

Financial Statements Ormiston Academies Trust

For the year ended 31 August 2014

Registered number: 06982127

Contents

	Page
Reference and administrative details of the trust, its trustees and advisers	1 - 2
Directory of academies	3 - 4
Trustees' report	5 - 12
Governance statement	13 - 15
Statement on regularity, propriety and compliance	16
Trustees' responsibilities statement	17
Independent auditor's report	18 - 19
Independent reporting accountant's assurance report on regularity	20 - 21
Statement of financial activities	22 - 23
Balance sheet	24 - 25
Cash flow statement	26
Notes to the financial statements	27 - 54

Ormiston Academies Trust
(A company limited by guarantee)

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

For the year ended 31 August 2014

Members

Ormiston Trust
Peter Murray

Trustees

Peter Murray *, Chair of Trustees
James Murray (resigned 8 July 2014)
Hilary Hodgson * (resigned 8 July 2014)
Ken Shooter
Wendy Barnes #
Bal Samra *
Paul Hann #
Ian Brookman * #
Professor Toby Salt * #
Kevin Sadler (resigned 9 September 2014)
Nicole McCartney
Mark Stanyer (appointed 9 September 2014)

* members of the Business Oversight, Risk and Audit Committee

members of the School Improvement Committee

Company registered number

06982127

Principal and registered office

Unit 10, Chilgrove Business Centre, Chilgrove, Chichester, PO18 9HU

Chief executive officer

Professor Toby Salt

Executive Team

Paul Nye, Chief Operating Officer
Di Barnes, National Director of Academies
James Miller, National Director of Estates and Technology
Nicole McCartney, National Director of Performance and Partnership

Independent auditor

Grant Thornton UK LLP, Grant Thornton House, 202 Silbury Boulevard, Milton Keynes, MK9 1LW

Bankers

Barclays Bank PLC, Mortlock House, Station Road, Histon, Cambridge, CB24 9DE

Ormiston Academies Trust
(A company limited by guarantee)

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

For the year ended 31 August 2014

Administrative details (continued)

Solicitors

Stone King LLP, 16 St John's Lane, London, EC1M 4BS

Ormiston Academies Trust
(A company limited by guarantee)

Directory of Academies

For the year ended 31 August 2014

2009

Ormiston Bushfield Academy

Ortongate
Peterborough
Cambridgeshire
PE2 5RQ
Operational Principal: Dennis Kirwan

Ormiston Sandwell Community Academy

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

Ormiston Park Academy

Nethan Drive
Aveley
Essex
RM15 4RU
Acting Principal: Huw Derrick

2010

Ormiston Venture Academy

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

Ormiston Victory Academy

Middleton Crescent
Norwich
Norfolk
NR5 0PX
Principal: Naomi Palmer

Ormiston Sir Stanley Matthews Academy

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

2011

Ormiston Ilkeston Enterprise Academy

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

Ormiston Horizon Academy

St Michael's Road
Tunstall
Stoke on Trent
ST6 6JT
Principal: Rod Hughes

Ormiston Rivers Academy

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

George Salter Academy

Claypit Lane
West Bromwich
West Midlands
B70 9UW
Executive Principal: Mick Green
Interim Principal: Bob Banks

Ormiston Maritime Academy

Westward Ho
Grimsby
South Humberside
DN34 5AH
Principal: Elaine Davis

2012

Ormiston Endeavour Academy

Defoe Road
Ipswich
Suffolk
IP1 6SG
Principal: Sam Penn

Ormiston Forge Academy

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

Ormiston Sudbury Academy

Tudor Road
Sudbury
Suffolk
CO10 1NE
Principal: Caroline Wilson

Ormiston Academies Trust
(A company limited by guarantee)

Directory of Academies

For the year ended 31 August 2014

Ormiston South Parade Academy

South Parade
Grimsby
DN31 1TU
Principal: Jane Nolan

2013

Ormiston Denes Academy

Yarmouth Road
Lowestoft
Suffolk
NR32 4AH
Principal: Peter Marshall

Ormiston Six Villages Academy

Lime Avenue Westergate
Chichester
West Sussex
PO20 3UE
Principal: Steve Nelmes

Stoke High School - Ormiston Academy

Maidenhall Approach
Ipswich
IP2 8PL
Principal: Janet Dickson

Ormiston Wodensborough Academy

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

2014

Cliff Park - Ormiston Academy

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

Ormiston Meadows Academy

Orton Brimbles
Peterborough
PE52 5YQ
Principal: Linda Mitchell

Ormiston Herman Academy

Oriel Avenue
Great Yarmouth
NR31 7JL
Principal: Kate Rutherford

Ormiston Wodensborough Academy

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

Ormiston Shelfield Community Academy

Broadway
High Heath
Pelsall
Walsall
WS4 1BW
Principal: Paula Ward

City of Norwich School, An Ormiston Academy

Eaton Road
Norwich
Norfolk
NR4 6PP
Principal: Jim Nixon

Ormiston Chadwick Academy

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

Tenbury High Ormiston Academy

Oldwood Road
Tenbury Wells
Worcestershire
WR15 8XA
Principal: Adrian Price

Ormiston Academies Trust
(A company limited by guarantee)

Trustees' Report

For the year ended 31 August 2014

The trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of Ormiston Academies Trust (the trust) for the year ended 31 August 2014. The trustees confirm that the annual report and financial statements of the trust comply with the current statutory requirements, the requirements of the trust's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

Constitution

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

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

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

Policies and procedures adopted for the induction and training of trustees

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

Trustees' Report (continued)

For the year ended 31 August 2014

Organisational structure

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

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

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

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

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

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

Risk management

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

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

Connected organisations

The trust has connections with the following organisations:

- The Ormiston Trust: the sponsor of the academies within Ormiston Academies Trust
- The Ormiston Trust is also the sponsor of The Gateway Learning Community and it is joint sponsor of Ormiston Bolingbroke Academy and Birmingham Ormiston Academy. During the year the trust was also the sponsor of Sheffield Community Academy, but the academy joined Ormiston Academies Trust as Ormiston Sheffield Academy on 1 September 2014.

