



Abbey Multi Academy Trust

Registered number: 07705552

**Trustees' Report and Financial
Statements for the year ended
31 August 2016**

Abbey Multi Academy Trust

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Abbey Multi Academy Trust

Reference and Administrative Details

Members	P Whitman R Noake A Nicholl
Academy Trustees	K Stewart (Chair resigned on 10.09.15) P Whitman (Chair appointed 10.09.15) C Kitson (CEO and Accounting Officer) H Pratten J R Norden T Mason D Stratton C Pyrah P Laurence S Simkins F Baker Rev J Smith (appointed 20.01.16)
Company Secretary	C Owen
Senior Management Team	
<ul style="list-style-type: none">• CEO/Executive Principal (Secondary)• Executive Principal (Primary) – St Chad's• Principal – Abbey Grange CofE Academy• Principal – Lightcliffe Academy• Director of Finance & Corporate Services• Director of Academy Effectiveness	C Kitson H Pratten J R Norden T Rothwell I Harmer D J Whieldon
Company Name	Abbey Multi Academy Trust
Principal and Registered Office	c/o Chapter House Abbey Grange Church of England Academy Butcher Hill Leeds LS16 5EA
Company Registration Number	0770552 (England and Wales)
External Auditor	Mazars LLP Mazars House Gelderd Road Gildersome Leeds LS27 7JN
Internal Auditor	TIAA 53-55 Gosport Business Centre Aerodrome Road Gosport PO13 0FQ
Bankers	Lloyds Bank plc PO Box 96 6-7 Park Row Leeds LS1 1NX
Solicitors	Browne Jacobson 3 Picadilly Manchester M1 3BN

Abbey Multi Academy Trust

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Trust operates 1 primary and 2 secondary academies in West Yorkshire. Its academies have a combined pupil capacity of 3,039.

Structure, Governance and Management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust. The Trustees of Abbey Multi Academy Trust (the Trust) are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Abbey Multi Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10.00 for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The Trust has purchased insurance to protect Directors from claims arising against negligent acts, errors or omissions occurring whilst on Trust business, further details are provided in note 10.

Method of Recruitment and Appointment or Election of Trustees

The Articles of Association require the appointment of at least seven Directors.

The Trust Board is comprised of the Chief Executive Officer, Principals and Chairs of the LGBs from the founding academies Abbey Grange CofE Academy and St Chad's Primary. Directors are appointed by members according to skills and experience.

Policies and Procedures Adopted for the Induction and Training of Trustees

Bespoke training and induction is provided for new Governors and Directors depending on their previous experience. Where necessary, induction and training is provided on charity, educational, legal and financial matters. All new Governors and Directors are given a tour of the Trust site and the chance to meet with staff and students. They are provided with access to policies, procedures, minutes, accounts, budgets, strategic and development plans in addition to other documents that they need to undertake their role. Governors and Directors are provided with training and are encouraged to access external training on matters such as Child Protection and Safeguarding.

Abbey Multi Academy Trust

Trustees' Report (continued)

Organisational Structure

The Directors are responsible for setting the strategic direction of the Trust. They review and agree the Company's policies and procedures and are responsible for the major decisions of the Trust.

The Directors meet at least 6 times in each financial year.

The Directors have delegated a number of their functions to the Board of Governors (Local Governing Bodies) of Abbey Grange Church of England Academy and St Chad's Church of England Primary. Lightcliffe Academy did not have a Local Governing Body for the period in which the Academy was in 'Special Measures'. There was however an Advisory Group in place for Lightcliffe Academy, although the group had no decision-making powers. Following the removal of 'Special Measures' in March 2016 the Trust Board established a Local Governing Body which will operate according to the Terms of Reference for Local Governing Bodies with effect from 1 September 2016.

Related Parties and other Connected Charities and Organisations

There are no connected organisations. Related party transactions are disclosed in note 22 which are the Diocese of Leeds and Leeds Faith in Schools.

Objectives and Activities

Objectives, Strategies and Activities

The Trust's objective is set out in its Articles of Association. In summary it is to establish, maintain, manage and develop a Multi Academy Trust with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles, practices and tenets of the Church of England.

In accordance with the Articles of Association, the Trust has adopted a 'Funding Agreement' approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis of admitting students to the academies.

Public Benefit

In setting the Trust's objectives and planning its activities, the Directors have given careful consideration to and have complied with the Charities Act 2011 and the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education.

Serving the Local Community and Society

The Trust plays a significant part in the local and wider community and, where possible in support of our charitable objectives, we seek to develop strong partnerships with new and existing organisations to benefit the local community.

The Trust's sites continue to play a critical role in the development of community focused service delivery programmes. The Trust and its partners strongly believe good progress has been made to increase social responsibility, cohesion and healthy living within the community; however, the impact is very modest when compared to the significant obstacles faced by many in the community.

Abbey Multi Academy Trust

Trustees' Report (continued)

Our partners in delivering this change are:

- The Diocese of Leeds
- Leeds City Council
- Calderdale Council
- The citizens of Leeds and Calderdale

In addition to the community focused services developed by the Trust and its partners, local clubs and groups continue to make use of the facilities provided by the Trust.

Strategic Report

Achievements and Performance

Abbey Grange C of E High School converted to an academy in August 2011, becoming Abbey Grange C of E Academy. Abbey Multi Academy Trust came into being on 1 November 2014 and originally consisted of two academies (Abbey Grange Church of England Academy and a newly converted primary academy, St Chad's Church of England Primary) both with similar Good Ofsted ratings. Abbey Grange had been asked by the Regional Schools' Commissioner (RSC) to sponsor Hipperholme and Lightcliffe High School in September 2014 (a school in Special Measures since May 2014) and the school, renamed as Lightcliffe Academy, joined the Trust on 1 March 2015.

We are proud of the improvements in place at Lightcliffe Academy. Since sponsorship there have been three monitoring visits by Ofsted. The latest (March 2016) determined that "The Academy is taking effective action towards the removal of Special Measures" and that "Support from the Abbey Multi Academy Trust has been crucial in accelerating improvements in the academy." This has been achieved whilst achievements at both Abbey Grange and St Chad's have continued to progress and improve.

