

# Financial Statements Ormiston Academies Trust

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For the year ended 31 August 2015

Registered number: 06982127

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**Ormiston Academies Trust**  
(A company limited by guarantee)

# Reference and Administrative Details of the Trust, its Members, Trustees and Advisers

For the year ended 31 August 2015

## **Members**

The Ormiston Trust  
Peter Murray

## **Trustees**

Peter Murray 1,2,3, Founding Chairman  
Paul Hann 2, Chair of Trustees  
Ken Shooter  
Wendy Barnes 2  
Bal Samra  
Ian Brookman 1,2,3  
Professor Toby Salt 1,2  
Nicole McCartney  
Mark Stanyer  
Frances Hall 1,3 (appointed 1 January 2015)

1: members of the Financial Oversight and Risk Committee  
2: members of the School Improvement Committee  
3: members of the Audit Committee

## **Company registered number**

06982127

## **Registered office**

Chilgrove Business Centre  
Chilgrove  
Chichester  
PO18 9HU

## **Principal operating office**

Ormiston House  
144 Newhall Street  
Birmingham  
B3 1RY

**Ormiston Academies Trust**  
(A company limited by guarantee)

# Reference and Administrative Details of the Trust, its Members, Trustees and Advisers

For the year ended 31 August 2015

## **Chief executive officer**

Professor Toby Salt

## **Executive team**

Paul Nye, Chief Operating Officer

Di Barnes, National Director of Academies

James Miller, National Director of Estates and Technology

Nicole McCartney, National Director of Performance and Partnership

## **Independent auditor**

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Grant Thornton House

202 Silbury Boulevard

Milton Keynes

MK9 1LW

## **Bankers**

Barclays Bank PLC

Mortlock House

Station Road

Histon

Cambridge

CB24 9DE

## **Solicitors**

Stone King LLP

16 St John's Lane

London

EC1M 4BS

**Ormiston Academies Trust**  
(A company limited by guarantee)

## Directory of Academies

For the year ended 31 August 2015

### 2009

#### **Ormiston Bushfield Academy**

Ortongate  
Peterborough  
Cambridgeshire  
PE2 5RQ  
Operational Principal: Dennis Kirwan

#### **Ormiston Sandwell Community Academy**

Lower City Road  
Tividale  
Oldbury  
West Midlands  
B69 2HE  
Principal: Marie McMahon

#### **Ormiston Park Academy**

Nethan Drive  
Aveley  
Essex  
RM15 4RU  
Executive Principal: Julie Bloor  
Principal: Huw Derrick

### 2010

#### **Ormiston Venture Academy**

Oriel Avenue  
Gorleston  
Norfolk  
NR31 7JJ  
Executive Principal: Nicole McCartney  
Principal: Simon Gilbert-Barnham

#### **Ormiston Victory Academy**

Middleton Crescent  
Norwich  
Norfolk  
NR5 0PX  
Principal: Naomi Palmer

#### **Ormiston Sir Stanley Matthews Academy**

Beaconsfield Drive  
Blurton  
Stoke on Trent  
Staffordshire  
ST3 3JD  
Principal: Mark Stanyer

#### **Ormiston Horizon Academy**

Turhurst Road  
Tunstall  
Stoke on Trent  
Staffordshire  
ST6 6JZ  
Principal: Rod Hughes

#### **Ormiston Rivers Academy**

Southminster Road  
Burnham on Crouch  
Essex  
CM0 8DD  
Principal: Joan Costello

#### **George Salter Academy**

Claypit Lane  
West Bromwich  
West Midlands  
B70 9UW  
Principal: Bob Banks

#### **Ormiston Maritime Academy**

Westward Ho  
Grimsby  
South Humberside  
DN34 5AH  
Acting Principal: Emma Cooling

### 2012

#### **Ormiston Endeavour Academy**

Defoe Road  
Ipswich  
Suffolk  
IP1 6SG  
Principal: Christine Woods

#### **Ormiston Forge Academy**

Wright's Lane  
Cradley Heath  
West Midlands  
B64 6QU  
Principal: Andrew Burns

**Ormiston Academies Trust**  
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## Directory of Academies

For the year ended 31 August 2015

### 2011

#### **Ormiston Ilkeston Enterprise Academy**

King George Avenue  
Ilkeston  
Derbyshire  
DE7 5HS  
Principal: Dave Smith

#### **Ormiston South Parade Academy**

South Parade  
Grimsby  
Lincolnshire  
DN31 1TN  
Principal: Jane Nolan

### 2013

#### **Ormiston Denes Academy**

Yarmouth Road  
Lowestoft  
Suffolk  
NR32 4 AH  
Principal: Peter Marshall

#### **Ormiston Six Villages Academy**

Lime Avenue Westergate  
Chichester  
West Sussex  
PO20 3UE  
Executive Principal: Rob Carter  
Acting Principal: Sean O'Neill

#### **Stoke High School-Ormiston Academy**

Maidenhall Approach  
Ipswich  
Suffolk  
IP2 8PL  
Principal: Janet Dickson

#### **Ormiston Wodensborough Academy**

Hydes Road  
Wednesbury  
West Midlands  
WS10 0DR  
Principal: Stephen Lankham

#### **Ormiston Sudbury Academy**

Tudor Road  
Sudbury  
Suffolk  
CO10 1NW  
Principal: Caroline Wilson

#### **Ormiston Herman Academy**

Oriel Avenue  
Great Yarmouth  
Norfolk  
NR31 7JL  
Principal: Kate Rutherford

#### **Ormiston Sheffield Community Academy**

Broadway  
High Heath  
Pelsall  
Walsall  
West Midlands  
WS4 1BW  
Principal: Paula Arrowsmith

#### **City of Norwich School, an Ormiston Academy**

Eaton Road  
Norwich  
Norfolk  
NR4 6PP  
Headteacher: Jim Nixon

#### **Ormiston Chadwick Academy**

Liverpool Road  
Widnes  
Cheshire  
WA8 7HU  
Executive Principal: John Rigby  
Principal: Tuesday Humby

#### **Tenbury High Ormiston Academy**

Oldwood Road  
Tenbury Wells  
Worcestershire  
Principal: Adrian Price

**Ormiston Academies Trust**  
(A company limited by guarantee)

## Directory of Academies

For the year ended 31 August 2015

### **2014**

#### **Cliff Park - Ormiston Academy**

Kennedy Avenue  
Gorleston-On-Sea  
Great Yarmouth  
Norfolk  
NR31 6TA  
Principal: Rob Sherington

#### **Ormiston Meadows Academy**

Orton Brimbles  
Peterborough  
Cambridgeshire  
PE2 5YQ  
Principal: Jean Watt

#### **Cowes Enterprise College - an Ormiston Academy**

Crossfield Avenue  
Cowes  
Isle of Wight  
PO31 8HB  
Principal: John Peckham

#### **Ormiston Bolingbroke Academy\***

Barnfield Avenue  
Runcorn  
Cheshire  
WA7 6EP  
Principal: Mark Wyss  
\*A separate company limited by guarantee known as  
Ormiston Bolingbroke Academy Trust.

## Trustees' Report

For the year ended 31 August 2015

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Ormiston Academies Trust (the trust) for the year ended 31 August 2015. The trustees confirm that the annual report and financial statements of the trust comply with the current statutory requirements, the requirements of the trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

### **Structure, governance and management**

#### **Constitution**

The trust is a company limited by guarantee (registration number 06982127) and an exempt charity. The trust's memorandum and articles of association are the primary governing documents of the trust.

The trustees act as the directors of the charitable company for the purposes of company law, as well as fulfilling their obligations as trustees for the charitable activities of Ormiston Academies Trust. The charitable company is known as Ormiston Academies Trust.

Details of the trustees who served throughout the year are included in the Reference and Administrative Details page of the financial statements.

#### **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**

There are no qualifying third party indemnity provisions in respect of trustees, other than trustees' and officers' insurance which is in place.

#### **Method of recruitment and appointment or election of trustees**

Potential new trustees are identified by the board, ensuring that the skills and experience of new trustees are complementary to those of existing board members. The Ormiston Trust has the power to appoint a majority of trustees.

#### **Policies and procedures adopted for the induction and training of trustees**

The training and induction provided for new trustees will depend on their existing experience. Where necessary the induction process will provide training on charity, educational, legal and financial matters. All new trustees are welcome to visit the academies and to meet with staff and students. All trustees are provided with copies of procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. As there are normally no more than one or two new trustees a year, induction tends to be done informally and is tailored specifically to the individual trustees. Appropriate on-going training is available as necessary, delivered or co-ordinated mainly through the trust's governance team.



