

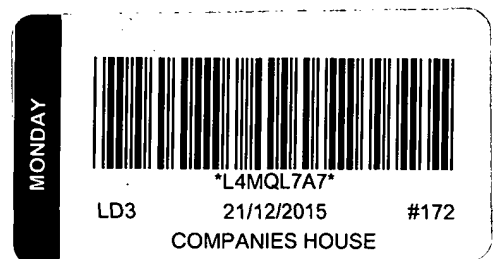
REGISTRAR OF COMPANIES

Aurora Academies Trust

Annual Report and Financial Statements

31 August 2015

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



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Reference and administrative information

Member	Aurora Education Trust
Directors	Bruce Davis Ron Packard Maria Szalay Tony Blaker (Chair) David Wootton Jonathan Hodson Margaret Pleasants Karen Rolfe Tim McCarthy
Company Secretary	Martha Burnige
Chief Executive Officer	Tim McCarthy
Senior Management Team	
Executive Headteachers	John Greenwood Paul Reilly
Financial Director	David Baron
Registered address	Glenleigh Park Academy Gunter's Lane Bexhill on Sea East Sussex TN39 4ED
Company registration number	08107711 (England and Wales)
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	HSBC Bank Queen Victoria Street London EC4N 4TZ
Solicitors	Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol BS1 5WS

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 2015. 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 27 to 30 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 an average board of 10 directors although sadly one director died during the year and has not yet 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 also formed a finance and audit committee.

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. All four schools converted to academy status on 1 September 2012.

Directors

The directors are trustees of the Company for the purposes of the Charities Act. The following directors served throughout the year except where shown.

Director	Appointed/Resigned	Appointing body
Mr Gene Eidelman	Resigned 31 July 2015	Member
Dr Dawn Eidelman	Resigned 31 July 2015	Member
Mr Michael Connelly	Resigned 31 July 2015	Member
Mr Ron Packard	Appointed 31 July 2015	Member
Mr Bruce Davis	Appointed 31 July 2015	Member
Ms Maria Szalay	Appointed 31 July 2015	Member
Mr Tim McCarthy		Ex officio
Chief Superintendent Tony Blaker		Directors
Ms Karen Rolfe, Chair of Heron Park Primary Academy		Directors
Mrs Margaret Pleasants, Chair of King Offa Primary Academy		Directors
Mrs Jean Ashby, Chair of Oakwood Primary Academy	Resigned (Deceased) 16 June 2015	Directors
Mr David Wootton		Directors
Ms Lesley Moore Chair of Glenleigh Park Primary Academy	Resigned 11 March 2015	Directors
Mr Jonathan Hodson, Chair of Glenleigh Park Primary Academy	Appointed 26 March 2015	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. This year, it appointed three new Sponsor Directors. The directors appoint the chair of each Local Academy Board as a director of the Company. This year the directors have co-opted Jonathan Hodson who replaced Lesley Moore as Chair of Glenleigh Park Primary Academy. Jonathan works for a large employer in Bexhill on Sea and has excellent links in the community. The Chief Executive Officer is an ex officio director of the Company.

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, governance and analysing data as its foci. The Chief Executive Officer, the Finance Director and the two Executive Headteachers led training in December 2014, March and May 2015. Topics included *Understanding Governance; Use of data; Finance and Budget Training and Understanding the new Ofsted Framework*. There is a planned regular training schedule for 2015-16.

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 building 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 (otherwise known as the Principal Sponsor) is Aurora Education Trust, a UK charitable company. Aurora Education Trust's sole member is Mosaica Education UK Limited which, since 31 July 2015, has been owned by Pansophic Learning Holdings Limited and has recently changed its name to Pansophic Learning UK Limited.

Prior to 31 July 2015, two of the directors of the Company were directors of Mosaica Education Inc. with a third being President of Mosaica Education Inc. Three of the current directors of the Company are directors of Pansophic Learning Holdings Limited and its subsidiary, Pansophic Learning UK Limited. In 2012 the Company 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, Aurora Education Trust and the Department for Education. The Paragon curriculum is, since 31 July 2015, owned by Pansophic Learning Holdings Limited. 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./Pansophic Learning Holdings Limited approve payments made to these entities.

