

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

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VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members

Noel Dunne
Andrew Morrish
Lynn Richardson
Rob Elkington
Gurinder Singh Josan

Trustees

Noel Dunne
Rob Elkington
Ninder Johal (resigned 4 December 2015)
Gurinder Singh Josan, Chair from 6 October 2016
Andrew Morrish, Chief Executive
Lynn Richardson, Chair to 6 October 2016 (resigned 6 October 2016)
Deidre Leeming (appointed 6 October 2016)

Company registered number

07887796

Company name

Victoria Academies Trust

Principal and Registered office

Victoria Academies Trust
Ballot Street
Smethwick
West Midlands
B66 3HH

Company secretary

Pauline Perla

Chief executive officer

Andrew Morrish

Executive leadership team

Andrew Morrish, Chief Executive
Kate Fowler, Executive Headteacher
Sharron Philpot, Executive Headteacher
Hayley Mapp, Head of School
Matt Smith, Headteacher
Sharon Gibson, Head of School
Sandra Pennington, Head of School
Louise Fowler, Director Teacher and Learning
Lisa Worgan, Director Curriculum and Innovation
Tarun Chotai, Director Finance and Operations

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Independent auditor

Crowe Clark Whitehill LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

Lloyds Bank
Solihull Business Centre
Shirley
Solihull
West Midlands
B90 3BW

Solicitors

Anthony Collins Solicitors
145 Edmund Street
Birmingham
West Midlands
B3 2ES

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and Auditor's Report of the charitable company for the 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 5 primary Academies in the Midlands, specifically in Smethwick, Stafford and Birmingham. Its Academies have a combined pupil capacity of 1710 pupils (excluding nursery) and had a roll of 1582 in the school census on 1 October 2016. This report covers 5 academies within the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a charitable company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Victoria Academies Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Victoria Academies Trust.

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

Members' liability

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

Trustees' indemnities

The Trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Trust also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

The Trustees are recruited by the Members who will determine the recruitment process, ensuring that the skills and experience of potential candidates are matched to the requirements of the Board.

Policies and procedures adopted for the induction and training of Trustees

Induction training is provided for new Trustees from Anthony Collins Solicitors.

VICTORIA ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Organisational structure

The Trustees assume full responsibility for overseeing the strategic direction of the Trust. The Directors will be accountable for the entire business operation of the Trust. The strategic direction for each individual Academy will be set by a local governing body that will be responsible for all elements of governance at the school. Although the Board will have overall control of the Trust, it is important that at the local level Academies are free to self-govern. Such local governance will include holding the Academy to account, challenge and support as well as improvement planning. This is set out in the scheme of delegation and may vary from school to school. The Chief Executive assumes the role of Accounting Officer.

Pay policy for key management personnel

Remuneration of key management personnel is agreed by Directors; there is an agreed staffing structure and for each post there is an agreed salary range which staff can progress through by successful performance management. The Academy Trust follows the national salary ranges for teachers and National Joint Council (NJC) pay ranges and Local Council Single Status grading structure for support staff.

Connected organisations, including related party relationships

No related party transactions took place in the period of account (2015: £nil), other than certain trustees' remuneration and expenses already disclosed in note 13.

OBJECTIVES AND ACTIVITIES

Objects and aims

1. To be a healthy, sustainable and high-performing Trust that is a leader both nationally and internationally in the education space.
2. To ensure that all member schools are outstanding and are beacons of innovations, excellence and social enterprise.
3. To be the market leader in transforming failing schools into world-class sponsored academies.

VICTORIA ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

Victoria Academies was founded in June 2014 and is a multi-academy trust currently consisting of six primary schools in the West Midlands. Each academy is within a thirty minute drive from the sponsor and national support school, Victoria Park Academy in Smethwick. In addition to the lead school, the trust consists of three partner schools: Devonshire Infant Academy, Smethwick; Devonshire Junior Academy, Smethwick, and; Northfield Manor Academy, Birmingham. Our two sponsored academies are Rowley Park Academy, Staffordshire (who joined in September 2014) and Fibbersley Park Academy, Walsall (October 2016).

The trust also provides initial teacher training (ITT) through Central England Teacher Training, a SCITT based at Victoria Park Academy.

Our **core purpose** when creating the trust remains and is to provide high quality school-to-school support by transforming new sponsored schools that were in special measures.

As an organisation we have a strong sense of Mission, Objective, Strategy and Tactics. We use the MOST model to structure our annual Strategic Plan. The plan is written by members of the Executive Leadership Team and Trustees and is published in late autumn each year.

As a trust our **mission** is simple: To make us all become the best we can be. This includes our students, their families, our staff and our governors. This is why we exist as a multi-academy trust and is transversal and perennial.

In order to achieve this we have a single **objective**, or ultimate goal in the longer term: To create a transformative family of standout schools who share a passion for excellence and innovation. Our **strategy** for achieving this objective is three-fold: (1) Great schools; (2) Great services, and; (3) Great capacity. For each strategy we have a number of activities (or tactics) that are detailed in our annual Strategic Plan.

To help us achieve our objective, we have five core values that drive all that we do. These are based around the Latin word 'Fides', meaning to trust:

- Focus on family
- Insist on excellence
- Do good as you go
- Embrace innovation
- Seize Success.

We expect all our academies to subscribe to these core values as outlined in 'Trust Us: Making Our Values Happen' (published February 2016).