## Trustees' Report (continued)

For the year ended 31 August 2015

### **Organisational structure**

There is a clear management structure to control the way in which the trust is run. The structure consists of three levels: the trustees, the executive team and the academies themselves. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The trustees are responsible for setting the overall strategy in conjunction with Ormiston Trust as sponsor, adopting an annual operational plan, reviewing the educational progress of the academies, monitoring the trust by the use of budgets and making major decisions about the direction of the trust, capital expenditure and senior staff appointments.

The executive team control the trust at an operational level implementing the policies laid down by the trustees and reporting back to them. As a group, the executive team are responsible for the authorisation of head office spending within agreed budgets and the appointment of staff, though appointments to the executive team always involve a representative of the trustees.

The local governing bodies and the principals control the academies on a day to day basis. The local governing body for each academy is delegated local governance functions and retains a strong focus on three core strategic functions:

- ensuring clarity of vision, ethos and strategic direction
- holding the principal to account for the educational performance of the academy and its students
- overseeing the financial performance of the academy and making sure money is well spent

The role of a local governing body is to focus on strategic responsibilities, school improvement and the outcomes for its pupils.

### **Connected organisations**

The trust has connections with the following organisations:

- The Ormiston Trust: the sponsor of the academies within Ormiston Academies Trust
- The Ormiston Trust is also the sponsor of The Gateway Learning Community and it is joint sponsor of Birmingham Ormiston Academy.

The trust is also the sponsor of its subsidiary Ormiston Bolingbroke Academy Trust.

The trust provides support services to these academies on behalf of the sponsor.

## Trustees' Report (continued)

For the year ended 31 August 2015

### **Objectives and activities**

#### **Aims**

Ormiston Academies Trust implements, within its academies, the vision of the Ormiston Trust which is to improve the life chances of children and young people so that they can fulfil their potential and lead happy and productive adult lives.

The vision of Ormiston Academies Trust is that all young people acquire the academic, social and practical skills to lead a successful and fulfilling life.

#### **Objectives, strategies and activities**

Ormiston Academies Trust operates the academies sponsored by Ormiston Trust, other than the academies within the Gateway Learning Community and Birmingham Ormiston Academy for which it provides specific support services.

The trust seeks to transform learning, foster academic excellence and support the regeneration of the communities that the academies serve. The trust also empowers its students and stakeholders through active participation in the leadership of education initiatives at every level to enable the academy communities to realise their full potential. Through this positive impact the Ormiston Academies Trust is seeking to support the national school improvement agenda by developing and sharing best practice.

#### **Public benefit**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the trust's objectives and aims and in planning future activities for the year. The trustees consider that the trust's aims are demonstrably to the public benefit.

### **Strategic report**

The trustees approved a business development plan for 2015/16 and 2016/17. The plan sets out five strategic aims as follows:

- 1) All academies will offer excellent academic opportunities and experiences to all their students, which will enable them to achieve to the best of their ability and to develop excellent life and creative skills.
- 2) The trust will challenge its academies to make continuous progress and will provide relevant support to enable this improvement.
- 3) We will expand the network of academies within the existing geographical areas in a measured and controlled manner.
- 4) We will develop further the regional structure to enhance quality and responsiveness.
- 5) Finance, estates and technology will be managed efficiently to deliver excellent value for money for academies.

## Trustees' Report (continued)

For the year ended 31 August 2015

The business development plan was used to draft a detailed operational plan for 2015/16.

### **Achievements and performance**

This year has been another successful year for Ormiston Academies Trust and the 22,015 pupils which the trust supports. 72% of our academies have been judged good or better compared to 53% of sponsored academies nationwide. This achievement has been recognised by the Prime Minister, David Cameron, in his visit to Ormiston Bolingbroke Academy, and also by the Secretary of State for Education, Nicky Morgan, in her contribution to the OAT Annual Conference, where she particularly praised the Trust on its investment in widening our students' horizons by providing unparalleled enrichment opportunities.

Despite 26 of our 29 academies having intakes significantly below the national average for deprivation the overall improving standards of achievement have led to a doubling of students attending Russell Group universities. On the back of this success our Access Champion has developed positive links with Keble College Oxford, and Jesus College Cambridge.

This work builds on the "widening horizons" commitment that is fundamental to OAT. As a Trust we provide an impressive enrichment programme for our students. These opportunities range from involvement with the UK Sailing Association (UKSA), to making best use of our Outdoor Adventure Centre in Wales, to Birmingham Ormiston Academy managing the Birmingham Old Rep Theatre company. In addition, this year two students from every OAT academy were involved in visits to the WW1 Battle fields trip, and Y6 pupils from our primary academies came together to work on a Magna Carta project, the outcome of which has been a Pupil Charter for each OAT primary academy.

This year Ofsted continue to recognise the progress of OAT academies:

Ormiston Shelfield Community Academy, previously judged to be requiring Special Measures was re-inspected and judged Good across the board. Inspectors commented on the "positive and supportive climate for learning" and the "visionary" leadership provided by the Principal which has "transformed" the academy. The report noted that the academy is additionally well supported at a high level: "The sponsor, Ormiston Academies Trust, its Progress and Interim Executive Boards and leaders at all levels are securing significant improvements to students' achievement and teachers' performance.

Evidence from other inspection outcomes include: "Governors hold leaders to account and help to improve teaching and raise standards. They and the academy are well supported by the Ormiston Academy Trust" "The Principal is well supported by a strong senior leadership team, the governing body and the trust"

In the 2014/2015 academic year all of our primaries improved their outcomes at the end of the Early Years Foundation Stage. Two of them achieved their best ever results. There were similarly positive outcomes in the Year 1 phonic screening check and the Key Stage 1 assessments where APS increased significantly from 15.0 in 2014 to 16.1 in 2015 (an increase of 1.1 compared to national growth of 0.2 in the same period). More pupils than ever achieved at or above the age related standards, with particularly impressive gains at Ormiston Meadows and Ormiston South Parade academies.

At Key Stage 2 our primaries also performed strongly with 74% achieving the nationally expected Level 4+ in reading, writing and mathematics. The national figure for schools with the same percentage of disadvantaged students is 67%. Ormiston Herman Academy achieved above the national average for the second year running. This is a tremendous achievement for a school that two years ago was in Special Measures and for whom 59% of pupils are eligible for pupil premium. Equally pleasing was the continued improvement of Ormiston South Parade Academy. Over the last three years the proportion of pupils achieving Level 4+ combined, at this academy, has risen by 15%.

## Trustees' Report (continued)

For the year ended 31 August 2015

KS4 results were equally strong. Particularly impressive outcomes were achieved by Ormiston Horizon Academy whose results increased by 18% to 62%, by Ormiston Venture Academy up by 17% to 60% and Ormiston Tenbury Academy, who in their first year with the trust achieved 66% from 58% previously. Although our students enter secondary education well below national levels they leave broadly in line. This year 49% of students achieved the benchmark of 5A\*-C including English and mathematics. This is 4.3% higher than the national figure for sponsored academies and represents a 1% increase on the 2014 outcomes with a less able cohort. The KS2 APS of our 2015 cohort was 26.5 compared to a national figure of 27.6. Our 5A\*-C including English and mathematics outcome is 4% higher than the national average of students with the same prior attainment.

In 2014/2015 there was a significant increase in the number of students enrolled in post 16 provision within the trust's academies. The number of students completing KS5 qualifications was a record high in 2015 and more students are being retained than the previous year. This is an indication that recruitment from KS4 is improving, as a result of improved GCSE outcomes. In 2015 there were over 2800 KS5 entries made in both academic and vocational qualifications, a significant increase on the 1,700 entries made in 2014.

Average APS attainment in both academic and vocational subjects has risen from 2014. The value added progress measures for both curriculum areas is positive throughout the trust meaning based on their starting points, students in OAT sixth forms are making better progress than the same students nationally.