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

Trustees' Report (continued)

For the year ended 31 August 2014

Post Balance Sheet Events - New Academies

The following academies joined the trust on 1 September 2014:

- Ormiston Chadwick Academy
- Ormiston Shelfield Academy
- Ormiston Tenbury Academy
- City of Norwich School, An Ormiston Academy
- Cowes Enterprise College, An Ormiston Academy

Objectives and Activities

Aims

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

The mission of Ormiston Academies Trust is to offer its pupils opportunities to develop as high achieving, confident, healthy, caring and fulfilled members of society. This includes the trust's extended schools services and the opening of its facilities to the wider community.

Objectives, strategies and activities

Ormiston Academies Trust oversees the academies which the Ormiston Trust sponsors, with the exception of the academies within the Gateway Learning Community.

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

Public benefit

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

Strategic report

The trustees approved a business development plan for 2013/14 and 2014/15. The plan set out eight strategic aims as follows:

- To continue to improve levels of attainment and achievement in the academies,
- To build a network driven by shared values, where there is a focus on collaboration and clear benefits and added value for the academies,
- To continue to recruit new primary and secondary academies in a controlled manner according to agreed expansion

Trustees' Report (continued)

For the year ended 31 August 2014

criteria,

- To ensure that the trust is regarded as an effective sponsor by the existing academies and their governing bodies, schools considering academy conversion and policy makers,
- To improve leadership and management of the trust so that it becomes an employer of choice, staff are fulfilled in their roles and have opportunities to develop,
- To ensure that resources and finances are managed prudently and effectively both in the academies and centrally,
- To increase the profile, reputation and influence of the trust, bringing benefits for its academies and pupils,
- To provide infrastructure support (to include capital build, information technology and facilities management) that is timely, effective and offers good value for money.

The business development plan was used to draft a detailed operational plan for 2014/15. Performance against the operational plan for 2013/14 is reviewed by the trustees at the end of the year.

Achievements and performance

Achievements and performance

Key Stage 2:

In the 2013/2014 academic year, the trust increased its primary provision, with the addition of 2 new primary academies. The outcomes for pupils showed a significant increase on the 2013 results. The percentage of pupils achieving the nationally expected Level 4+ in Reading, Writing and Mathematics rose by 6%, meaning that 2014 attainment outcomes for the trust's primary academies are the same as the national level, despite having prior attainment significantly below the national average.

The proportion of pupils making the expected levels of progress in Reading, Writing and Mathematics also compares favourably with the national average.

Key Stage 4:

The year 11 cohort of 2013/2014 was significantly below the national average on entry to secondary education, yet achieved outcomes broadly in line with the national average on exit. The percentage of students achieving 5A*-C including English and Mathematics, under the new Department for Education regulations for entry policy, was in line with the 2013 results, whilst the national figure decreased by over 7% during the same period. The proportion of students making expected progress in both English and mathematics compares favourably with national levels. The trust's academies outperformed other sponsored academies by 3% for headline attainment, by 2% for the levels of progress in English, and 3% for levels of progress in mathematics. The progress made by disadvantaged students in English was above the 2013 national average, and their levels of progress in mathematics is broadly in line with the national average.

Key Stage 5:

In 2013/2014 there was a significant increase in the number of students enrolled in post-16 provision within the trust's academies. The number of students completing KS5 qualifications was a record high in 2014. 838 students completed their sixth form provision, over 100 more than at the same academies in 2013. This is an indication that recruitment from KS4 is improving, as a result of improved GCSE outcomes.

The number of entries has risen by 480 from 2013 (with 342 of these coming from additional A-Level entries), with the average number of entries remaining at 3.9 per student.

The percentage of A-Level students achieving 3 x AAB grades in at least 2 facilitating subjects has increased from a low starting point, as has the number achieving this threshold in 3 facilitating subjects. The average points score per A-Level entry has increased, with attainment at the end of Year 13 being broadly in line with the national average,

Trustees' Report (continued)

For the year ended 31 August 2014

despite their prior attainment from KS4 commonly being below the national levels.

There has been a significant investment in the quality of post-16 provision. A post-16 network of sixth form leaders has been created, and its impact has been significant in terms of outcomes for students in 2014. Additionally an Access Champion post (part funded by Ormiston Trust) has been created to increase the number of students applying to, and studying at, the top universities in the UK.

Additional:

The outcomes of the trust's academies have been recognised by both Ofsted and the DFE. 75% of the academies have leadership judgements of good or better, and the significant progress made by 3 academies inspected in the 2013/2014 summer term was recognised by the Parliamentary Under Secretary of State for Schools.

Additionally six academies have been awarded SSAT awards for being in the top 25% of the country for adding value to students in secondary education, and the Ormiston Sir Stanley Matthews Academy was a national winner of the national pupil premium awards. The trust was a finalist in the 2014 Investors in Education Awards.

The trust seeks to integrate family and early intervention work in academies through strong enrichment programmes to improve life chances for children. In 2012, the trust drafted a values statement. This reflects Ormiston Trust's values and commitment to enrichment through a pupil pledge and aims for the group. These include a focus on community engagement, families and personal development. Since then, there has been a focus on promoting and improving enrichment activity across the trust through i) the establishment of an enrichment network ii) the development of some modest funding programmes for the academies by Ormiston Trust iii) joint projects.

