

Diocese of Southwell and Nottingham Multi- Academy Trust

Registered number: 08738949

Trustees report and financial statements

For the year ended 31 August 2016

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 TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2016

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
Hilary Craik
Philip Blinston
Angela Pae
Claire Meese
David Jonathan Taylor (resigned 21 July 2016)
Diane Ward (appointed 2 September 2015)
Chris Moodie (appointed 4 July 2016)

Company registered number
08738949

Company name
Diocese of Southwell and Nottingham Multi-Academy Trust

Principal and registered office
Jubilee House, Westgate, Southwell, Nottingham, NG25 0JH

Company secretary
Sarah Perry

Chief executive officer
Chris Moodie

Senior management team
Claire Meese, Acting CEO (to 3 July 2016)
Chris Moodie, CEO (from 4 July 2016)
Gillian Barker, Headteacher Magnus C of E Academy (resigned 31 August 2016)
Anna Martin, Principal Magnus C of E Academy (appointed 1 September 2016)
Kerrie Clowes, Headteacher Harworth C of E Academy
Andrew Freeman, Headteacher St Mary Magdalene C of E Primary School (died 4 January 2016)
Laura Di Martino, Acting Headteacher St Mary Magdalene C of E Primary School (5 January 2016 - 31 August 2016)
Jo Redfern, Executive Headteacher St Mary Magdalene C of E Primary School (appointed 1 September 2016)
David White, Headteacher St John's C of E Academy (from 1 December 2015)
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

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

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

Advisers (continued)

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 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements and Auditors' Report of Diocese of Southwell and Nottingham Multi Academy Trust for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

During the reporting period the Trust operates academies as follows:

- 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 696 11 – 16 students plus 81 post 16 students on roll in the school census of October 2015
- 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 193 on roll as in the census October 2015
- 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 2015 (with effect from 1 November 2014)
- St John's C of E Academy - an academy for pupils aged 4 – 11 serving a catchment area in Worksop in Nottinghamshire with a capacity of 420 and 403 on roll as in the census October 2015 (with effect from 1 December 2015)

Structure, governance and management

Constitution

The academy 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 Multi Academy Trust (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 2016

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 two supporting academies. The MAT continues to grow and three more academies joined with effect from 1 September 2016 with another due to join on 1 December 2016. 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 Principal/Headteacher of the Academy and the Local Governing Body of the Academy. The Board of Directors also has a Finance Committee which oversees budget and financial decision making, makes recommendations to the Board and acts as the 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 by the MAT Board to the Local Governing Body of the academy.

A significant number of responsibilities under the Scheme of Delegation lie with the Chief Executive Officer (CEO) of the MAT. The Diocesan Director of Education acted in the capacity of CEO until the appointment of a permanent CEO with effect from 4 July 2016. The 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.

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

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

Arrangements for setting pay and remuneration of key management personnel

None of the trustees of the multi academy trust receives pay or remuneration with the exception of the Chief Executive Officer. The CEO and Business Director of the academy trust are currently remunerated at spot rates which were set following benchmarking exercises prior to recruitment. The CEO is paid at a level below the top of the STCPD Leadership Group pay range which allows for reasonable differentiation between the role and that of the highest paid Principal/Headteacher. Both posts are remunerated at a level below that often paid to postholders in similar roles in other academy trusts. Mechanisms to review the remuneration of these roles over time are in being put in place. These will need to take into account the changes to the roles as the academy trust increases in size.

Pay ranges for principals/headteachers, deputy headteachers and assistant headteachers are determined in line with STPCD for new appointments, where responsibilities significantly change or if the academy trust chooses to review pay of leadership posts in line with STPCD. The pay ranges take into account all permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations including the skills and competencies required. Pay ranges allow appropriate scope for performance related progression over time.

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 maintaining this link is a commitment made by both parties as the MAT grows and develops.

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.

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 academies, 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 year ended 31 August 2016 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.

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

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

Objectives, strategies and activities

In its third year of operation the MAT welcomed another primary academy into its fold to join the other two primary academies and one secondary academy. The main aims of the Trust have been to oversee the conversion of this school, and the other three primary schools which converted on 1 September 2016, and to establish a flexible organisational structure and systems to enable the MAT to continue to grow and support a larger number of academies going forward.