### Financial review

#### Principal funding

Most of the trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to running the academies. The grants received from the Department for Education during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The trust also receives grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) and the Academies Accounts Direction 2014 to 2015 such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

#### Financial report for the year

In accordance with correct disclosure requirements, the financial information which is presented in the statement of financial activities includes assets and liabilities transferred from local authorities upon conversion and transactions in the restricted fixed asset fund, except where these are used for revenue expenditure in line with grant terms and conditions. Such presentation can obscure an overview of the operating performance of the academies. Accordingly such a view of the summarised operating performance of the academies (which is extracted from the statement of financial activities) is set out below.

During the year ended 31 August 2015 the trust's incoming resources grew from £139,660k to £171,917k excluding amounts received on academy conversion of £48,633k (2014 - £30,337k).

## Trustees' Report (continued)

For the year ended 31 August 2015

The net increase in funds for the year was £61,212k (2014 - £39,065k) and this was made up as follows:

	2015	2014
	£'000	£'000
Net income on conversion	48,633	30,337
Net income from operations	20,955	17,930
Depreciation of restricted fixed assets	(7,285)	(3,286)
Actuarial losses on defined benefit pension schemes	(1,091)	(5,916)
	<u>61,212</u>	<u>39,065</u>

Net income on conversion represents transfers from LA's on conversion of a £920k surplus on unrestricted funds, a £53,024k surplus on restricted fixed asset funds and a £5,311k pension deficit.

Net income from operations represents net income of £24,999k on the restricted fixed asset fund, net resources expended of £842k on unrestricted funds, net resources expended on restricted general funds of £1,247k and net resources expended of £1,955k on the pension reserve.

Restricted general funds have reduced from £7,119k at 31 August 2014 to £5,872k at 31 August 2015. Resources expended during the year of £142,497k have been funded by incoming resources of £141,794k and brought forward funds at £703k. A further £544k has been transferred to the restricted fixed asset fund.

Restricted fixed asset funds have increased from £198,576k at 31 August 2014 to £269,314k at 31 August 2015. This increase represents incoming resources for the year of £76,901k, of which £73,938k relates to assets inherited on conversion. A further £1,881k has been transferred in from other funds. This is offset by resources expended of £8,044k.

Unrestricted funds have increased from £2,248k at 31 August 2014 to £2,326k at 31 August 2015. Resources expended during the year of £5,751k have been covered by incoming resources of £7,166k and £1,337k has been transferred to the fixed asset fund.

The deficit on the pension reserve has increased from £27,033k to £35,390k. Of this amount, £1,091k represents actuarial losses and £5,311k represents pension scheme liabilities inherited on conversion.

The net cash outflow for the year for the year of £5,421k (2014: net cash inflow of £3,663k) has arisen primarily from cash outflows of £12,451k, in respect of the purchase of tangible fixed assets, the majority of which relates to the capital build programme. There was a net cash outflow from operations of £368k (2014: net cash inflow of £2,831k).

### Key financial performance indicators

The trustees use certain high level key performance indicators to monitor the overall financial position of the trust. These key performance indicators for the past two years have been as follows:

	2015	2014
Staff costs as a percentage of incoming resources	76.5%	73.4%
Net current assets	£16,332k	£25,302k

Staff costs remain within the target range, but the increased percentage reflects the pressure from salary increases and higher employees' pension and national insurance contributions. Net current assets remain at an appropriate level; the decrease is primarily due to £2,900k having been held in cash balances at 31 August 2014, as part of the funding for the capital build programme.

## Trustees' Report (continued)

For the year ended 31 August 2015

### Financial and risk management objectives and policies

The trust's exposure to financial risks is minimal due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 32 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

### Risk management

The trustees have assessed the major risks to which the trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the trust, and its finances. The trustees have adapted procedures to mitigate these risks for the executive team to implement and report back on any non-compliance.

Where financial risk still remains they have ensured they have insurance cover. The trust has an effective system of internal financial controls and this is explained in more detail in the statement below.

### Principal operational risks and uncertainties

There are four principal operational risks and uncertainties relating to the trust.

<u>Risk</u>	<u>Mitigation</u>
1. The future level of funding of education is uncertain in the current economic climate.	This is mainly outside the control of the trustees, but they engage with the Department for Education about funding when such opportunities arise.
2. The finances of the academies are highly sensitive to the number of pupils who are enrolled each year.	The trustees and principals are confident that the examination successes and enhanced reputations of their academies will enable them to attract an increased number of pupils. The academies work hard with their network of partner primary schools. Projected pupil numbers and the associated financial implications are closely monitored.
3. Any future increases in the costs of funding the Teachers' Pension Scheme and the Local Government Pension Scheme are wholly outside the control of the trustees.	The trustees liaise with each of the pension schemes to understand and plan for potential increases in funding costs.
4. The trustees have a long term commitment to maintain the building estates of the academies in the trust.	The trust has a robust premises strategy to manage this obligation, but it is dependent on the receipt of appropriate financial support from the Education Funding Agency.

### Reserves policy

The trustees have reviewed the financial statements of the trust. The review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. Reserves are held to cover working capital requirements, as a contingency to meet unforeseeable expenditure and to fund planned and specific future capital expenditure. The level of reserves is kept under review by the trustees and they assess it in relation to these three purposes. However the level of actual reserves necessarily varies from one academy to another from time to time. Additional voluntary disclosures are included in the financial statements to explain those reserves relating to the life cycling fund for planning maintenance and those for planned capital expenditure.

## Trustees' Report (continued)

For the year ended 31 August 2015

### **Going concern**

After making appropriate enquiries, the trustee body has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. This is based on detailed budgets prepared by management and monitored by the board of trustees. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting policies.

### **Investment policy**

The trust does not hold any long term investments. Any cash surpluses are placed upon overnight or fixed term deposit with the trust's bankers.

### **Other information**

#### **Plans for future periods**

The trust will continue to improve the levels of attainment of its students at all levels and it will continue its efforts to ensure its students get jobs or a place in higher education or training once they leave. In addition, the trust will provide a variety of high quality enrichment opportunities to its students to further strengthen their social and practical skills and to enhance overall levels of attachment.

The trustees are committed to a policy of measured strategic expansion of the number of primary and secondary academies which are sponsored by the Trust. Particular priority will be given to new academies in the geographic areas in which the Trust already operates.

#### **Funds held as custodian trustee on behalf of others**

The trust does not act as custodian trustee on behalf of any others.

#### **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.

Ormiston Academies Trust  
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## Trustees' Report (continued)

For the year ended 31 August 2015

### **Auditor**

The auditor, Grant Thornton UK LLP, has indicated its willingness to continue in office. The trustees will propose a motion re-appointing the auditor at the annual general meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees, as the company directors, on 17 December 2015 and signed on the board's behalf by:



**Paul Hann**  
Chair of Trustees



## Governance Statement

### Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Ormiston 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 officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Ormiston 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 Trustees' responsibilities statement. The Board of Trustees has formally met 4 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
Peter Murray, Founding Chairman	4	4
Ken Shooter	3	4
Wendy Barnes	4	4
Bal Samra	3	4
Paul Hann, Chair of Trustees	4	4
Ian Brookman	4	4
Professor Toby Salt	4	4
Nicole McCartney	4	4
Frances Hall	2	3
Mark Stanyer	1	4

The Financial Oversight and Risk Committee is a committee of the main Board of Trustees. Its purpose is to oversee the efficient and effective management of finance and resources within the trust.

The membership of this committee and their attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	3	5
Bal Samra	3	5
Professor Toby Salt	5	5
Ian Brookman	5	5
Frances Hall	3	3

Bal Samra stepped down from the Financial Oversight and Risk committee on 1 December 2015.

The School Improvement Committee is a committee of the main Board of Trustees. Its purpose is to oversee and challenge the work to improve levels of attainment and achievement in the academies.

**Ormiston Academies Trust**  
**(A company limited by guarantee)**

## Governance Statement (continued)

The membership of this committee and their attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Wendy Barnes	5	5
Paul Hann	5	5
Ian Brookman	5	5
Professor Toby Salt	4	5

The Audit Committee is a committee of the main Board of Trustees. Its purpose is to oversee and manage the internal and external audit processes.

The membership of this committee and their attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	1	1
Bal Samra	0	1
Ian Brookman	1	1
Frances Hall	1	1

Bal Samra stepped down from the Audit Committee committee on 1 December 2015.

### **Review of value for money**

As accounting officer, the chief executive officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Undertaking a review of all utility costs with the aim of paying less for gas and electricity, using less gas and electricity and starting to generate our own electricity.
- Appointing a procurement consultant to work with both head office and the academies to develop a programme of targeted cost savings.