During 2015/16 we had a number of strategic priorities identified in our Annual Plan around:

- Teaching and learning
- Leadership and impact
- Governance
- Financial security
- Human resources
- Assets and premises
- Expansion and growth
- Partners and collaboration
- Commercial interests and ventures

VICTORIA ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on the public benefit published by the Charity Commission in exercising their powers and duties.

Strategic Report

ACHIEVEMENTS AND PERFORMANCE

One of our key objectives is to transform schools, especially those that we sponsor. Our first sponsor school has been with us now for two years and the transformation has been remarkable. The school now has full delegated powers and is very well-placed to receive a positive inspection outcome. During summer 2016 we agreed to sponsor our second local primary school and they joined the trust in October of this year (bringing with it sponsor capacity funding).

Our first annual MAT conference was a success and allowed us to bring together all the staff and to celebrate and share best practice. At the event in Birmingham we launched our 'Trust Us' values publication that forms the basis of everything that we do and drives school- and systems-led improvement. Our trust-wide networks go from strength to strength and we have a number of Associate Leaders in place from our existing schools.

The trust continues to enjoy a good reputation both on the national and international stage, including as far afield as Sydney, Australia (where the CEO was invited to keynote). In July the DfE published its first ever set of 'league tables' for multi-academy trusts and we were delighted to be named as one of the best performing trusts at Key Stage 2 (those trusts that are significantly above average for both pupil progress and improvement added).

It is always problematic taking an aggregated view of trust effectiveness by relying solely on end of key stage assessment data, especially as there will always be academies joining the trust in special measures. However, overall our performance in the new 2016 tests was strong. Attainment across all schools is in-line with national averages which is a worthy achievement when taking into account pupils' starting points which in most cases are well below age-related expectations. It is even more impressive taking into account that our sponsored academy a year earlier was in special measures and significantly below the floor standard. 53% of our pupils achieved the required standard in English and maths combined which is identical to the national average. Our overall progress measure is +0.1 which is above the national average of zero.

Our new SCITT (Central England Teacher Training) opened its doors to students for the first time in September 2015 and we trained 22 new primary teachers. Five of these are now employed within the trust.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

KEY PERFORMANCE INDICATORS

The main objectives of the Trust were:

1. To sponsor an Academy and ensure that it improves rapidly and sustainably;
2. To increase the size of the trust in order to increase capacity for further growth;
3. To ensure the delivery of high quality core services.

The board continue to drive the Strategic Plan and good progress was made against each of our 24 Key Performance Indicators. Our educational KPIs were met in full ensuring that all pupils continue to achieve well including those in the school that we sponsor. Teaching remains a strength across the trust and we are able to rely on a number of staff across the MAT to support in each other's schools to drive improvement. A key priority this year has been to improve financial robustness and the appointment of our first Director of Finance was instrumental. As a result, we were able to improve financial oversight and accountability especially at constituent academy level as well as across the trust as a whole. In spring we installed industry standard financial management software that ensures financial controls are rigorous and robust. In addition, we made several new appointments to the central finance team at the same time as reviewing the role and deployment of business managers to improve efficiency in each academy. At the board's request, one of our academies underwent a formal external review of governance, the outcome of which was 'sound'. All local governing bodies continue to review their governance on an annual basis.

Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the 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.

VICTORIA ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

FINANCIAL REVIEW

Victoria Academies Trust's primary source of funding comes via the EFA in way of the General Annual Grant. The expenditure incurred is mainly staff costs; however, it also utilises the grant to maintain the buildings and provide resources.

Pupil Premium is used to provide a variety of intervention strategies in each school. The most recent reports on spending can be found on each school's website.

The Trust has also received grants for capital works from the EFA, which are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund is reduced by a depreciation charge over the useful life of the assets as defined in the finance policy.

The main sources of income for the Trust are grants from the Department for Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for capital expenditure from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by an annual depreciation charge over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the year ended 31 August 2016, total expenditure of £10,477,545 was covered by recurrent grant funding from the DfE together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds) was £161,210. These figures exclude the actuarial gains and losses on the Local Government Pension Scheme (see note 21 to the accounts).

At 31 August 2016 the net book value of fixed assets was £11,374,812 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Reserves policy

The Academy Trust is not yet in a position to determine what level of reserves are required and this will be reviewed in the upcoming years.

The free reserves of the Academy Trust are £947,623 (2015: £956,150).

The Trustees have reviewed these reserves and believe they are adequate to provide sufficient working capital for the Academy Trust to continue to operate within its financial resources, to cover unexpected urgent work and possible investment for trust expansion.

VICTORIA ACADEMIES TRUST
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Investment policy and performance

The Trustee Body is responsible for setting investment policy. This day to day responsibility for managing this function is delegated to the Director of Finance and Operations. In the current economic climate of reducing income, with low interest rates, and in view of the capital projects undertaken by the Academy Trust, the majority of funds have been held in the Academy current accounts.

Principal risks and uncertainties

The Board receive a summary of risks through the CEO's report on a periodic basis with advice been sought from external advisers as required. The principal risk is the under capacity of pupils at Rowley Park Academy, lagged funding and the impact this has on the Trust's reserves and other schools within the Trust.

