

**Diocese of Southwell
and Nottingham Multi-
Academy Trust**

Registered number: 08738949

**Trustees report and
financial statements**

For the year ended 31 August 2015

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

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DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS MEMBERS/ TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

Members

Southwell & Nottingham Diocesan Board of Finance (Corporate)
Bishop of Southwell & Nottingham
Chair of the Board of Southwell & Nottingham Multi Academy Trust
Chair of The Diocese of Southwell & Nottingham Board of Education

Trustees

Roger Periam
Ian Griffiths
Rebecca Meredith (resigned 4 March 2015)
Derek Hobbs (resigned 3 November 2014)
Hilary Craik
Philip Blinston
Angela Pae (appointed 2 September 2014)
Claire Meese
David Jonathan Taylor (appointed 4 November 2014)
Diane Ward (appointed 2 September 2015)

Company registered number

08738949

Principal and registered office

Jubilee House, Westgate, Southwell, Nottingham, NG25 0JH

Company secretary

Sarah Perry

Senior management team

Claire Meese, Acting CEO
Gillian Barker, Headteacher Magnus C of E Academy
Kerrie Clowes, Headteacher Harworth C of E Academy
Andrew Freeman, Headteacher St Mary Magdalene C of E Primary School
Sarah Perry, Business Director

Independent auditor

Mazars LLP, Park View House, 58 The Ropewalk, Nottingham, NG1 5DW

Bankers

Lloyds PLC, Old Market Square, Nottingham, NG1 6FD

Solicitors

Anthony Collins Solicitors LLP, 134 Edmund Street, Birmingham, B3 2ES

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditor's Report of Diocese of Southwell and Nottingham Multi-Academy Trust (the academy trust) for the ended 31 August 2015. The Trustees confirm that the Annual Report and financial statements of the academy trust comply with the current statutory requirements, the requirements of the academy trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

During the reporting period the Trust operated:

- Magnus C of E Academy: an academy for pupils aged 11-19 serving a catchment area in Newark, Nottinghamshire with a pupil capacity of 1050 and 717 plus 86 post 16 on roll in the school census of October 2014
- Harworth C of E Academy: an academy for pupils aged 4 – 11 serving a catchment area in Harworth Nottinghamshire with a capacity of 210 and 194 on roll as in the census October 2014 (with effect from 1 November 2014)
- St Mary Magdalene C of E Primary School: an academy for pupils aged 4 – 11 serving a catchment area in Sutton-in-Ashfield in Nottinghamshire with a capacity of 210 and 210 on roll as in the census October 2014 (with effect from 1 November 2014)

Structure, governance and management

Constitution

The academy trust trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. the trustees of the Diocese of Southwell and Nottingham Multi-Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as the Diocese of Southwell and Nottingham MAT (SNMAT).

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The trustees of SNMAT have indemnity insurance cover to the value of £2,000,000. This is purchased by the Trust for a twelve month period of cover. This cover applies to all trustees of the trust acting in accordance with the role of professional responsibilities of the Multi Academy Trust.

Method of recruitment and appointment or election of Trustees

Potential new trustees are identified by the MAT board, ensuring that the skills and expertise of new trustees are complimentary to those existing on the Board. SNMAT Members have the power to appoint trustees- they are not subject to election.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new trustees depends upon their experience. Where necessary and appropriate the induction process will provide training on charity, education, legal and financial matters. All new trustees are welcome to visit any of the academies and to meet with staff and students. All trustees are provided with access to policies, procedures, minutes, accounts, budget plans and any documents that they may need to undertake their role as trustee. As there are usually no more than one or two new trustees per year, induction tends to be informal and is tailored specifically to the individual trustee.

Organisational structure

The MAT is run by a Board of Directors who have overall legal responsibility for the operation of the MAT and the Academies within it. The Board works in partnership with its academies. Each Academy has its own Local Governing Body. The Governors who serve on the Local Governing Body are appointed by the Board of Directors. They include both parent and staff representatives. During the period under review the MAT served one sponsored academy, one supported academy and one supporting academy. It is intended that more academies will join the trust and the first of these due to come into the Multi Academy Trust with effect from 1 December 2015. Academies joining the MAT are allocated to the appropriate academy category based on their latest Ofsted inspection report and recent performance trends. The MAT operates a Scheme of Delegation which covers five areas finance, human resources, education, asset management and strategy. It provides for certain functions to be carried out by one or more of the following: the Board of Directors, the Chief Executive Officer, the Headteacher of the Academy and the Local Governing Body of the Academy. The Board of Directors also has a Finance Committee which oversees the MAT Budget and financial decision making, makes recommendations to the Board and acts as Audit Committee. The category of allocation is important because the scheme of delegation dictates the constitution of the Local Governing Body and the extent to which responsibilities are delegated to the academy.

A significant number of responsibilities under the Scheme of Delegation lie with Acting Chief Executive of the MAT who is currently the Diocesan Director of Education. The Acting CEO delegates some duties to staff appointed by the MAT, staff from the Diocesan education team and appointed consultants

As the MAT has overall responsibility for the academies within the Trust it exercises a 'tighter rein' over sponsored academies and this is reflected in the Scheme of Delegation. The scheme allows for more responsibility to be passed to supported academies to reflect their higher performance and for supporting academies it is very much a light touch approach.

Connected organisations, including related party relationships

The SNMAT works closely with the Diocese of Southwell and Nottingham as the trust has been set up primarily to serve church schools. The Diocesan Board of Finance initially provided funds related to the set up of the Multi-Academy Trust and the Diocese continues to be a significant connected party to the development of the MAT. Maintaining this link is a commitment made by both parties as the MAT grows and develops. There is sharing of some staff and the costs of this are built into the business plan.