The return to work after the Christmas holidays was marred by the news of the death on 4 January 2016 of Andrew Freeman, the Headteacher at St Mary Magdalene C of E Primary School from multiple organ failure following operations to repair damage from a heart attack that occurred on 22nd December. Since his appointment as Headteacher at St Mary's in April 2015 Andrew had already shown the capacity for developing the school and had been asked to provide support to another school in the Diocese that has subsequently joined the academy trust. The trustees would like to place on record their appreciation for the services performed by Andy on behalf of the academy trust up to the date of his untimely death.

The Diocesan Director of Education had been the Acting CEO since the formation of the MAT in addition to her substantive role. With more schools expressing an interest in joining the MAT, some of which would be required to make rapid improvement, the Board of Directors recognised that the MAT now needed a dedicated CEO with a strong school improvement background to drive the MAT forward and bring about the necessary improvement in these academies. The highest priority for the Board of Directors during 2015-2016 was therefore the appointment of a leading educational professional as a full-time dedicated CEO with the drive and vision to propel the MAT forward into its next stage of development. The recruitment process was carried out during the Spring Term and Chris Moodie, a former Ofsted Inspector and HMI took up the post with effect from 4 July 2016.

The recruitment process for the CEO role coincided with the recruitment process for a new Principal for Magnus, the sponsored secondary academy in the MAT, following the resignation due to retirement of the Headteacher there. MAT Directors were closely involved in the recruitment of the new Principal and believe they have appointed someone with the ability to create, maintain and develop the conditions which ensure high quality education for all pupils and the highest standards of learning and achievement and to uphold and embed the school's Christian ethos and values within day-to-day working practices.

The MAT has also been instrumental in the development of a collaboration between one of its academies and two maintained infant schools, including the appointment of an Executive Headteacher, following the sudden and untimely death of the academy's headteacher during the Christmas holidays. This occurrence had a considerable impact on the academy and the MAT endeavoured to provide support to enable the Acting Headteacher to concentrate on ensuring that the teaching and learning at the academy did not suffer as a result.

Ensuring an appropriate staffing structure was in place at one of the academies that joined the MAT on 1 September 2016 was also crucial to ensuring that improvement is able to take place as soon as the academy joined the MAT on 1 September 2016.

Key performance indicators identified by the Trust are 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 2016-2017.

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

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

Key financial performance indicators

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.

Magnus C of E Academy 2016

GCSE Results

No in Cohort:	159		
	All pupils	Pupil premium pupils	Non pupil premium pupils
Progress 8 figure	-0.19	-0.22(est)	+0.05(est)
Attainment 8 figure	4.2	3.6	4.6
% achieving 5A*-C inc Eng & Maths	40%	24.6%	49%
% achieving C or above in English and Maths	40.6%	26.2%	50.0%
% achieving C or above in English	46.5%	31.1%	56.1%
% making expected progress in English	56.8%	44.8%	64.4%
% making more than expected progress in English	12.5%	7.0%	16.1%
% achieving C or above in Maths	54.1%	44.3%	60.2%
% making expected progress in Maths	50.3%	40.4%	56.4%
% making more than expected progress in Maths	17.2%	14.0%	19.3%
Percentage of pupils achieving C or above in the five English Bacculaureate subject areas	8.8%	3.3%	12.2%

A Level Results 2016	Number of students	Percentage
Students taking at least 1 A-level	30	
Students with 3 or more passes at grades A*-E	7	46.7%
Students with 2 or more passes at grades A*-E	8	53.3%
Students with 1 or more passes at grades A*-E	15	100%

Vocational Statistics	Number of Students	Percentage
Students taking at least one vocational qualification	9	
Students with 3 or more vocational passes	8	88.9%
Students with 2 or more vocational passes	9	100%
Students with 1 or more vocational pass	9	100%

Outcomes for Magnus Academy have improved this year. Progress measures are broadly in line with national levels and the proportion of students gaining 5 A*-C including English and mathematics at GCSE level increased. This represents a continuing trend of improvement at the end of Key Stage 4. Outcomes for post-16 students were more mixed, and vocational courses were much stronger than academic ones; levels of progress were, however, at the level expected given students' starting points.