PLANS FOR FUTURE PERIODS

Our 2016-17 strategic plan identifies a number of published strategic targets. These include:

- i. i. To improve teaching through action research and continued self-professional development
- ii. To improve leadership at all levels through the development of internal capacity and identification of future talent
- iii. To improve the challenge-based curriculum through real, immersive and purposeful learning
- iv. To improve rigour and self-regulation through self-improving schools
- v. To improve achievement through accelerated progress and attainment
- vi. To improve the quality of ITT through ensuring a good inspection outcome (see separate Strategic Plan)
- vii. To improve long term financial viability and security through greater controls
- viii. To improve school buildings and admissions through planned expansions
- ix. To improve capacity to grow through the development of a trust-wide self-regulation and review framework
- x. To improve capacity to increase trust membership through careful succession planning

Other than Fibbersley Park Academy who joined us in October 2016, we have no plans to increase the size of the MAT during this period (2016/17). However, we anticipate several new schools joining the trust from 1st September 2017 onwards in line with our growth strategy.

Finally, we aim to consolidate our work within the SCITT as we prepare for its first ITE Ofsted inspection in summer 2017.

Funds held as custodian

There are no Funds held as Custodian Trustee on behalf of others.

AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing bursary funds from government bodies. Payments received and subsequent disbursements are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report was approved by order of the Board of Trustees as the company directors, on 9 December 2016 and signed on its behalf by:



Gurinder Singh Josan
Chair of Trustees

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Victoria Academies 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 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| Noel Dunne | 3 | 5 |
| Rob Elkington | 4 | 5 |
| Ninder Johal | 0 | 1 |
| Gurinder Singh Josan, Chair from 6 October 2016 | 5 | 5 |
| Andrew Morrish, Chief Executive | 5 | 5 |
| Lynn Richardson, Chair to 6 October 2016 | 4 | 5 |
| Deidre Leeming | 0 | 0 |

Review of Value for money

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available.

Reallocation of staffing resources across Trust schools, which has prevented the need to increase headcount.

Transformation of finance system, processes and procedures through the introduction of new accounting software, budget planning software, centralised finance function.

Governance Reviews

At the board's request, one of our academies underwent a formal external review of governance, the outcome of which was 'sound'. All local governing bodies continue to review their governance on an annual basis.

VICTORIA ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Victoria Academies Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 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 Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Crowe Clark Whitehill LLP, the external auditor, to perform additional checks.

The auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a biannual basis, the auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. In particular the checks carried out in the current period included:

- payroll systems
- purchase systems
- fixed assets
- cash controls
- income
- testing of control account/ bank reconciliations


VICTORIA ACADEMIES TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Victoria Academies Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy 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 Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 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.



Andrew Morrish
Accounting Officer

Date: 9 December 2016

VICTORIA ACADEMIES TRUST
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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, the Chief Executive 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 9 December 2016 and signed on their behalf, by:



Gurinder Singh Josan
Chair of Trustees



Andrew Morrish
Accounting Officer

VICTORIA ACADEMIES TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as Governors of Victoria Academies 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 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 the 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 9 December 2016 and signed on its behalf by:



Gurinder Singh Josan
Chair of Trustees

VICTORIA ACADEMIES TRUST
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
VICTORIA ACADEMIES TRUST**

We have audited the financial statements of Victoria Academies Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure Account, 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

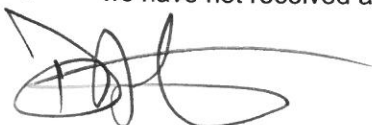
VICTORIA ACADEMIES TRUST
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
VICTORIA ACADEMIES TRUST**

Matters on which we are required to report by exception

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

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



Dave Darlaston (Senior Statutory Auditor)

for and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
9 December 2016

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VICTORIA
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 June 2015 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 Victoria Academies 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 Victoria Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Victoria Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Victoria Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Victoria Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Victoria Academies Trust's funding agreement with the Secretary of State for Education dated 1 April 2012, 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 or that the financial transactions do not conform to the authorities which govern them.

Approach

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

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO VICTORIA
ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

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 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

9 December 2016

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Buildings inherited from local authority on conversion | 2 | - | - | - | - | 7,309,000 |
| Pension inherited from local authority on conversion | 2 | - | - | - | - | (2,913,000) |
| Funds inherited from local authority on conversion | 2 | - | - | - | - | 775,620 |
| Other donations and capital grants | 2 | 440 | - | 157,455 | 157,895 | 209,197 |
| Charitable activities | 3 | 238,159 | 9,537,730 | - | 9,775,889 | 7,504,788 |
| Other trading activities | 4 | 136,067 | - | - | 136,067 | 104,487 |
| Investments | 5 | 2,108 | - | - | 2,108 | 1,052 |
| TOTAL INCOME | | 376,774 | 9,537,730 | 157,455 | 10,071,959 | 12,991,144 |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | 501,613 | 9,698,940 | 276,992 | 10,477,545 | 7,897,177 |
| TOTAL EXPENDITURE | 6 | 501,613 | 9,698,940 | 276,992 | 10,477,545 | 7,897,177 |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | (124,839) | (161,210) | (119,537) | (405,586) | 5,093,967 |
| Transfers between Funds | 17 | - | (179,478) | 179,478 | - | - |
| NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES | | (124,839) | (340,688) | 59,941 | (405,586) | 5,093,967 |
| Actuarial losses on defined benefit pension schemes | 21 | - | (3,106,000) | - | (3,106,000) | (118,000) |
| NET MOVEMENT IN FUNDS | | (124,839) | (3,446,688) | 59,941 | (3,511,586) | 4,975,967 |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | 956,150 | (4,697,000) | 11,314,871 | 7,574,021 | 2,598,054 |
| TOTAL FUNDS CARRIED FORWARD | | 831,311 | (8,143,688) | 11,374,812 | 4,062,435 | 7,574,021 |