Objectives and Activities

Objects and aims

The principle object and activity of the charitable company as stated in its Articles of Association is to advance for the public benefit, education in the United Kingdom by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

In accordance with the articles of association, the charitable company has entered into relevant funding agreements with the Secretary of State. The funding agreements specify, amongst other things, the basis for admitting students to the academy, the catchment area from which the students are drawn, and that the curriculum should be broad and balanced.

The main objects/aims of the trust during the period ended 31 August 2015 are summarised below:

- To express, both explicitly and implicitly, core Christian values such as responsibility, acceptance, truth and justice throughout our schools and academies and for these to be reflected in all aspects of the curriculum offered.
- To focus on the academic development of pupils with particular reference to Communication, Literacy, Numeracy and IT skills within a curriculum framework that also pays close attention to the personal development of pupils, their leadership and organisational skills, their understanding of citizenship, community involvement and forming a constructive relationship with the world of work.
- To develop pupil's abilities to make informed choices, solve problems and make decisions.
- To encourage a holistic approach to the development of pupils believing that each person is an individual made in the image of God and should therefore be supported to reach their full potential by receiving the very best education possible.
- To ensure that all pupils succeed and thrive in school by raising aspirations and tackling disadvantage.
- To provide strong support for operational needs to enable headteachers and their staff to focus on teaching and learning.

Objectives, strategies and activities

In its second year of operation the MAT welcomed two primary academies into its fold to join the existing secondary academy. The main aims of the Trust have been to oversee the conversion of these schools and establish a flexible organisational structure and systems to enable it to continue to grow and support a larger number of academies going forward. At one of these primary academies the MAT played a key role in the appointment of a new Headteacher to a longstanding vacancy and in the interim brokered school improvement support for the Deputy Headteacher acting in this capacity. This new Headteacher took up the appointment at the end of April 2015 and the impact of his contribution is already being felt.

At Magnus C of E Academy the curriculum and staffing restructuring initiated in 2013-2014 has been carried through to completion and improvement strategies have been initiated which can now be consolidated and built on in 2015-2016. Other key actions that have been taken include:

- restructuring of the Senior Leadership Team and appointment of a new Deputy Headteacher from an outstanding school (Sept. 2014) to lead on teaching and learning and assessment
- identification of two lead practitioners (former ASTs) to work with the DHT to drive improvement in teaching and learning through the introduction of the "Magnus Recipe for Great Learning" and targeted CPD for staff
- reorganisation of academy into year groups (from House system) linked to new systems for monitoring and accountability (Sept. '14)
- the remodelling of the entire curriculum to create a 3 year KS4 with increased opportunities for academic success with the vast majority of students studying 8 subjects including Ebacc options and giving greater depth to secure progress. At KS3 extra literacy introduced in order to accelerate progress and enable greater access to the wider curriculum (Sept. '14)
- the introduction of a new data system which has led to improved use of assessment information at all levels and means that staff are using assessment data in a more focussed, prompt and accurate way to identify students falling behind and identify strategies in and out of class to support them. (Sept. '14)
- a new "Achievement Cycle" introduced across all faculties, which includes regular data captures and follow up achievement meetings led by middle leaders where information is analysed and teaching and learning strategies or interventions are identified to tackle areas of weak progress. (Oct. 2014)

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

- appointment of an independent academy improvement adviser to undertake QA work and acts as a critical professional partner to the head teacher and SLT helping with the evaluation of performance, identifying priorities for improvement and reporting back to the MAT board
- the introduction of a "Task Force" led by senior staff to monitor, analyse and target interventions for Y11, particularly within English and maths reporting to AIMG
- a revised teaching and learning policy which clarifies expectations for all staff
- improved leadership in English through a new head of department and external moderation to secure assessment standards and close monitoring of controlled assessments (Jan. 2015)
- the commissioning of a pupil premium review (Feb. 2015) resulting in a focused action plan and implementation of closer monitoring of outcomes for pupil premium interventions
- revision of internal QA processes used to judge quality of teaching to ensure information gathered reflects typicality of teaching and takes into account student progress data
- securing of an additional £245k from academy capital programme to refurbish technology/food block resulting in new state of the art provision
- work with the new governing body to review their meeting structure to ensure maximum agenda time is spent on academy improvement, curriculum and standards

Key performance indicators identified by the Trust will be used to monitor, evaluate and review the performance of the academies and to quality assure the education they provide to pupils. This will be done in a consistent, open and supportive manner. The Trust will continue to drive standards within its academies through effective school improvement, brokering school to school support and promoting the sharing of best practice. As more schools join the Trust they will be encouraged to learn from one another as well as from schools in the wider diocese. Structures will be developed to support and safeguard pupils, identify barriers to learning and provide appropriate interventions through the use of internal procedures and other external professionals.

The MAT is continuing to develop trust wide policies and protocols to support leaders and managers in academies, to ensure all employees are valued in the same way and the MAT is a balanced, supportive and fair employer. This will be continued in 2015-2016.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the Charity Commissions general guidelines in public benefit.

Strategic Report

Achievements and performance

The key performance indicators in schools and academies tend to be set in terms of Teaching and Learning rather than financial performance. Value for money is judged on the basis of whether the student achievement targets have been met.

