

Financial Statements

Ormiston Academies Trust

For the year ended 31 August 2016

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 2016

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
Sir Robin Bosher 2 (appointed 21 July 2016)

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

Company name

Ormiston Academies Trust

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 2016

Chief executive officer

Professor Toby Salt

Executive team

Paul Nye, Chief Operating Officer

Nick Hudson, Chief Academy Improvement Officer

James Miller, National Director of Estates and Technology

Nicole McCartney, National Director of Performance and Partnership and Managing Director (East)

Independent auditor

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Grant Thornton House

202 Silbury Boulevard

Milton Keynes

MK9 1LW

Bankers

Barclays Bank PLC

35 Market Hill

Sudbury

Suffolk

CO10 2EP

Solicitors

Stone King LLP

Boundary House

91 Charterhouse Street

London

EC1M 6HR

Internal Auditor

Mazars LLP

45 Church Street

Birmingham

B3 2RT

Ormiston Academies Trust
(A company limited by guarantee)

Directory of Academies

For the year ended 31 August 2016

Western region

Ormiston Bolingbroke Academy*
Barnfield Avenue
Runcorn
Cheshire
WA7 6EP

Executive Principal: John Rigby
Principal: Mark Wyss
Secondary academy
*A separate subsidiary company limited by guarantee known as Ormiston Bolingbroke Academy Trust

Packmoor Ormiston Academy**
Carr Lane
Tunstall
Stoke on Trent
ST7 4SP

Principal: Sharon May
Primary academy
**Joined Ormiston Academies Trust on 1 August 2016

Ormiston Chadwick Academy
Liverpool Road
Widnes
Cheshire
WA8 7HU

Executive Principal: John Rigby
Principal: Tuesday Humby
Secondary academy

Ormiston Sir Stanley Matthews Academy
Beaconsfield Drive
Blurton
Stoke on Trent
ST3 3JD

Principal: Mark Stanyer
Secondary academy

Ormiston Forge Academy
Wright's Lane
Cradley Heath
West Midlands
B64 6QU

Principal: Andrew Burns
Secondary academy

Tenbury High Ormiston Academy
Oldwood Road
Tenbury Wells
Worcestershire
WR15 8XA

Principal: Adrian Price
Secondary academy

Ormiston Horizon Academy
St Michael's Road
Tunstall
Stoke on Trent
ST6 6JT

Principal: Rod Hughes
Secondary academy

Directory of Academies

For the year ended 31 August 2016

Central region

Ormiston Bushfield Academy
Ortongate
Peterborough
Cambridgeshire
PE2 5RW

Principal: Dennis Kirwan
Secondary academy

George Salter Academy
Davey Road
West Bromwich
West Midlands
B70 9UW

Principal: Pankaj Patel
Secondary academy

Ormiston Meadows Academy
Orton Brimbles
Peterborough
Cambridgeshire
PE2 5YQ

Principal: Jean Watt
Primary academy

Ormiston Sandwell Community Academy
Lower City Road
Tividale
Oldbury
West Midlands
B69 2HE

Principal: Marie McMahon
Secondary academy

Ormiston Sheffield Community Academy
Broad Way
Pelsall
Walsall
WS4 1BW

Principal: Stuart Turnbull
Secondary academy

Ormiston Ilkeston Enterprise Academy
King George Avenue
Ilkeston
Derbyshire
DE7 5HS

Principal: Nia Salt
Secondary academy

Ormiston Maritime Academy
Westward Ho
Grimsby
South Humberside
DN34 5AH

Principal: Kevin Gallacher
Secondary academy

Ormiston South Parade Academy
South Parade
Grimsby
DN31 1TU

Principal: Jane Nolan
Primary academy

Wodensborough Ormiston Academy
Hydes Road
Wednesbury
West Midlands
WS10 0DR

Principal: Leigh Moore
Secondary academy

Directory of Academies

For the year ended 31 August 2016

Eastern region

City of Norwich School, An Ormiston Academy
Eaton Road
Norwich
Norfolk
NR4 6PP

Principal: Jim Nixon
Secondary academy

Ormiston Denes Academy
Yarmouth Road
Lowestoft
Suffolk
NR32 4AH

Interim Principal: Ben Driver
Secondary academy

Ormiston Endeavour Academy
Defoe Road
Ipswich
Suffolk
IP1 6SG

Principal: Christine Woods
Secondary academy

Ormiston Herman Academy
Oriel Avenue
Great Yarmouth
NR31 7JL

Principal: Kate Rutherford
Primary academy

Stoke High School - Ormiston Academy
Maidenhall Approach
Ipswich
Suffolk
IP2 8PL

Principal: Glenn Mellor
Secondary academy

Cliff Park - Ormiston Academy
Kennedy Avenue
Gorleston on Sea
Great Yarmouth
Norfolk
NR31 6TA

Principal: Tamsin Poulter
Secondary academy

Ormiston Sudbury Academy
Tudor Road
Sudbury
Suffolk
CO10 1NE

Principal: Caroline Wilson
Secondary academy

Ormiston Venture Academy
Oriel Avenue
Gorleston
Norfolk
NR31 7JJ

Principal: Simon Gilbert-Barnham
Secondary academy

Ormiston Victory Academy
Middleton Crescent
Norwich
Norfolk
NR5 0PX

Principal: Naomi Palmer
Secondary academy

Ormiston Academies Trust
(A company limited by guarantee)

Directory of Academies

For the year ended 31 August 2016

Southern region

Cowes Enterprise College an Ormiston Academy
Crossfield Avenue
Cowes
Isle of Wight
PO31 8HB

Principal: John Peckham
Secondary academy

Ormiston Park Academy
Behus Park Lane
Aveley
Essex
RM15 4RU

Principal: Huw Derrick
Secondary academy

Ormiston Rivers Academy
Southminster Road
Burnham on Crouch
Essex
CM0 8QB

Principal: Joan Costello
Secondary academy

Ormiston Six Villages Academy
Lime Avenue
Westergate
Chichester
West Sussex
PO20 3UE

Principal: Umbar Sharif
Secondary academy

Trustees' Report

For the year ended 31 August 2016

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 2016. 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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP 2015)). The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates 25 secondary and 4 primary academies across England. Its academies had a combined pupil roll of 23,420 in the Autumn 2016 school census. In addition, the trust provides support services at cost to a further two secondary academies which are sponsored by Ormiston Trust, the controlling party of the trust.

Structure, governance and management

Constitution

The trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy 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 ("OAT").

Details of the trustees who served during 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.

Trustees' Report (continued)

For the year ended 31 August 2016

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.