The notes on pages 23 to 45 form part of these financial statements.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07887796

BALANCE SHEET
AS AT 31 AUGUST 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|--|------|--------------------|--------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 11,374,812 | | 11,314,871 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 417,046 | | 501,297 | |
| Cash at bank and in hand | | 1,258,972 | | 1,099,597 | |
| | | <u>1,676,018</u> | | <u>1,600,894</u> | |
| CREDITORS: amounts falling due within one year | 16 | (728,395) | | (644,744) | |
| NET CURRENT ASSETS | | | 947,623 | | 956,150 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 12,322,435 | | 12,271,021 |
| Defined benefit pension scheme liability | 21 | | <u>(8,260,000)</u> | | <u>(4,697,000)</u> |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u>4,062,435</u> | | <u>7,574,021</u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted funds: | | | | | |
| Restricted funds | 17 | 116,312 | | - | |
| Restricted fixed asset funds | 17 | 11,374,812 | | 11,314,871 | |
| Restricted funds excluding pension liability | | 11,491,124 | | 11,314,871 | |
| Pension reserve | | <u>(8,260,000)</u> | | <u>(4,697,000)</u> | |
| Total restricted funds | | | 3,231,124 | | 6,617,871 |
| Unrestricted funds | 17 | | 831,311 | | 956,150 |
| TOTAL FUNDS | | | <u>4,062,435</u> | | <u>7,574,021</u> |

The financial statements were approved by the Trustees, and authorised for issue, on 9 December 2016 and are signed on their behalf, by:



Gurinder Singh Josan
Chair of Trustees

The notes on pages 23 to 45 form part of these financial statements.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | <u>336,745</u> | <u>867,111</u> |
| Cash flows from investing activities: | | | |
| Bank interest | | 2,108 | 1,052 |
| Purchase of tangible fixed assets | | (336,933) | (230,404) |
| Capital grants from DfE/EFA | | <u>157,455</u> | <u>101,790</u> |
| Net cash used in investing activities | | <u>(177,370)</u> | <u>(127,562)</u> |
| Change in cash and cash equivalents in the year | | 159,375 | 739,549 |
| Cash and cash equivalents brought forward | | <u>1,099,597</u> | <u>360,048</u> |
| Cash and cash equivalents carried forward | | <u><u>1,258,972</u></u> | <u><u>1,099,597</u></u> |

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Victoria Academies Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Victoria Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Victoria Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 26.

1.2 COMPANY STATUS

The Academy Trust is a company limited by guarantee. The Academy is incorporated in England & Wales, registered number 07887796. The registered office is Victoria Academies Trust, Ballot Street, Smethwick, West Midlands, B66 3HH. The members of the company are the Trustees named on page 1. In the event of the Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy Trust.

1.3 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities Incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

1.5 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.

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

All resources expended are inclusive of irrecoverable VAT.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 Incorporating Income and Expenditure Account 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 Incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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 Incorporating Income and Expenditure Account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|--------------------------------|---|-------------------|
| Freehold property | - | 1% Straight line |
| Freehold property improvements | - | 20% Straight line |
| Motor vehicles | - | 10% Straight line |
| Fixtures and fittings | - | 20% Straight line |
| Computer equipment | - | 25% Straight line |

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.7 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy 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.

1.10 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities Incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.11 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the Bank.

1.12 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.13 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account 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

1.14 FUND ACCOUNTING

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.15 FINANCIAL INSTRUMENTS

The Academy Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its net present value at each balance sheet date and is based on an annual actuarial valuation. The key judgments in performing this valuation can be found in note 1.14.

1.16 AGENCY ARRANGEMENTS

The Academy Trust acts as an agent in distributing bursary funds from government bodies. Payments received and subsequent disbursements are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a % of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Critical areas of judgement:

There are no critical judgements which would have a material impact on the financial statements.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds | Restricted funds | Restricted fixed asset funds 2016 | Total funds 2016 | Total funds 2015 |
|--|-----------------------|---------------------|--|------------------------|------------------------|
| | £ | £ | £ | £ | £ |
| Buildings inherited from local authority on conversion | - | - | - | - | 7,309,000 |
| Pension inherited from local authority on conversion | - | - | - | - | (2,913,000) |
| Funds inherited from local authority on conversion | - | - | - | - | 775,620 |
| Total funds transferred on conversion | - | - | - | - | 5,171,620 |
| Heritage grant | - | - | - | - | 9,700 |
| Lottery income | - | - | - | - | 6,075 |
| Trade union refund | - | - | - | - | 17,652 |
| University income | - | - | - | - | 21,523 |
| Other donations | 440 | - | - | 440 | 52,457 |
| Capital grants | - | - | 157,455 | 157,455 | 101,790 |
| | 440 | - | 157,455 | 157,895 | 209,197 |
| Total donations and capital grants | 440 | - | 157,455 | 157,895 | 5,380,817 |

In 2015, of the total income from donations and capital grants, £867,252 was to unrestricted funds and £4,513,565 was to restricted funds

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Funding for Academy's Educational Operations | 238,159 | 9,537,730 | 9,775,889 | 7,504,788 |

In 2015, of the total income from charitable activities, £203,445 was to unrestricted funds and £7,301,343 was to restricted funds.

