

Company Registration No. 06982127 (England and Wales)

**ORMISTON ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

ORMISTON ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

The Ormiston Trust
Peter Murray
Paul Hann

Trustees

Paul Hann (Chair of Trustees)
Peter Murray (Founding Chairman)
Wendy Barnes
Sir Robin Boshier
Ian Brookman
Frances Hall
Nick Hudson (Accounting Officer)
Andrew Jones (appointed 13 September 2018)
Jane Nolan (appointed 14 December 2017)
Bal Samra
Mark Stanyer

Executive team

- Chief Executive Officer and Accounting Officer	Nick Hudson
- National Director of HR & Operations	Carmel Brown
- National Director of Estates and Technology	James Miller
- National Director of Finance	Paul Nye
- National Director of Education	Robert Pritchard
- National Director of Strategy & Quality Improvement	Amelia Walker

Company secretary

Marcella Craven

Company registration number

06982127 (England and Wales)

Principal address and registered office

Ormiston House
144 Newhall Street
Birmingham
B3 1RY

ORMISTON ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated	Location	Principal	Designation
South			
Ormiston Bushfield Academy	Peterborough	Dennis Kirwan	Secondary
Cowes Enterprise College An Ormiston Academy	Cowes	Rachel Kitley	Secondary
Ormiston Meadows Academy	Peterborough	Jean Watt	Primary
Ormiston Park Academy	Aveley	Huw Derrick	Secondary
Ormiston Rivers Academy	Burnham on Crouch	Joan Costello	Secondary
Ormiston Six Villages Academy	Chichester	Paul Slaughter	Secondary
East			
Broadland High Ormiston Academy	Hoveton	Aron Whiles	Secondary
City of Norwich School An Ormiston Academy	Norwich	Jo Philpott	Secondary
Cliff Park Ormiston Academy	Gorleston-on-Sea	Tamsin Poulter	Secondary
Ormiston Cliff Park Infant Academy	Gorleston-on-Sea	Suzanne Mitchell	Infant
Ormiston Cliff Park Junior Academy	Gorleston-on-Sea	Suzanne Mitchell	Junior
Ormiston Denes Academy	Lowestoft	Ben Driver	Secondary
Edward Worledge Ormiston Academy	Great Yarmouth	Mark Thompson	Primary
Ormiston Endeavour Academy	Ipswich	Jamie Daniels	Secondary
Flegg High Ormiston Academy	Martham	Kate Williams	Secondary
Ormiston Herman Academy	Great Yarmouth	Kate Rutherford	Primary
Stoke High School - Ormiston Academy	Ipswich	Caroline Wilson	Secondary
Ormiston Sudbury Academy	Sudbury	Caroline Wilson	Secondary
Thomas Wolsey Ormiston Academy	Ipswich	Helen MacDougall	All-through
Ormiston Venture Academy	Gorleston-on-Sea	Simon Gilbert-Barnham	Secondary
Ormiston Victory Academy	Norwich	Naomi Palmer	Secondary
West			
Ormiston Forge Academy	Cradley Heath	Andrew Burns	Secondary
George Salter Academy	West Bromwich	Adrian Price	Secondary
Ormiston NEW Academy	Wolverhampton	Julia Flavin	Secondary
Ormiston Sandwell Community Academy	Oldbury	Marie McMahon	Secondary
Ormiston Shelfield Community Academy	Walsall	Stuart Turnbull	Secondary
Ormiston SWB Academy	Bilston	Rod Hughes	Secondary
Tenbury High Ormiston Academy	Tenbury Wells	Vicki Dean	Secondary
Wodensborough Ormiston Academy	Wednesbury	Leigh Moore	Secondary
North			
Ormiston Chadwick Academy	Widnes	Jennifer Lowry Johnson	Secondary
Ormiston Horizon Academy	Stoke on Trent	Andy Fitzgibbon	Secondary
Ormiston Ilkeston Enterprise Academy	Ilkeston	Nia Salt	Secondary
Ormiston Maritime Academy	Grimsby	Kevin Gallacher	Secondary
Ormiston Meridian Academy	Stoke on Trent	Gareth Jones	Secondary
Packmoor Ormiston Academy	Stoke on Trent	Sharon May	Primary
Ormiston Sir Stanley Matthews Academy	Stoke on Trent	Mark Stanyer	Secondary
Ormiston South Parade Academy	Grimsby	Jane Nolan	Primary

Ormiston Bolingbroke Academy is a separate subsidiary company, limited by guarantee, which is known as Ormiston Bolingbroke Academy Trust.

ORMISTON ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

RSM UK Audit LLP
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Internal Auditor

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Bankers

Lloyds Bank
New Street
Birmingham
B2 4LP

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT

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 2018. 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 currently operates 29 secondary academies, 5 primary academies, 1 junior academy, 1 infant academy and 1 all-through special academy across England. Its academies had a combined pupil roll of 28,378 in the Autumn 2018 school census. In addition, the trust provides support services at cost to a further two academy trusts which are sponsored by Ormiston Trust, the controlling party of the trust, and to Ormiston Bolingbroke Academy Trust, a subsidiary undertaking of the trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

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

Details of the trustees who served during the year are included in the reference and administrative details pages of the financial statements.

Andrew Jones was appointed a trustee on 13 September 2018, and is a member of the financial oversight and risk committee and the audit committee.

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. Ormiston Trust has the power to appoint a majority of trustees.

Policies and procedures adopted for the induction and training of trustees

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

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

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 executive team appointments.

The executive team controls 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.

The principals, supported by local governing bodies, manage 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 large multi-academy trust that covers a sizeable geographical area.

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.

Trade union facility time

Within the trust there are 30 union representatives. Eight union representatives stated that they spent 0% time on union duties. 22 union representatives stated they spent between 1% and 50% of their work time on union duties; this includes support provided to academies outside the trust, and in some cases this time is partly funded by local authorities.

The trust paid a total of £48,783 to local authorities for facility time. This represented 0.05% of the total wage bill inclusive of on costs.

The trust has a Trade Union Recognition Agreement and meets regularly with both teaching and non-teaching unions to discuss and consult on matters relating to staffing, pay and policies. The trust recognises the importance of having good working relationships with the unions and the great work that school-based representatives can do. For the staff, having access to a representative from outside the school when they need one is also important.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

Related parties and co-operation with other organisations

The trust has connections with the following organisations:

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

Ormiston Trust is the sponsor of the academies within Ormiston Academies Trust. 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 the sponsor of its subsidiary Ormiston Bolingbroke Academy Trust.

OBJECTIVES AND ACTIVITIES

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.

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.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

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.

Achievement and performance

OAT is ambitious for the students we are privileged to serve. Our strategic goal is to be in the top 20% of multi academy trusts (MATs) by 2020.

We are proud of the trust's track record to date, detailed below. We intend that all our schools deliver the very best education for students, providing equality of opportunity and contributing to improving our country's social mobility. Some of our schools provide exceptionally good education that serves all students well, regardless of background. However, we know that is not equally true for the whole trust. We have initiated a strategic review that will help us focus on those aspects of our provision that need to improve. This will be reflected in a five year plan, including an evaluation framework. In our report next year we will report our performance against this new framework.

OAT largely serves communities that are predominantly white British (81%) and which have high levels of disadvantage. In 2017, 46% of our primary students and 39% of our secondary students were classed as disadvantaged compared to a national figure of 32% and 27% respectively. Raising attainment for these groups of students is a particular focus of our efforts, because we know that if we can improve standards for these students, all students will benefit from the changes we have made.

Primary

At the end of the academic year 2017/18 there were five primary schools within the trust. Two further schools joined in December 2018. Our primary schools serve around 2,000 pupils.

In 2017 (latest comparable data), our Key Stage 2 MAT progress scores for reading (4.3), writing (3.2) and maths (2.8) were all well above average and in the top 5% of academy MATs. For the combined score for reading, writing and maths, we were the third highest performing MAT.

Our primary schools were particularly effective at narrowing the gap. For 2017, MAT progress scores for disadvantaged students in reading (3.5), writing (2.5) and maths (2.4) were also very high.

The MAT progress scores for 2017 do not reflect performance across all our primary schools as not all of our recently incorporated primaries are included. Edward Worledge Ormiston Academy joined the trust in January 2017 and Packmoor Ormiston Academy in August 2016. Their outcomes are not yet as strong as some of the other schools. Now that they are within the trust our priority is to create consistent practice, and therefore consistent performance, across the phase.