Financial review

Principal funding

Most of the trust's income is obtained from the Department for Education in the form of recurrent grants, the use of which is restricted to running academies. The grants received from the Department for Education during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

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

Financial report for the year

	2014	2013
Incoming resources	£169,997,000	£182,480,000
Resources expended	£125,016,000	£ 90,265,000
Net incoming resources	£ 44,981,000	£ 92,215,000
Net incoming resources (excluding restricted fixed asset fund)	£ 484,000	£ (1,163,000)

Trustees' Report (continued)

For the year ended 31 August 2014

During the year ended 31 August 2014, total expenditure of £125,016k was more than covered by recurrent grant funding from the Education Funding Agency together with other incoming resources. The excess of income over expenditure for the year was £44,981k of which £44,497k was attributable to the restricted fixed asset fund. The net incoming resources of £484k (excluding restricted fixed asset fund) is an improvement on the previous year, when certain academies planned to report in year deficits to make use of reserves brought forward from previous years.

In accordance with correct disclosure requirements, the financial information which is presented in the consolidated statement of financial activities includes assets and liabilities transferred from local authorities upon conversion and transactions in the restricted fixed asset fund. Such presentation can obscure an overview of the operating performance of the academies. Accordingly such a view of the summarised operating performance of the academies (which is extracted from the consolidated statement of financial activities) is set out below:

Key financial performance indicators

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

	2014	2013
Staff costs as a percentage of operating revenue	80.0%	75.5%
Net current assets	£25,302,000	£34,796,000

Net current assets in 2014 included £6,081k in respect of accrued capital grant income, compared with £18,152k in the previous year.

The increase in the staff costs as a percentage of operating revenue is mainly as a result of increased employer pension contributions which are outside the control of the trust.

Financial and Risk Management Objectives and Policies

The trust's exposure to financial risks is minimal due to the fact that the financial instruments that it deals with are largely bank balances, cash and trade creditors, with limited trade and other debtors. There is a deficit on the Local Government Pension Scheme, as described in note 31 to the financial statements but this is subject to periodic actuarial review and is regularly monitored by the trustees.

Principal Operational Risks and Uncertainties

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

The future level of funding of education is uncertain in the current economic climate. This is mainly outside the control of the trustees, but they engage with the Department for Education about funding when such opportunities arise.

The finances of the academies are highly sensitive to the number of pupils who are enrolled each year. The trustees and principals are confident that the examination successes and enhanced reputations of their academies will enable them to attract an increased number of pupils. The academies work hard with their network of partner primary schools. Projected pupil numbers and the associated financial implications are closely monitored.

Any future increases in the costs of funding the Teachers' Pension Scheme and the Local Government Pension scheme are wholly outside the control of the trustees.

The trustees have a long term commitment to maintain the building estates of the academies in the trust. The trust

Trustees' Report (continued)

For the year ended 31 August 2014

has a robust premises strategy to manage this obligation, but it is dependent on the receipt of appropriate financial support from the Education Funding Agency.

Reserves policy

The trustees have reviewed the financial statements of the trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the trustees. In view of the restrictions contained in the academies' funding agreements, the trustees have decided not to adopt a formal policy regarding the level of reserves.

Going concern

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

Investment policy

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

Other information

Plans for future periods

The trust will continue to strive to improve the levels of attainment of its students at all levels and will continue its efforts to ensure its students get jobs or a place in higher education or training once they leave.

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

Funds held as custodian trustee on behalf of others

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

Disclosure of information to auditor

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

- so far as that trustee is aware, there is no relevant audit information of which the charitable company's

Ormiston Academies Trust
(A company limited by guarantee)

Trustees' Report (continued)

For the year ended 31 August 2014

auditor is unaware, and

- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Auditor

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

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 18/12/2014 and signed on the board's behalf by:


Peter Murray
Chair of Trustees

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Peter Murray , Chair of Trustees	3	4
James Murray	3	4
Hilary Hodgson	3	4
Ken Shooter	1	4
Wendy Barnes	4	4
Bal Samra	3	4
Paul Hann	4	4
Ian Brookman	4	4
Professor Toby Salt	4	4
Kevin Sadler	4	4
Nicole McCartney	3	4

Mark Stanyer was appointed after the year end.

Governance reviews:

A pilot external assurance review was carried out by the Education Funding Agency in May 2014. The audit team met the chair of trustees, the chair of the business oversight, risk and audit committee, the chief executive officer, the chief operating officer and the principals and finance staff from two academies. The feedback from the audit team was good. Although they had a small number of procedural recommendations, they considered that overall practices and procedures of the trust were sound. The trust was pleased to have been able to work with the Education Funding Agency to pilot their review process.

A further internal review of governance will be carried out during the year ending 31 August 2015.

During the year a report was commissioned from Professor Geoff Southworth on the growth of academy chains. This was reviewed and considered by the trustees in relation to good governance and the strategic plans.

The Business Oversight, Risk and Audit Committee is a committee of the main board of trustees. Its purpose is to oversee the efficient and effective management of finance and resources within the trust.

Attendance at meetings in the year was as follows:

Ormiston Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
Peter Murray	2	4
Bal Samra	4	4
Professor Toby Salt	2	4
Hilary Hodgson	4	4
Ian Brookman	4	4

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Wendy Barnes	1	1
Paul Hann	1	1
Ian Brookman	1	1
Professor Toby Salt	1	1

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ormiston Academies Trust for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year 1 September 2013 to 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Business oversight, risk and audit 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.