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/EFA grants | | | | |
| General Annual Grant | - | 7,288,808 | 7,288,808 | 5,695,844 |
| Other DfE/EFA Grant | - | 1,125,338 | 1,125,338 | 1,140,784 |
| Academy Chain Grant | - | - | - | 170,000 |
| DfE Trust Grant | - | 105,000 | 105,000 | 75,000 |
| | - | 8,519,146 | 8,519,146 | 7,081,628 |
| Other government grants | | | | |
| Local authority grants | - | 821,766 | 821,766 | 214,785 |
| | - | 821,766 | 821,766 | 214,785 |
| Other funding | | | | |
| School fund income | 112,527 | - | 112,527 | 98,259 |
| Catering income | 122,471 | - | 122,471 | 105,186 |
| SCITT | - | 196,818 | 196,818 | 4,930 |
| Other income | 3,161 | - | 3,161 | - |
| | 238,159 | 196,818 | 434,977 | 208,375 |
| | 238,159 | 9,537,730 | 9,775,889 | 7,504,788 |

In 2015, of the total income from charitable activities, £203,445 was to unrestricted funds and £7,301,343 was to restricted funds.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Hire of facilities | 27,286 | - | 27,286 | 12,616 |
| Education Welfare provision to other schools | 28,123 | - | 28,123 | 65,093 |
| Behaviour Support provision to other schools | - | - | - | 764 |
| School Improvement Consultancy provision to other schools | - | - | - | 7,329 |
| Other income | 80,658 | - | 80,658 | 18,685 |
| | <u>136,067</u> | <u>-</u> | <u>136,067</u> | <u>104,487</u> |

In 2015, of the total income from other trading activities, £104,487 was to unrestricted funds and £ NIL was to restricted funds.

5. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank interest received | 2,108 | - | 2,108 | 1,052 |

In 2015, of the total investment income, £1,052 was to unrestricted funds and £ NIL was to restricted funds.

6. EXPENDITURE

| | Staff costs 2016 £ | Premises 2016 £ | Other costs 2016 £ | Total 2016 £ | Total 2015 £ |
|-----------------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Academy's educational operations: | | | | | |
| Direct costs | 6,385,778 | 276,992 | 404,316 | 7,067,086 | 5,686,641 |
| Support costs | 1,804,906 | 434,409 | 764,123 | 3,003,438 | 1,921,539 |
| Catering | 56,364 | 3,655 | 347,002 | 407,021 | 288,997 |
| | <u>8,247,048</u> | <u>715,056</u> | <u>1,515,441</u> | <u>10,477,545</u> | <u>7,897,177</u> |

In 2015, of the total expenditure, £181,766 was to unrestricted funds and £7,715,411 was to restricted funds.

VICTORIA ACADEMIES TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. SUPPORT COSTS

| | Academy's educational operations: £ | Catering £ | Total 2016 £ | Total 2015 £ |
|---------------------|--|----------------|--------------------|--------------------|
| Technology costs | 65,869 | - | 65,869 | 31,047 |
| Premises costs | 415,651 | 3,655 | 419,306 | 346,159 |
| Other support costs | 664,141 | 347,002 | 1,011,143 | 765,815 |
| Governance costs | 52,871 | - | 52,871 | 30,792 |
| Wages and salaries | 961,115 | 48,847 | 1,009,962 | 739,648 |
| National insurance | 55,261 | 1,175 | 56,436 | 32,746 |
| Pension cost | 788,530 | 6,342 | 794,872 | 264,329 |
| | 3,003,438 | 407,021 | 3,410,459 | 2,210,536 |

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the Trust's activities. These costs will include any employee benefits for trusteeship, the cost of Trust employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 276,992 | 199,975 |
| Operating lease rentals | 33,517 | 72,605 |
| Auditor's remuneration - audit | 12,785 | 8,775 |
| Auditor's remuneration - non audit | 16,487 | 2,000 |

VICTORIA ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. CENTRAL SERVICES

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

- Management services;
- Legal services;
- Educational support services;
- Maintenance and admin support services;
- Marketing, graphics and website services;

The Academy Trust charges for these services on a percentage basis (2% - 7%) applied to the income received by each constituent academy. Any surplus generated is held as a contingency reserve for use in future periods.

The actual amounts charged during the year were as follows:

| | 2016 | 2015 |
|----------------------------------|----------------|-------------|
| | £ | £ |
| Victoria Park Academy | 75,790 | 50,942 |
| Rowley Park Academy | 34,810 | 65,069 |
| Devonshire Infant Academy | 53,654 | 38,245 |
| Devonshire Junior Academy | 51,989 | 56,132 |
| Northfield Manor Primary Academy | 79,670 | 4,866 |
| | <hr/> | <hr/> |
| Total | 295,913 | 215,254 |
| | <hr/> | <hr/> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|-------------------------|-------------------------|
| Wages and salaries | 6,038,415 | 4,711,901 |
| Social security costs | 411,757 | 292,333 |
| Operating costs of defined benefit pension schemes | 1,613,341 | 867,728 |
| | <u>8,063,513</u> | <u>5,871,962</u> |
| Supply teacher costs | 183,535 | 193,654 |
| Staff restructuring costs | - | 18,500 |
| | <u><u>8,247,048</u></u> | <u><u>6,084,116</u></u> |