Key Performance Indicators

Our attainment is detailed below:

Abbey Grange Church of England Academy - GCSE	2013 Actual	2014 Actual	2015 Actual	2016 Actual
5 or more A* - C Grades	82%	82%	80%	78.2%
Basics (A*-C In English and Maths)				78%
Attainment 8				
Progress 8			55.36	0.07
5 or more A* - C Grades (including English & Maths)	71%	74%	73%	73.2%
5 or more A* - G Grades	99%	99%	99%	99%
A* - C English	82%	87%	84%	85.1%
Expected Progress (3 or more levels) in English	68%	78%	80%	82.2%
Better than Expected Progress (4 or more levels) in English	30%	30%	43%	49%
Pupil Premium/National Non-PP Gap (3 levels of progress English)	-32	-13	-13	-3
A* - C Maths	78%	78%	80%	84.9%
Expected Progress (3 or more levels) in Maths	71%	73%	75%	78%
Better than Expected Progress (4 or more levels) in Maths	38%	36%	44%	49%
Pupil Premium/National Non PP Gap (3 levels of progress Maths)	-34	-12	-26	-10
English Baccalaureate	34%	33%	38%	42.2%

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance

Lightcliffe Academy - GCSE	2013 Actual	2014 Actual	2015 Actual	2016 Actual
5 or more A* - C Grades	82%	66%	60%	
5 or more A* - C Grades (including English & Maths)	55%	48%	48%	57%
5 or more A* - G Grades	97%	94%	96%	
A* - C English	73%	80%	66%	71%
Expected Progress (3 or more levels) in English	63%	70%	59%	67%
Lightcliffe Academy – GCSE continued	2013 Actual	2014 Actual	2015 Actual	2016 Actual
Better than Expected Progress (4 or more levels) in English	18%	23%	27%	25%
Pupil Premium/Non-PP Gap (3 levels of progress English)	-32	-12	-19	
A* - C Maths	76%	77%	63%	71%
Expected Progress (3 or more levels) in Maths	61%	51%	56%	67%
Better than Expected Progress (4 or more levels) in Maths	19%	13%	17%	24%
Pupil Premium/Non PP Gap (3 levels of progress Maths)	-39	-14	-22	
English Baccalaureate	7%	14%	9%	11%

St Chad's Statutory Assessment Outcomes: Data					
Year 6 2016	2016 Results	2016 National Average	Non-PPG	PPG	National Non-PPG
Reading EXS	50%	66%	52%	40%	71%
Writing ESX	73%	74%	80%	40%	79%
SPAG EXS	67%	72%	68%	60%	78%
Maths EXS	60%	70%	60%	40%	75%
Reading, Writing & Maths EXS	43%	53%	44%	40%	60%
Progress in reading	-1.9				
Progress in writing	0.2				
Progress in Maths	-1.1				

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance (continued)

Year 6 2015	2015 Results	2015 National Average	Target	Non-PPG	PPG	Non-PPG
Reading L4 +	86%	89%	86%	86%	83%	92%
Writing L4 +	86%	87%	86%	81%	100%	90%
SPAG L4+	86%	80%	83%	81%	100%	84%
Maths L4 +	86%	87%	83%	81%	100%	90%
Reading, Writing & Maths L4 +	75%	80%	80%	71%	86%	85%
Progress in reading	96%	91%	96%	95%	86%	92%
Progress in writing	93%	94%	93%	90%	100%	95%
Progress in Maths	93%	90%	89%	90%	100%	90%

Year 2 2016	2016 Results	2016 National Average	Non PPG	PPG	National Non-PPG
Reading EXS	80%	74%	92%	100%	78%
Writing EXS	80%	66%	92%	100%	70%
Maths EXS	77%	73%	92%	100%	77%

Abbey Multi Academy Trust

Trustees' Report (continued)

Strategic Report

Achievements and Performance (continued)

Year 2 2015	2015 Results	2015 National Average	Non PPG	PPG
Reading L2+	93%	90%	92%	100%
Writing L2+	87%	88%	92%	67%
Maths L2+	93%	93%	96%	83%

KS1 Phonics	2016 Results	2016 National	Non PPG	PPG	National Non-PPG
Year 1	87%	77%	88%	100%	83%
Year 2 cumulative	97%	91%	96%	100%	93%

KS1 Phonics	2015 Results	2015 National	Non PPG	PPG	National Non-PPG
Year 1	79%	77%	78%	100%	80%
Year 2 Cumulative	97%	90%	96%	100%	92%

EYFSP	2016 Results	2016 National	Non PPG	PPG
Good Level of Development (GLD)	70%	69%	85%	25%

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Trustees' Report (continued)

Strategic Report

Achievements and Performance (continued)

EYFSP	2015 Results	2015 National	Non PPG	PPG
Good Level of Development (GLD)	67%	68%	67%	N/A

Going Concern

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

Financial Review

Most of the Trust's income is derived from the Department of Education (DfE) via the Education Funding Agency (EFA), in the form of recurrent grants the use of which are restricted to particular purposes. The grants received from these parties during the period 1 September 2015 to 31 August 2016 and the associated expenditure against these grants are shown as restricted funds in the Statement of Financial Activities.

The Trust also receives grants for fixed assets from the DfE/EFA. In accordance with the Charities Statement of Recommended Practice "Accounting & Reporting by Charities (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ending 31 August, total revenue income was £16.9 million, set off by revenue expenditure of £17.8 million. The excess of expenditure over income for the period was therefore £904,000. This represents a revenue fall over the previous periods of £13.4 million due the fact that the 2015 statements included assets from the conversion of St Chad's Primary and the re-brokerage of Hipperholme & Lightcliffe Academy.

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

Overall the Trust's operational income for the period was £16.9 million which is £4.2 million higher than in the previous year due in part to the following;

- The recording of income at the Lightcliffe site in full for the year following its re-brokerage into the Trust in March 2015.
- Increased income from higher numbers of students on the Abbey Grange site.