Governance Statement (continued)

For the year ended 31 August 2014 the board of trustees has considered the need for a specific internal audit function and has decided to appoint Mazars as internal auditor.

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

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

Matters arising from the internal audit work are categorised according to importance and they are then followed up at subsequent visits to ensure that matters have been resolved as necessary.

In addition, the trust operates a system of regional finance directors who each have oversight of the finances within a small number of academies. This provides additional reassurance for the trustees that the finances within the academies are conducted in accordance with the financial regulations.

Review of Effectiveness

As Accounting Officers in each academy, the principals have responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officers have been advised of the implications of the result of their reviews of the system of internal control for the trust and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 18/12/2014 and signed on its behalf, by:


Peter Murray
Chair of Trustees

Ormiston Academies Trust
(A company limited by guarantee)


Statement on Regularity, Propriety and Compliance

As Accounting Officer of Ormiston Academies Trust I have considered my responsibility to notify the trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2013).

I confirm that I and the trust board of trustees are able to identify any material, irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook (2013).

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

Professor Toby Salt
Chief Executive Officer and
Accounting Officer



18 DECEMBER 2014

Trustees' Responsibilities Statement

For the year ended 31 August 2014

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

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


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

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

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

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

Approved by order of the members of the board of trustees on 18/12/2014 and signed on its behalf by:


Peter Murray
Chair of Trustees



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

We have audited the financial statements of Ormiston Academies Trust for the year ended 31 August 2014 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.

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

Respective responsibilities of Trustees and auditor

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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 Academies Accounts Direction 2013 to 2014 issued by the Education Funding Agency.



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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report (incorporating the strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Steve Robinson (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Milton Keynes

Date: 23 December 2014

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

In accordance with the terms of our engagement letter dated 7 September 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the individual funding agreements between Ormiston Academies Trust and during the period 1 September 2013 to 31 August 2014 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 the individual funding agreements between Ormiston Academies Trust and and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the individual funding agreements between Ormiston Academies Trust and and the EFA those matters we are required to state to them 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 the individual funding agreements between Ormiston Academies Trust and and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of the individual funding agreements between Ormiston Academies Trust and the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2013, 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 2013 to 2014. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 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 2013 to 2014 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- detailed testing on a sample basis of income and expenditure for the areas identified as high risk.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Milton Keynes

Date: 23 December 2014

Ormiston Academies Trust
(A company limited by guarantee)

Statement of Financial Activities

(Incorporating Income and Expenditure Account and Statement of Recognised Gains and Losses)
For the year ended 31 August 2014

	Note	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Incoming resources						
Incoming resources from generated funds:						
Transfer on conversion	3	2,986	(4,558)	31,909	30,337	26,050
Other voluntary income	3	78	254	6,348	6,680	561
Activities for generating funds	4	3,351	1,352	-	4,703	4,181
Investment income	5	114	-	-	114	186
Incoming resources from charitable activities	6	246	109,178	18,739	128,163	151,502
Total incoming resources		6,775	106,226	56,996	169,997	182,480
Continuing operations		3,193	91,648	25,011	119,852	149,884
Acquired operations		3,582	14,578	31,985	50,145	32,596
Discontinued operations		-	-	-	-	-
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	7	941	82	-	1,023	415
Charitable activities		6,441	104,509	12,499	123,449	89,377
Governance costs	9	132	412	-	544	473
Total resources expended	10	7,514	105,003	12,499	125,016	90,265
Net incoming resources / (resources expended) before transfers		(739)	1,223	44,497	44,981	92,215

Ormiston Academies Trust
(A company limited by guarantee)

Statement of Financial Activities (continued)

For the year ended 31 August 2014

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	Total funds	
Not e	2014 £000	2014 £000	2014 £000	2014 £000	2013 £000	
Transfers between Funds	23	1,340	(6,054)	4,714	-	-
Net income for the year	<u>601</u>	<u>(4,831)</u>	<u>49,211</u>	<u>44,981</u>	<u>92,215</u>	
Continuing operations	(2,158)	(1,448)	17,687	14,081	68,484	
Acquired operations	2,759	(3,383)	31,524	30,900	23,731	
Actuarial gains and losses on defined benefit pension schemes	-	(5,916)	-	(5,916)	123	
Net movement in funds for the year	<u>601</u>	<u>(10,747)</u>	<u>49,211</u>	<u>39,065</u>	<u>92,338</u>	
Total funds at 1 September 2013	1,647	(9,167)	149,365	141,845	49,507	
Total funds at 31 August 2014	<u><u>2,248</u></u>	<u><u>(19,914)</u></u>	<u><u>198,576</u></u>	<u><u>180,910</u></u>	<u><u>141,845</u></u>	

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

The notes on pages 27 to 54 form part of these financial statements.