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

OAT is a charitable voluntary organisation which relies on the valuable input of a considerable number of non-executive volunteers, supported by an experienced team of staff. OAT is a relatively large multi-academy trust that covers a sizeable geographical area. The trust has been moving towards a more regional model of governance in order to better support school improvement. This is most advanced in the Eastern region.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is determined by the chief executive officer in consultation with the trustees, taking into account a variety of contributory factors such as: role and responsibilities, market factors, and results of annual performance review process, including performance against agreed objectives. The pay and remuneration of the chief executive officer is determined by the chair of trustees and the chair of the financial oversight and risk committee.

Trustees' Report (continued)

For the year ended 31 August 2016

Related Parties and other Connected Charities and Organisations

The trust has connections with the following organisations:

- The Ormiston Trust
- The Gateway Learning Community
- Birmingham Ormiston Academy

The Ormiston Trust is the sponsor of the academies within Ormiston Academies Trust. The Ormiston Trust is also the sponsor of The Gateway Learning Community and the joint sponsor of Birmingham Ormiston Academy. The trust provides support services at cost to these academies on behalf of the sponsor.

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

Objectives and activities

Objectives and Aims

Ormiston Academies Trust implements the vision of 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.

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 at cost.

The trust is there to provide the best possible education, often in disadvantaged or geographically isolated areas and where schools have previously been underperforming.

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.

Trustees' Report (continued)

For the year ended 31 August 2016

Strategic Report

The trustees approved the following five strategic aims:

- 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 increasingly efficiently to deliver excellent value for money for the academies.

Trustees' Report (continued)

For the year ended 31 August 2016

Achievements and performance

The 2015/2016 academic year saw the introduction of new headline accountability measures in primary, secondary and post-16 education. Despite these significant changes it was Ormiston Academies Trust's most successful year to date. 64% of our inspected academies have an overall effectiveness of Good or better, with 68% having leadership judged to be Good or better. This is higher than for sponsored academies nationally (62%).

Inspection teams in the 2015/2016 academic year continued to note the impact OAT is having on improving outcomes in our academies. At Ormiston Forge Academy inspectors noted that "The multi-academy trust has played a key role in improving standards" and "OAT supports the academy effectively in a number of ways". At Stoke High Ormiston Academy inspectors commented that "The support from the Ormiston Academies Trust has been systematic and effective in challenging and supporting the school. The work of the newly established 'progress board' this year has been significant in galvanising staff to make essential improvements". Similar feedback was provided at Ormiston Ilkeston Enterprise Academy where the team stated "Ormiston Academy Trust has provided very effective support for the school."

Outcomes for pupils in the Early Years Foundation Stage were the highest in the history of the trust. 72% of pupils achieved a good level of development (GLD) compared to national figures of 69%. There were consistent improvements for all primary academies from 2015 and the overall GLD increased by 9%. Pupils taking the phonics screening in our primary academies also set new records. 84% of Year 1 pupils achieved the expected standard which is a 10% improvement on 2015 outcomes and 3% higher than the national figure. The new KS2 SATs saw a national decline of 27% from the old level based system to the new standardised score. The percentage of OAT Year 6 pupils achieving the new combined standardised score in Reading, Writing and Mathematics showed progress made by pupils was 0.3, which is higher than that of similar students nationally.

In our GCSE outcomes the Year 11 cohort of 2016 had the lowest prior attainment on entry to secondary education in the trust's history. Despite this, we saw record results in the percentage of students achieving Grade C+ in English and mathematics and a significant improvement in the new Attainment 8 measure. In total 54% of students achieved C+ grades in English and mathematics, which was 4% higher than in 2015. There were some particularly impressive outcomes achieved by Ormiston Victory Academy (+19%), Ormiston Six Villages Academy (+17%) and Ormiston Endeavour Academy (+16%). The overall Attainment 8 score improved from 43.5 to 46.5, meaning the 2016 cohort achieved nearly a third of a grade better than the 2015 cohort, with lower starting points. The new Progress 8 measure has the trust in line with national levels with outstanding outcomes achieved by Ormiston Chadwick Academy (+0.61), Ormiston Rivers Academy (+0.45) and Cliff Park Ormiston Academy (+0.38).

Post-16 provision continues to be a real strength of the trust in terms of size, outcomes and destinations. Over 2,600 examination entries were made in our academy sixth forms, with record results being achieved in both academic and vocational areas.

Our APS per A-Level entry was 203.8 with an average A-Level grade of a C- being achieved for the first time (D+ in 2015) which is in line with national levels. All our attainment thresholds also increased and saw record results. A*-A (+2%), A*-B (+7%), A*-C (+7%) and A*-E (+10%).

Vocational outcomes also saw an improvement in attainment (APS increased from 224 to 229) meaning the average grade achieved for this area is a Distinction, also in line with national levels.

Indicative value added scores show that in both A-Levels (above) and vocational subjects (significantly above) OAT students make better progress than similar students nationally.

As a result of further support provided by our access champion, the percentage of students progressing to Oxford and Cambridge and Russell Group universities continues to rise rapidly. Double the number of students have

Trustees' Report (continued)

For the year ended 31 August 2016

enrolled into Oxford and Cambridge or medicine courses compared to 2015, and the percentage of students enrolling in courses at Russell Group universities was 11% which is the same as the national average and a significant increase from the 6% figure from 2015.

Our aim is to inspire young people to develop their skills, talents and character through a wide range of activities. The OAT enrichment charter is central to our enrichment programme and we want every OAT student to have the opportunity to participate and experience a wide range of arts and culture, sports, outdoor activities, enterprise and business activities as well as develop their personal skills through volunteering and student leadership.

This year OAT has developed significant relationships with providers who have enabled students to participate in some unique opportunities such as the Shakespeare Schools Festival, sailing courses on the Isle of Wight, and trips to the Mountain Centre managed by OAT Forge Academy. Also, four sixth form students have had an opportunity of a lifetime to visit Florida to work on the US Presidential Campaign in the run up to the election day. Collaboration amongst academies is growing, for example a group of OAT academies organised a sports day festival which involved over 600 students competing and celebrating their achievements together.

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.

Financial Review

The financial environment in which the trust operates continues to be challenging.

As with all academies and multi-academy trusts, the trust is facing “flat cash” income, which means reductions in real terms. During the year ended 31 August 2016, education grant funding for the trust's 29 (2015 – 28) academies reduced by £5.2m to £132.5m. Over the same period, total income (excluding donations and transfers on conversion of new academies) fell from £150.7m to £144.0m. These reductions in income were as a result of falls in the education support grant and other non-core funding.

The trust's academies faced growing financial pressures on these decreasing resources, with increases to teachers' pay, teacher's pension scheme contribution rates, and employers' national insurance contributions being imposed. With staff costs accounting for approximately 78% of total income, these increases in costs have placed considerable pressure on already constrained budgets.