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

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

St Mary Magdalene C of E Primary School KS2 Results 2016

No in cohort: 30				
	Reading	Writing (TA)	Maths	r/w/m combined
% at ARE or above (all pupils)	76.6%	80%	80%	66.6%
% at ARE or above (disadvantaged)	100%	66.6%	66.6%	66.6%
% at ARE or above (non disadvantaged)	74%	81.4%	81.4%	66.6%
progress	+0.5	-1.3	+1.2	n/a

Harworth C of E Academy KS2 Results 2016

No in cohort: 26				
	Reading	Writing (TA)	Maths	r/w/m combined
% at ARE or above (all pupils)	60.8%	100%	68.4%	53.2%
% at ARE or above (disadvantaged)	49.5%	100%	82.5%	33%
% at ARE or above (non disadvantaged)	65%	100%	65%	60%
progress	-5.8	+2	-3.6	n/a

St John's C of E Academy Worktop KS2 Results 2016

No in cohort: 53				
	Reading	Writing (TA)	Maths	r/w/m combined
% at ARE or above (all pupils)	83%	83%	92%	83%
% at ARE or above (disadvantaged)	67%	78%	89%	67%
% at ARE or above (non disadvantaged)	91%	86%	100%	86%
progress	2.84(est)	0.12 (est)	4.74 (est)	n/a

At Key Stage 2, outcomes are not comparable with previous years given the changes in testing arrangements aligned to the new national curriculum.

None of the academies has been inspected by Ofsted since 1 September 2015.

Going concern

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

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

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

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 31 August 2016 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 Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) "SORP 2015" 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 fixed assets reserves total £16,006,563. £116,768 of this is Devolved Formula Capital funding in reserve for planned capital projects including the purchase of i-pads, toilet refurbishments and roofing repairs. The remaining £552,608 of restricted and unrestricted reserves is only 4.89% of the income from 2015-2016. This will cover:

- higher staffing costs during a three year period of pay protection following staff restructuring;
- the cost of any redundancies that may arise as a result of the restructure;
- unsustainable staff costs prior to anticipated natural wastage;
- growing central MAT staffing to build capacity as the MAT grows.

The level of reserves will be kept under review by the Trustees.

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.

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

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

Principal risks and uncertainties

The Trustees have assessed the major risks to which the academies in the MAT are exposed, in particular those related to the operations and finances, and are satisfied that systems and procedures are in place to mitigate 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 20 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 at Magnus C of E Academy. These numbers will undoubtedly be influenced by the increased competition risk from the successful application from Torch Academies Trust to open a free school in Newark and its appointment as the new sponsor of The Newark Academy. The Trustees are monitoring the situation and believe that the changes moving forwards following the appointment of the new Principal will lead to greater success for the student's attainment and thus increase the reputation of the Academy and increase student numbers within. Conversely pupil numbers at the primary academies are healthy.

Plans for future periods

Future developments

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 continue to grow the Multi Academy Trust in 2016/2017. Three primary schools have joined the MAT on 1 September 2016 and another school has already obtained its academy order and is expected to join the MAT on 1 December 2016. Another has resolved to convert and join the MAT and there is an increasing number of other schools 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.

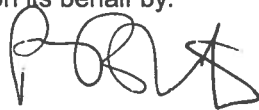
**DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST
(A Company Limited by Guarantee)**

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

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 was approved by order of the board of trustees as the company directors, on 13/12/16 and signed on its 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 Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between 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 Statement of Trustees' Responsibilities. The board of trustees has formally met 6 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	2	6
Ian Griffiths	6	6
Hilary Craik	5	6
Philip Blinston	6	6
Angela Pae	5	6
Claire Meese	6	6
David Jonathan Taylor	4	6
Diane Ward	3	6
Chris Moodie	1	1

A Director with expertise in primary education was appointed at the start of the year giving the Board a well balanced set of skills across its members during 2015-2016. At the end of the year a Director with expertise in secondary education resigned and although other Directors do have expertise in this area the Board is looking for someone with suitable skills to replace him. The newly appointed CEO has joined the Board as an ex-officio member while the previously acting CEO remains on the Board in her capacity as Diocesan Director of Education. No evaluation of performance of the Board of Directors has been deemed necessary.

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, to act as pay committee, to 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	5	6
H Craik	5	6
I Griffiths	6	6
C Meese	6	6
C Moodie	0	0

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

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

The role of Mazars LLP includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included a focused programme of internal control testing, based on the "Responsible Officer" testing programmes from the 2006 Academies Financial Handbook, at each of the academies in the trust.