Staff restructuring costs comprise:

| | 2016 £ | 2015 £ |
|--------------------|-----------------|----------------------|
| Severance payments | - | 18,500 |
| | <u><u>-</u></u> | <u><u>18,500</u></u> |

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

| | 2016 No. | 2015 No. |
|----------------------------|-------------------|-------------------|
| Teachers | 94 | 81 |
| Administration and support | 222 | 215 |
| Management | 18 | 14 |
| | <u><u>334</u></u> | <u><u>310</u></u> |

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

| | 2016 No. | 2015 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | 3 | 0 |
| In the band £70,001 - £80,000 | 0 | 1 |
| In the band £80,001 - £90,000 | 1 | 0 |
| In the band £120,001 - £130,000 | 0 | 1 |
| In the band £130,001 - £140,000 | 1 | 0 |

There are no non-statutory/non-contractual severance payments included in staff costs (2015: 1 - £18,500).

The key management personnel of the Academy Trust comprise the senior management team, details of whom can be found on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £359,400 (2015: £247,926).

VICTORIA ACADEMIES TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

11. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account (2015: £nil), other than certain trustees' remuneration and expenses already disclosed in note 13.

12. TRUSTEES' AND OFFICERS' INSURANCE

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

In the prior year, in accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2015 was £456.

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2016 | 2015 |
|--------------------------|----------------------------|------------------------|------------------------|
| | | £ | £ |
| A Morrish, CEO/Principal | Remuneration | 130,000-135,000 | <i>125,000-130,000</i> |
| | Pension contributions paid | 20,000-25,000 | <i>15,000-20,000</i> |

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

| | Freehold property and improvements £ | Motor vehicles £ | Fixtures and fittings £ | Computer equipment £ |
|-----------------------|---|------------------------|-------------------------------|----------------------------|
| COST | | | | |
| At 1 September 2015 | 11,238,225 | 25,000 | 307,462 | 188,728 |
| Additions | 214,555 | - | 61,191 | 61,187 |
| At 31 August 2016 | <u>11,452,780</u> | <u>25,000</u> | <u>368,653</u> | <u>249,915</u> |
| DEPRECIATION | | | | |
| At 1 September 2015 | 169,298 | 7,500 | 194,688 | 73,058 |
| Charge for the year | 138,283 | 2,500 | 73,731 | 62,478 |
| At 31 August 2016 | <u>307,581</u> | <u>10,000</u> | <u>268,419</u> | <u>135,536</u> |
| NET BOOK VALUE | | | | |
| At 31 August 2016 | <u>11,145,199</u> | <u>15,000</u> | <u>100,234</u> | <u>114,379</u> |
| At 31 August 2015 | <u>11,068,927</u> | <u>17,500</u> | <u>112,774</u> | <u>115,670</u> |
| | | | | Total £ |
| COST | | | | |
| At 1 September 2015 | | | | 11,759,415 |
| Additions | | | | 336,933 |
| At 31 August 2016 | | | | <u>12,096,348</u> |
| DEPRECIATION | | | | |
| At 1 September 2015 | | | | 444,544 |
| Charge for the year | | | | 276,992 |
| At 31 August 2016 | | | | <u>721,536</u> |
| NET BOOK VALUE | | | | |
| At 31 August 2016 | | | | <u>11,374,812</u> |
| At 31 August 2015 | | | | <u>11,314,871</u> |

Included in land and buildings is freehold land at valuation of £1,300,000 (2015 - £1,300,000) which is not depreciated.

VICTORIA ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 27,101 | 2,194 |
| VAT repayable | 70,286 | 66,301 |
| Other debtors | 15,110 | 237,504 |
| Prepayments and accrued income | 304,549 | 195,298 |
| | <u>417,046</u> | <u>501,297</u> |

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £ | 2015 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 245,556 | 212,212 |
| Other taxation and social security | 139,849 | 83,030 |
| Other creditors | 116,454 | 89,985 |
| Accruals and deferred income | 226,536 | 259,517 |
| | <u>728,395</u> | <u>644,744</u> |

| | 2016 £ | 2015 £ |
|--------------------------------------|----------------|----------------|
| DEFERRED INCOME | | |
| Deferred income at 1 September 2015 | 109,132 | 29,053 |
| Resources deferred during the year | 130,152 | 109,132 |
| Amounts released from previous years | (109,132) | (29,053) |
| Deferred income at 31 August 2016 | <u>130,152</u> | <u>109,132</u> |

At the balance sheet date the Academy trust is holding £130,152 (2015: £109,132) of grants received in advance for the provision of infant free school meals.