### **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 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 Ormiston Academies Trust for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of

## Governance Statement (continued)

the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year ended 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Mazars as internal auditor.

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

On a termly basis, the internal auditor reports to the Financial Oversight and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The programme of work by the internal auditors is agreed in advance with the Financial Oversight and Risk Committee. Work for the current year has included a review of purchases, payments and suppliers, checking the accuracy of profiling of budgets, checking control account reconciliations, reviewing income budgets, checking accrual based accounting, reviewing longer term financial plans, checking payroll and expenses.

### **Review of effectiveness**

As accounting officer, the chief executive officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

**Ormiston Academies Trust**  
**(A company limited by guarantee)**

## Governance Statement (continued)

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee 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 17 December 2015 and signed on its behalf, by:



**Paul Hann**  
**Chair of Trustees**

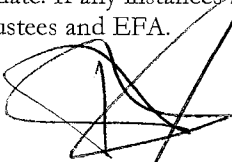
**Ormiston Academies Trust**  
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## Statement on Regularity, Propriety and Compliance

As accounting officer of Ormiston Academies Trust I have considered my responsibility to notify the 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 trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

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

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



**Professor Toby Salt**  
**Chief Executive Officer and**  
**Accounting Officer**

Date: 17 December 2015

## Trustees' Responsibilities Statement

For the year ended 31 August 2015

The trustees of Ormiston Academies Trust (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2005;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 17 December 2015 and signed on its behalf by:



**Paul Hann**  
**Chair of Trustees**



## Independent Auditor's Report to the Members of Ormiston Academies Trust

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

This report is made solely to the charitable 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 charitable 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 charitable 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 Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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](http://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 charitable trust's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.



# Independent Auditor's Report to the Members of Ormiston Academies Trust

## **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.

## **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.

A handwritten signature in black ink, appearing to read 'S Robinson'.

Steve Robinson (Senior statutory auditor)

for and on behalf of

### **Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

Date: 21 DECEMBER 2015



**Ormiston Academies Trust**  
**(A company limited by guarantee)**

# Independent Reporting Accountant's Assurance Report on Regularity to Ormiston Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 October 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ormiston Academies Trust during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

## **Respective responsibilities of Ormiston Academies Trust accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the individual funding agreements between Ormiston Academies Trust and the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

## **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by 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 trust's income and expenditure.

The work undertaken to draw our conclusion includes :

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;

**Ormiston Academies Trust**  
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## Independent Reporting Accountant's Assurance Report on Regularity to Ormiston Academies Trust and the Education Funding Agency (continued)

- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- detailed testing on a sample basis of income and expenditure for the areas identified as high risk.

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



### **Grant Thornton UK LLP**

Chartered Accountants  
Statutory Auditor

Grant Thornton House  
202 Silbury Boulevard  
Milton Keynes  
MK9 1LW

Date: 21 DECEMBER 2015

## Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)  
For the year ended 31 August 2015

	Note	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income	3	920	(5,311)	53,024	48,633	30,337
Other voluntary income	3	1,018	145	20,327	21,490	6,680
Activities for generating funds	4	3,526	1,505	-	5,031	4,703
Investment income	5	116	-	-	116	114
Incoming resources from charitable activities	6	1,586	140,144	3,550	145,280	128,163
<b>Total incoming resources</b>		<b>7,166</b>	<b>136,483</b>	<b>76,901</b>	<b>220,550</b>	<b>169,997</b>
Continuing operations		4,520	106,518	23,562	134,600	119,852
Acquired operations		2,646	29,965	53,339	85,950	50,145
<b>Resources expended</b>						
Costs of generating funds:						
Costs of generating voluntary income	7	1,397	374	-	1,771	1,023
Charitable activities	8	4,230	143,656	8,044	155,930	123,449
Governance costs	9	124	422	-	546	544
<b>Total resources expended</b>	10	<b>5,751</b>	<b>144,452</b>	<b>8,044</b>	<b>158,247</b>	<b>125,016</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>1,415</b>	<b>(7,969)</b>	<b>68,857</b>	<b>62,303</b>	<b>44,981</b>

## Statement of Financial Activities (continued)

For the year ended 31 August 2015

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds	Total funds
Not e	2015 £000	2015 £000	2015 £000	2015 £000	2014 £000
Transfers between funds	24	(1,337)	(544)	1,881	-
<b>Net income for the year</b>	<u>78</u>	<u>(8,513)</u>	<u>70,738</u>	<u>62,303</u>	<u>44,981</u>
Continuing operations	<b>(1,376)</b>	<b>(9,018)</b>	<b>18,625</b>	<b>8,231</b>	<b>14,081</b>
Acquired operations	<b>1,454</b>	<b>505</b>	<b>52,113</b>	<b>54,072</b>	<b>30,900</b>
Actuarial gains and losses on defined benefit pension schemes	-	(1,091)	-	(1,091)	(5,916)
<b>Net movement in funds for the year</b>	<u>78</u>	<u>(9,604)</u>	<u>70,738</u>	<u>61,212</u>	<u>39,065</u>
Total funds at 1 September 2014	2,248	(19,914)	198,576	180,910	141,845
<b>Total funds at 31 August 2015</b>	<u><u>2,326</u></u>	<u><u>(29,518)</u></u>	<u><u>269,314</u></u>	<u><u>242,122</u></u>	<u><u>180,910</u></u>

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

The notes on pages 30 to 58 form part of these financial statements.

## Balance Sheet

As at 31 August 2015

	Note	£000	2015 £000	£000	2014 £000
<b>Fixed assets</b>					
Tangible assets	18		261,180		182,672
<b>Current assets</b>					
Stock	20	62		135	
Debtors	21	8,322		10,909	
Cash at bank		19,303		24,724	
			<u>27,687</u>	<u>35,768</u>	
<b>Creditors:</b> amounts falling due within one year	22	(11,355)		(10,466)	
<b>Net current assets</b>			<u>16,332</u>		<u>25,302</u>
<b>Total assets less current liabilities</b>			<u>277,512</u>		<u>207,974</u>
<b>Creditors:</b> amounts falling due after more than one year	23		-		(31)
<b>Net assets excluding pension scheme liability</b>			<u>277,512</u>		<u>207,943</u>
Defined benefit pension scheme liability	32	(35,390)		(27,033)	
<b>Net assets including pension scheme liability</b>			<u><u>242,122</u></u>		<u><u>180,910</u></u>
<b>Funds of the academy</b>					
Restricted general funds:					
Restricted general funds	24	5,872		7,119	
Restricted fixed asset funds	24	269,314		198,576	
Restricted funds excluding pension liability		275,186		205,695	
Pension reserve	24	(35,390)		(27,033)	
Total restricted general funds			<u>239,796</u>		<u>178,662</u>
Unrestricted funds	24		<u>2,326</u>		<u>2,248</u>
<b>Total funds</b>	24		<u><u>242,122</u></u>		<u><u>180,910</u></u>

**Ormiston Academies Trust**  
**(A company limited by guarantee)**

## Balance Sheet (continued)

As at 31 August 2015

The financial statements were approved by the Trustees, and authorised for issue, on 17 December 2015 and are signed on their behalf, by:



**Paul Hann**  
**Chair of Trustees**

The notes on pages 30 to 58 form part of these financial statements.

**Ormiston Academies Trust**  
**(A company limited by guarantee)**

## Cash Flow Statement

For the year ended 31 August 2015

	Note	2015 £000	2014 £000
Net cash flow from operating activities	26	(368)	2,831
Returns on investments and servicing of finance		116	114
Capital expenditure and financial investment	27	(6,604)	(2,268)
Cash transferred on transfer in of an existing academy	29	515	-
Cash transferred on conversion to an academy	29	920	2,986
<b>(Decrease)/Increase in cash in the year</b>		<b>(5,421)</b>	<b>3,663</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2015

	2015 £000	2014 £000
<b>(Decrease)/ Increase in cash in the year end</b>	<b>(5,421)</b>	<b>3,663</b>
Net funds at 1 September 2014	24,724	21,061
<b>Net funds at 31 August 2015</b>	<b>19,303</b>	<b>24,724</b>

The notes on pages 30 to 58 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2015

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom accounting Standards, the Charity Commission 'Statement of Recommended Practice: accounting and Reporting by Charities' ('SORP 2005'), the Academies Direction 2014 to 2015 issued by EFA and the Companies Act 2006.