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Trustees' Report (continued)

Financial Review (continued)

At 31 August 2016, the net book value of fixed assets stood at £28.1 million, with details of movements in the fund shown at Note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

During the period the Trust spent £2.84 million on fixed assets of which the majority £2.76 million were spent on the new extension at Abbey Grange. This was commissioned in early September 2016 and has provided the Academy with a new hall and 8 classrooms which are required by the school to cater for continued growth in pupil numbers. The income for this grant following the adoption of the FRS102 guidance has been accounted through a prior year adjustment, which is attached to the end of these financial statements and records this as income in the 2014/15 accounting year.

The provisions of the Financial Reporting Standard No 102 "Accounting for Pension Costs" have been applied in full, resulting in a significant increase in recognised deficit on the Balance Sheet of £4.5 million, which is up from the £1.6 million recorded in last year's financial statements.

The rationale behind this substantial change is a significant change in actuarial assumptions raised by the West Yorkshire Pension Fund's actuary AON Hewitt, which has resulted in an actuarial loss of £2.8 million.

The Academy held fund balances at 31 August 2016 of £23.8 million, comprising of the following:

Restricted Revenue Reserves of	£ (242,000)
Restricted Pension Reserves of	£(4,533,000)
Restricted Fixed Asset Reserves of	£27,957,000
Unrestricted Reserves of	£ 656,000

The revenue balances are made up as follows:

Abbey Grange	£ 335,000
Lightcliffe	£ (116,000)
St Chad's Primary	£ 195,000

The Trust are working with Lightcliffe Academy in order to reduce the deficit position that it inherited on re-brokerage in March 2015 of £49,000 which rose to £176,000 at the end of the last financial year. However following a period of restructuring of both the curriculum and staffing resources, coupled with strong control of non-pay expenditure, the Trust are very pleased that the Academy has reduced its deficit position to £116,000. In addition the Trust firmly expects this position to be improved further by the end of the 2016/17 as the Academy is budgeted to return a surplus for the year

The Trust, following a request from the Leeds Diocese, has also commenced working with the LEAF Academy Trust which is a failing Multi Academy Trust with the view towards re-brokering that Academy Trust within the Abbey Multi Academy Trust family of academies. The Chief Executive Officer and Director of Finance & Corporate Services have been providing the LEAF Academy Trust with support whilst the process

Abbey Multi Academy Trust

Trustees' Report (continued)

Financial Review (continued)

of re-brokerage is completed. The income associated with this work has been reflected within these financial statements.

Post Balance Sheet

In the period since the 31 August 2016, the following significant changes have taken place

- In mid-September the Trust was able to commission fully the new extension at the Abbey Grange site which is providing the Academy with a new Hall and 8 additional classrooms. This additional space will alleviate some overcrowding within the Academy, as well as supplying much needed additional space to cater for increased year groups over the coming years. The new facility provides high quality teaching accommodation and will therefore allow the Academy to look to refurbish existing accommodation to these high standards as funds allow.
- On 28 November 2016 Carol Kitson, CEO of the Trust and the Headteacher of Lightcliffe Primary School attended a meeting with the Leeds Diocesan Board of Education regarding the conversion of Lightcliffe Primary to an academy. The request was unanimously approved and both parties are now working towards the conversion process being completed in early Spring 2017. In addition, the Trust continues discussions with a number of other primary schools within the Diocese with a view to them joining the Trust.
- LEAF re-brokerage; the Trust has continued to work with the LEAF Academy Trust in order to finalise the re-brokerage. At their October Board meetings both Multi Academy Trusts agreed to support the process with the effect that the LEAF Board asked Mrs C Kitson to act as 'Defacto Interim Chief Executive' until the re-brokerage is completed. At the end of November 2017, the Trust was informed by the Department of Education that the request to transfer the LEAF Academy Trust, comprising of David Young Community Academy, Manston St James' Primary Academy and Rothwell CofE Primary Academy, were to be transferred to Abbey Multi Academy Trust with effect from 1 May 2017.

Principal Risks & Uncertainties

The Trust has in place sound risk management and assurance processes. Trustees believe that an effective risk management strategy is a matter of good organisational practice, lying at the heart of good management and effective governance. The principal risks and uncertainties are centred around changes in the level of funding from the DfE/EFA and the requirement to deliver surplus budgets in order to increase levels of reserves. In addition the Trust is a member of two Local Government Pension Schemes (LGPS) which results in the recognition of a significant deficit on the Trust's balance sheet.

The Directors continue to acknowledge that they live in ever uncertain times which have heightened their awareness of risk throughout the Trust and they have spent some time in discussing the risks and their approach to dealing with that risk.

Consequently the Directors believe that they are developing a robust and rigorous approach to the management of risk which will stand the Trust in good stead as it develops over the coming years. The major risks facing the Trust are deemed to be as follows:

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Trustees' Report (continued)

Principal Risks & Uncertainties

- **Proposed Re-Brokerage of the LEAF Academy Trust**

The Trust has been for some time in detailed discussions with the LEAF Academy, the Leeds Diocese as well as the EFA and Department for Education over the re-brokering of this struggling Multi Academy Trust. The LEAF Academy has been in difficulties for a number of years but this has increased since the departure of its Chief Executive at the end of 2015.

As a result the LEAF Academy is struggling both financially and educationally a fact heightened by the lead academy, The David Young Community Academy, being put into special measures following an Ofsted inspection in the autumn of 2015.

The Trust has been lending support to the LEAF Academy through a number of its senior staff engaging with them to offer advice and guidance where appropriate, whilst protracted negotiations carry on with both the EFA and Department for Education over the exact nature of the terms of the re-brokerage especially the financial support that LEAF will require.

The Directors have therefore identified the risk in two distinct guises, firstly the need for Senior Managers to continue supporting the failing Academy Trust with an ever increasing commitment, and the fact the continued delay in agreeing the date for re-brokerage is not only delaying the recovery of the LEAF Trust but is potentially deepening the problem, both academically and financially.

- **Future Growth of the Trust**

The Trust has been encouraged by the Leeds Diocese to expand the number of academies it has within its portfolio and has consequently begun to develop the infrastructure to deal with an enlarged Multi Academy Trust.

This has led to the creation of a financial strain on the current academies as the central charge is higher than all parties would like and is preventing the re-investment of surpluses into the development of enhanced facilities. Equally the Trust is determined to expand its range of services in order to fulfil its commitment to deliver outstanding educational provision

The risk remains that if the Trust is unable to grow in the next 12-18 months that there will become a significant strain on the finances of the Trust. The Trust sees the potential re-brokerage of the LEAF Academy as one such opportunity to grow the Trust, along with further discussions with other Diocesan primaries.