Examination Results at Magnus C of E Academy

GCSE Results	% achieved in 2015 All students	% achieved non pupil premium students	% achieved pupil premium students
Number of students 157			
5+ A* - C (Including Eng and Maths)	37%	47%	23%
A* - C (Eng)	48%	58%	35%
A* - C (Ma)	57%	70%	40%
Entered for EBacc	8%	8%	8%
A*-C in EBacc	2%	2%	2%

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

A2 Results 2015	A2 Only		A2 & Equivalences	
	Number of students	%	Number of students	%
The number of students at the end of KS 5	12		37	
Students taking at least 1 A-level	12	100%	37	100%
Students with 3 or more passes at grades A*-E	8	67%	24	65%
Students with 2 or more passes at grades A*-E	11	92%	27	73%
Students with 1 or more passes at grades A*-E	12	100%	37	100%

St Mary Magdalene C of E Primary School Results 2015

KS 2		2015 Results		2015 Results
Reading	Level 4+ L4b+	100%	Level 5+	60%
Writing	Level 4+	100%	Level 5+	50%
SPAG	Level 4+	93.3%	Level 5+	70%
Maths	Level 4+ L4b+	100%	Level 5+	47%
Reading/ Writing/Maths combined	Level 4+ L4b+	100%	Level 5+	30%
Reading	2+ levels progress	100 %	3+ levels progress	20 %
Writing	2+ levels progress	100 %	3+ levels progress	37 %
Maths	2+ levels progress	100 %	3+ levels progress	23 %
KS 1		2015 Results		2015 Results
Reading	Level 2+ L2b+	100% 97%	Level 3+	50%
Writing	Level 2+	97%	Level 3+	43%
Maths	Level 2+ L2b+	100% 100%	Level 3+	50%

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Harworth C of E Academy Results 2015

KS1		2015 Results		2015 Results
Reading	Level 4+ L4b+	100%	Level 5+	39%
Writing	Level 4+	100%	Level 5+	32%
SPAG	Level 4+	86%	Level 5+	32%
Maths	Level 4+ L4b+	96%	Level 5+	22%
Reading/ Writing/Maths combined	Level 4+ L4b+	96%	Level 5+	11%
Reading	2+ levels progress	93%	3+ levels progress	29%
Writing	2+ levels progress	100%	3+ levels progress	25%
Maths	2+ levels progress	93%	3+ levels progress	7%

KS 1		2015 Results		2015 Results
Reading	Level 2+ L2b+	100% 97%	Level 3+	40%
Writing	Level 2+	100%	Level 3+	36%
Maths	Level 2+ L2b+	100%	Level 3+	33%

Going concern

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

Financial review

Most of the MAT's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ending 31st August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The MAT also received a grant for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful economic life of the asset concerned.

Reserves policy

The Trustees have reviewed the reserves of the Trust. This review encompasses the nature of income and expenditure streams, the need to match them with commitments, the future cost of planned redundancies and the nature of reserves. The level of reserves will be kept under review by the Trustees.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Investment policy

The MAT does not hold any long term investments. Any cash surpluses remain within the academy's bank accounts to ensure an even cash flow across the year.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the academy is exposed, in particular those related to the operations and finances of the academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

The MAT's exposure to financial risks is minimal, due to the fact that the financial instruments dealt with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit within the Local Government Pension Scheme, as described in note 25 to the financial statements but this is subject to periodic actuarial review and regulatory monitoring by Trustees.

There are two principle risks and uncertainties relating to the MAT.

The future level of funding of education is uncertain in the current economic climate. This is mainly outside the control of the Trustees, but they engage with the Department for Education when opportunities arise. The Trustees also set prudent budgets and review staffing structures and curriculum models to ensure the Academies within the Trust are reactive to the changing funding levels.

The finances of the Trust are highly sensitive to the number of students who have enrolled in Year 7 at Magnus C of E Academy. The Trustees are monitoring the situation and believe that the curriculum changes moving forwards will lead to greater success for the student's attainment and thus increase the reputation of the Academy and increase student numbers within. Whilst there is recognition of falling student numbers within the locality for Year 7 places controls are being put in place to mitigate against this risk should it be realised in future years. Conversely pupil numbers at both the primary academies are healthy with one full to capacity.

Plans for future periods

Current changes in the educational landscape which are driven by government policy make predicting the future difficult and future plans a challenge. However, the core business of improving teaching and learning will remain a constant and financial and institutional planning will remain firmly in focus for the coming year. There are plans to grow the Multi Academy Trust in 2015/2016. Two schools have already obtained their academy orders, another has resolved to convert and join the MAT and others are expressing interest. The ultimate aim is for all academies in the MAT to be well led and for all academies to become organisations that can drive their own continual improvement.

Disclosure of information to auditor

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

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

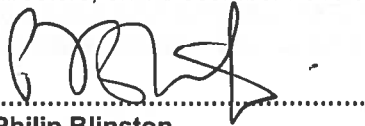
**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015**

Auditor

The auditor, Mazars LLP, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditor at a meeting of the Trustees.

This report, incorporating the Strategic Report, was approved by order of the board of trustees, as the company directors, on 1 December 2015 and signed on the board's behalf by:



Philip Blinston
Chair of Trustees

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Roger Periam	4	7
Ian Griffiths	6	7
Rebecca Meredith	2	4
Derek Hobbs	0	1
Hilary Craik	5	7
Philip Blinston	6	7
Angela Pae	6	7
Claire Meese	7	7
David Jonathan Taylor	3	5
Diane Ward	0	0

There have been some changes to the Board of Directors over the past year due to individuals on the Board taking on new professional responsibilities. Although there has been a vacancy during the year it was considered to be important to ensure that any new appointment had a relevant skill set to complement those of the other Directors. A suitable candidate has now been appointed. The Board has a well balanced set of skills across its members. No evaluation of performance of the Board of Directors has been deemed necessary for the 19 months since the Trust was established.