During the year, three directors of the Company (including the Chief Executive Officer) were 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. From 31 July 2015, one director of the Company, the Chief Executive Officer, remains a director of Crawley Free School Trust.

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
- ♦ 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 schools locally and 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. Key Stage 2 Results

This year has seen an overall improvement in the number of pupils in the Company's academies achieving Level 4+ in Reading, Writing and Mathematics. The percentage rise is +5% which is well above the average rise nationally of +2%.

King Offa Primary Academy continued its remarkable progress and 85% of its pupils achieved Level 4+ in Reading, Writing and Mathematics which is above the national average (100% of King Offa's pupils also achieved Level 4+ in Mathematics).

Oakwood Primary Academy improved for the third consecutive year with 70% of pupils achieving Level 4+ in Reading, Writing and Mathematics.

Glenleigh Park Primary Academy achieved a 19% improvement on the previous year with 63% of its pupils achieving Level 4+ in all three areas. This was an excellent performance from a cohort containing a significant number of students with special needs.

Heron Park Primary Academy's results remained static from the previous year with 50% of its students achieving Level 4+ in all areas. The cohort of pupils (33) contained 7 children who were unable to even access the tests.

STRATEGIC REPORT (continued)

Achievements and performance (continued)

2. Key Stage 1 Results July 2015

Academy	Reception GLD*	Y1 Phonics Screening	Y2 Reading at L2c+	Y2 Writing at L2c+	Y2 Maths at L2c+
Glenleigh Park	72%	81%	86%	78%	90%
Heron Park	57%	65%	77%	68%	86%
King Offa	63%	72%	90%	85%	96%
Oakwood	73%	64%	89%	82%	98%

*GLD = Good Level of Development

These KS1 results evidence that Aurora academies are providing a solid bedrock upon which future years' academic attainment will be built. Most of our schools are achieving at or above national averages (Heron Park Primary Academy slightly below but improved significantly on 2014).

Heron Park received a visit from the DfE in March 2015 which concluded that the academy was well led and that senior leaders knew what was required to improve further.

These results evidence the distance travelled in the three 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* with 2015 Key Stage 2 results which are above the national average.

3. Attendance continued to improve in 2014-15

Academy	July 2012 (predecessor schools)	July 2015
Glenleigh Park	92.1%	95.6%
Heron Park	92.4%	94.7%
King Offa	93.1%	94.6%
Oakwood	91.8%	94.4%

STRATEGIC REPORT (continued)

Achievements and performance (continued)

4. Enrolment has increased rapidly in 2014-15

Academy	Sept 2012	July 2015
Glenleigh Park	184	325
Heron Park	296	376
King Offa	283	335
Oakwood	343	409

Key financial performance indicators

The directors have set the following key performance indicators for the Company for 2015-16:

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 incurred a deficit in the year of £134,000 (2014 – surplus of £413,000). After actuarial gains on the LGPS scheme of £9,000 (2014 – loss of £675,000), the net movement of funds for the year amounted to a deficit of £125,000 (2014 - £262,000).

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 period were £7,937,000 (2014 - £7,369,000) of which £830,000 in the prior year related to funds transferred from the Local Authority. £6,549,000 (2014 - £5,596,000) related to funding for educational operations, including £37,000 (2014 - £28,000) of capital grants. Resources expended for the period totalled £8,071,000 (2014 - £6,956,000). Income of £670,000, in other restricted funds, relates to Family Support Keywork Services, which came to an end on 31 August 2015 following the termination of the contract with East Sussex County Council.

Excluding movements on the fixed asset fund, the operational surplus for the period was £23,000 (2014 - £18,000).

The Company held fund balances of £20,021,000 at 31 August 2015 which included unrestricted funds of £592,000 and restricted funds of £19,429,000, including a deficit of £1,521,000 on the Local Government Pension Scheme.

The results for the year are shown on page 24.

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 2015 amounted to £20,021,000 (2014 - £20,146,000) which comprised primarily of restricted fixed asset reserves. The free reserves amounted to £592,000 (2014 - £475,000).

The Company has a pension scheme liability of £1,521,000 (2014 - £1,396,000) as at 31 August 2015 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal educational and reputational risk is pupil outcomes at Heron Park Primary Academy in Eastbourne. The Key Stage 2 results need to significantly improve and as such the Company has put in place many intervention strategies, including the formation of a Termly Review panel specifically to examine and analyse Year 6 progress and attainment data.