Reports of these visits were presented to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

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

GOVERNANCE STATEMENT (continued)

Mazars LLP has delivered their schedule of work as planned. A weakness in the systems and controls and a few housekeeping recommendations were made in respect of the academy that joined the MAT in 2015-2016. These have now been addressed. Recommendations were made in respect of evidencing cash income at the other primary academies which are being addressed and additional controls put in place.

Review of Effectiveness

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

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

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

Review of Value for money

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

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

- 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 a new operating lease for a photocopier. The decision was made not to accept the lowest quotation in recognition of the level of service provided by the existing supplier. 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. The MAT has been closely involved in planning the staffing structure for one of the academies that joined the MAT on 1 September to ensure that this is fit for purpose and sustainable in the long term. The revised staffing structure takes into consideration changes to the curriculum and the number of pupils on roll.

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.

Approved by order of the members of the board of trustees on 13/12/16 and signed on their 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 for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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



.....
Chris Moodie
Accounting Officer

13/12/16

C. J. Meese

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

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

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 and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the board of trustees on 13/12/16 . 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 ON THE FINANCIAL STATEMENTS 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 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP 2015 (FRS 102)).

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, 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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

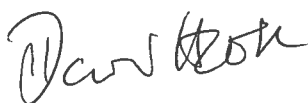
DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST (A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 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
- 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: 13/12/16

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

INDEPENDENT REPORTING AUDITOR'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 11 May 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diocese of Southwell and Nottingham Multi-Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Diocese of Southwell and Nottingham Multi-Academy Trust and the 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 the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Diocese of Southwell and Nottingham Multi-Academy Trust and the 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 auditor

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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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.

**INDEPENDENT REPORTING AUDITOR'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, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

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: *13/12/16*

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
Income from:						
Donations and capital grants	3	201,402	(292,000)	3,311,519	3,220,921	3,180,742
Charitable activities	4	-	7,789,357	-	7,789,357	6,818,600
Other trading activities	5	233,649	64,186	-	297,835	229,003
Investments	6	1,162	-	-	1,162	881
Total income		436,213	7,561,543	3,311,519	11,309,275	10,229,226
Expenditure on:						
Charitable activities	7, 8	260,470	7,860,163	460,960	8,581,593	7,501,942
Total expenditure		260,470	7,860,163	460,960	8,581,593	7,501,942
Net income / (expenditure) before transfers		175,743	(298,620)	2,850,559	2,727,682	2,727,284
Transfers between Funds	18	(72,270)	-	72,270	-	-
Net income / (expenditure) before other gains and losses		103,473	(298,620)	2,922,829	2,727,682	2,727,284
Actuarial losses on defined benefit pension schemes	20	-	(1,227,000)	-	(1,227,000)	(50,000)
Net movement in funds		103,473	(1,525,620)	2,922,829	1,500,682	2,677,284
Reconciliation of funds:						
Total funds brought forward		108,891	(1,325,136)	13,083,734	11,867,489	9,190,205
Total funds carried forward		212,364	(2,850,756)	16,006,563	13,368,171	11,867,489

The notes on pages 24 to 45 form part of these financial statements.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

Registered number: 08738949

(A Company Limited by Guarantee)

BALANCE SHEET

AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		15,887,150		12,981,934
Current assets					
Stocks	15	1,512		-	
Debtors	16	179,894		137,114	
Cash at bank and in hand	23	1,327,824		916,055	
			<u>1,509,230</u>	<u>1,053,169</u>	
Creditors: amounts falling due within one year	17	(837,209)		(658,614)	
Net current assets			<u>672,021</u>		<u>394,555</u>
Total assets less current liabilities			<u>16,559,171</u>		<u>13,376,489</u>
Defined benefit pension scheme liability	20	(3,191,000)			(1,509,000)
Net assets including pension scheme liabilities			<u>13,368,171</u>		<u>11,867,489</u>
Funds of the academy					
Restricted funds:					
Restricted funds	18	340,244		183,864	
Restricted fixed asset funds	18	16,006,563		13,083,734	
			<u>16,346,807</u>	<u>13,267,598</u>	
Restricted funds excluding pension liability					
Pension reserve	20	(3,191,000)		(1,509,000)	
			<u>13,155,807</u>	<u>11,758,598</u>	
Total restricted funds					
Unrestricted funds	18		212,364		108,891
Total funds			<u>13,368,171</u>		<u>11,867,489</u>

The financial statements were approved by the Trustees, and authorised for issue, on 13/12/16 and are signed on their behalf, by:



Philip Blinston
Chair of Trustees

The notes on pages 24 to 45 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	22	311,108	135,320
Cash flows from investing activities:			
Interest received	22	1,162	881
Purchase of property, plant and equipment	13	(93,529)	(336,875)
Capital grants from DfE/EFA		38,871	290,937
Cash transferred on conversion to an academy trust		154,157	162,756
Net cash provided by investing activities		100,661	117,699
Change in cash and cash equivalents in the year	23	411,769	253,019
Cash and cash equivalents brought forward		916,055	663,036
Cash and cash equivalents carried forward	23	1,327,824	916,055

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting Policies

1.1 Statement of accounting policies

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

1.2 Basis of preparation of financial statements

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

Diocese of Southwell and Nottingham Multi-Academy Trust meets the definition of a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

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

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

Reconciliations to previous UK GAAP for the comparative figures are included in Note 28.

1.3 Going concern

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

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

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

1. Accounting Policies (continued)

1.4 Income

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

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

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

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

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure of Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

(A Company Limited by Guarantee)

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

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	-	over 50 years
Multi use games area	-	over 8 years, being residual life on conversion
Other Equipment	-	over 15 years
Motor vehicles	-	over 5 years
Fixtures, fittings and equipment	-	over 5 years
Longer life fixtures and fittings	-	over 10 years
ICT equipment	-	over 3 years

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.

1.7 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.

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

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

1. Accounting Policies (continued)

1.8 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses

1.9 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

1.10 Interest receivable

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

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

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

1. Accounting Policies (continued)

1.11 Operating leases

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

1.12 Stock

Unsold uniforms and catering stocks are valued at the lower of cost and net realisable value.

1.13 Debtors

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

1.14 Cash at Bank and in hand

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

1.15 Liabilities and provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.16 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. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor school to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in Note 24.

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

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

1. Accounting Policies (continued)

1.17 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

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

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3. Donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
Transfer from local authority on conversion	154,157	(292,000)	-	(137,843)	(235,244)
Capital grants	-	-	38,871	38,871	42,425
Donated fixed assets	-	-	3,272,648	3,272,648	3,247,000
Other donations	47,245	-	-	47,245	126,561
	<u>201,402</u>	<u>(292,000)</u>	<u>3,311,519</u>	<u>3,220,921</u>	<u>3,180,742</u>

In 2015, of the total income from donations and legacies, £162,756 was to unrestricted funds and £3,017,986 was to restricted funds

4. Funding for Academy Trust's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	6,837,813	6,837,813	5,779,034
Start Up Grant	-	79,667	79,667	51,678
Other DfE/EFA grants	-	584,893	584,893	434,042
	<u>-</u>	<u>7,502,373</u>	<u>7,502,373</u>	<u>6,264,754</u>
Other government grants				
Local authority grants	-	146,275	146,275	220,175
Other DfE capital grants	-	-	-	248,512
Other government grants - SEN from LA	-	140,709	140,709	85,159
	<u>-</u>	<u>286,984</u>	<u>286,984</u>	<u>553,846</u>
Other funding				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>7,789,357</u>	<u>7,789,357</u>	<u>6,818,600</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £6,818,600 was to restricted funds.

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5. Other trading activities

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
Hire of facilities	87,337	-	87,337	79,747
Sale of goods	13,870	-	13,870	8,302
Catering income	68,518	-	68,518	27,382
Academy trips	-	64,186	64,186	45,210
Other income	63,924	-	63,924	68,362
	<u>233,649</u>	<u>64,186</u>	<u>297,835</u>	<u>229,003</u>

In 2015, of the total fundraising income, £115,431 was to unrestricted funds and £113,572 was to restricted funds.

6. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
Investment income	1,162	-	1,162	881

In 2015, of the total investment income, £ 881 was to unrestricted funds and £ NIL was to restricted funds.

7. Expenditure

	Staff costs £	Premises £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	5,049,103	318,699	565,558	5,933,360	5,165,236
- Allocated support costs	1,357,105	548,088	743,040	2,648,233	2,336,706
	<u>6,406,208</u>	<u>866,787</u>	<u>1,308,598</u>	<u>8,581,593</u>	<u>7,501,942</u>

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8. Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	5,933,360	5,165,236
Support costs - educational operations	2,648,233	2,336,706
Total	8,581,593	7,501,942

Analysis of support costs

	Total 2016 £	Total 2015 £
Support staff costs	1,357,105	1,254,436
Depreciation	142,261	119,113
Premises costs	405,827	343,290
Other support costs	538,138	467,287
Governance costs	204,902	152,580
Total	2,648,233	2,336,706

In 2015, of the total expenditure, £294,133 was to unrestricted funds and £7,207,809 was to restricted funds.