Work on establishing effective governance arrangements at local board level is ongoing in line with the MAT's scheme of delegation. A framework for termly agendas is now in place. Key link governor roles are defined along with protocols for governor visits.

The finance committee is a sub-committee of the main board of trustees. Its purpose is to propose the annual budget, to act as audit committee, review actual performance throughout the year in financial matters, review the effectiveness of financial internal controls through the Internal Auditor's reporting systems, advise the trustees on the appropriateness, or otherwise, of spending requests outside the delegated powers given to them and monitor and keep under review the needs and requirements of the MAT in relation to competitive tendering.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Periam	3	5
H Craik	3	5
I Griffiths	4	5
C Meese	5	5

Review of Value for Money

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

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

- ensuring that sickness absence insurance is provided for the primary academies. A decision had previously been made not to take out sickness absence insurance for the secondary academy as this had not proved to be cost effective in the past. However, the greater difficulty faced by primary academies in covering for staff absence are recognised and it was felt that it is important to provide this in their case. Several quotations were sought for Sickness Absence Insurance for the two primary academies. Three suppliers were approached, one of whom provided quotations from 4 separate companies. The provision of sickness absence insurance involves a careful balancing act between the level of premium and the level of cover provided. Consideration was given to obtaining the highest level of cover at the lowest cost and ensuring that neither academy was paying for cover it did not actually need. It was agreed to accept the lowest cost quotation. It is recognised that in some cases making claims against policies with low cost premiums can be more onerous and the service provided against this policy will be reviewed prior to the service being renewed.
- ensuring that the level of service provided by suppliers is of a satisfactory standard. For example at one of the primary academies quotations were sought for the renewal of the grounds maintenance contract. The decision was made to accept the second lowest quotation as the experience with the previous supplier, who provided the lowest quotation had been less than satisfactory. It is recognised that best value does not just mean lowest cost.
- ensuring that school improvement solutions are appropriate and fit for purpose and, where possible brokered on a reciprocal school to school basis that reduces the cost and provides more effective solutions for the academies.
- ensuring that the staffing levels at the academies are appropriate in relation to the pupil numbers on roll. Following a review of the curriculum at one of the academies to ensure that this is fit for purpose the decision was made to restructure the staffing at the academy. The revised staffing structure takes into consideration not only the change to the curriculum but also the falling number of pupils on roll. While this has been expensive this financial year the benefits of a staffing structure that is fit for purpose will be felt in future years

As other academies join the MAT and it grows in size it will become eligible for greater economies of scale for the purchase of some goods and services.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Diocese of Southwell and Nottingham Multi-Academy Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance 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; and
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Mazars LLP out internal controls assurance work.

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

Mazars LLP has delivered their schedule of work as planned. Two weaknesses in systems and controls were identified at one of the primary academies and one at the other. These have now been addressed and additional controls put in place.

Review of Effectiveness

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

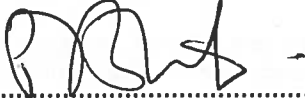
- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
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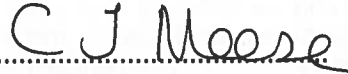
GOVERNANCE STATEMENT (continued)

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

Approved by order of the members of the board of trustees on 1 December 2015 and signed on its behalf, by:



.....
Philip Blinston
Chair of Trustees



.....
Claire Meese
Accounting Officer

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)


STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

During 2014-2015 thefts by a member of staff were identified at one of the academies in the Trust. The total value of the thefts is thought to amount to about £2,000. The matter is being investigated by the police and the member of staff has been dealt with under the disciplinary procedure and summarily dismissed for gross misconduct.

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


.....
Claire Meese
Accounting Officer

Date: 1 December 2015

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who act as governors of Diocese of Southwell and Nottingham Multi-Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 1 December 2015 and signed on its behalf by:



.....
Philip Blinston
Chair of Trustees

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

We have audited the financial statements of Diocese of Southwell and Nottingham Multi-Academy Trust for the year ended 31 August 2015 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

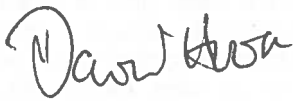
**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIOCESE OF
SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or ; 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.



David Hoose (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW
Date: 7/12/15

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 14 August 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diocese of Southwell and Nottingham Multi-Academy Trust during the year 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Diocese of Southwell and Nottingham Multi-Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Diocese of Southwell and Nottingham Multi-Academy Trust's funding agreement with the Secretary of State for Education dated 29 January 2014, and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST AND THE
EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter to note:

We were made aware by management that during 2014-2015 thefts by a member of staff were identified at one of the academies in the Trust. The total value of the thefts is thought to amount to about £2,000. The matter is being investigated by the police and the member of staff has been dealt with under the disciplinary procedure and summarily dismissed for gross misconduct.

Mazars LLP

David Hoose

Mazars LLP

Chartered Accountants
Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date: *7/12/15*

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income	2	162,756	(398,000)	3,340,700	3,105,456	9,380,141
Activities for generating funds	3	115,431	81,767	-	197,198	94,065
Investment income	4	881	-	-	881	345
Incoming resources from charitable activities	5	-	6,634,754	290,937	6,925,691	3,341,975
Total incoming resources		279,068	6,318,521	3,631,637	10,229,226	12,816,526
Resources expended						
Charitable activities	6,7	294,132	6,679,380	375,850	7,349,362	3,395,032
Governance costs	8	-	152,580	-	152,580	82,289
Total resources expended		294,132	6,831,960	375,850	7,501,942	3,477,321
Net incoming / (outgoing) resources before transfers		(15,064)	(513,439)	3,255,787	2,727,284	9,339,205
Transfers between Funds	18	-	(54,038)	54,038	-	-
Net income for the year		(15,064)	(567,477)	3,309,825	2,727,284	9,339,205
Actuarial gains and losses on defined benefit pension schemes	24	-	(50,000)	-	(50,000)	(149,000)
Net movement in funds for the year		(15,064)	(617,477)	3,309,825	2,677,284	9,190,205
Total funds at 1 September 2014		123,955	(707,659)	9,773,909	9,190,205	-
Total funds at 31 August 2015	18	108,891	(1,325,136)	13,083,734	11,867,489	9,190,205

All of the academy trust's activities derive from continuing operations and acquisitions during the current period and acquisitions in the previous period.