The principal financial risk over the next few years will be the increasing on-costs associated with staffing. In order to address this, a conference of the Company's Executive Team met with senior leaders from each academy on 1 July 2015 to look at how future staffing could be constructed in order to achieve economies of scale.

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.

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.

Plans are in place to expand the provision of nursery places at each of the existing academies and to submit a bid for capital funding at Oakwood Primary Academy which is in need of extra accommodation.

The Board of Directors are considering whether to merge the Company with Crawley Free School Trust to build on the existing close relationship between the trusts and to benefit from the economies of scale available to a larger multi-academy trust. Any merger would be subject to consultation and the approval of the Secretary of State.

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:



Jonathan Hodson
Director

Date: 16/12/15

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 four 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
Gene Eidelman	4	4
Dr Dawn Eidelman	4	4
Michael Connelly	2	4
Tony Blaker	4	4
David Wootton	2	4
Jean Ashby	3	4
Margaret Pleasants	4	4
Karen Rolfe	3	4
Jon Hodson	1	1
Lesley Moore	2	2
Tim McCarthy	4	4
Bruce Davis	—	—
Ron Packard	—	—
Maria Szalay	—	—

Finance/Audit committee

Purpose statement:

To ensure the Company has strategic plans in place to deliver effective teaching and learning within the budget. In addition, the Academies Financial Handbook requires that the Company has a committee to review the risks to internal financial control and agree a programme of work that will address these risks, to inform the governance statement that accompanies the Trust's annual accounts and, so far as is possible, provide assurance to the external auditors.

Governance (continued)

Finance/Audit committee (continued)

General Procedures

At least two Committee members are appointed by the Company board and the chair of the Committee (who is a director of the Trust) is appointed by the Committee members on an annual basis.

A quorum is two members and the committee meets at least three times per year.

Minutes are kept of all meetings and distributed to the Company board once agreed as a correct record by the chair. Apart from confidential items these are open for public inspection.

Remit

Finance

- a) To agree the annual Company and academy budgets prior to the beginning of the financial year which will be recommended to the Company board for approval.
- b) To monitor and review the finances of the Company and to comment on how this may affect the development of the Company and the strategic plan.
- c) To prepare the audited financial report for approval of the Company board and submission in accordance with the Companies Act / EFA (Education Funding Agency).

Risk Management

- a) To assess the risks arising from the Company's operations including the likelihood and materiality of each risk, regularly reviewing the Company's risk register.

Audit

- a) To agree the expected practice, financial policies and segregation of duties as outlined in the financial regulations document and authorisations policy; ensuring this is in line with the latest guidance from the Department for Education as published in Academies Financial Handbook.
- b) To review the risks to internal financial control and plans to address any issues identified.
- c) To agree the remit and programme of works of the Responsible Officer, to monitor, review and ensure all accounting and banking practices conform to regulations and good practice.
- d) To maintain and ensure there is a central register of business interests and that all directors and senior management have declared any related party interests.
- e) To discuss sensitive HR compliance issues (e.g compromise agreements will be discussed at this committee).

Governance (continued)

Finance/Audit committee (continued)

Attendance during the year at meetings of this Committee was as follows:

Director	Meetings attended	Out of a possible
Gene Eidelman	2	2
Tony Blaker (Chair)	2	2
Tim McCarthy	2	2
David Baron	2	2

Governance reviews:

- ◆ The training of directors has been a key feature of the Company's professional development programme known as Global Leadership Institute (GLI) which has yet again proven itself to be one of the Company's unique selling points.
- ◆ This year the theme has been on developing Leadership at both a personal and team level.
- ◆ Survey monkey evaluations demonstrate not only the quality of the sessions but also the value placed on GLI by colleagues.
- ◆ The Company has also run four GLI sessions for Governors that have been well received by participants.
- ◆ Themes for the Governors GLI sessions included: Understanding the Role of the AAT Board and each academy's LAB; The role of the LAB Member; The New Ofsted Framework; Assessment without Levels; and Monitoring Finances and Budgets.
- ◆ The Company has a planned programme of GLI for Governors in 2015-16.