9. Net income/(expenditure) for the period includes:

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	460,961	375,850
Auditor's remuneration	19,000	14,990
Auditor's remuneration - non-audit	6,375	4,575
Operating lease rentals:		
- plant and machinery	15,859	5,966

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10. Staff costs

Staff costs during the period were:

	2016	2015
	£	£
Wages and salaries	4,929,764	4,151,164
Social security costs	399,583	345,742
Other pension costs (Note 20)	860,358	780,154
	6,189,705	5,277,060
Supply teacher costs	154,502	143,114
Other pension costs	-	26,000
Staff restructuring costs	-	248,225
	6,344,207	5,694,399

Staff numbers

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

	2016	2015
	No.	No.
Teachers	65	64
Administration and support	87	76
Management	18	16
	170	156

Higher paid staff

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	2	1
In the band £90,001 - £100,000	1	1
In the band £100,001 - £200,000	1	0

The above employees participated in the Teachers' Pension Scheme and Local Government Pension Scheme.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their service to the academy trust was £380,728 (2015: £227,636).

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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:

	2016	2015
	£	£
Magnus Church of England Academy	143,076	151,346
Harworth Church of England Academy	37,200	31,609
St. Mary Magdalene Church of England Academy	39,018	32,209
St. John's Church of England Academy	53,915	-
	<u>273,209</u>	<u>215,164</u>

12. Related Party Transactions - Trustees' remuneration and expenses

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

		2016	2015
		£'000	£'000
C Moodie	Remuneration	15-20	Nil
	Pension contributions paid	0-5	Nil

During the year, no other Trustees received any remuneration (2015 - £NIL).

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, travel and subsistence expenses totalling £622 and gift expenses of £166 were reimbursed to 1 Trustee (2015: £NIL).

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13. Tangible fixed assets

	Leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2015	12,829,571	26,215	383,926	291,428	5,162	13,536,302
Additions	14,019	-	3,228	76,282	-	93,529
Donated on conversion	3,233,000	-	39,648	-	-	3,272,648
Transfer between classes	5,162	-	-	-	(5,162)	-
At 31 August 2016	<u>16,081,752</u>	<u>26,215</u>	<u>426,802</u>	<u>367,710</u>	<u>-</u>	<u>16,902,479</u>
Depreciation						
At 1 September 2015	307,799	1,311	103,664	141,594	-	554,368
Charge for the year	272,290	5,243	74,148	109,280	-	460,961
At 31 August 2016	<u>580,089</u>	<u>6,554</u>	<u>177,812</u>	<u>250,874</u>	<u>-</u>	<u>1,015,329</u>
Net book value						
At 31 August 2016	<u>15,501,663</u>	<u>19,661</u>	<u>248,990</u>	<u>116,836</u>	<u>-</u>	<u>15,887,150</u>
At 31 August 2015	<u>12,521,772</u>	<u>24,904</u>	<u>280,262</u>	<u>149,834</u>	<u>5,162</u>	<u>12,981,934</u>

Included in land and buildings is leasehold land at valuation of £1,760,962 (2015 - £1,554,962) which is not depreciated.

14. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2016 was £1,145. The cost of this insurance is included in the total insurance cost.

15. Stocks

	2016 £	2015 £
Finished goods and goods for resale	<u>1,512</u>	<u>-</u>

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16. Debtors

	2016	2015
	£	£
Trade debtors	5,302	3,605
VAT recoverable	10,855	20,581
Other debtors	35,539	-
Prepayments and accrued income	128,198	112,928
	<u>179,894</u>	<u>137,114</u>

17. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Trade creditors	110,780	132,643
Other taxation and social security	123,763	96,142
Other creditors	189,416	168,760
Accruals and deferred income	413,250	261,069
	<u>837,209</u>	<u>658,614</u>

	2016	2015
	£	£
Deferred income		
Deferred income at 1 September 2015	154,664	82,221
Resources deferred during the year	382,496	154,664
Amounts released from previous years	(154,664)	(82,221)
	<u>382,496</u>	<u>154,664</u>