These decreases in income and increases in expenditure are largely outside the control of the trust and they are expected to continue. The trustees continue to manage spending prudently across the trust, actively working to reduce costs where possible while achieving best value for money.

Trustees' Report (continued)

For the year ended 31 August 2016

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:

	2016	2015
Staff costs as a percentage of relevant incoming resources	78.2%	73.5%
Net current assets	£6,894k	£16,332k

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. The reduction in net current assets is primarily due to a reduction in cash balances held due to the planned use of brought forward reserves to fund projects during the year.

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 as follows:

- to cover working capital requirements (forming part of restricted and unrestricted general funds)
- as a contingency to meet unforeseeable expenditure (forming part of restricted and unrestricted general funds)
- to fund planned and specific future capital expenditure (forming part of the restricted fixed asset fund).

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. The trustees consider that the level of reserves held at 31 August 2016 is consistent with the reserves policy outlined above.

Disclosures are included in the financial statements to explain those reserves relating to the life cycling fund for planned maintenance and those for planned capital expenditure.

Free reserves are represented by the unrestricted funds balance at 31 August 2016.

The restricted fixed asset fund includes £276,578k that can only be realised by disposing of tangible fixed assets. Similarly to other trusts, the support staff of the trust and its academies are members of various Local Government Pension Schemes (LGPSs), in which there are significant funding deficits. Details of these obligations and the actuarial assumptions applied in the valuation of the liability are included in the notes to the financial statements. Arrangements vary between the different LGPSs however the deficits on each scheme are being funded through additional contributions. The trustees are satisfied that the funding of the pension schemes does not represent a going concern risk for the trust.

A review of the reserves held at 31 August 2016, and the movement in these funds during the year, is included above in the Financial Review section.

Trustees' Report (continued)

For the year ended 31 August 2016

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.

Principal risks and uncertainties

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

Risk

1. The future level of funding of education is uncertain in the current economic climate.
2. The finances of the academies are highly sensitive to the number of pupils who are enrolled each year.
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.
4. The trustees have a long term commitment to maintain the building estates of the academies in the trust.
5. Trustees need to ensure full compliance with all legal, health and safety, safeguarding or other procedures and guidelines.
6. The security of data and information systems in academies could be at risk.

Mitigation

- This is mainly outside the control of the trustees, but they engage with the Department for Education about funding when such opportunities arise.
- 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.
- The trustees liaise with each of the pension schemes to understand and plan for potential increases in funding costs.
- 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.
- Trustees take appropriate professional advice to ensure that they are well informed of the requirements and systems are in place to monitor compliance in each of the academies.
- The trustees have robust security procedures for information technology. They have recently let a centralised contract which includes e-safety for all academies. The new e-safety support complies fully with the latest requirements regarding Keeping Children Safe in Education.

Trustees' Report (continued)

For the year ended 31 August 2016

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 adopted 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.

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 enter employment 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 attainment.

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.

Other information

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.

Auditor

Insofar as the trustees are aware:

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

The 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.

Ormiston Academies Trust
(A company limited by guarantee)

Trustees' Report (continued)

For the year ended 31 August 2016

This report was approved by order of the board of trustees as the company directors, on 15 December 2016 and signed on its 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. The Accounting Officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 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	3	4
Mark Stanyer	4	4
Sir Robin Boshier	1	1

In addition to the local governing bodies of each academy, there are three committees of the board of trustees.

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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	4	5
Bal Samra	1	2
Professor Toby Salt	5	5
Ian Brookman	5	5
Frances Hall	4	5

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.

Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	4	4
Wendy Barnes	4	4
Paul Hann	4	4
Ian Brookman	3	4
Professor Toby Salt	4	4

The audit committee is a committee of the main board of trustees. Its purpose is to oversee the financial management of the trust, with particular regard to the control environment and the internal and external audit functions.

Attendance at meetings in the year ended 31 August 2016 was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray	3	4
Bal Samra	-	1
Ian Brookman	4	4
Frances Hall	3	4

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

Review of value for money

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

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

- continuing with the programme of 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. This programme has achieved an expected annual saving of £231k
- undertaking a tender process for HR and payroll provision to improve the quality and value of the service received, securing annual savings of £111k for our academies
- undertaking a tender process for connectivity, including voicemail and broadband. This programme is expected to achieve a cost saving of £1.4m over a 5 year period
- continuing with a programme of targeted cost savings for head office and the academies.

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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to handle risk

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

The risk and control framework

The 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 regularly considers the need for a specific internal audit function. The use of an external firm to perform this function continues to be considered appropriate.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On a quarterly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The programme of work by the internal auditors is agreed in advance with the audit 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, 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 auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive team within the trust who has responsibility for the development and maintenance of the internal control framework.

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

Ormiston Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

Approved by order of the members of the board of trustees on 15 December 2016 and signed on their behalf, by:



Paul Hann
Chair of Trustees



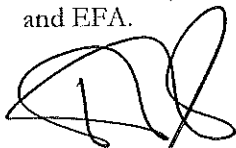
Professor Toby Salt
Chief Executive Officer and Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Ormiston Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Professor Toby Salt
Chief Executive Officer and Accounting Officer

Date: 15 December 2016

Statement of Trustees' Responsibilities

For the year ended 31 August 2016

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 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 15 December 2016 and signed on its behalf by:



Paul Hann
Chair of Trustees



Independent Auditor's Report on the Financial Statements to the Members of Ormiston Academies Trust

We have audited the financial statements of Ormiston Academies Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities SORP (FRS 102)') and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.



Independent Auditor's Report on the Financial Statements 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 cursive script that reads "Fiona Baldwin".

Fiona Baldwin (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants
Statutory Auditor

Milton Keynes

Date: 21 December 2016

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 8 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ormiston Academies Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Ormiston Academies Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Ormiston Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Ormiston Academies Trust and the 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 Ormiston Academies Trust's master funding agreement and individual funding agreements for each academy with the Secretary of State for Education, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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;

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
- limited 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 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants
Reporting Accountant

Milton Keynes

Date: 21 December 2016

Statement of Financial Activities Incorporating Income and Expenditure Account

For the year ended 31 August 2016

	Note	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Income from:						
Donations & capital grants:						
Transfers from Local Authority on conversion	3	(44)	-	-	(44)	48,633
Other donations and capital grants	3	205	3,427	19,704	23,336	27,476
Charitable activities: Funding for the academy trust's educational operations	6	1,195	132,892	-	134,087	139,294
Other trading activities	4	3,966	1,637	-	5,603	5,031
Investments	5	202	-	-	202	116
Total income		5,524	137,956	19,704	163,184	220,550
Expenditure on:						
Raising funds		2,231	236	-	2,467	1,771
Charitable activities	7	5,210	143,096	9,234	157,540	157,154
Total expenditure	8	7,441	143,332	9,234	160,007	158,925
Net (expenditure) / income before transfers		(1,917)	(5,376)	10,470	3,177	61,625
Transfers between funds	22	-	(817)	817	-	-
Net (expenditure) / income before other recognised gains and losses		(1,917)	(6,193)	11,287	3,177	61,625
Actuarial losses on defined benefit pension schemes	29	-	(20,605)	-	(20,605)	(413)
Net movement in funds		(1,917)	(26,798)	11,287	(17,428)	61,212
Reconciliation of funds:						
Total funds brought forward		2,326	(29,518)	269,314	242,122	180,910
Total funds carried forward		409	(56,316)	280,601	224,694	242,122

The notes on pages 31 to 62 form part of these financial statements.