Review of Value for Money

As Accounting Officer the chief executive has responsibility for ensuring that the Company 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 Company's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Company has delivered improved value for money during the year by:

The Company has recruited a qualified Financial Director during the year, bringing experience of financial management in multi-academy trusts. As a result the Company has improved its monthly financial reporting, financial analysis and budgetary control to ensure that best value is being achieved across the Company.

In the year under review the Company achieved a modest financial surplus, focussing resources on improving educational standards in all of its schools, with investment in the training and development of its staff and targeted interventions to support pupils as necessary.

With a view to being able to recruit high quality staff to the Company in a difficult recruitment environment the Company has developed a portfolio of recruitment facilities, including a number of agencies and recruitment portals. This has enabled all of the Company schools to be fully staffed in the year under review.

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 period ended 31 August 2015 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 period ended 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 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. From part way through the year, the Finance Committee took over the role of Responsible Officer.

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.

Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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 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.


Review of effectiveness (continued)

The Accounting Officer has advised the Board of Directors of the implications of his review of the system of internal control 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:



Jonathan Hodson
Director



Tim McCarthy
CEO and Accounting Officer

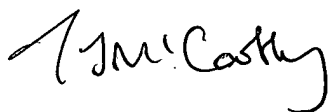
Approved on: 16/12/15

Statement on regularity, propriety and compliance 31 August 2015

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:

Statement of directors' responsibilities 31 August 2015

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 16 December 2015 and signed on its behalf by:


Jonathan Hodson
Director
Date: 16/12/15

Independent auditor's report 31 August 2015

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 2015 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 2014 to 2015 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 2015

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 2015 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 2014 to 2015 issued by the Education Funding Agency.

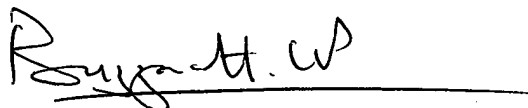
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 2015

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 2014 to 2015, 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 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 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 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 from 1 September 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 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 2015

Approach (continued)

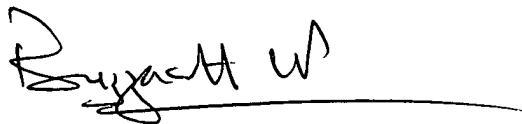
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Company's income and expenditure.

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 2014 to 31 August 2015 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 2015

Statement of financial activities 31 August 2015
(including income and expenditure account and statement of total recognised gains and losses)

		Unrestricted general fund £'000	Restricted funds			2015 Total funds £'000	2014 Total funds £'000
	Notes		General £'000	Other £'000	Fixed assets fund £'000		
Incoming resources							
Incoming resources from generated funds							
Voluntary income	1	98	—	—	271	369	107
Voluntary income – transfer from Local Authority	24	—	—	—	—	—	830
Activities for generating funds	2	159	—	849	—	1,008	836
Investment income		—	11	—	—	11	—
Incoming resources from charitable activities							
Funding for the Company's educational operations	3	—	5,899	613	37	6,549	5,596
Total incoming resources		257	5,910	1,462	308	7,937	7,369
Resources expended							
Costs of generating funds							
Costs of activities for generating funds	5	40	—	701	—	741	590
Charitable activities							
Company's educational operations	6	—	6,032	792	465	7,289	6,315
Governance costs	7	—	41	—	—	41	51
Total resources expended	4	40	6,073	1,493	465	8,071	6,956
Net income (expenditure) for the year							
		217	(163)	(31)	(157)	(134)	413
Gross transfers between funds		(100)	26	(57)	131	—	—
Net income (expenditure) for the year		117	(137)	(88)	(26)	(134)	413
Other recognised gains and losses							
Actuarial gains (losses) on defined benefit pension scheme	22	—	9	—	—	9	(675)
Net movement in funds		117	(128)	(88)	(26)	(125)	(262)
Reconciliation of funds							
Total fund balances carried forward at 1 September 2014		475	(1,393)	88	20,976	20,146	20,408
Total fund balances carried forward at 31 August 2015		592	(1,521)	—	20,950	20,021	20,146

All of the Company's activities derived from continuing operations during the above financial periods.