- **Finances**

The delay in the introduction of the National Fair Funding System, along with the failure by the Government to increase the unit of resources, has continued to put increased pressure on the Trust's finances as it has had to deal with the following changes to its cost base;

- Increased National Insurance Contributions, the Trust is now feeling the full impact of the recent increase in contributions.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties

- Increases in the minimum wage and pressure to adopt the 'Living Wage'. The Trust, as a faith based organisation, feel obligated to moving from the 'Minimum Wage' towards meeting the requirements for the higher 'Living Wage' for its lower paid staff despite the obvious cost pressures.

In addition the Trust will be faced with further employment cost pressures as a result of the following:

- Introduction of the Apprenticeship Levy. The proposed introduction of the levy in April 2017 will add annually over £50,000 to the Trust's current payroll costs.
- Increased Pension Contributions following the 2016 Tri-Annual Valuation of the Local Government Pension Scheme. The expected increase in contributions is around 1% from April 2017 but following increased volatility in pension accounting it may be higher.

The consequences of the above continue to put significant pressure on already tight budgets.

- **Capital Funding**

The Trust has been successful in obtaining capital funding to support the growth of students at its Abbey Grange site but, due to the complexities and competition involved in securing capital funding, it has been unable to secure funding for its Lightcliffe site which is urgently in need of significant investment due to failing infrastructure as a result of its past neglect prior to it being re-brokered by the Trust.

Without significant investment in the fabric of the building, there remains a significant risk that parts of the site will be subject to repeated failure resulting in the closure of parts of the Academy.

Equally the Trust is seeking to secure further capital funding to support the expansion of primary provision at its St Chad's site where demand for places for entry at Reception level is running currently at nearly 4 times the 30 places available. The Trust would very much like to meet some of this demand by increasing its places to 60 but it will require significant support from both the Local Authority and the Education Funding Agency (EFA) to achieve this.

- **Competition**

The Trust recognises that increased competition is now an integral part of the modern educational landscape as new providers are allowed to develop additional provision to meet a perceived gap in either capacity or quality. It does however see these new ventures as potential competition, particularly in the crowded 16-19 market in Leeds, where the development of new provision could put significant strain on its post 16 provision at Abbey Grange.

Equally the Trust wishes to expand its provision both at its Lightcliffe site and at St Chad's Primary to meet unmet demand in their local areas but it faces competition from other providers in the area who may also wish to expand.

Reserves Policy

The Directors review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

Abbey Multi Academy Trust

Trustees' Report (continued)

Principal Risks & Uncertainties

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £656,000. Directors plan to further increase the level of reserves long term, to provide a cushion for unexpected items of expenditure such as unplanned building repairs and unexpected staff sickness levels.

The long term target is 2 months of working capital which would amount to £1.25 million. Directors accept that this is a long term goal which may be difficult to achieve in the current challenging financial climate.

Investment Policy

The Trust invests surplus funds through term deposit accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risk to the principal sum.

Plans for Future Periods

The Trustees are committed to the future development of the Trust in terms of the following

- **Expansion**

The Trustees are committed to the expansion of the Trust but in a controlled manner so that a number of the pitfalls encountered by multi academy trusts who have experienced rapid growth are not repeated. The Trust has invested in additional resources to manage this proposed controlled increase in numbers

In the immediate future:

The Trust is committed to the re-brokerage of the LEAF Academy Trust, a small Church of England Multi Academy Trust consisting of a secondary and 2 primaries, which has struggled both academically and financially over recent years.

In addition, it is in discussion with other diocesan primaries with regard to them joining the Trust over the coming 12 months.

The Trust is also mindful of the need to assure recruitment for future teaching staff in a current environment of teaching shortage. To this end St Chad's Primary are leading a Schools' Direct programme for primary teaching with four other primary schools and a local Higher Education provider. Abbey Grange has been involved with Schools' Direct for a number of years, though this is led by another school. Abbey Grange is in the process of applying to become its own SCITT with the first recruitment to begin placement in September 2018.

- **Central Services**

- **Curriculum**

Following the addition of the Directorate of Effectiveness from September 2016, with a newly appointed Director, team of SLEs and Lead Practitioners who will focus on CPD and school improvement, the Trust is increasing its central curriculum support with the appointment of a Director of Performance & Standards, who joins the Trust in January 2017..The Director

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Trustees' Report (continued)

Plans for Future Periods

of Performance & Standards will help support the Trust with ongoing improvements in academic performance and self evaluation processes and, as a practising Ofsted Inspector, will assist the Trust with its future approach to Ofsted. Equally the inclusion within the Trust of additional primary schools will allow the Executive Principal (Primary) to work across the various primaries with a view to increasing standards across all schools/academies.

- **Support Services**

The Trust is currently developing its support services, so that they are in a position to provide the enlarged Trust with all of the required support services at a higher quality and lower cost. Over the coming months the emphasis will be on developing the scope and range of service so that the Trust can reduce its reliance of third party contracts, thus increasing the amount of resources available for curriculum delivery both centrally and in individual academies.

The enlarged Trust will also be able to use its increased size to seek improved procurement arrangements with its key suppliers, looking to source centrally with increased volumes.

- **Capital Developments**

With the projected enlargement highlighted above, the Trust will meet the requirements for "Devolved Capital Support", which will provide funds for the Trust to improve the fabric of its estate on an annual basis, giving increased clarity and certainty over proposed projects rather than having to bid for capital funds through the annual Condition Improvement Fund.