Balance Sheet

As at 31 August 2016

	Note	£000	2016 £000	£000	2015 £000
Fixed assets					
Intangible assets	16		26		139
Tangible assets	17		276,578		261,041
			<u>276,604</u>		<u>261,180</u>
Current assets					
Debtors	19	7,165		8,384	
Cash at bank and in hand		12,072		19,303	
		<u>19,237</u>		<u>27,687</u>	
Creditors: amounts falling due within one year	20	<u>(12,343)</u>		<u>(11,355)</u>	
Net current assets			<u>6,894</u>		<u>16,332</u>
Total assets less current liabilities			<u>283,498</u>		<u>277,512</u>
Creditors: amounts falling due after more than one year	21		<u>(320)</u>		<u>-</u>
Net assets excluding pension scheme liabilities			<u>283,178</u>		<u>277,512</u>
Defined benefit pension scheme liability	29		<u>(58,484)</u>		<u>(35,390)</u>
Net assets including pension scheme liabilities			<u><u>224,694</u></u>		<u><u>242,122</u></u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	22	2,168		5,872	
Restricted fixed asset funds	22	280,601		269,314	
			<u>282,769</u>	<u>275,186</u>	
Restricted income funds excluding pension liability					
Pension reserve		<u>(58,484)</u>		<u>(35,390)</u>	
Total restricted income funds			<u>224,285</u>		<u>239,796</u>
Unrestricted income funds	22		<u>409</u>		<u>2,326</u>
Total funds			<u><u>224,694</u></u>		<u><u>242,122</u></u>

Ormiston Academies Trust
(A company limited by guarantee)

Balance Sheet (continued)

As at 31 August 2016

The financial statements were approved by the trustees, and authorised for issue, on 15 December 2016 and are signed on their behalf, by:



Paul Hann
Chair of Trustees

The notes on pages 31 to 62 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 August 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Net cash used in operating activities	24	<u>(7,608)</u>	<u>(368)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		202	116
Purchase of tangible fixed assets		(4,379)	(6,604)
Capital grants from DfE/EFA		4,566	-
Cash transferred on transfer in of an existing academy		-	515
Cash transferred on conversion to an academy		-	920
Purchase of intangible fixed assets		<u>(12)</u>	<u>-</u>
Net cash provided by/(used in) investing activities		<u>377</u>	<u>(5,053)</u>
Change in cash and cash equivalents in the year		(7,231)	(5,421)
Cash and cash equivalents brought forward		<u>19,303</u>	<u>24,724</u>
Cash and cash equivalents carried forward	25	<u><u>12,072</u></u>	<u><u>19,303</u></u>

The notes on pages 31 to 62 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 35.

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.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the 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 at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

1.4 Income

All incoming resources are recognised when the trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 fund on the balance sheet. Where income is received in advance of meeting any performance-related conditions, there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General annual grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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 receipt is probable 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.

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.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

1.5 Expenditure

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.

Expenditure on raising funds includes all expenditure incurred by the trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities are costs incurred in the trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

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 Intangible fixed assets and amortisation

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

- Purchased computer software - 20% straight line

1.7 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund. Where tangible fixed assets are gifted to the trust, these are initially recorded at valuation which is treated as deemed cost.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. 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.

1.8 Investments

The trust's investment in Ormiston Bolingbroke Academy Trust, in which it is sole member, is included in the 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.

1.9 Operating leases

Rentals under operating leases are charged 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.

1.10 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 Interest receivable

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

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

1.12 Debtors

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

1.13 Cash at bank and in hand

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

1.14 Liabilities and provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.15 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the various Local Government Pension Schemes ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings Related Pension Scheme ('SERPS'), and in the case of LGPSs 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 29, the TPS is a multiemployer 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.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

1.16 Conversion to academy status

The conversion from a state maintained school to an academy trust involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of a transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of transactions are set out in note 26.

1.17 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 use up to 5% of the allocation towards its own administration costs and this would be recognised in the statement of financial activities, however the trust does not retain this 5%. The funds received, paid and any balances held are disclosed in note 33.

Notes to the Financial Statements

For the year ended 31 August 2016

1. Accounting policies (continued)

1.18 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

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

Critical areas of judgement:

At two of its academies, the trust occupies buildings under PFI agreements with the local authority and has applied judgement in determining that these buildings should not be capitalised on the balance sheet. The trust does not believe that there are any other additional critical areas where judgement is used.

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 2016 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.

No academies within the trust exceeded the limits during the year ended 31 August 2016.

Notes to the Financial Statements

For the year ended 31 August 2016

3. Income from donations and capital grants

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Restricted fixed asset funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Transfer from LA on conversion	(44)	-	-	(44)	48,633
Other donations	63	-	19,160	19,223	21,140
Private sponsorship	142	-	-	142	350
Capital grants	-	3,427	544	3,971	5,986
Subtotal	205	3,427	19,704	23,336	27,476
Total donations and capital grants	161	3,427	19,704	23,292	76,109

In 2015, of the total income from donations and capital grants, £1,938k was to unrestricted funds and £74,171k was to restricted funds.

4. Other trading activities

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Hire of facilities	500	3	503	845
Catering income	1,336	270	1,606	1,498
Academy trips	413	231	644	671
Sundry income	1,717	1,133	2,850	2,017
	3,966	1,637	5,603	5,031

In 2015, of the total income from other trading activities, £3,526k was to unrestricted funds and £1,505k was to restricted funds.

Notes to the Financial Statements

For the year ended 31 August 2016

5. Investment income

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Bank interest	202	-	202	116

In 2015, of the total investment income, £116k was to unrestricted funds.