VICTORIA ACADEMIES TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. STATEMENT OF FUNDS

| | Brought Forward £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Carried Forward £ |
|-------------------------------------|-------------------------|--------------------------|----------------------------|--------------------------|---------------------------|-------------------------|
| UNRESTRICTED FUNDS | | | | | | |
| General Funds - all funds | 956,150 | 376,774 | (501,613) | - | - | 831,311 |
| RESTRICTED FUNDS | | | | | | |
| General Annual Grant (GAG) | - | 7,288,808 | (7,063,886) | (179,478) | - | 45,444 |
| Other Dfe/EFA Grants | - | 1,020,338 | (1,020,338) | - | - | - |
| Trust grants | - | 105,000 | (52,890) | - | - | 52,110 |
| Other restricted funds | - | 1,123,584 | (1,104,826) | - | - | 18,758 |
| Pension reserve | (4,697,000) | - | (457,000) | - | (3,106,000) | (8,260,000) |
| | <u>(4,697,000)</u> | <u>9,537,730</u> | <u>(9,698,940)</u> | <u>(179,478)</u> | <u>(3,106,000)</u> | <u>(8,143,688)</u> |
| RESTRICTED FIXED ASSET FUNDS | | | | | | |
| Restricted Fixed Assets | 11,314,871 | 157,455 | (276,992) | 179,478 | - | 11,374,812 |
| Total restricted funds | <u>6,617,871</u> | <u>9,695,185</u> | <u>(9,975,932)</u> | <u>-</u> | <u>(3,106,000)</u> | <u>3,231,124</u> |
| Total of funds | <u><u>7,574,021</u></u> | <u><u>10,071,959</u></u> | <u><u>(10,477,545)</u></u> | <u><u>-</u></u> | <u><u>(3,106,000)</u></u> | <u><u>4,062,435</u></u> |

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

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Transfers between funds relate to amounts expended on fixed assets from the DfE grants which have been used for the acquisition of fixed assets during the year. Transfer between Unrestricted funds and the Restricted funds is the allocation of funds to cover the excess of General Annual Grant expenditure over income.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

| | Total 2016 £ | <i>Total 2015 £</i> |
|---|-----------------------------|-----------------------------|
| Victoria Park Academy | 329,357 | 137,726 |
| Rowley Park Academy | (305,653) | (103,724) |
| Devonshire Infant Academy | 356,925 | 332,957 |
| Devonshire Junior Academy | 372,861 | 353,989 |
| Northfield Manor Primary Academy | 75,346 | 235,202 |
| CETT | 57,986 | - |
| Victoria Academies Trust | 60,801 | - |
| Total before fixed asset fund and pension reserve | 947,623 | 956,150 |
| Restricted fixed asset fund | 11,374,812 | 11,314,871 |
| Pension reserve | (8,260,000) | (4,967,000) |
| Total | 4,062,435 | 7,304,021 |

The following academy is carrying a net deficit on its portion of the funds as follows:

| Name of academy | Amount of deficit £ |
|------------------------|--------------------------------|
| Rowley Park Academy | (305,653) |

Rowley Park was taken into the Trust when the school was in special measures. It is a 1 form entry school with number of pupils in receipt of free school meals above average. The school was at 69% pupil capacity on conversion, and the Trust inherited a structural in- year deficit budget position. An application to the EFA for financial support was not successful.

The Academy Trust is taking the following action to return the academies to surplus:

During the accounting period the number of staff has reduced by 8 and pupil numbers have increased by 6%. The school continues to attract pupils from the local area and staffing costs continue to be reviewed. However, due to the lagged nature of funding this will take time to filter through to an in year balanced budget and a positive impact on reserves.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2016 £ | Total 2015 £ |
|----------------------------------|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Victoria Park Academy | 1,846,214 | 782,274 | 94,289 | 316,385 | 3,039,162 | 2,728,310 |
| Rowley Park Academy | 713,034 | 177,263 | 40,788 | 183,475 | 1,114,560 | 1,162,863 |
| Devonshire Infant Academy | 1,214,617 | 269,485 | 48,280 | 283,200 | 1,815,582 | 1,673,437 |
| Devonshire Junior Academy | 1,114,241 | 260,542 | 77,518 | 238,162 | 1,690,463 | 1,805,452 |
| Northfield Manor Primary Academy | 1,497,672 | 371,706 | 62,350 | 429,746 | 2,361,474 | 196,682 |
| Victoria Academy Trust | - | - | 1,836 | 114,567 | 116,403 | 107,458 |
| CETT | - | - | 3,331 | 59,578 | 62,909 | - |
| | <u>6,385,778</u> | <u>1,861,270</u> | <u>328,392</u> | <u>1,625,113</u> | <u>10,200,553</u> | <u>7,674,202</u> |

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Restricted fixed asset funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Tangible fixed assets | - | - | 11,374,812 | 11,374,812 | 11,314,871 |
| Current assets | 831,311 | 844,707 | - | 1,676,018 | 1,600,894 |
| Creditors due within one year | - | (728,395) | - | (728,395) | (644,744) |
| Provisions for liabilities and charges | - | (8,260,000) | - | (8,260,000) | (4,697,000) |
| | <u>831,311</u> | <u>(8,143,688)</u> | <u>11,374,812</u> | <u>4,062,435</u> | <u>7,574,021</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Net (expenditure)/income for the year (as per Statement of financial activities) | (405,586) | 5,093,967 |
| Adjustment for: | | |
| Depreciation charges | 276,992 | 199,975 |
| Returns on investments and servicing of finance | (2,108) | (1,052) |
| Decrease/(increase) in debtors | 84,251 | (399,737) |
| Increase in creditors | 83,651 | 285,748 |
| Capital grants from DfE and other capital income | (157,455) | (101,790) |
| Defined benefit pension scheme obligation inherited | - | 2,913,000 |
| Defined benefit pension scheme cost less contributions payable | 276,000 | 47,000 |
| Defined benefit pension scheme finance cost | 181,000 | 139,000 |
| Fixed assets transfer on conversion | - | (7,309,000) |
| Net cash provided by operating activities | 336,745 | 867,111 |

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|------------------|------------------|
| Cash in hand | 1,258,972 | 1,099,597 |
| Total | 1,258,972 | 1,099,597 |

21. PENSION COMMITMENTS

The Academy Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Midlands Pension Fund for Victoria Park Academy, Devonshire Infant Academy, Devonshire Junior Academy, Northfield Manor Primary Academy and Staffordshire Pension Funds for Rowley Park Academy. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £108,255 were payable to the schemes at 31 August 2016 (2015 - 102,962) and are included within creditors.