This Fund is heavily oversubscribed and it's highly prescriptive in its funding possibilities, thus meaning that even the neediest of projects might not receive funding. The Trust is therefore looking forward to being in control of its own resources so that they can be directed to those projects which would generate the most appropriate return both financially and more importantly academically

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the Company Directors, on 7 December 2017 and signed on the Board's behalf by:



Paul Whitman
Trustee

Abbey Multi Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Abbey Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material mis-statement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the CEO/Executive Principal as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management in accordance with the requirements and responsibilities assigned to it in the funding agreement between Abbey Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of a possible
K Stewart (Chair resigned 10.09.15)	1	1
P Whitman (Chair appointed 10.09.15)	4	5
T Mason	4	5
S Simkins	5	5
F Baker (Vice Chair)	5	5
C Pyrah	5	5
C J Kitson	5	5
J R Norden (Staff Trustee)	5	5
H Pratten (Staff Trustee)	5	5
P Laurence (appointed 10.09.15)	3	5
D Stratton (appointed 04.11.15)	5	5
Rev J Smith (appointed 20.01.16)	3	5

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor the financial position of the Trust and its individual academies and recommend appropriate remedial action where necessary. Also to ensure that the Trust is managing its wider resources in the most effective manner to facilitate the integration of new academies into the Trust and enhance the fabric of its estates.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
F Baker (Chair)	3	3
S Simkins	3	3
D Stratton	3	3
J Smith	2	3
H Pratten	3	3
J Norden	3	3
C Kitson	3	3

Abbey Multi Academy Trust

Governance Statement (continued)

The Audit and Risk Committee is also a sub-committee of the main Board of Trustees. Its purpose is to oversee the development of the Trust's Risk Management Policy and processes, using both internal and external audit functions to give assurance on this and the systems of internal control. This will then allow the Committee to give the Trust Board the assurance it required.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
S Simkins (Chair)	2	2
F Baker	2	2
D Stratton	1	2
H Pratten	1	2
J Norden	1	2
C Kitson	2	2

Review of Value for Money

As Accounting Officer, the CEO/Executive Principal has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

Working increasingly collectively so that some external contracts are now supported by internal staff.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Abbey Multi Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Abbey Multi Academy Trust

Governance Statement (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- to appoint TIAA Ltd as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a regular basis the auditor reports to the Board of Trustees, through the Audit and Risk Committee/Finance and Resources Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Abbey Multi Academy Academy Trust

Governance Statement (continued)

The Risk and Control Framework (continued)

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit & Risk Committee/Finance & Resources Committee and a plan to address weaknesses [if relevant] and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:



Paul Whitman
Trustee



Carol Kitson
Accounting Officer

Abbey Multi Academy Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Abbey Multi Academy Trust I have considered my responsibility to notify Abbey Multi Academy Trust's Board of Trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the Funding Agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook 2015.

I confirm that I, and the Board of Trustees, are able to identify any material irregularity or improper use of funds by the Trust or material non-compliance with the terms and conditions of funding under the Trust's Funding Agreement and the Academies' Financial Handbook 2015.

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



Carol Kltsen
Accounting Officer

7 December 2016

Abbey Multi Academy Trust

Statement of Trustees' Responsibilities

The Trustees (who act as Directors of Abbey Multi Academy Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 7 December 2016 and signed on its behalf by:



Paul Whitman
Trustee

Abbey Multi Academy Trust

Independent Auditors' Report on Regularity to Abbey Multi Academy Trust and the Education Funding Agency

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the trustees as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy Trust and the members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

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

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report including the incorporated strategic report for the year for which the financial statements are prepared is consistent with the financial statements.

Abbey Multi Academy Trust

Independent Auditors' Report on Regularity to Abbey Multi Academy Trust and the Education Funding Agency (continued)

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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Shaun Mullins, (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP
Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

22.12.2016

Abbey Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Abbey Multi Academy Trust and the Education Funding Agency (continued)

In accordance with the terms of our engagement letter dated 5 October 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Abbey Multi Academy Trust during the year 1 September 2015 to 31 August 2016 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 Abbey Multi Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Abbey Multi Academy Trust and the EFA those matters we are required to state to it 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 Abbey Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Abbey Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Abbey Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 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.

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

Abbey Multi Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Abbey Multi Academy Trust and the Education Funding Agency (continued)

A summary of the work we have undertaken is as follows:

- Planned our assurance procedures including identifying key risks;
- Carried out sample testing on controls;
- Carried out substantive testing including analytical review; and
- Concluded on procedures carried out.

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 year 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Reporting Accountant

Mazars LLP

Date 22.12.2016

Abbey Multi Academy Trust

Statement of Financial Activities

For the year ended 31 August 2016

(including Income and Expenditure Account)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 Restated £000
Income and endowments from:						
Donations and capital grants	3	29	15	83	127	3,133
Transfer from local authority on conversion	-	-	-	-	-	14,647
Charitable activities:						
Funding for the Trust's educational operations	4	34	15,725	-	15,759	11,520
Other trading activities	5	944	36	-	980	1,004
Investments	6	5	-	-	5	3
Total		1,012	15,776	83	16,871	30,307
Expenditure on:						
Raising funds	7					665
Charitable activities:						
The Trust's educational operations	7	784	15,871	939	17,594	12,851
Service costs		-	181	-	181	-
Total		784	16,052	939	17,775	13,516
Net Income/(expenditure)		228	(276)	(856)	(904)	16,791
Transfers between funds	14	-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses)/gains on defined benefit pension schemes			(2,787)		(2,787)	10
Net movement in funds		228	(3,063)	(856)	(3,691)	16,801
Reconciliation of funds						
Total funds brought forward		428	(1,712)	28,813	27,529	10,728
Total funds carried forward		656	(4,775)	27,957	23,838	27,529

Abbey Multi Academy Academy Trust

Balance Sheet as at 31 August 2016

Company Number 07705552

	Notes	2016 £000	2016 £000	Restated 2015 £000	Restated 2015 £000
Fixed assets					
Tangible assets	11		28,074		26,171
Current assets					
Debtors	12	801		2,886	
Cash at bank and in hand	21	672		1,272	
			<u>1,473</u>	<u>4,158</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(1,176)		(1,235)	
Net current assets			<u>297</u>		<u>2,923</u>
Total assets less current liabilities			<u>28,371</u>		<u>29,094</u>
Net assets excluding pension liability			<u>28,371</u>		<u>29,094</u>
Defined benefit pension scheme liability	24		(4,533)		(1,565)
Total net assets			<u>23,838</u>		<u>27,529</u>
Funds of the Trust:					
Restricted funds					
. Fixed asset fund	14	27,957		28,813	
. Restricted income fund	14	(242)		(147)	
. Pension reserve	14	(4,533)		(1,565)	
Total restricted funds			<u>23,182</u>		<u>27,101</u>
Unrestricted income funds	14		<u>656</u>		<u>428</u>
Total funds			<u>23,838</u>		<u>27,529</u>