The company is itself a subsidiary undertaking and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

### **1.2 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the trust at the discretion of the Trustees, although these are designated for use by the academy from which funds have been generated.

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

Restricted general funds comprise all other restricted funds received and include grants from Education Funding Agency.

### **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 trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

### **1.4 Incoming resources**

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

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

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

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



# Notes to the Financial Statements

For the year ended 31 August 2015

## **1. Accounting policies (continued)**

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

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

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

Other income, including the sale of uniforms, 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 Resources expended**

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

### **1.6 Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy.

# Notes to the Financial Statements

For the year ended 31 August 2015

## 1. Accounting policies (continued)

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

Freehold buildings	-	2% straight line
Long leasehold buildings	-	2% straight line
Long leasehold land	-	125 years
Motor vehicles	-	15% straight line
Furniture and equipment	-	10 - 15% straight line
Computer equipment	-	20% straight line

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. Leasehold land is depreciated over the term of the lease. Freehold land is not depreciated.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicated 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.

### 1.7 Investments

The academy's investment in Ormiston Bolingbroke Academy Trust, in which it is sole member, is included in the charity Balance sheet at the cost of acquisition being nil. There is no readily available market value and the cost of valuation exceeds the benefit derived.

### 1.8 Operating leases

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

The trust occupies a number of school buildings under short-term arrangements whilst construction of new buildings is ongoing. No rental is being charged for these buildings. Due to the specialist nature of these properties, the trustees do not consider that this benefit is reasonably quantifiable and measurable and have therefore not recognised a notional market rent charge and equivalent donation for these amounts.

### 1.9 Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value. Significant stationery supplies and iPad devices purchased for the forthcoming academic year are also recognised as stock and valued at the lower of cost or net realisable value.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 1. Accounting policies (continued)

#### 1.10 Taxation

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

#### 1.11 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the various Local Government Pension Schemes ('LGPS') and a defined contribution pension scheme. These first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the 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 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 quinquennial valuations using a prospective benefit method. As stated in note 32, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPSs are funded schemes and for each the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Contributions payable to the defined contribution scheme are charged as expenditure to the Statement of financial activities. The assets of the scheme are held separately to those of the trust.

# Notes to the Financial Statements

For the year ended 31 August 2015

## 1. Accounting policies (continued)

### 1.12 Conversion to academy status

As a multi-academy trust, new schools join the trust from time to time.

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and is accounted for under the acquisition accounting method.

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

### 1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over charitable application of the funds. The trust can be use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received, paid and any balances held are disclosed in note 36.

## 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the trust were subject to limits at 31 August 2015 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The trust has not exceeded these limits during the year ended 31 August 2015.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 3. Voluntary income

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Transfer from LA on conversion	920	47,713	48,633	30,337
Other donations	668	20,472	21,140	6,583
Private sponsorship	350	-	350	97
Subtotal	<u>1,018</u>	<u>20,472</u>	<u>21,490</u>	<u>6,680</u>
Voluntary income	<u><u>1,938</u></u>	<u><u>68,185</u></u>	<u><u>70,123</u></u>	<u><u>37,017</u></u>

### 4. Activities for generating funds

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Hire of facilities	508	337	845	817
Catering income	1,267	231	1,498	1,018
Academy trips	394	277	671	531
Sundry income	1,357	660	2,017	2,337
	<u>3,526</u>	<u>1,505</u>	<u>5,031</u>	<u>4,703</u>

### 5. Investment income

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Bank interest	116	-	116	114

## Notes to the Financial Statements

For the year ended 31 August 2015

### 6. Funding for Academies' educational operations

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>DfE/EFA grants</b>				
General Annual Grant (GAG)	-	117,402	117,402	89,554
Start Up Grants	-	1,302	1,302	1,918
Other DfE / EFA grants	1,084	14,302	15,386	8,924
Capital grants	-	5,299	5,299	22,346
Academy main building grants	-	549	549	1,624
Local authority grants	-	3,840	3,840	2,791
	<u>1,084</u>	<u>142,694</u>	<u>143,778</u>	<u>127,157</u>
<b>Other income</b>				
Other income	502	1,000	1,502	1,006
	<u>502</u>	<u>1,000</u>	<u>1,502</u>	<u>1,006</u>
	<u><u>1,586</u></u>	<u><u>143,694</u></u>	<u><u>145,280</u></u>	<u><u>128,163</u></u>

### 7. Costs of generating voluntary income

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Other costs	819	58	877	499
Staff costs	578	316	894	524
	<u>1,397</u>	<u>374</u>	<u>1,771</u>	<u>1,023</u>
	<u><u>1,397</u></u>	<u><u>374</u></u>	<u><u>1,771</u></u>	<u><u>1,023</u></u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 8. Expenditure by charitable activity

#### Summary by fund type

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Direct costs	1,496	110,565	112,061	82,801
Allocated support costs	2,734	41,135	43,869	40,648
	<u>4,230</u>	<u>151,700</u>	<u>155,930</u>	<u>123,449</u>

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	696	91,483	92,179	69,085
Depreciation	-	4,541	4,541	1,521
Educational supplies	-	7,564	7,564	6,649
Examination fees	56	2,027	2,083	1,572
Staff development	19	643	662	659
Educational consultancy	-	676	676	513
Staff related insurance	-	102	102	52
Technology costs	-	1,156	1,156	786
Travel and subsistence	-	62	62	62
Other direct costs	-	2,462	2,462	1,285
FRS 17 finance costs	-	574	574	617
Total	<u>771</u>	<u>111,290</u>	<u>112,061</u>	<u>82,801</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

	Unrestricted funds 2015 £000	Restricted funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
<b>Allocated support costs</b>				
Support staff costs	622	17,077	17,699	13,874
Depreciation	-	2,744	2,744	1,765
Recruitment and support	124	548	672	484
Maintenance of premises and equipment	472	3,599	4,071	2,789
Cleaning	3	1,186	1,189	946
Rent, rates, light and heat	78	3,660	3,738	3,117
Insurance	5	1,033	1,038	733
Security and transport	128	611	739	457
Catering	572	1,762	2,334	1,540
Capital build costs	-	2,297	2,297	740
Bank interest and charges	6	11	17	30
Operating leases - land & buildings	-	240	240	246
Operating leases - other	17	461	478	397
Technology costs	95	2,104	2,199	1,146
Travel and subsistence	7	152	159	148
PFI charges	-	32	32	41
Other support costs	605	2,859	3,464	2,964
Loss on disposal of assets	-	55	55	9
Transfer of primary school to Gateway Learning Community	-	-	-	9,222
Cowes demolition costs	-	704	704	-
Total	<u>2,734</u>	<u>41,135</u>	<u>43,869</u>	<u>40,648</u>

### 9. Governance costs

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Internal audit costs	-	35	35	11
Auditor's remuneration - audit fees	8	53	61	55
Auditor's remuneration - non audit costs	-	25	25	8
Legal and professional fees	107	229	336	436
Trustees' expenses	1	6	7	6
Gain on disposal of fixed assets	-	-	-	(1)
Other support costs	8	15	23	9
Governance expense - wages and salaries	-	59	59	20
Total	<u>124</u>	<u>422</u>	<u>546</u>	<u>544</u>



## Notes to the Financial Statements

For the year ended 31 August 2015

### 10. Analysis of resources expended

	Staff costs	Non pay expenditure		Total	Total
	2015	Premises	Other costs	2015	2014
	£000	2015	2015	£000	£000
		£000	£000		
Costs of generating voluntary income	894	-	877	1,771	1,023
<b>Costs of generating funds</b>	<b>894</b>	<b>-</b>	<b>877</b>	<b>1,771</b>	<b>1,023</b>
Direct costs	92,179	4,541	15,341	112,061	82,801
Allocated support costs	17,699	16,076	10,094	43,869	40,648
<b>Charitable activities</b>	<b>109,878</b>	<b>20,617</b>	<b>25,435</b>	<b>155,930</b>	<b>123,449</b>
<b>Governance</b>	<b>59</b>	<b>-</b>	<b>487</b>	<b>546</b>	<b>544</b>
	<b>110,831</b>	<b>20,617</b>	<b>26,799</b>	<b>158,247</b>	<b>125,016</b>

### 11. Net incoming / (outgoing) resources

This is stated after charging:

	2015	2014
	£000	£000
Depreciation of tangible fixed assets:		
- owned by the charity	7,285	3,286