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

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

DIocese of Southwell and Nottingham Multi-Academy Trust

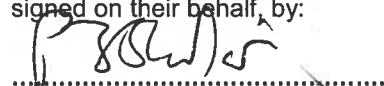
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(A Company Limited by Guarantee)

BALANCE SHEET AS AT 31 AUGUST 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	15		12,981,934		9,773,909
Current assets					
Debtors	16	137,114		149,905	
Cash at bank		916,055		663,036	
		<u>1,053,169</u>		<u>812,941</u>	
Creditors: amounts falling due within one year	17	(658,614)		(532,645)	
Net current assets			<u>394,555</u>		<u>280,296</u>
Total assets less current liabilities			<u>13,376,489</u>		<u>10,054,205</u>
Defined benefit pension scheme liability	24	(1,509,000)		(864,000)	
Net assets including pension scheme liability			<u><u>11,867,489</u></u>		<u><u>9,190,205</u></u>
Funds of the academy					
Restricted funds:					
Restricted funds	18	183,864		156,341	
Restricted fixed asset funds	18	13,083,734		9,773,909	
Restricted funds excluding pension liability		<u>13,267,598</u>		<u>9,930,250</u>	
Pension reserve	24	(1,509,000)		(864,000)	
Total restricted funds			<u>11,758,598</u>		<u>9,066,250</u>
Unrestricted funds	18		<u>108,891</u>		<u>123,955</u>
Total funds			<u><u>11,867,489</u></u>		<u><u>9,190,205</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 1 December 2015 and are signed on their behalf, by:



Philip Blinston
Chair of Trustees

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

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Net cash flow from operating activities	20	135,320	387,950
Returns on investments and servicing of finance	21	881	345
Capital expenditure and financial investment	21	(45,938)	(110,961)
Cash transferred on conversion to an academy trust	23	162,756	385,702
Increase in cash in the year		<u>253,019</u>	<u>663,036</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Increase in cash in the year	253,019	663,036
Movement in net funds in the year	253,019	663,036
Net funds at 1 September 2014	663,036	-
Net funds at 31 August 2015	<u>916,055</u>	<u>663,036</u>

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

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), the Academies Accounts Direction 2014 to 2015 issued by EFA, and the Companies Act 2006. A summary of the principle accounting policies, which have been applied consistently, is set out below.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.3 Incoming resources

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

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

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

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

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

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

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

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. Accounting Policies (continued)

1.4 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% Straight line
Land	-	0%
Motor vehicles	-	20% Straight line
Fixtures, fittings and equipment	-	20% Straight line
Longer life fixtures and fittings	-	10% Straight line
ICT equipment	-	33% Straight line

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. Accounting Policies (continued)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

The academy trust occupies school properties under a mere licence with no rental payable. The freeholds of these properties are owned by The Official Custodian for Charities. In accordance with the treatment recommended in the Academy Accounts Direction 2014 to 2015, the academy trust has recognised these assets on its balance sheet at a valuation, on the grounds that the substance of this licence transaction creates a valuable asset in the form of the future economic benefits that will flow from the use of the property.

1.6 Taxation

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

1.7 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2015

1. Accounting Policies (continued)

1.8 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.9 Operating leases

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

1.10 Conversion to an academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

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

Further details of the transaction are set out in note 23.

2. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Transfer from local authority on conversion	162,756	(398,000)	(235,244)	(461,298)
Donated fixed assets	-	3,247,000	3,247,000	9,833,527
Sponsorship income	-	-	-	7,912
Donations	-	31,242	31,242	-
Donated funds on conversion	-	62,458	62,458	-
	<u>162,756</u>	<u>2,942,700</u>	<u>3,105,456</u>	<u>9,380,141</u>
Voluntary income	162,756	2,942,700	3,105,456	9,380,141

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

3. Activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Hire of facilities	79,747	-	79,747	41,180
Sale of goods	8,302	-	8,302	524
Catering income	27,382	-	27,382	3,588
Academy trips	-	45,210	45,210	22,902
Other income	-	36,557	36,557	25,871
	<u>115,431</u>	<u>81,767</u>	<u>197,198</u>	<u>94,065</u>

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Investment income	881	-	881	345
	<u>881</u>	<u>-</u>	<u>881</u>	<u>345</u>

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. Funding for Academy's educational operations

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
DfE/EFA revenue grants				
General annual grant (GAG)	-	5,779,034	5,779,034	2,779,527
Start up grant	-	51,678	51,678	80,000
Other DfE/YPLA grants	-	310,179	310,179	143,844
	-	6,140,891	6,140,891	3,003,371
Other government grants				
Other government grants	-	408,704	408,704	226,078
Other government grants - SEN from LA	-	85,159	85,159	104,587
	-	493,863	493,863	330,665
DfE/EFA capital grants				
Devolved formula capital	-	42,425	42,425	7,939
Other DfE capital grant	-	248,512	248,512	-
	-	290,937	290,937	7,939
	-	6,925,691	6,925,691	3,341,975