Balance Sheet

As at 31 August 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	18		182,672		122,586
Investments			-		-
			<u>182,672</u>		<u>122,586</u>
Current assets					
Stocks	19	135		109	
Debtors	20	10,909		23,635	
Cash at bank		24,724		21,061	
		<u>35,768</u>		<u>44,805</u>	
Creditors: amounts falling due within one year	21	(10,466)		(10,009)	
Net current assets			<u>25,302</u>		<u>34,796</u>
Total assets less current liabilities			<u>207,974</u>		<u>157,382</u>
Creditors: amounts falling due after more than one year	22		(31)		(132)
Net assets excluding pension scheme liabilities			<u>207,943</u>		<u>157,250</u>
Defined benefit pension scheme liability	31		(27,033)		(15,405)
Net assets including pension scheme liabilities			<u>180,910</u>		<u>141,845</u>
Funds of the academy					
Restricted funds :					
Restricted funds	23	7,119		6,238	
Restricted fixed asset funds	23	198,576		149,365	
		<u>205,695</u>		<u>155,603</u>	
Restricted funds excluding pension liability					
Pension reserve		(27,033)		(15,405)	
			<u>178,662</u>		<u>140,198</u>
Total restricted funds					
Unrestricted funds	23		2,248		1,647
			<u>180,910</u>		<u>141,845</u>
Total funds			<u>180,910</u>		<u>141,845</u>

Ormiston Academies Trust
(A company limited by guarantee)

Balance Sheet (continued)

As at 31 August 2014

The financial statements were approved by the Trustees, and authorised for issue, on
~~18 DECEMBER 2014~~ and are signed on their behalf, by:


Peter Murray
Chair of Trustees

The notes on pages 27 to 54 form part of these financial statements.

Ormiston Academies Trust
(A company limited by guarantee)

Cash Flow Statement

For the year ended 31 August 2014

	Note	2014 £000	2013 £000
Net cash flow from operating activities	25	2,831	(15,736)
Returns on investments and servicing of finance	26	114	186
Capital expenditure and financial investment	26	(2,268)	25,009
Cash transferred on conversion to an academy trust	28	2,986	379
Increase in cash in the year		3,663	9,838

Reconciliation of Net Cash Flow to Movement in Net Funds

For the year ended 31 August 2014

	2014 £000	2013 £000
Increase in cash in the year	3,663	9,838
Change in net debt resulting from cash flows	3,663	9,838
Other non-cash items	-	(157)
Movement in net funds in the year	3,663	9,681
Net funds at 1 September 2013	21,061	11,380
Net funds at 31 August 2014	24,724	21,061

The notes on pages 27 to 54 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 to 2014 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

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

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

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

1.3 Going concern

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

Notes to the Financial Statements

For the year ended 31 August 2014

1. Accounting Policies (continued)

1.4 Incoming resources

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

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

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

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

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

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

1.5 Resources expended

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Notes to the Financial Statements

For the year ended 31 August 2014

1. Accounting Policies (continued)

1.6 Tangible fixed assets and depreciation

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

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

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

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

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

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

1.7 Operating leases

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

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

1.8 Stock

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

Notes to the Financial Statements

For the year ended 31 August 2014

1. Accounting Policies (continued)

1.9 Taxation

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

1.10 Pensions

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS") and a defined contribution pension scheme. These first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 31, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

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

Notes to the Financial Statements

For the year ended 31 August 2014

1. Accounting Policies (continued)

1.11 Conversion to academy status

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

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

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

2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the trust were subject to limits at 31 August 2014 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 2014.

3. Voluntary income

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Transfer from LA on conversion	2,986	31,909	34,895	28,347
Inherited pension fund	-	(4,558)	(4,558)	(2,297)
	<u>2,986</u>	<u>27,351</u>	<u>30,337</u>	<u>26,050</u>
Other donations	78	6,505	6,583	208
Private sponsorship	-	97	97	353
	<u>78</u>	<u>6,602</u>	<u>6,680</u>	<u>561</u>
Subtotal	<u>78</u>	<u>6,602</u>	<u>6,680</u>	<u>561</u>
Voluntary income	<u>3,064</u>	<u>33,953</u>	<u>37,017</u>	<u>26,611</u>

Notes to the Financial Statements

For the year ended 31 August 2014

4. Activities for generating funds

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Hire of facilities	493	324	817	651
Catering income	886	132	1,018	799
Academy trips	377	154	531	392
Sundry income	1,595	742	2,337	2,339
	<u>3,351</u>	<u>1,352</u>	<u>4,703</u>	<u>4,181</u>

5. Investment income

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Bank interest	114	-	114	186
	<u>114</u>	<u>-</u>	<u>114</u>	<u>186</u>

Notes to the Financial Statements

For the year ended 31 August 2014

6. Funding for Academy's educational operations

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
DfE/EFA revenue grants				
General Annual Grant (GAG)	-	89,554	89,554	73,079
Start Up Grants	-	1,918	1,918	3,000
Other DfE / EFA grants	85	8,839	8,924	7,777
Capital grants	-	22,346	22,346	66,867
Academy main building grants	-	4,415	4,415	306
	<u>85</u>	<u>127,072</u>	<u>127,157</u>	<u>151,029</u>
Other income				
Other income	161	845	1,006	473
	<u>161</u>	<u>845</u>	<u>1,006</u>	<u>473</u>
	<u>246</u>	<u>127,917</u>	<u>128,163</u>	<u>151,502</u>

7. Costs of generating voluntary income

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Other costs	490	9	499	138
Staff costs	451	73	524	277
	<u>941</u>	<u>82</u>	<u>1,023</u>	<u>415</u>

Notes to the Financial Statements

For the year ended 31 August 2014

8. Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Direct costs	1,557	81,244	82,801	65,260
Allocated support costs	4,884	35,764	40,648	24,117
	<u>6,441</u>	<u>117,008</u>	<u>123,449</u>	<u>89,377</u>

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Direct costs				
Teaching and educational support staff costs	85	69,000	69,085	53,396
Depreciation	-	1,521	1,521	2,331
Educational supplies	687	5,962	6,649	6,440
Examination fees	-	1,572	1,572	1,517
Staff related insurance	34	625	659	377
Educational consultancy	513	-	513	160
Staff development	10	42	52	-
Technology costs	8	778	786	-
Travel and subsistence	3	59	62	-
Other direct costs	217	1,068	1,285	567
FRS 17 finance costs	-	617	617	472
Total	<u>1,557</u>	<u>81,244</u>	<u>82,801</u>	<u>65,260</u>

For the year ended 31 August 2014, the academy trust's expenditure has been analysed in more detail between direct costs and allocated support costs in line with the headings used in the Academies Accounts Return. Comparatives are not available for all items, where 2013 expenditure has been amalgamated in educational supplies for direct costs and other support costs for allocated support costs.