At the balance sheet date the academy trust was holding funds received in advance as follows:

- £27,151 received in advance of school trips
- £55,000 sponsorship grant received for 2016-17
- £60,000 primary chain grant received for 2016-17
- £14,438 rates relief funding relating to 2016-17
- £12,112 insurance grant relating to 2016-17
- £70,868 universal free school meals grant monies relating to 2016-17
- £43,655 conversion grant received relating to 2016-17
- £45,000 sponsor grant received relating to 2016-17
- £14,649 SEN funding relating to 2016-17
- £39,623 AFN funding relating to 2016-17

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

18. Funds

	Balance at 31 August 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General funds	108,891	436,213	(260,470)	(72,270)	-	212,364
Restricted funds						
General Annual Grant (GAG)	183,864	7,773,876	(7,617,496)	-	-	340,244
Start up grant	-	79,667	(79,667)	-	-	-
Pension reserve	(1,509,000)	(292,000)	(163,000)	-	(1,227,000)	(3,191,000)
	<u>(1,325,136)</u>	<u>7,561,543</u>	<u>(7,860,163)</u>	<u>-</u>	<u>(1,227,000)</u>	<u>(2,850,756)</u>
Restricted fixed asset funds						
Devolved Formula Capital	109,975	38,871	(4,065)	8,365	-	153,146
Donations	12,646,238	3,272,648	(434,705)	-	-	15,484,181
Other DfE Capital Grant	327,521	-	(22,190)	63,905	-	369,236
	<u>13,083,734</u>	<u>3,311,519</u>	<u>(460,960)</u>	<u>72,270</u>	<u>-</u>	<u>16,006,563</u>
Total restricted funds	<u>11,758,598</u>	<u>10,873,062</u>	<u>(8,321,123)</u>	<u>72,270</u>	<u>(1,227,000)</u>	<u>13,155,807</u>
Total of funds	<u><u>11,867,489</u></u>	<u><u>11,309,275</u></u>	<u><u>(8,581,593)</u></u>	<u><u>-</u></u>	<u><u>(1,227,000)</u></u>	<u><u>13,368,171</u></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.

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18. Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
Magnus Church of England Academy	167,082	3,556
Harworth Church of England Academy	36,687	51,474
St. Mary Magdalene Church of England Academy	51,996	80,995
St. John's Church of England Academy	104,193	-
Central	192,650	156,730
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	552,608	292,755
Restricted fixed asset fund	16,006,563	13,083,734
Pension reserve	(3,191,000)	(1,509,000)
	<hr/>	<hr/>
Total	<u>13,368,171</u>	<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 depreciation £	Total 2016 £	Total 2015 £
Magnus Church of England Academy	2,727,854	1,115,715	510,674	345,355	4,699,598	5,317,465
Harworth Church of England Academy	619,484	79,936	83,421	62,560	845,401	709,021
St. Mary Magdalene Church of England Academy	597,046	99,831	120,824	78,469	896,170	708,883
St John's Church of England Academy	793,217	126,681	192,295	115,200	1,227,393	-
Central	20,476	62,968	65,341	139,658	288,443	218,188
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>4,758,077</u>	<u>1,485,131</u>	<u>972,555</u>	<u>741,242</u>	<u>7,957,005</u>	<u>6,953,557</u>

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

19. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total Year ended 31 August 2016 £	Total Year ended 31 August 2015 £
Tangible fixed assets	-	-	15,887,150	15,887,150	12,981,934
Current assets	212,364	1,177,453	119,413	1,509,230	1,053,169
Current liabilities	-	(837,209)	-	(837,209)	(658,614)
Pension scheme liability	-	(3,191,000)	-	(3,191,000)	(1,509,000)
Total net assets	212,364	(2,850,756)	16,006,563	13,368,171	11,867,489

20. Pension commitments

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

Contributions amounting to £70,944 were payable to the TPS at 31 August 2016 (2015 - £NIL) and are included within creditors. Contributions amounting to £29,092 were payable to the LGPS at 31 August 2016 (2015 - £NIL) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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20. Pension commitments (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £605,000 (2015 - £398,000).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £338,000 (2015 - £282,000), of which employers' contributions totalled £255,000 (2015 - £211,000) and employees contributions totalled £83,000 (2015 - £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.