### 12. Auditors' remuneration

	2015	2014
	£000	£000
Fees payable to the trust's auditor and its associates for the audit of the trust's annual accounts	61	55
Fees payable to the trust's auditor and its associates in respect of:		
Other EFA requirements	10	10
Other services	15	17

## Notes to the Financial Statements

For the year ended 31 August 2015

### 13. Staff

#### a. Staff costs

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	83,962	66,430
Social security costs	8,793	4,949
Other pension costs (Note 32)	14,113	9,761
	<hr/>	<hr/>
	106,868	81,140
Supply teacher costs	3,355	1,961
Severance payments	608	402
	<hr/>	<hr/>
	<u>110,831</u>	<u>83,503</u>

#### b. Staff severance payments

Included in restructuring costs are non-statutory/non-contractual severance payments totalling £149,996 (2014 - £342,344). Payments were made to 35 employees and the individual amounts making up the 2015 total are shown below:

£	£	£	£
50	567	1,598	4,279
50	944	1,676	7,500
115	956	1,726	9,114
187	1,011	1,803	10,325
196	1,055	1,841	12,000
249	1,131	1,900	13,000
408	1,204	2,864	13,000
496	1,274	3,750	18,000
500	1,384	3,843	-

#### c. Staff numbers

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

	2015 No.	2014 No.
Teachers	1,375	1,081
Administration and support staff	1,461	1,107
Management	196	155
	<hr/>	<hr/>
	<u>3,032</u>	<u>2,343</u>

Of the total staff number, 32 were employed at the head office (2014: 38). All other staff worked in the academies.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 13. Staff (continued)

#### d. Higher paid staff

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

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	37	31
In the band £ 70,001 - £ 80,000	4	10
In the band £ 80,001 - £ 90,000	15	9
In the band £ 90,001 - £100,000	5	7
In the band £100,001 - £110,000	7	6
In the band £110,001 - £120,000	3	2
In the band £120,001 - £130,000	1	3
In the band £130,001 - £140,000	0	1
In the band £140,001 - £150,000	1	1
In the band £150,001 - £160,000	0	1
In the band £180,001 - £190,000	1	0

61 (2014: 62) of the above employees were principals, vice principals and associated principals and participated in the Teachers' Pension Scheme. During the period ended 31 August 2015, pension contributions for these staff amounted to £623,567 (2014: £559,305). 13 (2014: 7) of the above employees participated in the Local Government Pension Scheme, and their pension contributions amounted to £122,079 (2014: £102,857). The table also includes 6 non-teaching staff who are based in the academies.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 14. Central services

All academies which are part of Ormiston Academies Trust pay a partnership fee to the trust for the central services which it provides. The services which the trust currently provides to its academies includes school improvement, governance, human resources, marketing, finance, information technology, legal, PR and media, estates and compliance.

The academies which joined the trust prior to 2013 pay a flat rate fee of £140,000 for each secondary academy. During 2013, the basis of charging for new schools joining changed to a flat fee plus a variable element. The flat fee is £60,000 for each secondary academy and £25,000 for each primary academy. The variable charge is up to 3.5% of the each academy's income (excluding pupil premium and SEN funding), depending upon its latest Ofsted ranking and its needs. The trust seeks to further improve year on year the quality and scope of the services which it provides without increasing the partnership fee to each academy.

The actual amounts charged during the year were as follows:

Academy name	Partnership fee £000
Ormiston Bushfield Academy	140
Ormiston Chadwick Academy	175
Ormiston Cliff Park Academy	189
Cowes Enterprise College	215
Ormiston Denes Academy	205
Ormiston Endeavour Academy	140
Ormiston Forge Academy	140
George Salter Academy	140
Ormiston Herman Academy	53
Ormiston Horizon Academy	140
Ormiston Ilkeston Enterprise Academy	140
Ormiston Maritime Academy	140
Ormiston Meadows Academy	48
City of Norwich School	213
Ormiston Park Academy	140
Ormiston Rivers Academy	140
Ormiston Sandwell Community Academy	140
Ormiston Sheffield Community Academy	140
Ormiston Sir Stanley Matthews Academy	140
Ormiston Six Village Academy	140
Ormiston South Parade Academy	40
Stoke High School - Ormiston Academy	154
Ormiston Sudbury Academy	140
Tenbury High Ormiston Academy	118
Ormiston Venture Academy	140
Ormiston Victory Academy	140
Wodensborough Ormiston Academy	<u>214</u>
<b>Total</b>	<b><u>3,864</u></b>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 15. Trustees' remuneration and expenses

The Chief Executive Officer and staff trustees only receive remuneration in respect of services they provide for undertaking the roles of Chief Executive Officer and principal, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees.

The value of trustees' remuneration was as follows:

	2015 £000	2014 £000
Professor Toby Salt (Chief Executive Officer and Trustee)	180-185	160-165
Professor Toby Salt - Employer pension contributions	10-15	15-20
Nicole McCartney (Principal and Trustee)	145-150	145-150
Nicole McCartney - Employer pension contributions	15-20	15-20
Mark Stanyer (Principal and Trustee)	120-125	
Mark Stanyer - Employer pension contributions	15-20	

During the year travel and subsistence expenses totalling £9,009 (2014: £16,241) were reimbursed to 3 trustees (2014: 6 trustees). This includes expense reimbursements to staff trustees in connection with their employment.

Professor Toby Salt is the highest paid trustee.

Other related party transactions involving the trustees are set out in note 34 to the financial statements.

### 16. Trustees' and officers' insurance

In accordance with normal commercial practice the trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2015 was £1,620 (2014 - £1,590). The cost of this insurance is included in the total insurance cost.

### 17. Other finance income

	2015 £000	2014 £000
Expected return on pension scheme assets	2,098	1,349
Interest on pension scheme liabilities	(2,672)	(1,966)
	<u>(574)</u>	<u>(617)</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 18. Tangible fixed assets

	Freehold land and buildings £000	Leasehold buildings £000	Assets in the course of construction £000	Motor vehicles £000	Furniture and equipment £000
<b>Cost</b>					
At 1 September 2014	29,283	98,803	56,741	198	1,866
Additions	-	935	10,288	39	765
Transfers in on conversion	20,584	28,962	-	-	427
Disposals	(87)	-	-	(9)	(18)
Other transfers	2,026	81,824	(67,029)	47	229
At 31 August 2015	<u>51,806</u>	<u>210,524</u>	<u>-</u>	<u>275</u>	<u>3,269</u>
<b>Depreciation</b>					
At 1 September 2014	1,331	3,135	-	82	798
Charge for the year	929	4,159	-	41	383
On disposals	(87)	-	-	(1)	(18)
At 31 August 2015	<u>2,173</u>	<u>7,294</u>	<u>-</u>	<u>122</u>	<u>1,163</u>
<b>Net book value</b>					
At 31 August 2015	<u>49,633</u>	<u>203,230</u>	<u>-</u>	<u>153</u>	<u>2,106</u>
At 31 August 2014	<u>27,952</u>	<u>95,668</u>	<u>56,741</u>	<u>116</u>	<u>1,068</u>
				<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 September 2014				3,516	190,407
Additions				423	12,450
Transfers in on conversion				1,025	50,998
Disposals				-	(114)
Other transfers				5,256	22,353
At 31 August 2015				<u>10,220</u>	<u>276,094</u>
<b>Depreciation</b>					
At 1 September 2014				2,389	7,735
Charge for the year				1,773	7,285
On disposals				-	(106)
At 31 August 2015				<u>4,162</u>	<u>14,914</u>
<b>Net book value</b>					
At 31 August 2015				<u>6,058</u>	<u>261,180</u>
At 31 August 2014				<u>1,127</u>	<u>182,672</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 19. Fixed asset investments

During the year, the charitable company became the sole member of Ormiston Bolingbroke Academy Trust, a company limited by guarantee, registered in England and Wales. These financial statements show information about the charitable company only as explained in the basis of accounting in note 1.1. The subsidiary has the following activity during the year ended 31 August 2015 and the following balances at the balance sheet date:

#### Statement of financial activities

	2015 £000
Total incoming resources	7,118
Total resources expended	(8,507)
Actuarial gains and losses	10
	<hr/>
Retained deficit for the year ended 31 August 2015	<u>(1,379)</u>

#### Balance sheet

	2015 £000
Tangible assets	15,017
Current assets	1,342
Creditors: due within one year	(407)
Defined benefit pension scheme liability	(390)
	<hr/>
Net assets	<u>15,562</u>

Net assets are represented by total funds of £15,562k of which £15,064k are restricted. The subsidiary operates an academy school, being the same activity as the charitable company.