6. Resources expended

	Staff costs £	Premises £	Other costs £	12 months ended 31 August 2015 £	11 months ended 31 August 2014 £
Academy's educational operations					
- Direct costs	4,583,077	256,737	325,422	5,165,236	2,165,500
- Allocated support costs	1,254,436	466,601	463,089	2,184,126	1,229,532
Sub total	5,837,513	723,338	788,511	7,349,362	3,395,032
Governance costs including allocated support costs	-	-	152,580	152,580	82,289
Total	5,837,513	723,338	941,091	7,501,942	3,468,321

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NOTES TO THE FINANCIAL STATEMENTS
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7. Charitable activities

	Unrestricted £	Restricted £	Total 12 months ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Direct costs - educational operations				
Wages and salaries	4,641	3,641,046	3,645,687	1,516,785
National insurance	-	267,830	267,830	121,337
Pension costs	-	643,560	643,560	230,196
FRS17 costs	-	26,000	26,000	9,000
Sub total	4,641	4,578,436	4,583,077	1,877,318
Depreciation	-	256,737	256,737	128,728
Educational supplies	28,507	128,586	157,093	52,272
Staff development	-	-	-	3,211
School trips	-	55,318	55,318	13,839
Other expenses	8,551	15,226	23,777	44,499
Exam fees	589	88,645	89,234	45,633
Total	42,288	5,122,948	5,165,236	2,165,500

	Unrestricted £	Restricted £	Total 12 months ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Support costs - educational operations				
Wages and salaries	106,223	933,707	1,039,930	612,675
National insurance	8,503	69,409	77,912	29,844
Pension costs	15,685	120,909	136,594	72,760
Sub total	130,411	1,124,025	1,254,436	715,279
Depreciation	-	119,113	119,113	49,790
Maintenance of premises	6,795	103,393	110,188	146,777
Cleaning	-	11,773	11,773	5,233
Rent & rates	34,405	125,574	159,979	81,010
Insurance	-	61,351	61,351	31,678
Catering	62,614	106,425	169,039	37,966
Bank charges	25	-	25	184
Other costs	17,595	280,628	298,223	161,615
Total	251,845	1,932,282	2,184,127	1,229,532

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

8. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Governance Auditors' remuneration	-	14,990	14,990	9,780
Governance Auditors' non audit costs	-	4,575	4,575	2,725
Legal and professional	-	133,015	133,015	69,784
	<u>-</u>	<u>152,580</u>	<u>152,580</u>	<u>82,289</u>

9. Net incoming / (outgoing) resources

This is stated after charging:

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Depreciation of tangible fixed assets:		
- owned by the charity	375,850	178,518
Auditor's remuneration	14,990	9,780
Operating lease rentals:		
- plant and machinery	5,966	531
	<u>396,806</u>	<u>198,829</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff

a. Staff costs

Staff costs were as follows:

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Wages and salaries	4,046,053	2,129,460
Social security costs	345,742	151,181
Other pension costs (Note 24)	780,154	302,956
	<u>5,171,949</u>	<u>2,583,597</u>
Staff restructuring costs	248,225	-
FRS17 Costs	26,000	9,000
Supply staff costs	143,114	-
	<u><u>5,589,288</u></u>	<u><u>2,592,597</u></u>

b. Staff numbers

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

	Year ended 31 August 2015 No.	11 months ended 31 August 2014 No.
Teachers	64	53
Administration and support	76	65
Management	16	8
	<u>156</u>	<u>126</u>

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

10. Staff (continued)

c. Higher paid staff

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

	Year ended 31 August 2015 No.	11 months ended 31 August 2014 No.
In the band £60,001 - £70,000	1	1
In the band £80,001 - £90,000	0	1
In the band £90,001 - £100,000	1	0
	<u>2</u>	<u>2</u>

The above employees participated in the Teachers' Pension Scheme.

11. Central services

The academy trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services; and
- educational support services.

The academy trust charges for these services on the following basis:

5% for primary academies and 3.5% for secondary academy of total GAG (not including PPIG & Bursary)

The actual amounts charged during the year were as follows:

	Year ended 31 August 2015 £
Magnus Church of England Academy	151,346
Harworth Church of England Academy	31,609
St. Mary Magdalene Church of England Academy	32,209
Total	<u>215,164</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration (2014 - £NIL). Trustees received no remuneration in the current year (2014 - £NIL).

During the year, no Trustees received any benefits in kind (2014 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2014 - £NIL).

13. Trustees' and officers' insurance

In accordance with normal commercial practice the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2015 forms part of total insurance cost.

14. Other finance income

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Expected return on pension scheme assets	81,000	32,000
Interest on pension scheme liabilities	(107,000)	(41,000)
	<u>(26,000)</u>	<u>(9,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15. Tangible fixed assets

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2014	9,391,742	-	318,400	242,285	-	9,952,427
Additions	190,829	26,215	65,526	49,143	5,162	336,875
Donated on conversion	3,247,000	-	-	-	-	3,247,000
At 31 August 2015	12,829,571	26,215	383,926	291,428	5,162	13,536,302
Depreciation						
At 1 September 2014	94,731	-	37,147	46,640	-	178,518
Charge for the year	213,068	1,311	66,517	94,954	-	375,850
At 31 August 2015	307,799	1,311	103,664	141,594	-	554,368
Net book value						
At 31 August 2015	12,521,772	24,904	280,262	149,834	5,162	12,981,934
At 31 August 2014	9,297,011	-	281,253	195,645	-	9,773,909

Included in land and buildings is leasehold land at valuation of £1,554,962 (2014 - £1,271,962) which is not depreciated.