This year we put in place a Primary Development Co-ordinator, Jane Nolan, who also serves as Executive Principal of Ormiston South Parade Academy in Grimsby. Ms Nolan serves on the DfE's Head Teacher Reference Group and in 2018 she was named TES Headteacher of the Year. She has been tasked with sharing best practice and developing a continual improvement plan for primary schools across the national network. Despite being spread geographically our group of primary principals are effective at collaboration.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

Achievement and performance (continued)

Secondary

We have 30 secondary schools serving around 20,000 pupils. 79% of our inspected secondary academies are rated 'good' or 'outstanding' by Ofsted. This is equivalent to the level achieved by secondary schools nationally in 2017. The trust achieved a sharp jump in the progress eight score for the trust between 2016 (-0.19) to 2017 (-0.04 for validated outcomes). Validated outcomes are not yet available for 2018 however provisional data suggests progress eight for 2018 will be -0.09.

This outcome represents a consolidation for the trust. Our schools have had to work hard to embed some of the changes that brought the trust to broadly average performance. Underneath the headline there are some significant success stories, based on provisional 2018 results:

- Ormiston Chadwick Academy 0.79 – 1st in Halton, and 142nd equal in England
- Cowes Enterprise College 0.17 – 1st on the Isle of Wight and the only positive score on the island
- Ormiston Bolingbroke Academy 0.10 – 3rd in Halton
- Ormiston Sir Stanley Matthews Academy 0.08 – 3rd in Stoke on Trent
- Ormiston Venture Academy 0.40 – 3rd in Norfolk
- Ormiston Forge Academy 0.02 – 3rd in Sandwell
- Tenbury High Ormiston Academy 0.49 – 5th in Worcestershire and in the top 500 schools in England
- Ormiston Victory Academy 0.17 – 14th in Norfolk
- City of Norwich School 0.15 – 18th in Norfolk

An area for development is our performance against the government's EBacc measure. While we do not believe the EBacc is the best option for every pupil, our performance as a trust is below the national average. Across our schools 23% of pupils were entered for the EBacc in 2017 which declined to 18% in 2018. Attainment above grade four remained at 11% but attainment above grade five declined from 10% in 2017 to 7% in 2018. We are making our expectations clearer for all schools about EBacc options and targets for improvement in EBacc outcomes are reflected in performance management for many of our principals.

There have been some important improvements this year. Having been a priority for improvement support during the year, Ormiston Maritime Academy improved from -0.9 in 2017 to -0.5 in 2018 provisional data. Wodensborough Ormiston Academy improved from -0.75 to -0.25. Wodensborough was the most improved secondary this year within the trust for: progress for all students; progress by the most able and students with special educational needs and disabilities; for the proportion of students scoring 5 or above in English and maths; and for progress in both maths and science.

During the academic year 2017/18 we took on two new schools (Ormiston NEW Academy in Wolverhampton and Ormiston Meridian Academy in Stoke on Trent). The predecessor school for NEW had not achieved a good Ofsted judgement since opening in 2010 and provisional results for 2018 suggest a progress eight score of -0.79, a significant improvement on the 2017 result for the predecessor school, which was -1.38. A new principal has taken up post from September 2018 and has made strong, positive inroads in a very short space of time. OAT has a strong track record in turning around underperforming schools, something recognised by inspectors in the September 2017 inspection of Ormiston Six Villages Academy:

High-quality support from the academy trust has been instrumental in driving forward the school's rapid improvement.

Since her appointment, just days before the previous inspection, the principal has worked relentlessly to reverse a trend of declining standards. Together with her senior team, members of the interim executive board (IEB) and support from the Ormiston Academies Trust, she has systematically addressed the issues that were holding the school back. As a result, the school is improving rapidly.

The school works closely and harmoniously with members of the Ormiston Academies Trust. Staff with expertise in key subject areas, such as mathematics, visit the school regularly to deliver lessons and help school staff to develop their expertise. Senior representatives from the trust provide ongoing support and challenge to school leaders, which they greatly appreciate. This collaborative relationship is having a marked impact on raising standards.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

Achievement and performance (continued)

16-19

There were just over 1,200 pupils taking Key Stage five qualifications in 2018, of whom 29% were from the disadvantaged group. Provisional 2018 results suggest that outcomes in A levels and academic qualifications were very similar to 2017. Average points score (APS) for A levels was slightly down at 27.95 (28.41 in 2017) and mainly unchanged for academic qualifications at 28.14 (28.89 in 2017). There is more to do to reach the national level which is around 33.20 for A levels and 32.33 for academic qualifications.

OAT schools did well in providing pupils with second chances. A very low proportion of young people nationally go on to secure good GCSEs in English or maths by age 19 if they have not been successful at 16. However, progress scores for OAT schools were very good. Around 100 pupils retook their English GCSE with a progress score of 0.49 and around 150 retook maths with a progress score of 0.28.

Vocational qualifications have undergone major reforms and this was the first year reflecting some of the substantial changes, and therefore APS for applied general qualifications are not comparable to 2017. The APS for these qualifications in 2018 from provisional data was 27.16 compared to national APS of 29.01.

Enrichment

For OAT, enrichment is an integral part the student experience at school. We believe that in order to assist our students to raise their aspirations and achieve their potential they need access to opportunities which broaden their horizons and develop their social, emotional and life capabilities. Through academy enrichment programmes, OAT students get the chance to engage in activities which develop transferable skills and knowledge and grow character traits such as self-confidence, resilience, leadership and teamwork; enhancing curriculum studies as well as developing lifelong interests.

This year OAT has continued to develop strategic relationships with enrichment providers who have enabled students to participate in some unique and collaborative opportunities; for example 70 students and 12 teachers from across four West Midlands academies took part in Liberty Chain, an arts and cultural development project, focusing on British values and resulting in an open source learning tool kit. We ran an eight month partnership with The Week Junior, supporting four academies across the network, combining reading, assessment and debating and an exclusive partnership with the RSA (Royal Society of the Arts) which engaged 178 students, across three academies to develop socially focused product design. There is now an established annual performing arts showcase in the Eastern region, which the West are hoping to emulate, and an annual Sports day in the West. We are delighted with the launch of OAT's multimillion iwill project which is co-founded by Ormiston Trust and The Big Lottery. This will run over two years and will officially begin in schools in September 2018. The project will provide support for all academies to create and run student-led social action and volunteer projects. Increasingly, OAT is working with selected enrichment partners to access additional funds to create self-funded programmes.

OAT and Ormiston Trust continue their excellent working relationship, demonstrated by the successful Leading Lights project, which supported 16 female OAT students to participate in a sailing adventure with inspirational leaders in business. As well as receiving practical sailing skills training and targeted business mentoring, the project enabled students to recognise that they can achieve more, exceed their own expectations and push themselves out of their comfort zone; increasing their resilience and determination to ultimately raise their aspirations in life.

Practice is shared through network meetings, newsletters, monthly funding and opportunities updates, social media and OAT's extranet, which provides a searchable archive of case studies, guidance documents and information on enrichment organisations. To enable academies to assess and develop their current enrichment provision and to inform their future delivery we have drafted an enrichment framework, which will be tested and refined with selected academies and will meet OATs strategic aims. We will roll out the final version to schools in January 2019.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

Financial review

During the year ended 31 August 2018, continued pressure on education funding amid rising costs within the sector meant that the financial environment in which the trust operated continued to be challenging. All academies have continued to identify economies and efficiencies wherever possible in order to set balanced budgets.

Educational funding received from DfE/ESFA grants during the year was £153.0m (2017: £134.4m), an increase of 13.8% (2017: 3.8%) in comparison to the previous year. From the pupil number censuses, total pupil numbers in the relevant years have increased by 15.3% (2017: 16.28%).

Total staff costs represent approximately 77% (2017: 75%) of available income. Social security and pension costs have remained stable at 30.1% (2017: 30.9%) of wages and salary costs. The increases in staff costs have been driven by nationally agreed pay rises, and by progression within payscales.

There is increasing pressure to maintain building standards with limited resources. The School Condition Allocation is spent wisely each year according to building condition and need. Increasing maintenance costs are reflected in an increase in premises costs from £12,990k to £17,253k.

Net income of £42,541k (2017: net income of £7,230k) includes a surplus on total income funds of £3,506k (2017: £906k) of which £1,925k (2017: £nil) is in respect of restricted funds from non-statutory sources. The other main factors contributing to the net income is the recognition of donations on the transfer and conversion of schools into the trust and the movements on the pension reserve.

During the year ended 31 August 2018, there was an increase in cash of £2,126k (2017: increase of £2,701k). The net movement in cash included a £2,913k outflow in respect of operating cash flows (2017: outflow of £3,534k), offset by inflows of £3,552k (2017: inflow of £4,820k) in respect of investing activities and £1,487k (2017: inflow of £1,415k) in respect of financing activities.