Ormiston Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements

For the year ended 31 August 2014

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2012 £000
Allocated support costs				
Support staff costs	2,156	11,718	13,874	11,331
Supply teacher insurance	2	37	39	-
Depreciation	-	1,765	1,765	-
Recruitment and support	60	424	484	336
Maintenance of premises and equipment	433	2,356	2,789	1,736
Cleaning	85	861	946	604
Rent, rates, light and heat	394	2,723	3,117	2,413
Insurance	46	687	733	503
Security and transport	60	397	457	314
Catering	469	1,071	1,540	1,198
Capital build project costs	-	740	740	1,522
Bank interest and charges	21	9	30	21
Operating leases - land & buildings	105	141	246	-
Operating leases - other	17	380	397	-
Technology costs	142	1,004	1,146	-
Travel and subsistence	143	5	148	-
PFI charges	-	41	41	-
Other support costs	742	2,183	2,925	3,637
Loss on disposal of assets	9	-	9	128
Transfer of primary school to Gateway Learning Community	-	9,222	9,222	-
Other GAG expenditure	-	-	-	374
Total	4,884	35,764	40,648	24,117

The construction of the Gateway Primary Free School was funded by the EFA and managed by the trust. This funding was shown as incoming resources in the accounts for the year ended 31 August 2013. The building was completed and gifted to Gateway Learning Community in the current year. This accounts for the loss on disposal.

Notes to the Financial Statements

For the year ended 31 August 2014

9. Governance costs

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Governance Internal audit costs	-	11	11	-
Auditor's remuneration	10	45	55	50
Governance Auditors' non audit costs	-	8	8	-
Ormiston Academy Trust costs	-	-	-	23
Legal and professional fees	115	321	436	398
Trustees' expenses	2	4	6	2
Gain on disposal of fixed assets	-	(1)	(1)	-
Other support costs	5	4	9	-
Governance expense - wages and salaries	-	20	20	-
	<u>132</u>	<u>412</u>	<u>544</u>	<u>473</u>

10. Analysis of resources expended

	Staff costs 2014 £000	Premises 2014 £000	Other costs 2014 £000	Total 2014 £000	Total 2013 £000
Costs of generating voluntary income	524	-	499	1,023	415
Costs of generating funds	<u>524</u>	<u>-</u>	<u>499</u>	<u>1,023</u>	<u>415</u>
Direct costs	69,085	1,521	12,195	82,801	65,260
Allocated support costs	13,874	19,847	6,927	40,648	24,117
Charitable activities	<u>82,959</u>	<u>21,368</u>	<u>19,122</u>	<u>123,449</u>	<u>89,377</u>
Governance	<u>20</u>	<u>-</u>	<u>524</u>	<u>544</u>	<u>473</u>
	<u>83,503</u>	<u>21,368</u>	<u>20,145</u>	<u>125,016</u>	<u>90,265</u>

Ormiston Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the year ended 31 August 2014

11. Net incoming resources / (resources expended)

This is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets: - owned by the charity	3,286	2,331

12. Auditors' remuneration

	2014 £000	2013 £000
Fees payable to the trust's auditor and its associates for the audit of the trust's annual accounts	53	41
Fees payable to the trust's auditor and its associates in respect of:		
Other EFA requirements	10	6
Other services	17	7

Notes to the Financial Statements

For the year ended 31 August 2014

13. Staff

a. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	66,430	52,843
Social security costs	4,949	5,421
Other pension costs (Note 31)	9,761	5,368
	<u>81,140</u>	<u>63,632</u>
Supply teacher costs	1,961	1,251
Compensation payments	402	253
	<u>83,503</u>	<u>65,136</u>

Included within compensation payments are non-statutory/non-contractual severance payments totalling £342,344. The following payments exceeded £5,000 individually:

£5,001 - £10,000	14
£10,001 - £15,000	6
£15,001 - £20,000	1
£20,001 - £25,000	1
£25,001 - £30,000	3

None of these compensation payment exceeded the amounts which would have been due in the event of a staff redundancy.

b. Staff numbers

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

	2014 No.	2013 No.
Teachers	1,081	982
Administration and support staff	1,107	916
Management	155	109
	<u>2,343</u>	<u>2,007</u>

Of the total staff numbers, 38 were employed at the head office (2013: 30). All other staff worked in the academies.

Notes to the Financial Statements

For the year ended 31 August 2014

13. Staff (continued)

c. Higher paid staff

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

	2014 No.	2013 No.
In the band £ 60,001 - £ 70,000	31	27
In the band £ 70,001 - £ 80,000	10	13
In the band £ 80,001 - £ 90,000	9	7
In the band £ 90,001 - £100,000	7	3
In the band £100,001 - £110,000	6	6
In the band £110,001 - £120,000	2	8
In the band £120,001 - £130,000	3	1
In the band £130,001 - £140,000	1	0
In the band £140,001 - £150,000	1	0
In the band £150,001 - £160,000	1	0
	71	65
	71	65

62 (2013: 58) of the above employees were principals, vice principals and associated principals and participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £559,305 (2013: £495,490). 7 of the above employees participated in the Local Government Pension Scheme, and their pension contributions amounted to £102,857 (2013: £71,473).