Balance sheet 31 August 2015

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible fixed assets	12		20,950		20,963
Current assets					
Debtors	13	235		354	
Cash at bank and in hand		638		730	
		<u>873</u>		<u>1,084</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(281)		(505)	
Net current assets			<u>592</u>		<u>579</u>
Total assets less current liabilities			<u>21,542</u>		<u>21,542</u>
Pension scheme liability	22		(1,521)		(1,396)
Net assets including pension scheme liability			<u>20,021</u>		<u>20,146</u>
Funds of the Company					
Restricted funds					
. Fixed assets fund	15		20,950		20,976
. General fund	15		—		91
. Pension reserve	15		(1,521)		(1,396)
Total restricted funds			<u>19,429</u>		<u>19,671</u>
Unrestricted funds					
. General fund	15		592		475
Total funds			<u>20,021</u>		<u>20,146</u>

The financial statements on page 24 to 45 were approved by the directors, and authorised for issue on 16 December 2015 and are signed on their behalf by:



Jonathan Hodson

Director

Date: 16/12/15

Aurora Academies Trust

Company Limited by Guarantee

Registration Number: 08107711 (England and Wales)

Cash flow statement 31 August 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities	18	52	19
Cash transferred on conversion to academies		—	—
Capital expenditure	19	(144)	17
(Decrease) increase in cash in the period	20	(92)	36
Reconciliation of net cash flow to movement in net funds:			
Net funds at 1 September 2014		730	694
Net funds at 31 August 2015		638	730

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 2014 to 2015 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.

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 22, 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 2015

1 Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	2015 Total funds £'000	2014 Total funds £'000
Donated fixed assets	—	271	271	—
Other donations	98	—	98	107
	98	271	369	107

2 Activities for Generating Funds

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Hire of facilities	30	—	30	11
School trip income	63	—	63	40
Sale of uniform and books	26	—	26	15
School clubs	40	—	40	22
Family Support Keywork Services				
Local Authority Grants	—	485	485	408
Contribution from third parties	—	185	185	219
Private Nursery income	—	179	179	121
	159	849	1,008	836

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	2015 Total £'000	2014 Total £'000
DfE /EFA capital grants							
Academy capital grants	14	7	8	8	—	37	28
DfE /EFA revenue grants							
General Annual Grant (GAG)	1,003	1,185	1,313	1,329	—	4,830	4,493
Start Up grants	—	—	—	—	—	—	134
Pupil premium grant	185	163	210	216	—	774	599
Other DfE / EFA	73	40	100	57	25	295	53
Total EFA grants	1,261	1,388	1,623	1,602	25	5,899	5,279
Other government grants							
Local Authority grants	47	21	63	16	—	147	62
Other restricted							
Nursery income	75	105	248	38	—	466	227
	1,397	1,521	1,942	1,664	25	6,549	5,596

4 Resources expended

	Staff costs £'000	Non pay expenditure		2015 Total funds £'000	2014 Total funds £'000
		Premises £'000	Other costs £'000		
Cost of activities for generating funds (note 5)	642	—	99	741	590
Charitable activities					
.. Company's educational operations					
.. Direct costs	4,303	465	768	5,536	4,641
.. Allocated support costs	1,103	358	292	1,753	1,674
	6,048	823	1,159	8,030	6,905
Governance costs	—	—	41	41	51
	6,048	823	1,200	8,071	6,956
Net outgoing resources for the period include:				2015 £'000	2014 £'000
Operating leases				17	10
Fees payable to auditor					
.. Statutory audit of financial statements				25	28
.. Other audit services				6	9
.. Other services				8	14

5 Cost of activities for generating funds

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Family Support Keywork Services	—	701	701	541
School trips	40	—	40	49
	40	701	741	590

6 Charitable activities - Company's educational operations

	2015 Total £'000	2014 Total £'000
Direct costs		
Teaching and educational support staff costs	4,303	3,447
Depreciation	465	427
Educational supplies	324	288
Educational consultancy	180	226
Staff development	72	30
Other direct costs	192	223
	5,536	4,641
Allocated support costs		
Support staff costs	1,103	1,130
Maintenance of premises and equipment	109	139
Cleaning	23	19
Rent and rates	31	25
Energy and utility costs	137	174
Insurance	58	53
Catering	244	116
Other support costs	48	18
	1,753	1,674
	7,289	6,315