6. Funding for Academies' educational operations

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
DfE/EFA grants				
General Annual Grant (GAG)	-	114,753	114,753	117,402
Start Up Grants	-	201	201	1,302
Other DfE / EFA grants	513	13,476	13,989	15,271
Academy main building grants	-	599	599	549
	<u>513</u>	<u>129,029</u>	<u>129,542</u>	<u>134,524</u>
Other government grants				
Local authority grants	-	2,967	2,967	3,268
	<u>-</u>	<u>2,967</u>	<u>2,967</u>	<u>3,268</u>
Other income				
Other income	682	896	1,578	1,502
	<u>682</u>	<u>896</u>	<u>1,578</u>	<u>1,502</u>
	<u>1,195</u>	<u>132,892</u>	<u>134,087</u>	<u>139,294</u>

In 2015, of the total income from charitable activities, £1,586k was to unrestricted funds and £137,708k was to restricted funds.

Notes to the Financial Statements

For the year ended 31 August 2016

7. Analysis of expenditure on charitable activities

	Unrestricted funds 2016 £000	Restricted general funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Direct costs	1,695	111,752	113,447	112,739
Allocated support costs	3,515	40,578	44,093	44,415
	<u>5,210</u>	<u>152,330</u>	<u>157,540</u>	<u>157,154</u>

In 2015, of the total expenditure, £4,230k was expenditure from unrestricted funds and £152,246k was expenditure from restricted funds.

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Direct costs				
Teaching and educational support staff costs	955	92,455	93,410	92,179
Depreciation	-	3,630	3,630	4,517
Amortisation	-	125	125	24
Educational supplies	247	6,113	6,360	7,564
Examination fees	144	2,001	2,145	2,083
Staff development	20	691	711	662
Educational consultancy	-	565	565	676
Staff related insurance	-	44	44	102
Technology costs	22	1,378	1,400	1,156
Travel and subsistence	15	87	102	62
Other direct costs including CMA revenue expenditure	292	3,261	3,553	2,462
Defined benefit pension finance and admin costs	-	1,402	1,402	1,252
Total	<u>1,695</u>	<u>111,752</u>	<u>113,447</u>	<u>112,739</u>

Notes to the Financial Statements

For the year ended 31 August 2016

	Unrestricted funds 2016 £000	Restricted funds 2016 £000	Total funds 2016 £000	Total funds 2015 £000
Allocated support costs				
Support staff costs	255	17,583	17,838	17,699
Depreciation	-	4,360	4,360	2,744
Recruitment and support	119	591	710	672
Maintenance of premises and equipment	266	3,249	3,515	4,071
Cleaning	363	713	1,076	1,189
Rent, rates, light and heat	123	3,525	3,648	3,738
Insurance	5	644	649	1,038
Security and transport	273	451	724	739
Catering	912	1,149	2,061	2,334
Capital grant revenue expenditure	-	4,815	4,815	3,056
Bank interest and charges	1	68	69	17
Operating leases - land & buildings	-	179	179	240
Operating leases - other	-	346	346	478
Technology costs	94	1,188	1,282	2,199
Travel and subsistence	-	212	212	159
PFI charges	-	-	-	32
Other support costs	985	1,008	1,993	3,464
Governance costs	119	497	616	546
Total	<u>3,515</u>	<u>40,578</u>	<u>44,093</u>	<u>44,415</u>

8. Analysis of resources expended

	Staff costs 2016 £000	Premises 2016 £000	Other costs 2016 £000	Total 2016 £000	Total 2015 £000
Expenditure on raising voluntary income	-	-	2,467	2,467	1,771
Direct costs	94,497	3,755	15,195	113,447	112,061
Support costs	16,751	8,489	18,853	44,093	44,415
	<u>111,248</u>	<u>12,244</u>	<u>36,515</u>	<u>160,007</u>	<u>158,247</u>

In 2016, of the total expenditure, £8,742k (2015: £5,751k) was to unrestricted funds and £148,510 (2015: £152,496k) was to restricted funds.

Notes to the Financial Statements

For the year ended 31 August 2016

9. Resources expended/(net incoming resources)

This is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets:		
- owned by the charity	7,990	7,261
Operating lease rentals	525	718
Loss on disposal of fixed assets	12	55
Amortisation of intangible fixed assets	125	24
	<u> </u>	<u> </u>

10. Auditors' remuneration

	2016 £000	2015 £000
Fees payable to the trust's auditor and its associates for the audit of the trust's annual accounts	49	67
Fees payable to the trust's auditor and its associates in respect of:		
Other EFA requirements	25	10
Accounting services	23	12
Taxation compliance services	18	4
Other services	23	-
	<u> </u>	<u> </u>

Notes to the Financial Statements

For the year ended 31 August 2016

11. Staff costs

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	86,467	83,656
Social security costs	7,768	8,793
Operating costs of defined benefit pension schemes	14,600	14,113
	<u>108,835</u>	<u>106,562</u>
Supply teacher costs	2,415	3,355
Staff restructuring costs	1,423	855
	<u>112,673</u>	<u>110,772</u>

Staff restructuring costs comprise:

	2016 £000	2015 £000
Redundancy payments	904	513
Severance payments	519	330
Other restructuring costs	-	12
	<u>1,423</u>	<u>855</u>

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

	2016 Headcount No.	2015 Headcount No.
Teachers	1,519	1,510
Administration and support staff	1,825	1,867
Management	198	205
	<u>3,542</u>	<u>3,582</u>

Of the total staff numbers, 37 were employed at the head office (2015: 34). All other staff worked in the academies.

Notes to the Financial Statements

For the year ended 31 August 2016

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

	2016 No.	2015 No.
In the band £ 60,001 - £ 70,000	43	37
In the band £ 70,001 - £ 80,000	8	4
In the band £ 80,001 - £ 90,000	13	15
In the band £ 90,001 - £100,000	5	5
In the band £100,001 - £110,000	3	7
In the band £110,001 - £120,000	4	3
In the band £120,001 - £130,000	2	1
In the band £130,001 - £140,000	1	0
In the band £140,001 - £150,000	0	1
In the band £150,001 - £160,000	1	0
In the band £200,001 - £210,000	1	1

61 (2015: 61) of the above employees were principals, vice principals and assistant principals and participated in the Teachers' Pension Scheme. During the period ended 31 August 2016, pension contributions for these staff amounted to £727,723 (2015: £623,567). 13 (2015: 13) of the above employees participated in the Local Government Pension Scheme, and their pension contributions amounted to £116,674 (2015: £122,079). The table also includes 6 non-teaching staff who are based in the academies.

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £444,442 (2015: £149,996). The EFA provides the trust with delegated authority to approve individual staff severance payments, provided that any non-statutory/non-contractual elements are less than £50,000. All of the payments made by the trust were made in accordance with these requirements. Individually the payments were:

£16	£528	£1,287	£2,822	£7,400	£10,000	£16,000
£113	£548	£1,403	£3,019	£7,838	£10,206	£18,860
£128	£703	£1,631	£3,231	£8,000	£10,500	£20,000
£168	£795	£1,680	£3,493	£8,422	£11,227	£20,000
£227	£813	£2,154	£3,961	£8,498	£12,350	£21,757
£325	£873	£2,212	£4,311	£8,949	£13,063	£29,000
£406	£967	£2,469	£4,527	£9,000	£13,173	£33,634
£414	£1,000	£2,620	£5,000	£9,238	£13,538	
£420	£1,000	£2,726	£6,000	£9,642	£14,000	
£528	£1,044	£2,806	£7,052	£9,707	£15,000	

The key management personnel of the academy trust comprise the trustees and the executive team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust during the year was £851,442 (2015: £821,494).