The operating cash outflows for 2018 and 2017 have arisen partly due to the use of the School Condition Allocation (which is included within the cash inflow on investing activities) to fund repairs and renewals works, the costs of which are included within operating cash flows. In addition, a number of academies have recorded a deficit for the year ended 31 August 2018. In all such cases, the deficits either reflect the planned use of prior surpluses, or recovery plans are in place to return the academy budget to a break-even position.

Financial risk management objectives and policies

The trust's exposure to financial risks is minimal as the principal financial instruments which it deals with are cash balances, which are held at a main UK corporate bank. Trade and other debtors are minimal.

During the year ended 31 August 2018, £1,724k of loans have been received from the ESFA to assist with cash flow management at certain academies (£1,100k), and to fund a pilot project in energy efficiency (£624k). Processes are in place to ensure that there is close monitoring and management of cash flows in relation to these balances.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

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. The trustees consider that the level of reserves held at 31 August 2018 is consistent with the reserves policy outlined above.

In line with the new freedoms within the trust's master funding agreement and with the encouragement of the Department for Education, the trustees have decided to pool all reserves with effect from 31 August 2018. Accordingly, no surpluses or deficits are attributed to particular academies but all are held centrally.

Free reserves are represented by the unrestricted funds balance at 31 August 2018.

The restricted fixed asset fund includes £400,446k 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.

As set out below in the key performance indicators, income funds as a percentage of relevant income has increased to 3.8% (2017: 2.6%) which is within the target range.

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.

Key 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:

	2018	2017	2016
Staff costs as a percentage of relevant incoming resources	76.9%	75.0%	78.2%
Net current assets	£12,014k	£9,889k	£6,894k
Income funds as a percentage of relevant income	3.8%	2.6%	1.8%

Staff costs remain within the target range. The increase in staff costs as a percentage of incoming resources reflects payscale progression and nationally agreed pay rises for teachers and support staff.

Net current assets remain at an appropriate level. The increase during the year represents an increase in cash and an increase in debtors. The increase in cash balances is predominantly due to the timing of cash flows in relation to capital and maintenance projects.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

Going concern

After making appropriate enquiries, the trustees have 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.

Plans for future periods

The trust's vision is for all young people within its academies to have access to the highest academic, social and practical skills required to achieve their full potential, whether going on to study at a leading university or entering the world of work. It is determined to become the trust which makes the biggest difference, both inside and outside the classroom.

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 attachment.

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

Principal risks and uncertainties

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.

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

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

Risk

1.Exam results are significantly below expectations within an academy or more generally

Mitigation

There is a programme of data collection to provide the school improvement team with academies' predictions of exam performance. Regional directors are tasked with reviewing and challenging the practice that sits behind this data and putting in place interventions where there is underperformance.

2. Over expansion leads to loss of control

Growth is carefully controlled in coordination with the trustees and the DfE. Growth is within the control of the trust. Budgets and cash flow forecasts are carefully monitored by the Financial oversight and risk committee. Growth is matched to the capacity in central resources.

3. Changes in the basis of funding for academies reduces income or creates financial challenges

All academies produce three year budgets which are reviewed in detail by the financial oversight and risk committee. Changes in funding are likely to be publicised well in advance and be accompanied by transitional arrangements. The trust is able to allocate financial resources to the areas of greatest need.

4. Trust overall is unable to produce a balanced budget

All academies produce annual budgets which are approved by the financial oversight and risk committee. Academies are challenged if budgetary projections are not robust. Restructuring plans can be put into place to reduce costs if necessary. More is being done to drive efficiencies by sharing back office facilities between academies.

5. The trust will be unable to recruit and retain sufficient highly skilled teachers especially in certain key subjects

Principals are fully engaged with anticipating future teacher vacancies. A proactive approach is taken in seeking out and recruiting the best teachers from the UK and overseas. Certain academies are working to train their own teachers. Work is on going to ensure that the trust remains an employer of choice.

6. An incident could occur in one of the academies, which could cause reputational damage to the trust

The trust places the highest importance on the safety and wellbeing of students and staff within its academies.

Fundraising

Fundraising has been undertaken through a salaried member of the trust's team. No professional fundraisers or commercial participators have been engaged.

The trust abides by the code of fundraising practice. Fundraising activity in this financial year consisted of applications to grant making trusts and National Lottery funded organisations. No appeals to members of the public have been made.

The fundraising function of the trust is monitored through regular line management, the review of grant applications and the monitoring and evaluation of grants received.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

ORMISTON ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

The trust encourages the involvement of its employees in its management through regular meetings of the worker/trustee councils which have responsibility for the dissemination of information of particular concern to employees (including financial and economic factors affecting the performance of the trust) and for receiving their views on important matters of policy.

The trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the trust.

During employment the trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

AUDITOR

RSM UK Audit LLP indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement as to disclosure of information to auditor

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 13 December 2018 and signed on its behalf by:



Paul Hann
Chair of Trustees

ORMISTON ACADEMIES TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As trustees we acknowledge that 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. He 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 four times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Paul Hann (Chair of Trustees)	4	4
Peter Murray (Founding Chairman)	3	3
Wendy Barnes	3	4
Bal Samra	4	4
Ian Brookman	3	4
Mark Stanyer	4	4
Frances Hall	4	4
Sir Robin Boshier	3	4
Nick Hudson (Accounting officer)	4	4
Jane Nolan (appointed 14 December 2017)	3	3

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

The financial oversight and risk committee is a committee of the 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:

Trustees	Meetings attended	Out of possible
Peter Murray	2	6
Ian Brookman	6	6
Frances Hall	6	6
Nick Hudson	6	6

ORMISTON ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

The school improvement committee is a committee of the board of trustees. Its purpose is to oversee and challenge the work to improve levels of attainment and achievement in the academies.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Peter Murray	1	4
Wendy Barnes	3	4
Paul Hann	4	4
Ian Brookman	4	4
Sir Robin Boshier	1	4
Nick Hudson	4	4

The audit committee is a committee of the 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 was as follows:

Trustees	Meetings attended	Out of possible
Peter Murray	3	5
Ian Brookman	5	5
Frances Hall	5	5

The remuneration committee is a committee of the board of trustees. Its purpose is to set and agree the remuneration of the executive team. From 1 September 2018, this remit was extended to include the approval of principals' remuneration.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Paul Hann	1	1
Ian Brookman	1	1
Bal Samra	1	1

During the year, an internal review was carried out of the scheme of delegation and terms of reference of the committees and local governing boards.

ORMISTON ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

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:

- undertaking a tender process for ICT Services with the aim of procuring a framework that all OAT academies can utilise if they have a requirement for managed ICT services. This programme has achieved annual savings in the region of £190k for five academies that have utilised the agreement so far. This equates to savings in the region of 50% on the current spend. Some academies have not only achieved savings but also now have a service which offers more resource/staffing. Any additional academies that utilise the agreement will generate further savings.
- aligning academies so the same MIS system is utilised by all OAT academies, the MIS system has been procured under the OAT ICT services framework. This programme has achieved cost savings of £42k in year one, with savings of £21k being achieved each year from years two to five.
- undertaking a tender process for safeguarding with the aim of improving academy safeguarding procedures by utilising a web-based portal to record and flag any safeguarding concerns within academies. There are no fiscal savings associated to this area as academies previously used a paper-based system with no cost associated, however, there are benefits generated by the increased visibility transparency of safeguarding concerns raised across the trust.
- undertaking a tender process for catering services with the aim of procuring a framework that all OAT academies can utilise if they have a requirement for a catering service. Three academies have used the framework since its award and this programme has achieved savings of £51k and investment of £78k. In addition to this the framework is designed to operate at nil cost to the academy, however should any profits be generated by the supplier these will be shared with the academy. Any additional academies that utilise the agreement will generate further savings.
- undertaking a tender process for internal audit services with the aim of procuring a contract that will be utilised by all OAT academies. The programme is projected to achieve annual savings in the region of £33k.
- undertaking a tender process for energy services (gas and electricity) for all OAT academies as existing contracts were ending. The programme did not achieve cost savings in comparison to previous periods, however this reflects cost pressures due to market conditions in the energy sector and uncertainty due to Brexit. Subsequent market condition reports show that since the contract was awarded in April 2018 costs have continued to increase; the tender process has minimised the extent to which academies have been affected by price increases for energy.
- 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 the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ormiston Academies Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

ORMISTON ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 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 termly basis, the internal auditor reports to the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The programme of work by the internal auditors is agreed in advance with the audit committee. Work for the current year has included strategic reviews and operational reviews. Strategic reviews included a review of risk management and governance arrangements. Operational reviews have 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 have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of any implications as a result of their review of the system of internal control by the financial oversight and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 13 December 2018 and signed on its behalf by:



Paul Hann
Chair of Trustees



Nick Hudson
Accounting Officer

ORMISTON ACADEMIES TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Ormiston Academies Trust, I have considered my responsibility to notify the board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the trust's board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook 2017.