16. Debtors

	2015 £	2014 £
Trade debtors	3,605	4,483
VAT recoverable	20,581	37,592
Prepayments and accrued income	112,928	107,830
	137,114	149,905

17. Creditors:
Amounts falling due within one year

	2015 £	2014 £
Trade creditors	132,643	21,724
Other taxation and social security	96,142	76,797
Other creditors	168,760	66,939
Accruals and deferred income	261,069	367,185
	658,614	532,645

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

17. Creditors:
Amounts falling due within one year (continued)

	£
Deferred income	
Deferred income at 1 September 2014	82,221
Resources deferred during the year	154,664
Amounts released from previous years	(82,221)
	<hr/>
Deferred income at 31 August 2015	154,664
	<hr/> <hr/>

Deferred income relates to the following:

- £25,418 received in advance of school trips
- £14,322 rates relief funding relating to 2015-16
- £7,947 insurance grant relating to 2015-16
- £34,925 universal free school meals grant monies relating to 2015-16
- £23,322 conversion grant received relating to 2015-16
- £48,730 SEN funding relating to 2015-16

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. Funds

	Balance at 31 August 2014 £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2015 £
Unrestricted funds						
General funds	123,955	279,068	(294,132)	-	-	108,891
Restricted funds						
General Annual Grant (GAG)	156,341	5,779,034	(5,697,473)	(54,038)	-	183,864
Start up grant	-	51,678	(51,678)	-	-	-
Other DfE Grants	-	310,179	(310,179)	-	-	-
SEN from LA	-	85,159	(85,159)	-	-	-
Other government grants	-	408,704	(408,704)	-	-	-
Other restricted Pension reserve	(864,000)	(398,000)	(197,000)	-	(50,000)	(1,509,000)
	<u>(707,659)</u>	<u>6,318,521</u>	<u>(6,831,960)</u>	<u>(54,038)</u>	<u>(50,000)</u>	<u>(1,325,136)</u>
Restricted fixed asset funds						
Devolved Formula Capital	7,939	104,883	(2,847)	-	-	109,975
Donations	9,765,970	3,247,000	(366,732)	-	-	12,646,238
Other DfE Capital Grant	-	279,754	(6,271)	54,038	-	327,521
	<u>9,773,909</u>	<u>3,631,637</u>	<u>(375,850)</u>	<u>54,038</u>	<u>-</u>	<u>13,083,734</u>
Total restricted funds	9,066,250	9,950,158	(7,207,810)	-	(50,000)	11,758,598
Total of funds	<u>9,190,205</u>	<u>10,229,226</u>	<u>(7,501,942)</u>	<u>-</u>	<u>(50,000)</u>	<u>11,867,489</u>

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

- Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Governors;
- Restricted funds (excluding pension and other restricted reserves) represent funds received from the Department for Education and is specifically spent on the running of the academy;
- Pension reserve represents the movements on the Local Government Pension Scheme liability;
- Other restricted reserve represents funds which are restricted by the donor including school trip income;
- Restricted fixed asset funds represent resources which are applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2015.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

18. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
Magnus Church of England Academy	3,556
Harworth Church of England Academy	51,474
St. Mary Magdalene Church of England Academy	80,995
Central	156,730
	<hr/>
Total before fixed asset fund and pension reserve	292,755
Restricted fixed asset fund	13,083,734
Pension reserve	(1,509,000)
	<hr/>
Total	<u>11,867,489</u>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciatio n £	Total £
Magnus Church of England Academy	3,698,346	486,157	409,592	723,370	5,317,465
Harworth Church of England Academy	518,234	66,850	21,036	102,901	709,021
St. Mary Magdalene Church of England Academy	490,065	53,925	44,745	120,148	708,883
Central	-	78,706	37,829	101,653	218,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>4,706,645</u>	<u>685,638</u>	<u>513,202</u>	<u>1,048,072</u>	<u>6,953,557</u>

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total Year ended 31 August 2015 £	Total 11 months ended 31 August 2014 £
Tangible fixed assets	-	-	12,981,934	12,981,934	9,773,909
Current assets	108,891	842,478	101,800	1,053,169	812,941
Creditors due within one year	-	(658,614)	-	(658,614)	(532,645)
Pension scheme liability	-	(1,509,000)	-	(1,509,000)	(864,000)
	<u>108,891</u>	<u>(1,325,136)</u>	<u>13,083,734</u>	<u>11,867,489</u>	<u>9,190,205</u>

20. Net cash flow from operations

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Net incoming resources before revaluations	2,727,284	9,339,205
Returns on investments and servicing of finance	(881)	(345)
Surplus on conversion	(162,756)	(385,702)
Donated assets	(3,247,000)	(9,833,527)
Depreciation of tangible fixed assets	375,850	178,518
Capital grants from DfE	(290,937)	(7,939)
Decrease/(increase) in debtors	12,791	(154,667)
Increase in creditors	125,969	537,407
FRS 17 costs	197,000	28,000
FRS 17 liability on conversion	398,000	687,000
Net cash inflow from operations	<u>135,320</u>	<u>387,950</u>

21. Analysis of cash flows for headings netted in cash flow statement

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Returns on investments and servicing of finance		
Interest received	<u>881</u>	<u>345</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

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

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(336,875)	(118,900)
Capital grants from DfE	290,937	7,939
	<u>(45,938)</u>	<u>(110,961)</u>
Net cash outflow capital expenditure	<u><u>(45,938)</u></u>	<u><u>(110,961)</u></u>

22. Analysis of changes in net funds

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	663,036	253,019	-	916,055
Net funds	<u>663,036</u>	<u>253,019</u>	<u>-</u>	<u>916,055</u>

23. Conversion to an academy trust

On 1 November 2014 Harworth All Saints Church of England Primary School and St. Mary Magdalene Church of England Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Diocese of Southwell and Nottingham Multi-Academy Trust from Nottinghamshire County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

Harworth All Saints Church of England Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total Year ended 31 August £
Freehold/leasehold land and buildings	-	-	1,654,000	1,654,000
LGPS pension deficit	-	(236,000)	-	(236,000)
Other identified assets and liabilities	103,981	-	-	103,981
	<u>103,981</u>	<u>(236,000)</u>	<u>1,654,000</u>	<u>1,521,981</u>
Net assets/(liabilities)	<u><u>103,981</u></u>	<u><u>(236,000)</u></u>	<u><u>1,654,000</u></u>	<u><u>1,521,981</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. Conversion to an academy trust (continued)

The above net assets include £67,465 that were transferred as cash.