Notes to the Financial Statements

For the year ended 31 August 2014

14. Central services

All academies which are part of Ormiston Academies Trust pay a partnership fee to the trust for the central services which it provides. The services which the trust currently provides to its academies includes school improvement, governance, human resources, marketing, finance and information technology. The fee has been a flat rate of £140,000 for each secondary academy for each of the last three years.

During 2013 the basis of charging for new schools joining has changed to a flat fee plus a variable element. The flat fee is £60,000 for each secondary academy and £25,000 for each primary academy. The variable charge is up to 3.5% of the each academy's income (excluding pupil premium and SEN funding), depending upon its latest Ofsted ranking and its needs.

The trust seeks to improve year on year the quality and scope of the services which it provides without increasing the partnership fee to each academy.

The actual amounts charged during the year were as follows:

Academy name	Partnership fee £000
Ormiston Endeavour Academy	140
Ormiston Bushfield Academy	140
Stoke High School Ormiston Academy	143
Ormiston Denes Academy	140
Ormiston Herman Academy	43
Ormiston Venture Academy	140
Ormiston Sudbury Academy	140
Cliff Park Ormiston Academy	147
Ormiston Forge Academy	140
George Salter Academy	140
Ormiston Maritime Academy	140
Ormiston Meadows Academy	41
Ormiston South Parade Academy	40
Ormiston Horizon Academy	140
Ormiston Ilkeston Enterprise Academy	140
Ormiston Park Academy	140
Ormiston Rivers Academy	140
Ormiston Sandwell Community Academy	140
Ormiston Six Villages Academy	117
Ormsiton Sir Stanley Matthews Academy	140
Ormiston Victory Academy	140
Wodensborough Ormiston Academy	169
Total	2,800

Notes to the Financial Statements

For the year ended 31 August 2014

15. Trustees' remuneration and expenses

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

Professor Toby Salt (Chief Executive Officer and Trustee): £160,001 - £165,000

Nicole McCartney (Principal and Trustee): £145,001 - £150,000

During the year travel and subsistence expenses totalling £16,241 (2013: £16,977) were reimbursed to 6 trustees (2013: 7 trustees). This includes expense reimbursements to staff trustees in connection with their employment.

Professor Toby Salt is the highest paid trustee.

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

16. Trustees' and officers' insurance

In accordance with normal commercial practice the trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2014 was £1,590 (2013 - £1,590). The cost of this insurance is included in the total insurance cost.

17. Other finance income

	2014	2013
	£000	£000
Expected return on pension scheme assets	1,349	674
Interest on pension scheme liabilities	(1,966)	(1,146)
	<u>(617)</u>	<u>(472)</u>

Notes to the Financial Statements
For the year ended 31 August 2014

18. Tangible fixed assets

	Freehold land and buildings £000	Leasehold buildings £000	Assets in the course of construction £000	Motor vehicles £000
Cost				
At 1 September 2013	29,335	52,625	41,042	141
Additions	-	7,045	32,646	57
Transfers on conversion	-	31,876	-	-
Disposals	(52)	-	(9,222)	-
Transfer between classes	-	7,257	(7,725)	-
At 31 August 2014	<u>29,283</u>	<u>98,803</u>	<u>56,741</u>	<u>198</u>
Depreciation				
At 1 September 2013	853	1,431	-	56
Charge for the year	530	1,704	-	26
On disposals	(52)	-	-	-
At 31 August 2014	<u>1,331</u>	<u>3,135</u>	<u>-</u>	<u>82</u>
Net book value				
At 31 August 2014	<u>27,952</u>	<u>95,668</u>	<u>56,741</u>	<u>116</u>
At 31 August 2013	<u>28,482</u>	<u>51,194</u>	<u>41,042</u>	<u>85</u>
		Furniture and equipment £000	Computer equipment £000	Total £000
Cost				
At 1 September 2013		1,345	2,667	127,155
Additions		565	414	40,727
Transfers on conversion		-	-	31,876
Disposals		(44)	(33)	(9,351)
Transfer between classes		-	468	-
At 31 August 2014		<u>1,866</u>	<u>3,516</u>	<u>190,407</u>
Depreciation				
At 1 September 2013		623	1,606	4,569
Charge for the year		212	814	3,286
On disposals		(37)	(31)	(120)
At 31 August 2014		<u>798</u>	<u>2,389</u>	<u>7,735</u>
Net book value				
At 31 August 2014		<u>1,068</u>	<u>1,127</u>	<u>182,672</u>
At 31 August 2013		<u>722</u>	<u>1,061</u>	<u>122,586</u>

Notes to the Financial Statements

For the year ended 31 August 2014

Details of the disposal of fixed assets previously treated as assets in the course of construction are given in note 33.

19. Stocks

	2014	2013
	£000	£000
Goods for resale and supplies	135	109
	<u>135</u>	<u>109</u>

20. Debtors

	2014	2013
	£000	£000
Trade debtors	705	337
Accrued capital grant income	6,081	18,152
Other debtors	3,031	3,935
Prepayments and accrued income	1,092	1,211
	<u>10,909</u>	<u>23,635</u>

21. Creditors:

Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	5,708	5,001
Other taxation and social security	1,745	1,416
Other creditors	1,286	1,320
Accruals and deferred income	1,727	2,272
	<u>10,466</u>	<u>10,009</u>

Deferred income

Deferred income at 1 September 2013	176
Resources deferred during the year	512
Amounts released from previous years	(176)
Deferred income at 31 August 2014	<u>512</u>

Deferred income relates to project income received in advance specifically for future periods.