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 ESFA.



Nick Hudson
Accounting Officer

13 December 2018

ORMISTON ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that grants received from ESFA/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 13 December 2018 and signed on its behalf by:



Paul Hann
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORMISTON ACADEMIES TRUST

Opinion

We have audited the financial statements of Ormiston Academies Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

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 2018 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 Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report which includes the Directors' Report and Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORMISTON ACADEMIES TRUST (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the trustees (who act as trustees for the charitable activities of the charitable company 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Oxtoby (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

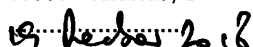
Chartered Accountants

St Philips Point

Temple Row

Birmingham

West Midlands, B2 5AF



ORMISTON ACADEMIES TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed asset Funds £'000	Total 2018 £'000	Total 2017 as restated £'000
Income and endowments from:						
Donations and capital grants	3	56	2,978	5,439	8,473	5,759
Donations - conversion and transfer into the trust	31	112	(8,631)	67,589	59,070	19,917
Charitable activities:						
- Funding for educational operations	4	2,655	158,817	-	161,472	141,152
Other trading activities	5	2,711	2,841	-	5,552	4,677
Investments	6	20	-	-	20	25
Total		5,554	156,005	73,028	234,587	171,530
Expenditure on:						
Raising funds	7	151	173	-	324	685
Charitable activities:						
- Educational operations	8	4,272	169,048	18,402	191,722	163,615
Total	7	4,423	169,221	18,402	192,046	164,300
Net income/(expenditure)		1,131	(13,216)	54,626	42,541	7,230
Transfers between funds	20	-	(1,143)	1,143	-	-
Other recognised gains/(losses)						
Actuarial gains on defined benefit pension schemes	27	-	16,043	-	16,043	13,649
Net movement in funds		1,131	1,684	55,769	58,584	20,879
Reconciliation of funds						
Total funds brought forward		1,359	(51,938)	347,563	296,984	276,105
Total funds carried forward		2,490	(50,254)	403,332	355,568	296,984

ORMISTON ACADEMIES TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		400,446		342,941
Current assets					
Stocks		355		-	
Debtors	15	8,694		7,236	
Cash at bank and in hand		16,899		14,773	
			25,948		22,009
Current liabilities					
Creditors: amounts falling due within one year	16	(13,934)		(12,120)	
Net current assets			12,014		9,889
Total assets less current liabilities			412,460		352,830
Creditors: amounts falling due after more than one year	17		(3,038)		(1,540)
Net assets excluding pension liability			409,422		351,290
Defined benefit pension scheme liability	27		(53,854)		(54,306)
Net assets			355,568		296,984
Funds of the trust:					
Restricted funds	20				
- Restricted fixed asset funds			403,332		347,563
- Restricted income funds			3,600		2,368
- Pension reserve			(53,854)		(54,306)
Total restricted funds			353,078		295,625
Unrestricted income funds	20		2,490		1,359
Total funds			355,568		296,984

The financial statements on pages 23 to 58 were approved by the board of trustees and authorised for issue on 13 December 2018 and are signed on their behalf by:



Paul Hann
Chair of Trustees

ORMISTON ACADEMIES TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	25		(2,913)		(3,534)
Cash flows from investing activities					
Interest		20		25	
Capital grants from DfE and ESFA		5,439		5,447	
Purchase of tangible fixed assets		(2,409)		(837)	
Cash funds transferred on conversion	31	493		185	
Proceeds from sales of tangible fixed assets		9		-	
Net cash provided by investing activities			3,552		4,820
Cash flows from financing activities					
Advancements from Education and Skills Funding Agency loans		1,242		478	
Advancements from Salix loan		482		937	
Repayment of Education and Skills Funding Agency loans		(80)		-	
Repayment of Salix loan		(157)		-	
Net cash provided by financing activities			1,487		1,415
Net increase in cash and cash equivalents in the reporting period			2,126		2,701
Cash and cash equivalents at beginning of the year			14,773		12,072
Cash and cash equivalents at end of the year			16,899		14,773

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

General information

Ormiston Academies Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' Report.

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

Basis of preparation

The financial statements of the trust 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 financial statements 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

The trustees assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

Basis of consolidation

The trust has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the trust as a single entity.

The financial statements of the trust are consolidated in the financial statements of Ormiston Trust. The financial statements of Ormiston Trust can be obtained from its registered office, 1 Bell Yard, London, WC2A 2JR.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Conversion to an academy trust

The conversion from a state maintained school to a trust and the transfer of school into the trust involved the transfer of identifiable assets and liabilities and the operations of the schools for £nil consideration. The substance of the 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 Broadland High School and Sandon Business and Enterprise College to the 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 Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 31.

The assets and liabilities transferred from the Flegg Education Academy Trust, North East Wolverhampton Academy (NEWA) and Thomas Wolsey School to the trust have been included 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 Donations – transfer of existing academy into the trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 31.

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of 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 period 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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance Sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

Sponsorship income provided to the trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Other income

Other income, including the hire of facilities, catering income and academy trips, is recognised at fair value of the consideration received or receivable in the period it is receivable and to the extent the trust has provided the goods or services.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the trust apportioned to charitable activities.

Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the statement of financial activities as incurred.

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 that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund. Where tangible fixed assets are gifted to the trust, these are initially recorded at valuation which is treated as deemed cost.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Tangible fixed assets and depreciation (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

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

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

With respect to the buildings from which three of the academies operates, these are legally owned by the Stoke on Trent Local Authority and Sandwell Local Authority and the relevant academies are able to use the buildings under the terms of a licence to occupy. The licence to occupy gives the right to use these buildings and the substance of the licence is that this will be on an ongoing basis reflecting the historic arrangements in place therefore substantially all the risks and rewards of ownership have not been transferred to the academies and the assets not have been recognised within tangible fixed assets.

Liabilities

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

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

Financial instruments

The trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Concessionary loans are initially measured at the amount received. In subsequent years, the carrying amount of concessionary loans is adjusted to reflect any interest payable, where relevant.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

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.

Short term employment and termination benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the trust. The cost of any unused holiday entitlement the trust expects to pay in future periods is recognised in the period the employees' services are rendered.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

Pensions benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes. The various LGPS of which the trust is a member are administered by the relevant Local Authority.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quadrennial valuations using a projected unit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Fund accounting

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

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

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

Agency arrangements

The trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA 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 30.

Investments

The trust's investment in Ormiston Bolingbroke Academy Trust, is included in the Balance Sheet at the cost of acquisition, being £nil.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

Accounting 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 liabilities 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liabilities. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuaries in valuing the pensions liabilities at 31 August 2018. 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 liabilities.

Critical areas of judgement

In some cases, 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.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

3 Donations and capital grants

	Unrestricted funds	Restricted funds	Total 2018	Total 2017 as restated
	£'000	£'000	£'000	£'000
Private sponsorship	-	102	102	89
Capital grants	-	5,439	5,439	5,447
Other donations	56	2,876	2,932	223
	<u>56</u>	<u>8,417</u>	<u>8,473</u>	<u>5,759</u>

The income from donations and capital grants was £8,473k (2017: £5,759k) of which £56k was unrestricted (2017: £72k), £2,978k was restricted (2017: £240k) and £5,439k was restricted fixed assets (2017: £5,447k).

Restatement of comparative figures

Capital grants income disclosed for the year ended 31 August 2017 has been restated by £3,955k to eliminate internal recharges between the trust and individual academies. Support costs within charitable activities (note 9) have been reduced by the same amount.

	31 August 2017 As previously stated £'000	31 August 2017 As restated £'000	Prior period adjustments £'000
Donations and capital grant	9,714	5,759	3,955
Charitable activities - Educational operations	167,570	163,615	3,955

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	140,263	140,263	121,219
Start up grants	-	184	184	210
Other DfE group grants	-	10,903	10,903	11,500
Teaching school	-	1,629	1,629	1,546
	-	152,979	152,979	134,475
Other government grants				
Local authority grants	-	3,385	3,385	2,392
Other governments grants	-	1,495	1,495	1,254
	-	4,880	4,880	3,646
Other incoming resources	2,655	958	3,613	3,031
	2,655	158,817	161,472	141,152

The income from funding for educational operations was £161,472k (2017: £141,152k) of which £2,655k was unrestricted (2017: £1,908k) and £158,817k was restricted (2017: £139,244k).