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

	At 31 August 2016	At 31 August 2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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20. 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:

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	24.4	24.2
Females	27.7	27.6

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,682,000	1,143,000
Debt instruments	167,000	111,000
Property	294,000	202,000
Gilts	92,000	43,000
Others incl. cash	208,000	109,000
Total market value of assets	<u>2,443,000</u>	<u>1,608,000</u>

The actual return on scheme assets was £281,000 (2015 - £33,000).

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

	2016 £	2015 £
Current service cost (net of employer contributions)	(356,000)	(288,000)
Net interest cost	(140,000)	(107,000)
Benefit charges, gain/(loss) on curtailment and gain/(loss) on settlement	78,000	81,000
Total operating charge	<u>(418,000)</u>	<u>(314,000)</u>
Actual return on scheme assets	<u>281,000</u>	<u>33,000</u>

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20. Pension commitments (continued)

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

	2016	2015
	£	£
Opening defined benefit obligation	3,117,000	1,863,000
Current service cost	356,000	288,000
Interest cost	140,000	107,000
Contributions by scheme participants	83,000	71,000
Actuarial Losses	1,430,000	2,000
Plan introductions, benefit charges, curtailments and settlements	-	94,000
Benefits paid	(35,000)	(54,000)
Defined benefit obligation on conversion	543,000	746,000
	<u>5,634,000</u>	<u>3,117,000</u>
At 31 August	<u><u>5,634,000</u></u>	<u><u>3,117,000</u></u>

Changes in fair value of academy's share of scheme assets:

	2016	2015
	£	£
Opening fair value of scheme assets	1,608,000	999,000
Expected return on assets	78,000	81,000
Actuarial gains and (losses)	203,000	(48,000)
Contributions by employer	255,000	211,000
Contributions by employees	83,000	71,000
Benefits paid	(35,000)	(54,000)
Fair value of scheme assets on conversion	251,000	348,000
	<u>2,443,000</u>	<u>1,608,000</u>
	<u><u>2,443,000</u></u>	<u><u>1,608,000</u></u>

21. Operating lease commitments

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

	2016	2015
	£	£
Amounts payable:		
Within 1 year	17,230	14,653
Between 1 and 5 years	33,093	46,783
	<u>50,323</u>	<u>61,436</u>
Total	<u><u>50,323</u></u>	<u><u>61,436</u></u>

DIOCESE OF SOUTHWELL AND NOTTINGHAM MULTI-ACADEMY TRUST

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

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	2,727,682	2,727,284
Adjustment for:		
Depreciation charges	460,961	375,850
Interest received	(1,162)	(881)
(Increase) in stocks	(1,512)	-
(Increase) / decrease in debtors	(42,780)	12,791
Decrease in creditors	178,595	125,969
Capital grants from DfE and other capital income	(38,871)	(290,937)
FRS 102 pension liability on conversion	292,000	398,000
FRS 102 pension costs	163,000	197,000
Surplus on conversion	(154,157)	(162,756)
Donated assets	(3,272,648)	(3,247,000)
	311,108	135,320
Net cash provided by operating activities	311,108	135,320

23. Analysis of cash and cash equivalents

	2016 £	2015 £
Cash in bank	1,327,824	916,055
	1,327,824	916,055
	1,327,824	916,055

24. Conversion to an academy trust

On 1 December 2015 St John's Church of England 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 as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - transfer from local authority on conversion

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

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

24. Conversion to an academy trust (continued)

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total Year ended 31 August £
Tangible fixed assets				
- Leasehold land and buildings	-	-	3,233,000	3,233,000
- Other tangible fixed assets	-	-	39,648	39,648
Budget surplus on LA funds	154,157	-	-	154,157
LGPS pension deficit	-	(292,000)	-	(292,000)
Net assets/(liabilities)	<u>154,157</u>	<u>(292,000)</u>	<u>3,272,648</u>	<u>3,134,805</u>

The above net assets include £154,157 that were transferred as cash.

25. 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 arms 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, other than certain trustees' remuneration and expenses already disclosed in Note 12.

26. Events after the end of the reporting period

From 1 September 2016, Worksop Priory C of E Primary Academy, St. Peter's Cross Keys C of E Academy, Burntstump Seely Church of England Primary Academy and The William Gladstone C of E Primary School joined the Diocese of Southwell and Nottingham Multi-Academy Trust.

27. Members' liability

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

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

28. First time adoption of FRS 102

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

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