### 20. Stock

	2015 £000	2014 £000
Goods for resale and supplies	62	135
	<hr/>	<hr/>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 21. Debtors

	2015 £000	2014 £000
Trade debtors	644	705
Accrued capital grant income	2,792	6,081
Other debtors	1,760	3,031
Prepayments and accrued income	3,126	1,092
	<u>8,322</u>	<u>10,909</u>

### 22. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	3,923	5,708
Other taxation and social security	2,434	1,745
Other creditors	1,644	1,286
Accruals and deferred income	3,354	1,727
	<u>11,355</u>	<u>10,466</u>

#### Deferred income

Deferred income at 1 September 2014	512
Resources deferred during the year	724
Amounts released from previous years	<u>(512)</u>
Deferred income at 31 August 2015	<u>724</u>

Deferred income relates to project income and Universal infant free school meals (UIFSM) grants received in advance specifically for future periods.

### 23. Creditors: Amounts falling due after more than one year

	2015 £000	2014 £000
Other creditors	-	31
	<u>-</u>	<u>31</u>



## Notes to the Financial Statements

For the year ended 31 August 2015

### 24. Statement of funds

	Brought forward £000	Incoming resources £000	Resources expended £000	Transfers in/(out) £000	Gains/(losses) £000	Carried forward £000
<b>Unrestricted funds</b>						
General Fund	2,248	7,166	(5,751)	(1,337)	-	2,326
<b>Restricted funds</b>						
EFA - General						
Annual Grant	4,292	117,402	(118,874)	(88)	-	2,732
Start Up Grants	1,073	1,302	(1,923)	(133)	-	319
Other DfE/EFA Grants	1,754	23,090	(21,700)	(323)	-	2,821
Pension reserve	(27,033)	(5,311)	(1,955)	-	(1,091)	(35,390)
	<u>(19,914)</u>	<u>136,483</u>	<u>(144,452)</u>	<u>(544)</u>	<u>(1,091)</u>	<u>(29,518)</u>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	17,138	4,177	(1,432)	213	-	20,096
Capital expenditure from GAG	2,089	-	(930)	814	-	1,973
Inherited assets	103,388	73,938	(3,002)	519	-	174,843
EFA Capital Project Grant	75,788	(1,214)	(2,680)	335	-	72,229
Other Restricted Funds	173	-	-	-	-	173
	<u>198,576</u>	<u>76,901</u>	<u>(8,044)</u>	<u>1,881</u>	<u>-</u>	<u>269,314</u>
Total restricted funds	<u>178,662</u>	<u>213,384</u>	<u>(152,496)</u>	<u>1,337</u>	<u>(1,091)</u>	<u>239,796</u>
Total of funds	<u>180,910</u>	<u>220,550</u>	<u>(158,247)</u>	<u>-</u>	<u>(1,091)</u>	<u>242,122</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 trustees, although these are designated for use by the academy from which the funds have been generated.

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.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 24. Statement of funds (continued)

Transfers between funds are made in respect of capital expenditure from revenue grants to allocate funds into restricted fixed asset funds to account for future depreciation on fixed assets.

Under the funding agreement with the Secretary of State, the trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2015. As disclosed in Note 2 this limit has not been exceeded

#### Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £000
Ormiston Bushfield Academy	507
Ormiston Chadwick Academy	996
Ormiston Cliff Park Academy	688
Cowes Enterprise College	(62)
Ormiston Denes Academy	136
Ormiston Endeavour Academy	44
Ormiston Forge Academy	(383)
George Salter Academy	345
Ormiston Herman Academy	176
Ormiston Horizon Academy	279
Ormiston Ilkeston Enterprise Academy	96
Ormiston Maritime Academy	343
Ormiston Meadows Academy	212
City of Norwich School	428
Ormiston Park Academy	(262)
Ormiston Rivers Academy	480
Ormiston Sandwell Community Academy	753
Ormiston Shelfield Community Academy	401
Ormiston Sir Stanley Matthews Academy	299
Ormiston Six Villages Academy	333
Ormiston South Parade Academy	99
Stoke High School - Ormiston Academy	1,083
Ormiston Sudbury Academy	(74)
Tenbury High Ormiston Academy	162
Ormiston Venture Academy	138
Ormiston Victory Academy	391
Wodensborough Ormiston Academy	340
Central services	250
Total before fixed asset fund and pension reserve	8,198
Restricted fixed asset fund	269,314
Pension reserve	(35,390)
Total	<u>242,122</u>

The trustees monitor the level of reserves held by individual academies. Those academies with deficit balances are being closely monitored to enable them to return to a positive position. Academies with higher

## Notes to the Financial Statements

For the year ended 31 August 2015

### 24. Statement of funds (continued)

levels of reserves either have plans for specific capital expenditure or have short term plans to apply these resources in support of their pupils education.

#### Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciatio n £000	Total £000
Ormiston Bushfield Academy	3,356	1,822	300	1,380	6,858
Ormiston Chadwick Academy	2,844	288	112	1,352	4,596
Ormiston Cliff Park Academy	3,584	537	237	1,290	5,648
Cowes Enterprise College	3,841	513	306	1,075	5,735
Ormiston Denes Academy	3,878	1,143	193	1,228	6,442
Ormiston Endeavour Academy	2,041	420	75	741	3,277
Ormiston Forge Academy	6,083	558	260	1,239	8,140
George Salter Academy	5,426	852	181	2,051	8,510
Ormiston Herman Academy	975	88	78	353	1,494
Ormiston Horizon Academy	3,032	618	101	1,275	5,026
Ormiston Ilkeston Enterprise Academy	3,826	792	435	1,099	6,152
Ormiston Maritime Academy	3,688	655	108	1,936	6,387
Ormiston Meadows Academy	1,222	152	62	277	1,713
City of Norwich School	5,889	760	368	1,575	8,592
Ormiston Park Academy	2,509	466	291	1,061	4,327
Ormiston Rivers Academy	2,670	1,260	176	1,310	5,416
Ormiston Sandwell Community Academy	3,779	647	79	1,390	5,895
Ormiston Shelfield Community Academy	6,385	308	362	2,236	9,291
Ormiston Sir Stanley Matthews Academy	3,310	621	186	1,500	5,617
Ormiston Six Villages Academy	2,416	398	213	650	3,677
Ormiston South Parade Academy	1,387	207	147	822	2,563
Stoke High School - Ormiston Academy	2,775	356	215	1,333	4,679
Ormiston Sudbury Academy	2,986	489	149	1,031	4,655
Tenbury High Ormiston Academy	1,556	230	49	470	2,305
Ormiston Venture Academy	3,184	544	187	810	4,725
Ormiston Victory Academy	3,135	583	178	1,191	5,087
Wodensborough Ormiston Academy	4,887	372	446	1,767	7,472
Central services	-	1,951	-	2,018	3,969
	<u>90,664</u>	<u>17,630</u>	<u>5,494</u>	<u>34,460</u>	<u>148,248</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 25. Analysis of net assets between funds

	Unrestricted funds 2015 £000	Restricted general funds 2015 £000	Restricted fixed asset funds 2015 £000	Total funds 2015 £000	Total funds 2014 £000
Tangible fixed assets	-	-	261,180	261,180	182,672
Current assets	2,001	17,552	8,134	27,687	35,768
Creditors due within one year	150	(11,505)	-	(11,355)	(10,466)
Creditors due in more than one year	175	(175)	-	-	(31)
Provisions for liabilities and charges	-	(35,390)	-	(35,390)	(27,033)
	<u>2,326</u>	<u>(29,518)</u>	<u>269,314</u>	<u>242,122</u>	<u>180,910</u>

### 26. Net cash flow from operations

	2015 £000	2014 £000
Net incoming resources before transfers	62,303	44,981
Interest received	(116)	(114)
Transfers on conversion	(48,633)	(30,305)
Depreciation of tangible fixed assets	7,285	3,286
Loss on disposal of tangible fixed assets	8	9
Decrease/(increase) in stocks	73	(26)
Decrease/(increase) in debtors	2,587	(1,448)
Increase in creditors	856	357
Other transfers in	(515)	-
Transfer of primary free school	-	9,222
Capital grants	(5,847)	(17,995)
FRS 17 adjustments	1,958	1,153
Transfer of academy buildings	(20,327)	(6,289)
Net cash (outflow)/inflow from operations	<u>(368)</u>	<u>2,831</u>