The financial statements on pages 26 to 51 were approved by the Trustees and authorised for issue on 7 December 2016 and are signed on their behalf by:



Paul Whitman
Trustee

Abbey Multi Academy Academy Trust

Statement of Cash Flows for the year ended 31 August 2016

	Notes	2016 £000	Restated 2015 £000
Cash flows from operating activities			
Net cash provided used in/by operating activities	17	2,154	(1,960)
Cash flows from financing activities	18	5	3
Cash flows from investing activities	19	(2,759)	2,640
Cash transferred on conversion			327
Change in cash and cash equivalents in the reporting period		(600)	1,010
Cash and cash equivalents at 1 September 2015		1,272	262
Cash and cash equivalents at 31 August 2016	20	672	1,272

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of accounting policies

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

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Statement of Recommended Practice (SORP 2005), 'Accounting and Reporting by Charities' published in March 2005, the Academies' Accounts Direction 2015 – 2016 issued by the EFA, applicable accounting standards and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Abbey Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The Trustees assess whether the use of going concern is appropriate. This is whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of at least one year from the date of approval of the financial statements. The Trustees consider that Abbey Multi Academy Trust is a going concern for the next year based on forecasts they have approved.

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued

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

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

Sponsorship

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1 Statement of accounting policies (continued)

Donations

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

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

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1 Statement of accounting policies (continued)

- **Expenditure on Raising Funds**

This includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable Activities**

These are costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

• Freehold buildings	1.67% to 4%
• Long leasehold buildings	1.67% to 4%
• Fixtures, fittings and equipment	20%
• Computer hardware	20%
• Motor vehicles	20%

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.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1 Statement of accounting policies (continued)

Liabilities

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

Provisions

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

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

Leased Assets

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Pensions Benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

1 Statement of accounting policies (continued)

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education Funding Agency, Leeds City and Calderdale Councils.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Trust was not subject to any limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Assets £000	Total 2016 £000	Restated Total 2015 £000
Capital grants	-	-	83	83	3,097
Other donations	29	15	-	44	36
	<u>29</u>	<u>15</u>	<u>83</u>	<u>127</u>	<u>3,133</u>

4 Funding for the Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
DfE/EFA grants				
. General Annual Grant (GAG)	-	14,548	14,548	10,688
. Other DfE/EFA grants	-	811	811	455
	<u>-</u>	<u>15,359</u>	<u>15,359</u>	<u>11,143</u>
Other Government grants				
. Local authority grants	-	202	202	263
	<u>-</u>	<u>202</u>	<u>202</u>	<u>263</u>
Other income from the Trust's educational operations	34	164	198	114
	<u>34</u>	<u>15,725</u>	<u>15,759</u>	<u>11,520</u>

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	11	-	11	36
Sports Centre	75	-	75	81
Catering	481	-	517	436
Supply Teacher insurance	23	36	23	36
Educational Visits	254	-	254	312
Other	100	-	100	103
	<u>944</u>	<u>36</u>	<u>980</u>	<u>1,004</u>

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	5	-	5	3
	<u>5</u>	<u>-</u>	<u>5</u>	<u>3</u>

7 Charitable activities

	Staff Costs £000	Premises £000	Other £000	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	11,197	898	1,429	13,524	9,821
Support costs – educational operations	1,839	448	1,964	4,251	3,030
Total	13,036	1,346	3,393	17,775	12,851

Net income (expenditure) for the period includes:

	Total 2016 £000	Total 2015 £000
Depreciation	939	665
Fees payable to auditor for:		
- audit	16	15
- other services	5	2

Analysis of support costs

	Total 2016 £000	Total 2015 £000
Support staff costs	1,839	1,576
FRS 17 – Service Cost	128	92
FRS 17 – Finance Cost	53	(58)
Depreciation	110	108
Recruitment	94	106
Maintenance	244	238
Cleaning	78	23
Rent and rates	65	91
Energy	321	166
Insurance	100	143
Transport	44	51
Catering	432	-
Bank Charges	10	10
Governance Cost	32	85
Other	701	399
Total support costs	4,251	3,030

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

8 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	10,128	7,953
Social security costs	837	547
Operating costs of defined benefit pension schemes	1,421	989
	<u>12,386</u>	<u>9,489</u>
Supply staff costs	557	20
Staff restructuring costs	93	232
	<u>650</u>	<u>252</u>
	<u>13,036</u>	<u>9,741</u>
Staff restructuring costs comprise:		
Redundancy payments	69	105
Severance payments	8	127
Other restructuring costs	16	-
	<u>93</u>	<u>232</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is one non-contractual severance payment (2015:9) totalling £2,352 (2015: £127,020).

c. Staff numbers

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

	2016 No.	2015 No.
Teacher	179	173
Administration and support	205	175
Management	38	17
	<u>422</u>	<u>365</u>

d. Higher paid staff

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

	2016 No.	2015 No.
£60,001 - £70,000	3	2
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£100,000 - £130,000	1	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the Senior Management Team as listed on Page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £520,000 (2015: 287,000).

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

9 Related Party Transactions – Trustees' remuneration and expenses

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

Other Trustees did not receive any payments from the Trust in respect of their services as Trustees.

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

C Kitson (Chief Executive Officer and Director):

Remuneration £127,437 (2015: £119,800)

Employer's pension contributions paid £21,002 in 2015 (£17,054)

J R Norden (Staff Trustee):

Remuneration £88,984 (2015: £82,116)

Employer's pension contributions paid £14,665 in 2015 (£11,691)

H Pratten (Staff Trustee):

Remuneration £64,715 (2015: £52,617)

Employer's pension contributions paid £10,665 (2015: £7,419)

During the period ended 31 August 2016, travel and subsistence expenses totalling £nil were reimbursed or paid directly to Trustees (2015: nil).