7 Governance costs

	2015 Total £'000	2014 Total £'000
Legal and professional fees	2	—
Auditor's remuneration:		
· Audit of financial statements	20	20
· Audit of financial statements— prior year under accrual	5	8
· Other audit services	6	5
· Other audit services – prior year under accrual	—	4
· Other services	8	14
	41	51

8 Staff

a) Staff costs

Staff costs during the period were:

	2015 Total £'000	2014 Total £'000
Wages and salaries	4,869	4,067
Social security costs	307	267
Pension costs (including FRS17 charge of £145,000; 2014 – charge of £53,000)	867	651
	6,043	4,985
Supply teacher costs	3	3
Agency costs	2	90
	6,048	5,078

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	2015 Number	2014 Number
Teachers	63	55
Administration and support	111	79
Management	13	12
Keyworkers	11	17
	198	163

c) Higher paid staff

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

	2015 Number	2014 Number
£60,001 - £70,000	—	—
£70,001 - £80,000	1	1
£80,001 - £90,000	—	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	—

Two of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2015 pension contributions for these members of staff amounted to £24,417 (2014 – £22,701). No higher paid employee participated in the Local Government Pension Scheme during the period ended 31 August 2015 but in the previous year pension contributions for this member amounted to £11,307.

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 (£106 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:

	2015 Total £'000	2014 Total £'000
Glenleigh Park Primary Academy	131	115
King Offa Primary Academy	144	128
Oakwood Primary Academy	169	135
Heron Park Primary Academy	35	130
Central services	—	—
	479	508

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:

	2015 £	2014 £
Tim McCarthy, CEO		
Remuneration	£100,001 - £105,000	£95,001 - £100,000
Employer's pension contributions	—	—
Helen Kavanagh, Director		
Remuneration	—	£10,001 - £15,000
Employer's pension contributions	—	—

During the year ended 31 August 2015 travel and subsistence expenses totalling £1,145 (2014 - £230) were reimbursed to one (2014 - one) directors.

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

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 2015 was £910 (2014 - £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 2014	21,749	26	34	21,809
Additions	287	107	58	452
At 31 August 2015	<u>22,036</u>	<u>133</u>	<u>92</u>	22,261
Depreciation				
At 1 September 2014	826	5	15	846
Charge in year	436	8	21	465
At 31 August 2015	<u>1,262</u>	<u>13</u>	<u>36</u>	1,311
Net book value				
At 31 August 2015	<u>20,774</u>	<u>120</u>	<u>56</u>	20,950
At 31 August 2014	<u>20,923</u>	<u>21</u>	<u>19</u>	20,963

The fixed asset fund also included £nil (2014 - £13,000) of unspent capital grants held as cash at the year end.

13 Debtors

	2015 Total £'000	2014 Total £'000
Trade debtors	26	105
VAT recoverable	29	106
Prepayments and accrued income	<u>180</u>	<u>143</u>
	235	354

14 Creditors: amounts falling due within one year

	2015 Total £'000	2014 Total £'000
Trade creditors	95	63
Other taxation and social security	—	155
Accruals and deferred income	186	287
	281	505
Deferred income		
Deferred income at 1 September 2014	151	10
Resources deferred in the period	82	151
Amounts released from previous years	(151)	(10)
Deferred income at 31 August 2015	82	151

Deferred income of £82,000 relates to income received in the period for Universal Infants Free School Meals to be utilised during the year ended 31 August 2015.

15 Funds

	Balance at 1 September 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2015 £'000
Restricted general funds					
General Annual Grant (GAG)	3	4,830	(4,859)	26	—
Pupil premium	—	774	(774)	—	—
Other DfE grants	—	295	(295)	—	—
Pension reserve	(1,396)	11	(145)	9	(1,521)
	(1,393)	5,910	(6,073)	35	(1,521)
Restricted fixed asset funds					
Transfer on conversion	20,923	271	(451)	—	20,743
DfE/ EFA Capital Grants	42	37	(7)	—	72
Revenue funding assets	11	—	(7)	131	135
	20,976	308	(465)	131	20,950
Other restricted funds					
Other government grants	—	147	(147)	—	—
Family Support Keywork Services	88	670	(701)	(57)	—
Nursery income	—	645	(645)	—	—
	88	1,462	(1,493)	(57)	—
Total restricted funds	19,671	7,680	(8,031)	109	19,439
Unrestricted funds					
Unrestricted funds	475	257	(40)	(100)	592
Total unrestricted funds	475	257	(40)	(100)	592
Total funds	20,146	7,937	(8,071)	9	20,021