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	657	-	657	551
Sundry income	2,054	2,841	4,895	4,126
	2,711	2,841	5,552	4,677

The income from other trading activities was £5,552k (2017: £4,677k) of which £2,711k was unrestricted (2017: £2,452k) and £2,841k was restricted (2017: £2,225k).

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2018 £'000	Total 2017 £'000
Interest from short term deposits	20	-	20	25

In 2017, the total investment income of £25k was unrestricted.

7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other £'000		
Expenditure on raising funds					
- Direct costs	-	-	324	324	685
Academy's educational operations					
- Direct costs	109,075	-	19,063	128,138	109,059
- Allocated support costs	25,932	29,734	7,918	63,584	54,556
Total support costs	135,007	29,734	27,305	192,046	164,300

The expenditure on raising funds was £324k (2017: £685k) of which £151k was unrestricted (2017: £126k) and £173k (2017: £559k) was restricted.

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Operating lease rentals	868	815
Depreciation of tangible fixed assets	12,490	9,014
Gain on disposal of fixed assets	(9)	-
Net interest on defined benefit pension liability	1,581	1,911
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	54	47
- Other assurance services	18	15
- All other non-audit services	31	19

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities	Unrestricted funds	Restricted funds	Total 2018	Total 2017 as restated
	£'000	£'000	£'000	£'000
Direct costs				
Educational operations	2,854	125,284	128,138	109,059
Support costs				
Educational operations	1,418	62,166	63,584	54,556
	<u>4,272</u>	<u>187,450</u>	<u>191,722</u>	<u>163,615</u>

The expenditure on charitable activities was £191,722k (2017: £163,615k) of which £4,272k was unrestricted (2017: £3,912k), £169,048k was restricted (2017: £146,948k) and £18,402k was restricted fixed assets (2017: 12,755k).

	2018 £'000	2017 as restated £'000
Analysis of support costs		
Support staff costs	25,932	22,146
Depreciation	12,481	9,014
Technology costs	196	338
Premises costs	17,253	12,990
Other support costs	7,248	9,789
Governance costs	474	279
	<u>63,584</u>	<u>54,556</u>

9 Staff

Staff costs

Staff costs during the year were:

	2018 £'000	2017 £'000
Wages and salaries	101,544	86,605
Social security costs	9,595	9,247
Pension costs	21,011	17,514
Staff costs	<u>132,150</u>	<u>113,366</u>
Agency staff costs	2,609	2,621
Staff restructuring costs	248	526
Total staff expenditure	<u>135,007</u>	<u>116,513</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff (Continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £75,937 (2017: £259,091). Individually, the payments were: £30,100 made on 30 August 2018, £21,000 made on 31 December 2017, £17,417 made on 12 June 2018, £5,000 made on 19 August 2018, £1,411 made on 28 September 2018, £809 made on 31 January 2018, £100 made on 12 April 2018 and £100 made on 28 June 2018.

Staff numbers

The average number of persons employed by the trust during the year, based on headcount, was as follows:

	2018 Number	2017 Number
Teachers	1,796	1,589
Administration and support	2,155	2,004
Senior leadership	246	211
	<u>4,197</u>	<u>3,804</u>

Of the total staff numbers 34 were employed at head office (2017: 35). All other staff worked in the academies. The majority of senior leadership employees work in academies and have day to day teaching responsibilities.

The number of persons employed, expressed as a full time equivalent, was as follows:

	2018 Number	2017 Number
Teachers	1,630	1,463
Administration and support	1,503	1,470
Senior leadership	247	213
	<u>3,380</u>	<u>3,146</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

9 Staff (Continued)

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	46	33
£70,001 - £80,000	15	19
£80,001 - £90,000	15	14
£90,001 - £100,000	11	8
£100,001 - £110,000	6	2
£110,001 - £120,000	5	7
£120,001 - £130,000	1	-
£130,001 - £140,000	1	2
£150,001 - £160,000	1	-
£160,001 - £170,000	-	1
£180,001 - £190,000	1	-
	<u> </u>	<u> </u>

87 (2017: 69) of the above employees were principals, vice principals and assistant principals and participated in the Teachers' Pension Scheme. The table also includes 6 (2017: 8) non-teaching staff who are based in academies.

Key management personnel

The key management personnel of the trust comprise the executive team. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the trust was £851,013 (2017: £905,581).

10 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 include 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. This rate has not increased since 2010. During 2013, the basis of charging for new schools joining changed to a flat fee plus a variable element. The flat fee is £60,000 for each secondary academy and £25,000 for each primary academy. The variable charge is up to 3.5% of each academy's income (excluding pupil premium and SEN funding), depending on its latest Ofsted ranking and its needs. The trust seeks to further improve year on year the quality and scope of the services it provides without increasing the partnership fee payable by each academy.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Central services (Continued)

The amounts charged during the year were as follows:	2018 £'000	2017 £'000
Ormiston Bushfield Academy	140	140
Cowes Enterprise College An Ormiston Academy	192	197
Ormiston Meadows Academy	48	50
Ormiston Park Academy	140	140
Ormiston Rivers Academy	140	140
Ormiston Six Villages Academy	135	143
Broadland High Ormiston Academy	12	-
City of Norwich School An Ormiston Academy	208	221
Cliff Park Ormiston Academy	171	187
Ormiston Denes Academy	203	202
Edward Worlledge Ormiston Academy	67	31
Ormiston Endeavour Academy	140	140
Flegg High Ormiston Academy	91	-
Ormiston Herman Academy	56	56
Stoke High School - Ormiston Academy	157	152
Ormiston Sudbury Academy	140	140
Thomas Wolsey Ormiston Academy	15	-
Ormiston Venture Academy	140	140
Ormiston Victory Academy	140	140
Ormiston Forge Academy	140	140
George Salter Academy	140	140
Ormiston NEW Academy	166	-
Ormiston Sandwell Community Academy	140	140
Ormiston Sheffield Community Academy	140	140
Ormiston SWB Academy	233	39
Tenbury High Ormiston Academy	101	113
Wodensborough Ormiston Academy	182	210
Ormiston Chadwick Academy	151	194
Ormiston Horizon Academy	140	140
Ormiston Ilkeston Enterprise Academy	140	140
Ormiston Maritime Academy	140	140
Ormiston Meridian Academy	169	-
Packmoor Ormiston Academy	62	63
Ormiston Sir Stanley Matthews Academy	140	140
Ormiston South Parade Academy	40	40
	<u>4,559</u>	<u>3,998</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

11 Trustees' remuneration and expenses

Three of the trustees have been paid remuneration or have received other benefits from an employment with the trust. The trustees only receive remuneration in respect of services they provide undertaking the roles as staff members under their contracts of employment, and not in respect of their services as trustees.

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

Nick Hudson received remuneration of £184,160 (2017: £31,511) and pension contributions paid by the trust in the year of £24,463 (2017: £4,601).

Mark Stanyer received remuneration of £134,800 (2017: £117,240) and pension contributions paid by the trust in the year of £20,818 (2017: £18,458).

Jane Nolan (appointed 14 December 2017) received remuneration of £64,751 (2017: £nil) and pension contributions paid by the trust in the year to £10,462 (2017: £nil).

The number of trustees to whom retirements benefits are accruing under Teachers Pension Scheme are 2 (2017: 2) and Local Government Pension Scheme are 1 (2017: 2).

In the year ended 31 August 2017, Nicole McCartney received remuneration of £140,634 and pension contributions paid by the trust of £25,113, she resigned as a trustee on 29 August 2017. Also Professor Toby Salt, who resigned as a trustee on 20 July 2017, received remuneration of £163,716 in the year ended 31 August 2017 together with pension contributions paid by the trust of £14,686.

During the year travel and subsistence expenses totalling £7,155 (2017: £4,575) were reimbursed to 5 trustees (2017: 8 trustees). This included expense reimbursements to staff trustees in connection with their employment.

Nick Hudson was the highest paid trustee during the year ended 31 August 2018.

Other related party transactions involving the trustees are set out in note 28 to the financial statements.