10 Trustees' and Officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was £2,210 (2015: £4,306). The cost of this insurance is included in the total insurance cost.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

11 Tangible fixed assets

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Assets under construction £000	Furniture & Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
Cost							
At 1 September 2015	19,554	9,497	-	365	396	31	29,843
Additions	29	(3)	2,758	19	39	-	2,842
Disposals							
At 31 August 2016	19,583	9,494	2,758	384	435	31	32,685
Depreciation							
At 1 September 2015	2,427	684	-	233	304	19	3,667
Charged in year	568	267	-	53	50	6	944
Disposals							
At 31 August 2016	2,995	951	-	286	354	25	4,611
Net book values							
At 31 August 2015	17,128	8,812	-	132	92	12	26,176
At 31 August 2016	16,588	8,543	2,758	98	81	6	28,074

Long leasehold land and buildings represent land owned by the Church of England and held on Trust by the Leeds Diocese (formerly West Yorkshire & the Dales) Board of Finance. The land and buildings have been made available to the Trust under a supplemental agreement between the Leeds Diocesan Board of Finance and the Trust for as long as the Trust conforms to terms of the Trust deed.

The gross book value of freehold and long leasehold and buildings includes land with a value of £3,363,000 which is not depreciated.

12 Debtors

	2016 £000	Restated 2015 £000
Trade debtors	13	10
VAT recoverable	199	211
Other debtors	163	25
Prepayments and accrued income	426	2,640
	801	2,886

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

13 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	193	488
EFA creditor: abatement of GAG	86	115
Other creditors	22	14
Accruals and deferred income	875	618
	<u>1,176</u>	<u>1,235</u>

Deferred income	2016 £000	2015 £000
Deferred income at 1 September 2015	250	146
Released from previous years	(250)	(146)
Resources deferred in the year	295	250
Deferred Income at 31 August 2016	<u>295</u>	<u>250</u>

At the balance sheet date the Trust was holding funds received in advance for lettings booked for the autumn term 2016.

In addition the Trust is in receipt of £180,000 (2015 £131,000) in respect of future trips, as well as £114,000 (£109,000) for grants for future periods. £13,000 (£10,000) for school meals.

14 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	(147)	14,548	(14,643)	-	(242)
Pupil Premium	-	578	(578)	-	-
Other grants	-	633	(633)	-	-
Pension reserve	(1,565)		(181)	(2,787)	(4,533)
	<u>(1,712)</u>	<u>15,759</u>	<u>(16,035)</u>	<u>(2,787)</u>	<u>(4,775)</u>
Restricted fixed asset funds					
Transfer on conversion	25,037	-	(783)		24,254
EFA capital grants	3,529	66	(136)		3,459
Capital expenditure from GAG	247	-	(20)		227
Diocese Capital Grants	-	17			17
	<u>28,813</u>	<u>83</u>	<u>(939)</u>		<u>27,957</u>
Total restricted funds	<u>27,101</u>	<u>15,842</u>	<u>(16,974)</u>	<u>(2,787)</u>	<u>23,182</u>
Total unrestricted funds	<u>428</u>	<u>1,012</u>	<u>(784)</u>	<u>-</u>	<u>656</u>
Total funds	<u>27,529</u>	<u>16,871</u>	<u>(17,775)</u>	<u>(2,787)</u>	<u>23,838</u>

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

Fixed Asset Fund

EFA

The Trust has received grant funding from the EFA (Education Funding Agency) in respect of a range of projects including the development of a new hall and teaching block.

Diocese

The Trust has received monies from the Leeds Diocese for work at St Chad's Primary. The Trust is currently looking at projects to spend it on.

15 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	28,074	28,074
Current assets	656	517	300	1,473
Current liabilities	-	(759)	(417)	(1,176)
Pension scheme liability	-	(4,533)	-	(4,533)
Total net assets	656	(4,775)	27,957	23,838

16 Commitments under operating leases

Operating leases

At 31 August 2016 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Amounts due within one year	67	130
Amounts due between one and five years	55	62
	122	192

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The Trust is carrying a net deficit of £144,000 on restricted general funds (excluding pension reserve) as a result of historic losses at its Lightcliffe Academy over recent years. The Trust is now supporting Lightcliffe Academy to re-position itself financially so that it can remove this deficit over the next two to three years. Lightcliffe Academy has returned a small surplus in the current financial year and is planned to return a further surplus in 2016/17. The Trust is looking for Lightcliffe Academy to have cleared its recurrent deficit by the end of the 2018/19 financial year.

17 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016 £000	2015 £000
Net gift of non-cash assets from predecessor school	-	(14,568)
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(904)	16,791
Adjusted for:		
Cash transferred on conversion	-	(327)
Depreciation [note 11]	939	675
Capital grants from DfE and other capital income	(83)	(2953)
Interest receivable [note 6]	(5)	(3)
Defined benefit pension scheme obligation inherited		
Defined benefit pension scheme cost less contributions payable [note 24]	128	92
Defined benefit pension scheme finance cost [note 24]	53	(58)
Decrease/(Increase) in debtors	2,085	(2,545)
(Decrease)/Increase in creditors	(59)	936
Net cash provided by / (used in) Operating Activities	2,154	(1,960)

18 Cash flows from financing activities

	2016 £000	2015 £000
Interest received	5	3
Net cash provided by financing activities	5	3

19 Cash flows from investing activities

	2016 £000	2015 £000
Purchase of intangible fixed assets		
Purchase of tangible fixed assets	(2,842)	(313)
Capital grants from DfE/EFA	66	2953
Capital funding received from sponsors and others	17	
Net cash provided by/ (used in) investing activities	(2,759)	2,640

20 Analysis of cash and cash equivalents

	At 31 August 2016 £000	At 31 August 2015 £000
Cash in hand and at bank	672	1,272
Total cash and cash equivalents	672	1,272

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

21 Members liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10.00 for the debts and liabilities contracted before he/she ceases to be a member.

22 Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account:

The Diocese of Leeds (formerly the Diocese of West Yorkshire & the Dales) where the Director of Education regularly attends Trust Board meetings as a member, transactions amounted to £9,312.52 (2015: £310) in respect of subscriptions and room hire.

Leeds Faith in Schools, where a Trust Director, the Reverend Jude Smith, is a Trustee, transactions amounted to £5,712.50 (2015: £5,172.50) in respect of the provision of faith related services.