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 2015. 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 2015 were allocated as follows:

	2015 Total £'000	2014 Total £'000
Glenleigh Park Primary Academy	203	157
King Offa Primary Academy	152	174
Oakwood Primary Academy	177	167
Heron Park Primary Academy	18	—
Central services	42	68
Total before fixed assets and pension reserve	592	566
Restricted fixed assets fund	20,950	20,976
Pension reserve	(1,521)	(1,396)
Total	20,021	20,146

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	2015 Total £'000
Glenleigh Park Primary Academy	866	480	74	189	1,609
King Offa Primary Academy	952	277	70	216	1,515
Oakwood Primary Academy	1,202	211	102	238	1,753
Heron Park Primary Academy	1,133	555	78	262	2,028
Central services	150	222	—	329	701
Aurora Academies Trust	4,303	1,745	324	1,234	7,606

16 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	2015 Total £'000	2014 Total £'000
Fund balances at 31 August 2015 are represented by:					
Tangible fixed assets	—	—	20,950	20,950	20,963
Current assets	592	281	—	873	1,084
Current liabilities	—	(281)	—	(281)	(505)
Pension scheme liability	—	(1,521)	—	(1,521)	(1,396)
Total net assets	592	(1,521)	20,950	20,021	20,146

17 Financial commitments

Operating leases

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

	2015 Total £'000	2014 Total £'000
Land and buildings		
Expiring within two and five years inclusive	15	—
Other		
Expiring within two and five years inclusive	17	14

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

	2015 Total £'000	2014 Total £'000
Net (expenditure) income	(134)	413
Depreciation (note 12)	465	427
Capital grants from DfE and other capital income	(37)	(28)
Assets transferred from Local Authority	—	(1,100)
Donated fixed assets	(271)	—
FRS 17 pension liability on conversion (note 22)	—	270
FRS 17 pension cost less contributions payable (note 22)	145	53
FRS 17 pension finance cost (note 22)	(11)	(37)
Decrease (increase) in debtors	119	(75)
(Decrease) increase in creditors	(224)	96
Net cash inflow from operating activities	52	19

19 Capital expenditure and financial investment

	2015 Total £'000	2014 Total £'000
Purchase of tangible fixed assets	(181)	(11)
Capital grants from DfE / EFA	37	28
Net cash (outflow) inflow from capital expenditure and financial investments	(144)	17

20 Analysis of changes in net funds

	At 1 September 2014 £'000	Cashflows £'000	At 31 August 2015 £'000
Cash in hand and at bank	730	(92)	638

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 multi-employer defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS 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)

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 pension costs paid to TPS in the period amounted to £330,000 (2014: £288,000).

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 trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

22 Pension and similar obligations (continued)

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 2015 was £506,000 of which employer's contributions totalled £392,000 and employees' contributions totalled £114,000.

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.

Principal Actuarial Assumptions	At 31 August 2015	At 31 August 2014
Rate of increase in salaries	4.6%	4.5%
Rate of increase for pensions in payment / inflation	2.7%	2.7%
Discount rate for scheme liabilities	3.8%	3.7%

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 2015	At 31 August 2014
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.2	24.2
Females	26.7	26.7

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

	Fair value at 31 August 2015 £'000*	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	2,472	6.4%	2,255
Bonds	557	3.5%	289
Property	383	4.5%	289
Cash	70	3.3%	58
Total market value of assets	3,482		2,891
Present value of scheme liabilities	(5,003)		(4,287)
Deficit in the scheme	(1,521)		(1,396)

The actual gain on Scheme assets was £115,000 (2014 - £262,000).

No long-term expected rate of return at 31 August 2015 has been provided, as for accounting periods beginning on or after 1 January 2015, the expected return and interest cost will be replaced with a single net interest cost. This will effectively set the expected return at a level equal to the discount rate of 3.8%.