Notes to the Financial Statements

For the year ended 31 August 2016

12. 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; this rate has not increased since 2010. 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 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:

	2016	2015
	£000	£000
Ormiston Bushfield Academy	140	140
Ormiston Chadwick Academy	184	175
City of Norwich School	218	213
Ormiston Cliff Park Academy	188	189
Cowes Enterprise College	192	215
Ormiston Denes Academy	192	205
Ormiston Endeavour Academy	140	140
Ormiston Forge Academy	140	140
George Salter Academy	140	140
Ormiston Herman Academy	57	53
Ormiston Horizon Academy	140	140
Ormiston Ilkeston Enterprise Academy	140	140
Ormiston Maritime Academy	140	140
Ormiston Meadows Academy	48	48
Packmoor Community School	5	-
Ormiston Park Academy	140	140
Ormiston Rivers Academy	140	140
Ormiston Sandwell Community Academy	140	140
Ormiston Shelfield Community Academy	140	140
Ormiston Sir Stanley Matthews Academy	140	140
Ormiston Six Villages Academy	134	140
Ormiston South Parade Academy	40	40
Stoke High School - Ormiston Academy	155	154
Ormiston Sudbury Academy	140	140
Tenbury High Ormiston Academy	114	118
Ormiston Venture Academy	140	140
Ormiston Victory Academy	140	140
Wodensborough Ormiston Academy	215	214
	<u>3,842</u>	<u>3,864</u>
Total	<u>3,842</u>	<u>3,864</u>

Notes to the Financial Statements

For the year ended 31 August 2016

13. Trustees' remuneration and expenses

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

		2016 £000	2015 £000
Professor Toby Salt (Chief Executive Officer and Trustee)	Remuneration	205-210	200-205
	Pension contributions paid	10-15	10-15
Nicole McCartney (Principal and Trustee)	Remuneration	150-155	145-150
	Pension contributions paid	20-25	15-20
Mark Stanyer (Principal and Trustee)	Remuneration	125-130	125-130
	Pension contributions paid	15-20	15-20

During the year travel and subsistence expenses totalling £13,469 (2015: £9,009) were reimbursed to 8 trustees (2015: 8 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 31 to the financial statements.

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £864 (2015 - £1,620).

15. Other finance income

	2016 £000	2015 £000
Interest income on pension scheme assets	(3,054)	(2,672)
Interest on pension scheme liabilities	1,652	1,420
	<u>(1,402)</u>	<u>(1,252)</u>

Notes to the Financial Statements

For the year ended 31 August 2016

16. Intangible fixed assets

	Software £000
Cost	
At 1 September 2015	179
Additions	12
	<hr/>
At 31 August 2016	191
	<hr/>
Amortisation	
At 1 September 2015	40
Charge for the year	125
	<hr/>
At 31 August 2016	165
	<hr/>
Carrying amount	
At 31 August 2016	26
	<hr/> <hr/>
At 31 August 2015	139
	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 August 2016

17. 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
Cost					
At 1 September 2015	51,806	210,524	-	275	3,269
Additions	37	19,704	2,944	46	430
Disposals	-	-	-	-	-
At 31 August 2016	<u>51,843</u>	<u>230,228</u>	<u>2,944</u>	<u>321</u>	<u>3,699</u>
Depreciation					
At 1 September 2015	2,173	7,294	-	122	1,163
Charge for the year	835	3,711	-	55	1,237
On disposals	-	-	-	-	-
At 31 August 2016	<u>3,008</u>	<u>11,005</u>	<u>-</u>	<u>177</u>	<u>2,400</u>
Net book value					
At 31 August 2016	<u>48,835</u>	<u>219,223</u>	<u>2,944</u>	<u>144</u>	<u>1,299</u>
At 31 August 2015	<u>49,633</u>	<u>203,230</u>	<u>-</u>	<u>153</u>	<u>2,106</u>
				Computer equipment £000	Total £000
Cost					
At 1 September 2015				10,041	275,915
Additions				378	23,539
Disposals				(32)	(32)
At 31 August 2016				<u>10,387</u>	<u>299,422</u>
Depreciation					
At 1 September 2015				4,122	14,874
Charge for the year				2,152	7,990
On disposals				(20)	(20)
At 31 August 2016				<u>6,254</u>	<u>22,844</u>
Net book value					
At 31 August 2016				<u>4,133</u>	<u>276,578</u>
At 31 August 2015				<u>5,919</u>	<u>261,041</u>

Notes to the Financial Statements

For the year ended 31 August 2016

18. Fixed asset investments

The charitable company is 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 the group is consolidated at a higher level. The subsidiary has the following activity during the year ended 31 August 2016 and the following balances at the balance sheet date:

Statement of financial activities

	2016 £000	2015 £000
Total incoming resources	7,299	7,118
Total resources expended	(8,298)	(8,507)
Actuarial gains and losses	(334)	110
	<u>(1,333)</u>	<u>(1,279)</u>
Retained deficit for the year ended 31 August 2016	<u>(1,333)</u>	<u>(1,279)</u>

Balance sheet

	2016 £000	2015 £000
Intangible assets	7	14
Tangible assets	14,370	15,003
Current assets	974	1,342
Creditors: due within one year	(197)	(407)
Defined benefit pension scheme liability	(925)	(390)
	<u>14,229</u>	<u>15,562</u>
Net assets	<u>14,229</u>	<u>15,562</u>

Net assets are represented by total funds of £14,299k (2015 £15,562k) of which £13,579k (2015 £15,064k) are restricted. The subsidiary operates an academy school, being the same activity as the charitable company.

19. Debtors

	2016 £000	2015 £000
Trade debtors	501	644
VAT	1,185	1,704
Accrued capital grant income	1,744	2,792
Other debtors	320	118
Prepayments and accrued income	3,415	3,126
	<u>7,165</u>	<u>8,384</u>
	<u>7,165</u>	<u>8,384</u>

Notes to the Financial Statements

For the year ended 31 August 2016

20. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	3,463	3,923
Other taxation and social security	2,685	2,434
Other creditors	1,445	1,644
Accruals and deferred income	4,750	3,354
	<u>12,343</u>	<u>11,355</u>
	2016 £000	2015 £000
Deferred income		
Deferred income at 1 September 2015	724	512
Resources deferred during the year	1,144	724
Amounts released from previous years	(724)	(512)
Deferred income at 31 August 2016	<u>1,144</u>	<u>724</u>

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

21. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Other creditors due to EFA	<u>320</u>	<u>-</u>

Other creditors due to EFA relate to short term loans made to certain academies.