The Directors considered that all of the above transactions are inkeeping with the activities of the Trust especially a faith based organisation such as Abbey Multi Academy Trust.

23 Agency arrangements

The Trust administers funds on behalf of the EFA in respect of bursaries for Post 16 students, the analysis of funds area as follows:

	Total 2016 £000
Bursary grants received	63
5% Admin Fee	(3)
Expenditure incurred	<u>(38)</u>
Amount reflected in Creditors	22

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

24 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

The employer's pension costs paid to TPS in the period amounted to £1,815,000 (2015: £717,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £426,000 (2015: £341,000), of which employer's contributions totalled £284,000 (2015: £234,000) and employees' contributions totalled £142,000 (2015: £51,000). The agreed contribution rates for future years are 12.4 per cent for employers and a variable rate for employees based upon earnings.

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

Principle actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment/inflation	3.1%	3.1%
Discount rate for scheme liabilities	2.0%	3.8%
Inflation assumption (CPI)	2.0%	2.0%

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.0	27.8

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	4,924	2,210
Government Bonds	735	455
Corporate Bonds	275	816
Cash	92	230
Others	216	1,144
Property	315	372
Total market value of assets	6,557	5,227

The actual return on scheme assets was £1,016,000 (2015: (£55,000))

Amount recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	128	92
Net interest cost	53	(58)
Total operating charge	181	34

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

	2016 £000	2015 £000
At 1 September	6,792	2,426
Current service cost	436	326
Interest cost	258	178
Employee contributions	141	107
Actuarial loss/(gain)	3,598	(306)
Benefits paid	(135)	(42)
Net increase in liabilities from acquisition	-	4,103
At 31 August	11,090	6,792

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

	2016 £000	2015 £000
At 1 September	5,227	1,907
Interest income		3,081
Return on plan assets (excluding net interest on the net defined pension liability)	205	236
Actuarial gain/(loss)	811	(296)
Employer contributions	308	234
Employee contributions	141	107
Benefits paid	(135)	(42)
Plan introductions, benefit changes, curtailments and settlements		
At 31 August	6,557	5,227

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

25 Central Services

The Trust has provided the following Central Services to its Academies during the year in respect of:

- Executive Headship
- Financial Management
- IT and Estates Support
- HR Support and Guidance

Recharges of actual costs are calculated on an individual basis depending on the needs of the individual Academy.

The actual amounts charged during the year were as follows:

	Total 2016 £000	Total 2015 £000
Abbey Grange CofE Academy	121	-
Lightcliffe Academy	178	106
St Chad's Primary CofE Academy	35	30
	<u>334</u>	<u>136</u>

26 Total funds analysis by the Trust

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Abbey Grange CofE Academy	335	287
Lightcliffe Academy	(116)	(186)
St Chad's Primary CofE Academy	195	180
Total before fixed assets and pension reserve	414	281
Restricted fixed asset fund	27,957	28,813
Pension reserve	(4,533)	(1,565)
Total	<u>23,838</u>	<u>27,529</u>

The Trust is working with Lightcliffe Academy to address the current net deficit of £116,000 to ensure that it can return to a surplus position within the next 2-3 years. The action it has taken has been to restructure the staffing compliment of Lightcliffe Academy as well as restricting non-pay expenditure. Lightcliffe Academy is forecast to return a small surplus in 2016/17 with a larger surplus forecast in 2017/18 and 2018/19 as student numbers increase due to strong recruitment in Years 7 and 12.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

27 Total cost analysis by Academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2016 £000	Total 2015 £000
Abbey Grange CofE Academy	5,000	728	255	1,546	7,529	7,725
Lightcliffe Academy	4,955	1,207	460	978	7,600	4,237
St Chad's CofE Primary Academy	786	95	44	182	1,107	927
Trust Services	167	98	-	154	419	
Total	10,908	2,128	759	2,860	16,655	12,889

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

28 Explanation of transition to FRS102

Reconciliation of total funds	Notes	1 Sept 2015 £000	31 Aug 2015 £000
Total funds under previous UK GAAP		-	25,321
Change in recognition of LGPS interest cost	A	-	24
Change in actuarial loss			(24)
Total funds reported under FRS 102		-	<u>25,321</u>

Reconciliation of net income/(expenditure)	Notes	31 Aug 2015 £000
Net income/(expenditure) previously reported under UK GAAP		14,583
Change in recognition of LGPS interest cost	A	24
Change in actuarial loss	A	(24)
Net movement in funds reported under FRS 102		<u>14,583</u>

Note A – Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £24k and reduce the debit in other recognised gains and losses in the SoFA by an equivalent amount.

The Statement of Financial Activities for 2015 has been restated in line with FRS102.

Abbey Multi Academy Trust

Notes to the Financial Statements for the year ended 31 August 2016

Statement of Financial Activities (restated for FRS102)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000	Total 2014 £000
Income and endowments from:						
Donations and capital grants		-	180	2,953	3,133	46
Transfer from local authority on conversion		87	(1,022)	15,582	14,647	-
Charitable activities:						
Funding for the Trust's educational operations		-	11,520	-	11,520	6,442
Other trading activities		1,004	-	-	1,004	590
Investments		3	-	-	3	1
Total		1,094	10,678	18,535	30,307	7,079
Expenditure on:						
Raising funds		665	-	-	665	334
Charitable activities:						
The Trust's educational operations		295	11,881	675	12,851	6,877
Total		960	11,881	675	13,516	7,211
Net income/(expenditure)		134	(1,203)	17,860	16,791	(132)
Transfers between funds		-	-	-	-	-
Other recognised gains / (losses):						
Actuarial (losses)/gains on defined benefit pension schemes		-	10	-	10	135
Net movement in funds		134	(1,193)	17,860	16,801	3
Reconciliation of funds						
Total funds brought forward		294	(519)	10,953	10,728	10,725
Total funds carried forward		428	(1,712)	28,813	27,529	10,728

29 Prior Period Adjustment

These financial statements have been re-stated to reflect the recognition in full of the Condition Improvement Fund grant awarded to the Trust in March 2015. This was in respect of building work to be undertaken at Abbey Grange Church of England Academy. This has had the impact of increasing income in 2015 by £2,208k.