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,

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21. PENSION COMMITMENTS (continued)

although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

During the 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 £143,238 (2015 - £96,544).

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

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 scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £585,000 (2015 - £539,564), of which employer's contributions totalled £438,000 (2015 - £435,372) and employees' contributions totalled £147,000 (2015 - £104,192). The agreed contribution rates for future years are 13.4 -19.41% for employers and between 5.5% and 12.5% for employees.

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

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

Principal actuarial assumptions:

| | 2016 | <i>2015</i> |
|--|---------------|---------------|
| Discount rate for scheme liabilities | 2.16 % | <i>3.94 %</i> |
| Rate of increase in salaries | 3.50 % | <i>4.22 %</i> |
| Rate of increase for pensions in payment / inflation | 2.02 % | <i>2.44 %</i> |
| Inflation assumption (CPI) | 1.20 % | <i>2.40 %</i> |

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

| | 2016 | <i>2015</i> |
|----------------------|-------------|-------------|
| Retiring today | | |
| Males | 22.9 | <i>22.8</i> |
| Females | 25.5 | <i>25.1</i> |
| Retiring in 20 years | | |
| Males | 25.1 | <i>25.3</i> |
| Females | 27.8 | <i>27.7</i> |

The Academy Trust's share of the assets in the scheme was:

| | Fair value at 31 August 2016 £ | <i>Fair value at 31 August 2015 £</i> |
|----------------------------------|---|---|
| Equities | 1,596,000 | <i>988,000</i> |
| Government bonds | 143,000 | <i>90,000</i> |
| Other bonds | 231,000 | <i>162,000</i> |
| Property | 204,000 | <i>135,000</i> |
| Cash liquidity | 163,000 | <i>83,000</i> |
| Other | 222,000 | <i>113,000</i> |
| Total market value of assets | <u>2,559,000</u> | <i><u>1,571,000</u></i> |

The actual return on scheme assets was £366,000 (2015 - £52,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS (continued)

The amounts recognised in the Statement of Financial Activities Incorporating Income and Expenditure Account are as follows:

| | 2016 £ | 2015 £ |
|-------------------------|----------------|----------------|
| Current service cost | 714,000 | 441,000 |
| Interest on obligations | 180,000 | 139,000 |
| Administration expenses | 1,000 | - |
| Total | <u>895,000</u> | <u>580,000</u> |

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

| | 2016 £ | 2015 £ |
|---|-------------------|------------------|
| Opening defined benefit obligation | 6,268,000 | 2,510,000 |
| Actuarial losses | 3,398,000 | 120,000 |
| Assets acquired in a business combination | - | 2,916,000 |
| Estimated benefits paid net of transfers in | 38,000 | (4,000) |
| Current service cost | 714,000 | 441,000 |
| Interest cost | 254,000 | 189,000 |
| Contributions by Scheme participants | 147,000 | 96,000 |
| Closing defined benefit obligation | <u>10,819,000</u> | <u>6,268,000</u> |

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

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Opening fair value of scheme assets | 1,571,000 | 1,030,000 |
| Interest income | 74,000 | 50,000 |
| Actuarial gains and (losses) | 292,000 | 2,000 |
| Liabilities assumed in business combination | - | 3,000 |
| Contributions by employer | 438,000 | 394,000 |
| Administration expenses | (1,000) | - |
| Contributions by Scheme participants | 147,000 | 96,000 |
| Estimated benefits paid net of transfers | 38,000 | (4,000) |
| Closing fair value of scheme assets | <u>2,559,000</u> | <u>1,571,000</u> |

The Academy Trust expects to contribute £567,000 to its Defined benefit pension scheme in 2017.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

22. OPERATING LEASE COMMITMENTS

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

| | 2016 £ | 2015 £ |
|-------------------------|---------------|---------------|
| AMOUNTS PAYABLE: | | |
| Within 1 year | 32,983 | 31,110 |
| Between 1 and 5 years | 25,447 | 39,362 |
| Total | <u>58,430</u> | <u>70,472</u> |

23. POST BALANCE SHEET EVENTS

Fibbersley Park Academy joined the Multi Academy trust on 1 October 2016

24. 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 for the debts and liabilities contracted before he/she ceases to be a member.

25. AGENCY ARRANGEMENTS

The trust distributes PGCE training bursaries to students as an agent for the NCTL. In the accounting period ending 31 August 2016 the Academy Trust received £57,766 (2015 - £NIL) and disbursed £57,766 (2015 - £NIL) from the fund.

26. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the Academy Trust's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.

The Local Government Pension Scheme has been adjusted to reflect changes resulting from transition to FRS 102 and whilst there is no difference to report in the net liability, the actuarial loss has decreased by £23,000 to £118,000 with an increase in the charge to expenditure of the same amount.