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amounts recognised in statement of financial activities	2015 £'000	2014 £'000
<i>Current service costs (net of employee contributions)</i>	537	363
Total operating charge	537	363

Analysis of pension finance costs

Expected return on pension scheme assets	(181)	(142)
Interest on pension liabilities	170	105
Pension finance costs	(11)	(37)

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 £936,000.

Movements in the overall deficit were as follows:	2015 £'000	2014 £'000
Deficit at 1 September 2014	(1,396)	(435)
Current service cost	(537)	(363)
Employer contributions	392	310
Net finance interest	11	37
Actuarial gain (loss)	9	(675)
Transferred on acquisition	—	(270)
At 31 August 2015	(1,521)	(1,396)

Movements in the present value of defined benefit obligations were as follows:	2015 £'000	2014 £'000
Deficit at 1 September 2014	(4,287)	(2,078)
Current service cost	(537)	(363)
Interest cost	(170)	(105)
Employee contributions	(114)	(93)
Actuarial gain (loss)	75	(765)
Benefits paid	30	25
Transferred on acquisition	—	(908)
At 31 August 2015	(5,003)	(4,287)

Movements in the fair value of Company's share of scheme assets:	2015 £'000	2014 £'000
At 1 September 2014	2,891	1,643
Expected return on assets	181	142
Actuarial (loss) gain	(66)	90
Employer contributions	392	310
Employee contributions	114	93
Benefits paid	(30)	(25)
Transferred on acquisition	—	638
At 31 August 2015	3,482	2,891

22 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The estimated value of the employer contributions for the year ended 31 August 2015 is £399,000.

The experience adjustments are as follows:

	2015 £'000	2014 £'000	2013 £'000
Present value of defined benefit obligations	(5,003)	(4,287)	(2,078)
Fair value of share of scheme assets	3,482	2,891	1,643
Deficit on scheme	(1,521)	(1,396)	(435)
Experience adjustments on share of scheme assets	(66)	90	124
Experience adjustments on scheme liabilities	—	(24)	—

23 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 2015.

Michael Connelly and Dawn Eidelman were until 31 July 2015 both directors of the Company and were directors and shareholders of Mosaica Education Inc. (MEI) and its subsidiary Mosaica Education UK Limited, which has recently changed its name to Pansophic Learning UK Limited. Gene Eidelman was 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. On 31 July 2015 Pansophic Learning Holdings Limited acquired Aurora Education Trust from MEI, together with its subsidiary Mosaica Education UK Limited. Fees totalling £122,141 (2014 - £190,108) were payable to MEI in the period to 31 August 2015. These fees include the following services:

- ◆ Management services and educational support, £45,992 (2014 - £73,427);
- ◆ Provision of curriculum fees, £102,500 (2014 - £118,803); and
- ◆ Expenses reimbursed totalling £(26,351) (2014 - £1,681).

The balance outstanding from MEI to the Company at the year end was £8,833 (2014 - £23,620) and £12,598 is included in accruals (2014 - £nil).

23 Related party transactions (continued)

The provision of curriculum fee is charged at cost on the basis of £106 (2014 - £103) per pupil and was properly procured through an open and fair process. These fees are charged in accordance with a multi-year agreement between the Company and MEI.

Travel and subsistence expenses totalling £28,043 were reimbursed to the Company by MEI (2014 - £230 had been reimbursed to MEI by the Company) relating to one (2014 - one) director during the period to 31 August 2015. There were no further balances owed by MEI to the Company at the year end.

One director, who is an employee of the Company, has repaid in full to the Trust £37,108 (2014 - £nil) at 31 August 2015 in relation to salary deductions which were not taken from their gross remuneration.

During the year, three directors of the Company (including the Chief Executive Officer) were directors of Crawley Free School Trust which opened a free school, The Gatwick School, in September 2014. During the year, The Gatwick School was charged £31,211 (2014 - £nil) in respect of services provided by employees of the Company. At 31 August 2015, a balance of £12,992 (2014 - £nil) was owed to the Company by The Gatwick School.

Ron Packard, Bruce Davis and Maria Szalay are all directors of the company and are also directors and shareholders of Aurora Education Trust and Mosaica Education UK Limited.

24 Transfer of assets

In the prior year, on 26 May 2014 King Offa Nursery was transferred to the Company 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