12 Trustees' and officers insurance

In accordance with normal commercial practice, the trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. The insurance provides cover up to £2,000,000 on any one claim. It is not possible to quantify the trustees and officers indemnity element from the overall costs of the insurance premium paid.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

13 Tangible fixed assets

	Land and buildings	Assets in the course of construction	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2017	363,691	61	10,980	3,982	324	379,038
Transfer on conversion	66,281	76	593	600	36	67,586
Additions	498	1,254	430	227	-	2,409
Disposals	-	-	(18)	-	-	(18)
At 31 August 2018	430,470	1,391	11,985	4,809	360	449,015
Depreciation						
At 1 September 2017	24,904	-	7,942	3,024	227	36,097
Charge for the year	10,067	-	1,815	552	56	12,490
On disposals	-	-	(18)	-	-	(18)
At 31 August 2018	34,971	-	9,739	3,576	283	48,569
Net book value						
At 31 August 2018	395,499	1,391	2,246	1,233	77	400,446
At 31 August 2017	338,787	61	3,038	958	97	342,941

Included in the land and buildings above is freehold land and buildings with a net book value at 31 August 2018 of £47,480k (2017: £32,238k) and long leasehold land and buildings with a net book value at 31 August 2018 of £348,019k (2017: £306,549k).

The long leasehold properties are leased from the local council's of the individual academies, relating to the land and buildings of the Trust and are leased for periods of up to 125 years for peppercorn rent. No such charges have been made in the current year (2017: £nil).

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

14 Fixed asset investments

The charitable company has control of the membership of Ormiston Bolingbroke Academy Trust, a company limited by guarantee, registered in England and Wales, the Trust is an academy for pupils aged 11 to 18 serving a catchment area in Cheshire. The registered address is Barnfield Avenue, Cheshire WA7 6EP.

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 2018 and the following balances at the balance sheet date:

Statement of financial activities	2018	2017
	£'000	£'000
Total incoming resources	7,613	7,239
Total resources expended	(8,088)	(8,054)
Actuarial gains	308	454
	<hr/>	<hr/>
Retained deficit for the year ended 31 August 2018	(167)	(361)
	<hr/>	<hr/>
Balance sheet	2018	2017
	£'000	£'000
Intangible assets	-	2
Tangible assets	13,102	13,546
Current assets	1,562	1,335
Creditors: due within one year	(563)	(460)
Defined benefit pension scheme liability	(400)	(555)
	<hr/>	<hr/>
Net assets	13,701	13,868
	<hr/>	<hr/>

Net assets are represented by total funds of £13,701k (2017: £13,868k) of which £12,891k (2017: £13,124k) are restricted. The subsidiary operates an academy school, being the same activity as the charitable company.

15 Debtors	2018	2017
	£'000	£'000
Trade debtors	446	369
VAT recoverable	1,360	1,381
Other debtors	580	666
Prepayments and accrued income	6,308	4,820
	<hr/>	<hr/>
	8,694	7,236
	<hr/>	<hr/>

Included in prepayments and accrued income is £925k (2017: £nil) due after more than one year.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

16	Creditors: amounts falling due within one year	2018	2017
		£'000	£'000
	Trade creditors	2,340	4,128
	Other taxation and social security	2,421	1,808
	Other creditors	2,702	2,332
	Accruals and deferred income (see note 18)	6,276	3,657
	Loan from Education and Skills Funding Agency	116	116
	Salix loan	79	79
		<hr/>	<hr/>
		13,934	12,120
		<hr/>	<hr/>
17	Creditors: amounts falling due after more than one year	2018	2017
		£'000	£'000
	Loan from Education and Skills Funding Agency	1,855	682
	Salix loan	1,183	858
		<hr/>	<hr/>
		3,038	1,540
		<hr/>	<hr/>
	Loan maturity		
	Debt due in one year or less	195	195
	Due in more than one year but not more than two years	318	318
	Due in more than two years but not more than five years	1,549	874
	Due in more than five years	1,171	348
		<hr/>	<hr/>
		3,233	1,735
		<hr/>	<hr/>

At the year end, the trust has a Salix loan amounting to £1,262k (2017: £937k). The loan terms are 9 years at an interest rate of 0%.

At the year end, the trust owes the Education & Skills Funding Agency £320k (2017: £320k) with agreed payment terms of 4 years at interest rates of 0% and a further loan of £551k (2017: £478k) with agreed payment terms of 9 years at interest rate of 1.83%. In the year, the trust took out a further loan with the Education and Skills Funding Agency, at the year end the trust owes £1,100k (2017: £nil) with agreed payment terms of 9 years at interest rate of 0%.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

18	Deferred income	2018	2017
		£'000	£'000
	Deferred income is included within:		
	Creditors due within one year	987	1,989
		<u> </u>	<u> </u>
	Deferred income at 1 September 2017	1,989	1,144
	Released from previous years	(1,989)	(1,144)
	Resources deferred in the year	987	1,989
		<u> </u>	<u> </u>
	Deferred income at 31 August 2018	987	1,989
		<u> </u>	<u> </u>

Deferred income relates to project income, grant and trip income received in advance specifically for future periods.

19	Financial instruments	2018	2017
		£'000	£'000
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	5,989	4,209
		<u> </u>	<u> </u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	13,564	9,863
		<u> </u>	<u> </u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	25	140,263	(138,775)	(1,143)	370
Start up grants	-	184	(184)	-	-
Other DfE / ESFA grants	652	12,532	(13,184)	-	-
Other government grants	81	4,880	(4,470)	-	491
Other restricted funds	1,610	6,810	(5,681)	-	2,739
Pension reserve	(54,306)	(8,664)	(6,927)	16,043	(53,854)
	<u>(51,938)</u>	<u>156,005</u>	<u>(169,221)</u>	<u>14,900</u>	<u>(50,254)</u>
Restricted fixed asset funds					
Restricted fixed asset funds	<u>347,563</u>	<u>73,028</u>	<u>(18,402)</u>	<u>1,143</u>	<u>403,332</u>
Total restricted funds	<u>295,625</u>	<u>229,033</u>	<u>(187,623)</u>	<u>16,043</u>	<u>353,078</u>
Unrestricted funds					
General funds	<u>1,359</u>	<u>5,554</u>	<u>(4,423)</u>	<u>-</u>	<u>2,490</u>
Total funds	<u>296,984</u>	<u>234,587</u>	<u>(192,046)</u>	<u>16,043</u>	<u>355,568</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 objectives 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 fixed asset funds include life cycling and capital maintenance funds.

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 £53,854k in deficit.

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at the 31 August 2018.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

Funds prior year

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	-	121,219	(121,194)	-	25
Start up grants	-	210	(210)	-	-
Other DfE / ESFA grants	2,168	13,046	(14,562)	-	652
Other government grants	-	3,646	(3,565)	-	81
Other restricted funds	-	3,955	(2,345)	-	1,610
Pension reserve	(58,484)	(3,840)	(5,631)	13,649	(54,306)
	<u>(56,316)</u>	<u>138,236</u>	<u>(147,507)</u>	<u>13,649</u>	<u>(51,938)</u>
Restricted fixed asset funds					
Restricted fixed asset funds	332,012	28,550	(12,755)	(244)	347,563
	<u>332,012</u>	<u>28,550</u>	<u>(12,755)</u>	<u>(244)</u>	<u>347,563</u>
Total restricted funds	<u>275,696</u>	<u>166,786</u>	<u>(160,262)</u>	<u>13,405</u>	<u>295,625</u>
Unrestricted funds					
General funds	409	4,744	(4,038)	244	1,359
	<u>409</u>	<u>4,744</u>	<u>(4,038)</u>	<u>244</u>	<u>1,359</u>
Total funds	<u>276,105</u>	<u>171,530</u>	<u>(164,300)</u>	<u>13,649</u>	<u>296,984</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

Total funds analysis by academy

	2018	2017
	£'000	£'000
Fund balances at 31 August 2018 were allocated as follows:		
Ormiston Bushfield Academy	-	-
Cowes Enterprise College An Ormiston Academy	-	(84)
Ormiston Meadows Academy	-	166
Ormiston Park Academy	-	(228)
Ormiston Rivers Academy	-	(196)
Ormiston Six Villages Academy	-	175
Broadland High Ormiston Academy	-	-
City of Norwich School An Ormiston Academy	-	85
Cliff Park Ormiston Academy	-	560
Ormiston Denes Academy	-	189
Edward Worlledge Ormiston Academy	-	212
Ormiston Endeavour Academy	-	(312)
Flegg High Ormiston Academy	-	-
Ormiston Herman Academy	-	304
Stoke High School - Ormiston Academy	-	968
Ormiston Sudbury Academy	-	(212)
Thomas Wolsey Ormiston Academy	-	-
Ormiston Venture Academy	-	326
Ormiston Victory Academy	-	(166)
Ormiston Forge Academy	-	(527)
George Salter Academy	-	350
Ormiston NEW Academy	-	-
Ormiston Sandwell Community Academy	-	710
Ormiston Sheffield Community Academy	-	39
Ormiston SWB Academy	-	76
Tenbury High Ormiston Academy	-	(182)
Wodensborough Ormiston Academy	-	(887)
Ormiston Chadwick Academy	-	726
Ormiston Horizon Academy	-	155
Ormiston Ilkeston Enterprise Academy	-	54
Ormiston Maritime Academy	-	436
Ormiston Meridian Academy	-	-
Packmoor Ormiston Academy	-	30
Ormiston Sir Stanley Matthews Academy	-	484
Ormiston South Parade Academy	-	202
Trust	6,090	274
Total before fixed assets fund and pension reserve	6,090	3,727
Restricted fixed asset fund	403,332	347,563
Pension reserve	(53,854)	(54,306)
Total funds	355,568	296,984

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

In line with the new freedoms within the trust's master funding agreement and with encouragement of the Department of Education, the trustees have decided to pool all reserves with effect from 31 August 2018. Accordingly, no surpluses or deficits are attributed to particular academies but all are held centrally.

Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total	Total
	£'000	£'000	£'000	£'000	2018 £'000	2017 £'000
Ormiston Bushfield Academy	4,104	729	320	897	6,050	6,249
Cowes Enterprise College An Ormiston Academy	3,723	451	187	972	5,333	5,395
Ormiston Meadows Academy	855	252	77	226	1,410	1,476
Ormiston Park Academy	2,873	482	-	1,309	4,664	4,196
Ormiston Rivers Academy	3,485	683	134	1,203	5,505	5,575
Ormiston Six Villages Academy	1,653	681	132	607	3,073	3,203
Broadland High Ormiston Academy	213	15	-	27	255	-
City of Norwich School An Ormiston Academy	5,791	669	207	1,402	8,069	8,300
Cliff Park Ormiston Academy	3,546	548	139	925	5,158	5,402
Ormiston Denes Academy	3,842	1,016	204	1,043	6,105	6,028
Edward Worledge Ormiston Academy	1,478	206	49	469	2,202	950
Ormiston Endeavour Academy	1,779	368	43	475	2,665	2,883
Flegg High Ormiston Academy	1,742	341	22	649	2,754	-
Ormiston Herman Academy	1,142	93	26	319	1,580	1,611
Stoke High School - Ormiston Academy	2,828	366	144	856	4,194	4,174
Ormiston Sudbury Academy	2,672	485	173	579	3,909	3,998
Thomas Wolsey Ormiston Academy	914	70	11	167	1,162	-
Ormiston Venture Academy	3,986	680	222	1,017	5,905	5,796
Ormiston Victory Academy	3,917	619	116	968	5,620	5,549

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Funds (Continued)

Total cost analysis by academy (cont'd)

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total	Total
	£'000	£'000	£'000	£'000	2018 £'000	2017 £'000
Ormiston Forge Academy	6,169	782	288	1,008	8,247	7,921
George Salter Academy	5,316	1,119	168	1,328	7,931	7,854
Ormiston NEW Academy	3,556	641	614	1,209	6,020	-
Ormiston Sandwell Community Academy	4,072	750	102	1,026	5,950	6,199
Ormiston Sheffield Community Academy	5,457	1,040	77	1,608	8,182	8,141
Ormiston SWB Academy	5,132	978	130	1,560	7,800	1,726
Tenbury High Ormiston Academy	1,299	186	36	510	2,031	2,160
Wodensborough Ormiston Academy	4,328	519	49	2,184	7,080	6,976
Ormiston Chadwick Academy	3,164	371	104	956	4,595	4,996
Ormiston Horizon Academy	4,150	845	152	1,286	6,433	6,117
Ormiston Ilkeston Enterprise Academy	2,731	602	128	772	4,233	4,638
Ormiston Maritime Academy	3,126	696	86	1,186	5,094	5,314
Ormiston Meridian Academy	3,398	534	394	1,074	5,400	-
Packmoor Ormiston Academy	1,394	161	32	397	1,984	1,952
Ormiston Sir Stanley Matthews Academy	5,545	1,210	112	1,407	8,274	8,174
Ormiston South Parade Academy	1,732	356	120	429	2,637	2,546
Trust	-	2,655	-	2,778	5,433	5,372
	<u>111,112</u>	<u>22,199</u>	<u>4,798</u>	<u>34,828</u>	<u>172,937</u>	<u>150,871</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

21 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	400,446	400,446
Current assets	2,490	20,572	2,886	25,948
Creditors falling due within one year	-	(13,934)	-	(13,934)
Creditors falling due after one year	-	(3,038)	-	(3,038)
Defined benefit pension liability	-	(53,854)	-	(53,854)
Total net assets	2,490	(50,254)	403,332	355,568

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	342,941	342,941
Current assets	1,359	16,028	4,622	22,009
Creditors falling due within one year	-	(12,120)	-	(12,120)
Creditors falling due after one year	-	(1,540)	-	(1,540)
Defined benefit pension liability	-	(54,306)	-	(54,306)
Total net assets	1,359	(51,938)	347,563	296,984

22 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 the Secretary 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.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

23 Capital commitments

	2018 £'000	2017 £'000
Expenditure contracted for but not provided in the financial statements	425	841

24 Commitments under operating leases

At 31 August 2018, the total of the trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £'000	2017 £'000
Amounts due within one year	800	515
Amounts due between one and five years	1,285	654
Amounts due after five years	1,165	223
	<u>3,250</u>	<u>1,392</u>

The trust is also party to a facilities management contracts under a PFI scheme. The trust is party to the contract under the supplement agreement. Total commitments under the contracts are £1,506k (2017: £1,040k) within 1 year, £6,025k (2017: £4,161k) between 1 and 5 years and £14,073k (2017: £14,104k) in greater than 5 years.

25 Reconciliation of net income to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	42,541	7,230
Adjusted for:		
Net surplus on conversion to academy	(59,070)	(19,917)
Capital grants from DfE/ESFA and other capital income	(5,439)	(5,447)
Interest receivable	(20)	(25)
Defined benefit pension scheme cost less contributions payable	5,346	3,720
Defined benefit pension scheme finance cost	1,581	1,911
Depreciation of tangible fixed assets	12,490	9,014
Gain on disposal of fixed assets	(9)	-
Movements in working capital:		
(Increase) in stocks	(355)	-
(Increase) in debtors	(1,458)	(71)
Increase/(decrease) in creditors	1,825	(418)
Stocks, debtors and creditors transferred on conversion	(345)	469
Net cash used in operating activities	<u>(2,913)</u>	<u>(3,534)</u>

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

26 Members' liability

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

27 Pension and similar obligations

The trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the relevant local authorities. Each Local Authority runs a separate pension fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and of the LGPS 31 March 2016.

Contributions amounting to £2,702,000 (2017: £1,390,000) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

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.

Valuation of the Teachers' Pension Scheme

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 in 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)
- 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 2.0% 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%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. Subsequent to the year end the TPS has proposed an increase in employers contribution rate to approximately 23% (subject to confirmation) payable for September 2019.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

27 Pension and similar obligations (Continued)

The employer's pension costs paid to the TPS in the period amounted to £10,668,993 (2017: £8,966,472).

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

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

Local Government Pension Scheme

Ormiston Academies Trust is a member of the Cambridgeshire, Cheshire, Norfolk, Isle of Wight, Suffolk, West Midlands, Staffordshire, Derbyshire, East Riding, Essex, West Sussex and Worcestershire Local Government Pension Schemes.

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.4 - 27.3% for employers and 5.5 - 12.5% for employees.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

The LGPS obligation relates to the employees of the trust and employees transferred as part of the conversion from the maintained school and transfer from another academy trust (as described in note 31) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the trust at the balance sheet date.

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.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

27 Pension and similar obligations (Continued)

Principal actuarial assumptions:

The following information is based upon a full actuarial valuation of the funds at 31 March 2016 updated to 31 August 2018 by the qualified independent actuaries.