### 27. Analysis of cash flows for headings netted in cash flow statement

	2015 £000	2014 £000
Returns on investments and servicing of finance		
Interest received	<u>116</u>	<u>114</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 27. Analysis of cash flows for headings netted in cash flow statement (continued)

	2015	2014
	£000	£000
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(12,451)	(34,437)
Capital grants from DfE	5,847	32,169
	<hr/>	<hr/>
<b>Net cash outflow capital expenditure</b>	<b>(6,604)</b>	<b>(2,268)</b>
	<hr/> <hr/>	<hr/> <hr/>

### 28. Analysis of changes in net funds

	1 September 2014	Cash flow	Other non-cash changes	31 August 2015
	£000	£000	£000	£000
Cash at bank and in hand:	24,724	(5,421)	-	19,303
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net funds</b>	<b>24,724</b>	<b>(5,421)</b>	<b>-</b>	<b>19,303</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 29. Conversion to academy status and acquisition of existing academy

On 1 September 2014 the predecessor schools below converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ormiston Academies Trust from their relevant Local Authorities for £NIL consideration.

On the same date, the academy trust acquired all the operations and assets and liabilities of Sheffield Community Academy which was previously operated as a separate academy trust.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred for the converter academies and an analysis of their recognition in the Statement of financial activities:

## Notes to the Financial Statements

For the year ended 31 August 2015

### 29. Conversion to academy status and acquisition of existing academy (continued)

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Surplus on conversion	920	-	-	920
Land and buildings transferred on conversion	-	-	52,622	52,622
LGPS pension	-	(3,485)	-	(3,485)
Net assets/(liabilities)	<u>920</u>	<u>(3,485)</u>	<u>52,622</u>	<u>50,057</u>

The above net assets include £920k that were transferred as cash.

	LA Funds £000	LGPS deficit £000	Fixed assets £000
Cowes Enterprise College - An Ormiston Academy	-	(1,421)	24,062
Ormiston Chadwick Academy	644	(415)	4,374
Tenbury High Ormiston Academy	142	(602)	5,616
City of Norwich School - An Ormiston Academy	134	(1,047)	18,972
Total	<u>920</u>	<u>(3,485)</u>	<u>53,024</u>

The following table sets out the fair values of the identifiable assets and liabilities transferred for Ormiston Sheffield Community Academy and an analysis of their recognition in the Statement of financial activities:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed assets funds £000	Total funds £000
Tangible fixed assets	-	-	300	300
Current assets	381	442	-	823
Current liabilities	-	(306)	-	(306)
Pension scheme liability	-	(1,756)	-	(1,756)
<b>Total net assets</b>	<u>381</u>	<u>(1,620)</u>	<u>300</u>	<u>(939)</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 30. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- (a) the value at the time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement

### 31. Capital commitments

At 31 August 2015 the trust had capital commitments as follows:

	2015	2014
	£000	£000
Contracted for but not provided in these financial statements	574	11,174

Capital commitments relate to the significant capital projects being undertaken by the trust, funded by the EFA. The trust has only entered into fixed price contractual arrangements where funding has been confirmed.

### 32. Pension commitments

The trust's employees belong to two principal types of pension scheme: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by the relevant Local Authorities. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2014.

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

#### Teachers' Pension Scheme

##### Introduction

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

## Notes to the Financial Statements

For the year ended 31 August 2015

### 32. Pension commitments (continued)

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

#### Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £8,085k.

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

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

#### Local Government Pension Scheme

The LGPSs are funded defined benefit schemes, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £6,075k, of which employer's contributions totalled £4,654k and employees' contributions totalled £1,421k. The agreed contribution rates for future years are 9.0 - 26.0% for employers and 5.5 - 12.5% for employees.



## Notes to the Financial Statements

For the year ended 31 August 2015

### 32. Pension commitments (continued)

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.

The amounts recognised in the balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(77,656)	(55,034)
Fair value of scheme assets	42,266	28,001
Net liability	<u>(35,390)</u>	<u>(27,033)</u>

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

	2015 £000	2014 £000
Current service cost	(5,922)	(3,973)
Interest on obligation	(2,672)	(1,966)
Expected return on scheme assets	2,098	1,349
Past service cost	(113)	-
Total	<u>(6,609)</u>	<u>(4,590)</u>

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

	2015 £000	2014 £000
Opening defined benefit obligation	55,034	32,861
Current service cost	5,922	3,973
Interest cost	2,672	1,966
Contributions by scheme participants	1,421	1,140
Actuarial losses	363	6,829
Losses on curtailments	113	-
Liabilities inherited on conversion	11,636	7,508
Benefits paid/transferred	495	757
Closing defined benefit obligation	<u>77,656</u>	<u>55,034</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### 32. Pension commitments (continued)

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

	2015	2014
	£000	£000
Opening fair value of scheme assets	28,001	17,456
Expected return on assets	2,098	1,349
Actuarial (losses)/gains	(728)	913
Contributions by employer	4,654	3,437
Contributions by employees	1,421	1,140
Assets inherited on conversion	6,325	2,949
Benefits paid/transferred	495	757
	<u>42,266</u>	<u>28,001</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £8,083k (2014 - £4,366k).

The trust expects to contribute £4,474k to its defined benefit pension scheme in 2016.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equities	65.00 %	65.00 %
Bonds	18.70 %	17.00 %
Property	9.70 %	9.00 %

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

	2015	2014
Discount rate for scheme liabilities	3.80 %	3.90 %
Rate of increase in salaries	4.10 %	4.20 %
Rate of increase for pensions in payment / inflation	2.70 %	2.60 %
Inflation assumption (CPI)	2.40 %	2.50 %

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

	2015	2014
Retiring today		
Males	21.9	21.9
Females	24.1	24.1
Retiring in 20 years		
Males	23.8	23.9
Females	26.6	26.6

## Notes to the Financial Statements

For the year ended 31 August 2015

### 32. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(77,656)	(55,034)	(32,861)	(23,032)	(9,993)
Scheme assets	42,266	28,001	17,456	10,426	4,595
Deficit	<u>(35,390)</u>	<u>(27,033)</u>	<u>(15,405)</u>	<u>(12,606)</u>	<u>(5,398)</u>
Experience adjustments on scheme assets	<u>(728)</u>	<u>913</u>	<u>1,004</u>	<u>253</u>	<u>-</u>

### 33. Operating lease commitments

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

	2015 £000	2014 £000
<b>Expiry date:</b>		
Within 1 year	834	647
Between 2 and 5 years	972	1,480
Total	<u>1,806</u>	<u>2,127</u>

## Notes to the Financial Statements

For the year ended 31 August 2015

### **34. Related party transactions**

Owing to the nature of the 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

The charitable company is related to The Ormiston Trust, The Gateway Learning Community, Ormiston Bolingbroke Academy, Birmingham Ormiston Academy, Birmingham Ormiston Academy Theatre Limited and Ormiston Families by virtue of PG Murray's common directorships and trusteeships.

During the year The Gateway Learning Community received services from Ormiston Academies Trust amounting to £140k (2014: £100k) and at the year end £10k (2014: £30k) was outstanding.

During the year Birmingham Ormiston Academy received services from Ormiston Academies Trust amounting to £140k (2014: £140k) and at the year end £14k (2014: £26k) was outstanding.

During the year academies within the Ormiston Academies Trust purchased services from Ormiston Families amounting to £79,356 (2014: £nil). These services were provided to the Trust at, or below cost.

In accordance with the provisions of FRS8 Related Party Transactions, transactions with the Ormiston Trust have not been disclosed on the basis that they will be included in the consolidated financial statements.

### **35. Controlling party**

The trustees consider the Ormiston Trust to be the ultimate controlling party due to that organisation's right to appoint a majority of the trustees.

The Ormiston Trust prepares consolidated financial statements which incorporated the results and positions of the academy trust and its subsidiary. Copies of the consolidated financial statements of Ormiston Trust can be obtained from its registered office: 1 Bell Yard, London WC2A 2JR.

### **36. Agency transactions**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015, the trust received and disbursed £191k (2014: £659k) from the fund.

### **37. Member's 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.