St. Mary Magdalene Church of England Primary School

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total Year ended 31 August £
Freehold/leasehold land and buildings	-	-	1,593,000	1,593,000
LGPS pension deficit	-	(162,000)	-	(162,000)
Other identified assets and liabilities	121,234	-	-	121,234
	<u>121,234</u>	<u>(162,000)</u>	<u>1,593,000</u>	<u>1,552,234</u>
Net assets/(liabilities)	<u>121,234</u>	<u>(162,000)</u>	<u>1,593,000</u>	<u>1,552,234</u>

The above net assets include £95,292 that were transferred as cash.

24. Pension commitments

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 AUGUST 2015**

24. Pension commitments (continued)

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets 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; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The pension costs paid to TPS in the year amounted to £398,000 (2014 - £210,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £282,000, of which employer's contributions totalled £211,000 and employees' contributions totalled £71,000. The agreed contribution rates for future years are 18.3% for employers and 5.5-10.5% for employees.

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

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24. Pension commitments (continued)

As described in note 23 the LGPS obligation includes the employees of the academies, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academies at the balance sheet date.

The academies's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	5.80	1,143,000	6.50	719,000
Bonds	5.80	111,000	3.60	69,000
Property	5.80	202,000	5.50	112,000
Gilts	5.80	43,000	3.00	57,000
Others incl. cash	5.80	109,000	2.90	42,000
Total market value of assets		<u>1,608,000</u>		<u>999,000</u>
Present value of scheme liabilities		<u>(3,117,000)</u>		<u>(1,863,000)</u>
Deficit in the scheme		<u><u>(1,509,000)</u></u>		<u><u>(864,000)</u></u>

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

For the year to 31 August 2015, the expected return was 5.8% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015.

The amounts recognised in the Balance Sheet are as follows:

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Present value of funded obligations	(3,117,000)	(1,863,000)
Fair value of scheme assets	<u>1,608,000</u>	<u>999,000</u>
Net liability	<u><u>(1,509,000)</u></u>	<u><u>(864,000)</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

24. Pension commitments (continued)

The amounts recognised in the Statement of Financial Activities are as follows:

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Current service cost	(288,000)	(112,000)
Interest on obligation	(107,000)	(41,000)
Expected return on scheme assets	81,000	32,000
	<hr/>	<hr/>
Total	(314,000)	(121,000)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	33,000	59,000
	<hr/> <hr/>	<hr/> <hr/>

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

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Opening defined benefit obligation	1,863,000	-
Current service cost	288,000	112,000
Interest cost	107,000	41,000
Contributions by scheme participants	71,000	32,000
Actuarial Losses	2,000	176,000
Liabilities extinguished on settlements	94,000	-
Benefits paid	(54,000)	-
Defined benefit obligation on conversion	746,000	1,502,000
	<hr/>	<hr/>
Closing defined benefit obligation	3,117,000	1,863,000
	<hr/> <hr/>	<hr/> <hr/>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

24. Pension commitments (continued)

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

	Year ended 31 August 2015 £	11 months ended 31 August 2014 £
Opening fair value of scheme assets	999,000	-
Expected return on assets	81,000	32,000
Actuarial gains and (losses)	(48,000)	27,000
Contributions by employer	211,000	93,000
Contributions by employees	71,000	32,000
Benefits paid	(54,000)	-
Fair value of scheme assets on conversion	348,000	815,000
	<u>1,608,000</u>	<u>999,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses was £199,000 (2014 - £149,000).

The academies expects to contribute £227,000 to its Defined Benefit Pension Scheme in 2016.

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

	2015	2014
Equities	71.10 %	72.00 %
Gilts	2.70 %	5.70 %
Other bonds	6.90 %	6.90 %
Cash	3.50 %	4.20 %
Property	12.60 %	11.20 %
Inflation linked pool fund	2.90 %	- %
Infrastructure	0.40 %	- %

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Rate of increase in salaries	4.50 %	4.50 %
Rate of increase for pensions in payment / inflation	2.70 %	2.70 %
Inflation assumption (CPI)	2.70 %	2.70 %

**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

24. Pension commitments (continued)

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

	2015	2014
Retiring today		
Males	22.1	22.0
Females	25.2	25.1
Retiring in 20 years		
Males	24.2	24.1
Females	27.6	27.4

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(3,117,000)	(1,863,000)
Scheme assets	1,608,000	999,000
Deficit	<u>(1,509,000)</u>	<u>(864,000)</u>
Experience adjustments on scheme assets	<u>(48,000)</u>	<u>27,000</u>

25. Operating lease commitments

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

	Land and buildings		2015 £	Other 2014 £
	2015 £	2014 £		
Expiry date:				
Within 1 year	-	-	2,160	-
Between 2 and 5 years	-	-	6,865	531
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

26. Related party transactions

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

No related party transactions took place in the period of account.