Notes to the Financial Statements

For the year ended 31 August 2016

22. Statement of funds

	Brought forward £000	Income £000	Resources expended £000	Transfers in/(out) £000	Gains/ (losses) £000	Carried forward £000
Unrestricted funds						
General Fund	2,326	5,524	(7,441)	-	-	409
Restricted funds						
EFA - General						
Annual Grant	2,732	112,373	(115,388)	283	-	-
Start Up Grants	319	389	(932)	224	-	-
Other DfE/EFA Grants	2,821	25,194	(24,523)	(1,324)	-	2,168
Pension reserve	(35,390)	-	(2,489)	-	(20,605)	(58,484)
	<u>(29,518)</u>	<u>137,956</u>	<u>(143,332)</u>	<u>(817)</u>	<u>(20,605)</u>	<u>(56,316)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	20,096	544	(5,875)	817	-	15,582
Capital expenditure from GAG	1,973	-	(1,213)	-	-	760
Inherited assets	174,843	19,160	-	-	-	194,003
EFA Capital Project Grant	72,229	-	(2,146)	-	-	70,083
Other Restricted Funds	173	-	-	-	-	173
	<u>269,314</u>	<u>19,704</u>	<u>(9,234)</u>	<u>817</u>	<u>-</u>	<u>280,601</u>
Total restricted funds	<u>239,796</u>	<u>157,660</u>	<u>(152,566)</u>	<u>-</u>	<u>(20,605)</u>	<u>224,285</u>
Total of funds	<u><u>242,122</u></u>	<u><u>163,184</u></u>	<u><u>(160,007)</u></u>	<u><u>-</u></u>	<u><u>(20,605)</u></u>	<u><u>224,694</u></u>

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

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the 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. Restricted general funds shown above comprise a pension reserve of £58,484k in deficit and other reserves of £2,168k.

Notes to the Financial Statements

For the year ended 31 August 2016

22. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
Ormiston Bushfield Academy	-	507
Ormiston Chadwick Academy	917	996
City of Norwich School	49	428
Ormiston Cliff Park Academy	599	688
Cowes Enterprise College	(156)	(62)
Ormiston Denes Academy	(261)	136
Ormiston Endeavour Academy	(223)	44
Ormiston Forge Academy	(578)	(383)
George Salter Academy	86	345
Ormiston Herman Academy	246	176
Ormiston Horizon Academy	199	279
Ormiston Ilkeston Enterprise Academy	101	96
Ormiston Maritime Academy	236	343
Ormiston Meadows Academy	139	212
Packmoor Community School	(39)	-
Ormiston Park Academy	(408)	(262)
Ormiston Rivers Academy	(239)	480
Ormiston Sandwell Community Academy	706	753
Ormiston Sheffield Community Academy	(177)	401
Ormiston Sir Stanley Matthews Academy	340	299
Ormiston Six Villages Academy	178	333
Ormiston South Parade Academy	114	99
Stoke High School - Ormiston Academy	785	1,083
Ormiston Sudbury Academy	(359)	(74)
Tenbury High Ormiston Academy	20	162
Ormiston Venture Academy	170	138
Ormiston Victory Academy	(118)	391
Wodensborough Ormiston Academy	(48)	340
Central services	298	250
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	2,577	8,198
Restricted fixed asset fund	280,601	269,314
Pension reserve	(58,484)	(35,390)
	<hr/>	<hr/>
Total	224,694	242,122
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 August 2016

22. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciat- ion £000	Total 2016 £000	Total 2015 £000
Ormiston Bushfield Academy	4,545	843	230	1,314	6,932	6,858
Ormiston Chadwick Academy	2,772	338	115	1,271	4,496	4,596
City of Norwich School	5,876	640	383	1,608	8,507	8,592
Ormiston Cliff Park Academy	3,599	504	178	1,252	5,533	5,648
Cowes Enterprise College	3,883	521	219	1,071	5,694	5,735
Ormiston Denes Academy	4,025	1,142	165	1,149	6,481	6,442
Ormiston Endeavour Academy	1,892	404	28	624	2,948	3,277
Ormiston Forge Academy	5,879	552	247	1,054	7,732	8,140
George Salter Academy	5,687	766	168	2,023	8,644	8,510
Ormiston Herman Academy	1,082	89	60	405	1,636	1,494
Ormiston Horizon Academy	3,200	705	135	1,385	5,425	5,026
Ormiston Ilkeston Enterprise Academy	3,640	635	267	920	5,462	6,152
Ormiston Maritime Academy	3,550	687	104	1,661	6,002	6,387
Ormiston Meadows Academy	1,176	157	62	361	1,756	1,713
Packmoor Community School	105	18	-	16	139	-
Ormiston Park Academy	2,670	511	196	795	4,172	4,327
Ormiston Rivers Academy	3,425	65	207	1,926	5,623	5,416
Ormiston Sandwell Community Academy	3,841	647	97	1,384	5,969	5,895

Notes to the Financial Statements

For the year ended 31 August 2016

22. Statement of funds (continued)

Ormiston Sheffield Community Academy	6,432	982	278	1,516	9,208	9,291
Ormiston Sir Stanley Matthews Academy	3,949	707	342	2,371	7,369	5,617
Ormiston Six Villages Academy	2,249	503	171	530	3,453	3,677
Ormiston South Parade Academy	1,673	164	57	524	2,418	2,563
Stoke High School - Ormiston Academy	2,874	343	167	1,215	4,599	4,679
Ormiston Sudbury Academy	2,808	485	201	617	4,111	4,655
Tenbury High Ormiston Academy	1,437	220	29	468	2,154	2,305
Ormiston Venture Academy	3,473	627	408	871	5,379	4,725
Ormiston Victory Academy	3,620	611	193	938	5,362	5,087
Wodensborough Ormiston Academy	4,046	639	359	1,728	6,772	7,472
Central services	-	2,246	-	2,064	4,310	3,969
	<u>93,408</u>	<u>16,751</u>	<u>5,066</u>	<u>33,061</u>	<u>148,286</u>	<u>148,248</u>

23. Analysis of net assets between funds

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds	Total funds
	2016	2016	2016	2016	2015
	£000	£000	£000	£000	£000
Intangible fixed assets	-	-	26	26	139
Tangible fixed assets	-	-	276,578	276,578	261,041
Current assets	409	14,831	3,997	19,237	27,687
Creditors due within one year	-	(12,343)	-	(12,343)	(11,355)
Creditors due in more than one year	-	(320)	-	(320)	-
Provisions for liabilities and charges	-	(58,484)	-	(58,484)	(35,390)
	<u>409</u>	<u>(56,316)</u>	<u>280,601</u>	<u>224,694</u>	<u>242,122</u>

