2013 - £108,844); and
- ◆ Expenses totalling £1,681 (2013 - £11,918).

The balance outstanding from MEI to the company at the year end was £23,620 (2013 - £14,050 owed from the company to MEI).

Included within management services are fees relating to Helen Kavanagh for consultancy services. In the prior year, this also included fees relating to Tim McCarthy for his services as Chief Executive Officer. In the current year, Tim McCarthy has been an employee of the Trust and therefore not charged through MEI. These amounts are disclosed in note 10, Directors' remuneration and expenses as both individuals are directors of the Company. Helen Kavanagh resigned as a director on 11 June 2014.

The provision of curriculum fees is charged at cost on the basis of £100 per pupil and was properly procured through an open and fair process.

Travel and subsistence expenses totalling £230 (2013 - £53,004) have also been reimbursed to MEI by the Company relating to one (2013 - five) directors during the period to 31 August 2014. In 2013 £52,249 of this balance related to overseas travel and MEI agreed to refund this amount to the Company. During the year £14,856 was reimbursed to the Company, leaving £37,393 owed by MEI at the year end.

One director, who is an employee of the Company, owed the Trust £37,108 (2013 - £21,192) at 31 August 2014 in relation to salary deductions which were not taken from their gross remuneration. A monthly repayment plan has been agreed with the director and the balance will be repaid in full by 31 August 2015.

23 Transfer of assets

On 26 May 2014 King Offa Nursery was transferred to Aurora Academies Trust from East Sussex County Council for £nil consideration. The transfer included a 123 year lease on the land and buildings and the LGPS deficit as at the date of transfer.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities as voluntary income.

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

| | Unrestricted funds £'000 | Restricted general funds £'000 | Restricted fixed asset funds £'000 | Total £'000 |
|---------------------------------|--------------------------------|---|---|----------------|
| Tangible fixed assets | | | | |
| . Leasehold land and buildings | — | — | 1,100 | 1,100 |
| LGPS deficit | — | (270) | — | (270) |
| Net (liabilities) assets | — | (270) | 1,100 | 830 |