	Discount rate for scheme liabilities		Rate of increase in salaries		Rate of increase for pensions in payment / inflation	
	2018	2017	2018	2017	2018	2017
	%	%	%	%	%	%
Cambridge Local Government Pension Scheme	2.8	2.5	2.7	2.7	2.4	2.4
Cheshire Local Government Pension Scheme	2.8	2.5	2.6	2.7	2.3	2.4
Norfolk Local Government Pension Scheme	2.8	2.5	2.6	2.7	2.3	2.4
Isle of Wight Local Government Pension Scheme	2.8	2.5	2.7	2.8	2.3	2.4
Suffolk Local Government Pension Scheme	2.8	2.5	2.7	2.7	2.4	2.4
West Midlands Local Government Pension Scheme	2.7	2.6	3.8	4.2	2.3	2.7
Staffordshire Local Government Pension Scheme	2.8	2.5	2.7	2.8	2.3	2.4
Derbyshire Local Government Pension Scheme	2.8	2.5	2.9	2.9	2.4	2.4
East Riding Local Government Pension Scheme	2.8	2.5	2.5	2.6	2.3	2.4
Essex Local Government Pension Scheme	2.7	2.6	3.8	4.2	2.3	2.7
West Sussex Local Government Pension Scheme	2.8	2.5	3.0	3.1	2.3	2.4
Worcestershire Local Government Pension Scheme	2.7	2.4	3.6	3.7	2.2	2.2

Mortality

The assumed life expectations are:

	Males		Females	
	Retiring today	Retiring in 20 years	Retiring today	Retiring in 20 years
	2018	2018	2018	2018
Cambridge Local Government Pension Scheme	22.4	24.0	24.4	26.3
Cheshire Local Government Pension Scheme	22.3	23.9	24.5	26.5
Norfolk Local Government Pension Scheme	22.1	24.1	24.4	26.4
Isle of Wight Local Government Pension Scheme	22.3	23.9	24.7	26.5
Suffolk Local Government Pension Scheme	21.9	23.9	24.4	26.4
West Midlands Local Government Pension Scheme	21.9	24.1	24.4	26.7
Staffordshire Local Government Pension Scheme	22.1	24.1	24.4	26.4
Derbyshire Local Government Pension Scheme	21.9	23.9	24.4	26.5
East Riding Local Government Pension Scheme	21.7	23.7	24.2	26.4
Essex Local Government Pension Scheme	22.3	24.5	24.8	27.1
West Sussex Local Government Pension Scheme	23.6	26.0	25.0	27.8
Worcestershire Local Government Pension Scheme	22.7	24.9	25.7	28.0

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

27 Pension and similar obligations (Continued)

Total contributions made	2018 £'000	2017 £'000
Employer's contributions	6,379	4,719
Employees' contributions	1,807	1,435
Total contributions	8,186	6,154

The trust's share of the assets in the scheme	2018 Fair value £'000	2017 Fair value £'000
Equities	57,076	45,758
Bonds	18,294	11,928
Property	8,305	5,774
Cash and other	7,071	5,715
Total fair value of assets	90,746	69,175

The actual return on scheme assets was £3,588,000 (2017: £3,986,000).

Amount recognised in the Statement of Financial Activities	2018 £'000	2017 £'000
Current service cost	11,701	8,368
Net interest cost	1,581	1,911
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	24	71
Total operating charge	13,306	10,350

Changes in the present value of defined benefit obligations	2018 £'000
At 1 September 2017	123,481
Obligations acquired on conversion	19,639
Current service cost	11,701
Interest cost	3,572
Employee contributions	1,807
Actuarial gain	(14,446)
Benefits paid	(1,178)
Plan introductions, benefit changes, curtailments and settlements	24
At 31 August 2018	144,600

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

27 Pension and similar obligations (Continued)

Changes in the fair value of the trust's share of scheme assets	2018 £'000
At 1 September 2017	69,175
Assets acquired on conversion	10,975
Interest income	1,991
Return on plan assets (excluding net interest on the net defined pension liability)	1,597
Employer contributions	6,379
Employee contributions	1,807
Benefits paid	(1,178)
At 31 August 2018	90,746

28 Related party transactions

The following related party transactions took place during the year ended 31 August 2018. All transactions involving such organisations are conducted at cost and in accordance with the trust's financial regulations and normal procurement procedures.

During the year The Gateway Learning Community, an entity controlled by Ormiston Trust, the controlling party of the trust received services at cost from Ormiston Academies Trust amounting to £102k (2017: £102k) and at the year end £21k (2017: £nil) was outstanding.

During the year Birmingham Ormiston Academy, an entity controlled by Ormiston Trust, received services at cost from Ormiston Academies Trust amounting to £75k (2017: £120k) and at the year end £73k (2017: £5k) was outstanding. Ormiston Academies Trust purchased services from Birmingham Ormiston Academy amounting to £1k (2017: £nil).

During the year Ormiston Bolingbroke Academy Trust, a subsidiary undertaking, received services at cost from Ormiston Academies Trust amounting to £151k (2017: £229k) and at the year end £28k (2017: £49k) was outstanding. Ormiston Academies Trust purchased services from Ormiston Bolingbroke Academy Trust amounting to £9k (2017: £54k).

During the year academies within the Ormiston Academies Trust purchased services from Ormiston Families, an entity that has common trusteeship with Ormiston Trust, amounting to £nil (2017: £3k). These services were provided to the trust at, or below cost.

During the year academies within Ormiston Academies Trust recognised grants of £2,964k (2017: £100k) from Ormiston Trust. £2,824k (2017: £98k) was due from Ormiston Trust at the year end.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

29 Post balance sheet events

On 1 December 2018, Ormiston Cliff Park Infant Academy and Ormiston Cliff Park Junior Academy transferred into the trust. All of the operations, assets and liabilities of these academies were transferred into the trust at that date.

30 Agency arrangements

The trust distributes 16 - 19 bursary funds to students as agent for the ESFA. In the accounting period ending 31 August 2018, the trust received £263k (2017: £221k) and disbursed £226k (2017: £203k) from the fund.

31 Conversion to an academy

On 1 September 2017 Ormiston Meridian Academy 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 the Stoke on Trent City Council Local Authority for £nil consideration.

On 1 August 2018 Broadland High Ormiston Academy 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 the Norfolk County Council Local Authority for £nil consideration.

Academy	Local Authority	Date of conversion
Ormiston Meridian Academy	Stoke on Trent	1 September 2017
Broadland High Ormiston Academy	Norfolk	1 August 2018

During the year ended 31 August 2018, the following academies transferred into the trust and all of their operations, assets and liabilities were transferred to Ormiston Academies Trust.

Academy	Previous trust	Date of transfer
Flegg High Ormiston Academy	Flegg Education Academy Trust	1 February 2018
Ormiston New Academy	City of Wolverhampton Academy Trust	1 September 2017
Thomas Wolsey Ormiston Academy	Thomas Wolsey School	1 February 2018

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values 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 as donations – conversion and transfer into trust. The transfers were for £nil consideration.

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.

ORMISTON ACADEMIES TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

31 Conversion to an academy (Continued)

Net assets transferred:	Donated on	Donated on	Total 2018
	transfer to the	the trust	
	trust	the trust	
	£'000	£'000	£'000
Freehold land and buildings	48,765	17,516	66,281
Other tangible fixed assets	1,305	-	1,305
Other funds	(345)	-	(345)
Cash	493	-	493
LGPS pension deficit	(5,968)	(2,696)	(8,664)
	<u>44,250</u>	<u>14,820</u>	<u>59,070</u>
	=====	=====	=====

Funds surplus/(deficit) transferred:	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	
	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	67,586	67,586
Other funds	112	33	3	148
LGPS pension funds	-	(8,664)	-	(8,664)
	<u>112</u>	<u>(8,631)</u>	<u>67,589</u>	<u>59,070</u>
	=====	=====	=====	=====

Included in the other tangible fixed assets amounting to £1,305k is £246k that relates to the other tangible fixed assets on the transfer of South Wolverhampton and Bilston Academy. South Wolverhampton and Bilston Academy transferred in during the year ended 31 August 2017, but no value was available for the inclusion in those accounts.

32 Controlling party

The trustees consider Ormiston Trust, a grant making trust that chiefly assists schools and organisations supporting children and young people (company number: 09648958 and charity registration number: 1164358) to be the ultimate controlling party due to that organisation's right to appoint a majority of the trustees.

Ormiston Trust prepares consolidated financial statements which incorporates the results and positions of the 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.

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

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 25 August 2017 and further to the requirements of the Education and Skills Funding Agency ("ESFA") as included in the Academies Accounts Direction 2017 to 2018, to obtain limited assurance about whether the expenditure disbursed and income received by Ormiston Academies Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2017 to 2018 Part 9: Regularity Reporting. We are independent of Ormiston Academies Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Ormiston Academies Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Ormiston Academies Trust's funding agreement with the Secretary of State for Education dated 17 August 2009 and the Academies Financial Handbook, extant from 1 September 2017, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Ormiston Academies Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2017 to 2018.

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 the procedures vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes identified by Parliament or that the financial transactions do not conform to the authorities which govern them.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ORMISTON ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2017 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2017 to 2018.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to Ormiston Academies Trust and the ESFA in accordance with the terms of our engagement letter dated 25 August 2017. Our work has been undertaken so that we might state to the Ormiston Academies Trust and the ESFA 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 ESFA, for our work, for this report, or for the conclusion we have formed.



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Dated: 15 October 2018