Notes to the Financial Statements

For the year ended 31 August 2016

24. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £000	2015 £000
Net income for the year (as per Statement of financial activities)	3,177	61,625
Adjustment for:		
Depreciation charges	7,990	7,261
Amortisation charges	125	24
Dividends, interest and rents from investments	(202)	(116)
Loss on the sale of fixed assets	12	8
Decrease in stocks	-	73
Decrease in debtors	1,219	2,587
Increase in creditors	713	856
Capital grants from DfE and other capital income	(3,971)	(5,847)
Defined benefit pension scheme finance cost	2,489	2,636
Transfers on conversion	-	(48,633)
Other transfers in	-	(515)
Transfer of academy buildings	(19,160)	(20,327)
Net cash used in operating activities	(7,608)	(368)

25. Analysis of cash and cash equivalents

	2016 £000	2015 £000
Cash in hand	12,072	19,303
Total	12,072	19,303

26. Conversion to academy status and acquisition of existing academy

On 1 August 2016 Packmoor Community School 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 its Local Authority for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities incorporating income and expenditure account as donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities incorporating income and expenditure account.

Notes to the Financial Statements

For the year ended 31 August 2016

26. 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
Creditors	(44)	-	-	(44)

	LA Funds £000	LGPS deficit £000	Fixed assets £000
Packmoor Community School	(44)	-	-

27. 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 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

28. Capital commitments

At 31 August 2016 the trust had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	199	574

29. Pension commitments

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

Notes to the Financial Statements

For the year ended 31 August 2016

29. Pension commitments (continued)

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

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £8,641k (2015: £8,085k).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

Notes to the Financial Statements

For the year ended 31 August 2016

29. Pension commitments (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £6,129k (2015: £6,075k), of which employer's contributions totalled £4,720k (2015: £4,654k) and employees' contributions totalled £1,409k (2015: £1,421k). The agreed contribution rates for future years are 9.0 - 26.0% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.11 %	3.80 %
Rate of increase in salaries	3.49 %	4.10 %
Rate of increase for pensions in payment / inflation	2.09 %	2.70 %

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

	2016	2015
Retiring today		
Males	22.6	21.9
Females	24.8	24.1
Retiring in 20 years		
Males	24.7	23.8
Females	27.3	26.6

The trust's share of the assets in the scheme was:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	37,002	27,473
Property	5,053	4,100
Bonds	10,163	7,904
Cash and other	3,931	2,789
	<hr/>	<hr/>
Total market value of assets	56,149	42,266

The actual return on scheme assets was £8,211k (2015: £1,373k).

Notes to the Financial Statements

For the year ended 31 August 2016

29. Pension commitments (continued)

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(5,807)	(5,922)
Net interest cost	(1,402)	(1,252)
Past service cost	-	(113)
	<u> </u>	<u> </u>
Total	<u><u>(7,209)</u></u>	<u><u>(7,287)</u></u>

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

	2016 £000	2015 £000
Opening defined benefit obligation	77,656	55,034
Current service cost	5,807	5,922
Interest cost	3,054	2,672
Actuarial losses	27,098	363
Past service costs	60	113
Liabilities inherited on conversion	-	11,636
Benefits paid/transferred	(450)	495
Contributions by scheme participants	1,409	1,421
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>114,634</u></u>	<u><u>77,656</u></u>

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

	2016 £000	2015 £000
Opening fair value of scheme assets	42,266	28,001
Interest income	1,718	1,420
Actuarial gains and (losses)	6,493	(50)
Assets inherited on conversions	-	6,325
Contributions by employer	4,720	4,654
Benefits paid/transferred	(450)	495
Contributions by employees	1,409	1,421
Admin expenses	(7)	-
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u><u>56,149</u></u>	<u><u>42,266</u></u>

Notes to the Financial Statements

For the year ended 31 August 2016

30. Operating lease commitments

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

	2016	2015
	£000	£000
Total amounts payable:		
Within 1 year	530	834
Between 1 and 5 years	252	972
	782	1,806
	782	1,806

The trust is also party to a facilities management contract under a PFI scheme. Total commitments under this contract are £845k within 1 year, £3,380k between 1 and 5 years and £13,729k in greater than 5 years.

31. 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. In addition, I Brookman was appointed as a director of The Ormiston Trust on 1 September 2016.

During the year, the trust sub-let a room in a property to a relative of Professor Toby Salt, a trustee, for three months at an arm's length rental of £1,050.

During the year The Gateway Learning Community received services at cost from Ormiston Academies Trust amounting to £100k (2015: £100k) and at the year end £10k (2015: £10k) was outstanding.

During the year Birmingham Ormiston Academy received services at cost from Ormiston Academies Trust amounting to £140k (2015: £140k) and at the year end £28k (2015: £14k) was outstanding.

During the year Ormiston Bolingbroke Academy Trust received services at cost from Ormiston Academies Trust amounting to £140k (2015: £140k) and at the year end £27k was outstanding. Ormiston Academies Trust purchased services from Ormiston Bolingbroke Academy Trust amounting to £10k (2015: £nil).

During the year academies within the Ormiston Academies Trust purchased services from Ormiston Families amounting to £18,700 (2015: £79,356). These services were provided to the Trust at, or below cost.

During the year academies within Ormiston Academies Trust received grants of £308,847 from the Ormiston Trust. £11,345 was due from Ormiston Trust at the year end.

Notes to the Financial Statements

For the year ended 31 August 2016

32. 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.

33. Agency transactions

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016, the trust received and disbursed £194k (2015: £191k) from the fund.

Notes to the Financial Statements

For the year ended 31 August 2016

34. 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.

35. First time adoption of FRS 102

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

Reconciliation of total funds	Notes	1 September 2014	31 August 2015
		£000	£000
Total funds under previous UK GAAP		180,910	242,122
Total funds reported under FRS 102		<u>180,910</u>	<u>242,122</u>

Reconciliation of net income	Notes	31 August 2015
		£000
Net income previously reported under UK GAAP		62,303
Change in recognition of LGPS interest cost employee benefit accrual		(678)
Net movement in funds reported under FRS 102		<u>61,625</u>

Explanation of changes to previously reported funds and net income/expenditure:

(1) Change in recognition of LGPS interest costs

Under previous UK GAAP, the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the charge has been to increase the debit to expense by £678k and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.

(2) Software reclassified as an intangible assets

Capitalised separable software is now included in intangible assets. Any such items have been reanalysed into intangible assets for 2015, with a net book value of £139k.