Notes to the Financial Statements

For the year ended 31 August 2014

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

	2014 £000	2013 £000
Other creditors	31	132

23. Statement of funds

	Brought Forward £000	Incoming resources £000	Resources Expended £000	Transfers in/out £000	Gains/ (Losses) £000	Carried Forward £000
Unrestricted funds						
General Fund	1,647	6,775	(7,340)	1,340	-	2,422
Other General funds	-	-	(174)	-	-	(174)
	<u>1,647</u>	<u>6,775</u>	<u>(7,514)</u>	<u>1,340</u>	<u>-</u>	<u>2,248</u>
Restricted funds						
EFA - General Annual Grant	1,578	89,554	(85,721)	(1,119)	-	4,292
Start Up Grants	1,594	1,917	(2,341)	(97)	-	1,073
Other DfE/EFA Grants	3,066	19,313	(15,787)	(4,838)	-	1,754
Pension reserve	(15,405)	(4,558)	(1,154)	-	(5,916)	(27,033)
	<u>(9,167)</u>	<u>106,226</u>	<u>(105,003)</u>	<u>(6,054)</u>	<u>(5,916)</u>	<u>(19,914)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	7,626	6,987	(2,189)	4,714	-	17,138
Capital expenditure from GAG	2,089	-	-	-	-	2,089
Inherited assets	72,252	31,951	(815)	-	-	103,388
EFA Capital Project Grant	67,398	18,058	(9,668)	-	-	75,788
Other Restricted funds	-	-	173	-	-	173
	<u>149,365</u>	<u>56,996</u>	<u>(12,499)</u>	<u>4,714</u>	<u>-</u>	<u>198,576</u>
Total restricted funds	<u>140,198</u>	<u>163,222</u>	<u>(117,502)</u>	<u>(1,340)</u>	<u>(5,916)</u>	<u>178,662</u>
Total of funds	<u>141,845</u>	<u>169,997</u>	<u>(125,016)</u>	<u>-</u>	<u>(5,916)</u>	<u>180,910</u>

Notes to the Financial Statements

For the year ended 31 August 2014

23. Statement of funds (continued)

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

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

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

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

Under the funding agreement with the Secretary of State, the trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2014. Note 2 discloses whether the limit was exceeded.

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Total £000
Ormiston Endeavour Academy	243
Ormiston Bushfield Academy	609
Stoke High School Ormiston Academy	1,369
Ormiston Denes Academy	226
Ormiston Herman Academy	176
Ormiston Venture Academy	445
Ormiston Sudbury Academy	181
Cliff Park Ormiston Academy	896
Ormiston Forge Academy	(246)
George Salter Academy	858
Ormiston Maritime Academy	493
Ormiston Meadows Academy	251
Ormiston South Parade Academy	230
Ormiston Horizon Academy	80
Ormiston Ilkeston Enterprise Academy	20
Ormiston Park Academy	(171)
Ormiston Rivers Academy	497
Ormiston Sandwell Community Academy	838
Ormiston Six Villages Academy	380
Ormiston Sir Stanley Matthews Academy	349
Ormiston Victory Academy	779
Wodensborough Ormiston Academy	771
Central Services	93
	<hr/>
Total before fixed asset fund and pension reserve	9,367
Restricted fixed asset fund	198,576
Pension reserve	(27,033)
	<hr/>
Total	180,910

The deficit at Ormiston Forge Academy was the result of a restructuring programme at the end of the

Notes to the Financial Statements

For the year ended 31 August 2014

23. Statement of funds (continued)

current year. This was necessary to deliver cost savings during the year ending 31 August 2015 which will enable the academy to report a surplus balance by the end of that year.

The balance shown as a deficit for Ormiston Park Academy is a consequence of capital expenditure funded by restricted brought forward reserves. There is therefore a corresponding surplus within the restricted fixed asset reserve.

Analysis of academies by cost

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total £000
Ormiston Endeavour Academy	2,191	394	132	486	3,203
Ormiston Bushfield Academy	4,156	837	603	850	6,446
Stoke High School Ormiston Academy	2,630	332	218	792	3,972
Ormiston Denes Academy	3,965	1,110	333	970	6,378
Ormiston Herman Academy	646	65	41	161	913
Ormiston Sudbury Academy	3,050	466	186	920	4,622
Cliff Park Ormiston Academy	2,422	330	360	570	3,682
Ormiston Forge Academy	7,050	492	416	1,260	9,218
George Salter Academy	5,187	976	231	1,681	8,075
Ormiston Maritime Academy	3,979	698	425	1,282	6,384
Ormiston Meadows Academy	791	87	36	130	1,044
Ormiston South Parade Academy	1,778	-	-	558	2,336
Ormiston Horizon Academy	2,907	643	316	940	4,806
Ormiston Ilkeston Enterprise Academy	4,242	1,232	-	1,882	7,356
Ormiston Park Academy	2,744	314	303	1,030	4,391
Ormiston Rivers Academy	2,497	1,173	219	898	4,787
Ormiston Sandwell Community Academy	3,706	748	328	865	5,647
Ormiston Six Villages Academy	1,865	363	173	438	2,839
Ormiston Sir Stanley Matthews Academy	3,154	521	482	1,030	5,187
Ormiston Victory Academy	2,920	510	189	904	4,523
Wodensborough Ormiston Academy	3,764	311	260	1,339	5,674
Ormiston Venture Academy	2,905	490	200	715	4,310
Central services	-	1,801	513	3,257	5,571
	<u>68,549</u>	<u>13,893</u>	<u>5,964</u>	<u>22,958</u>	<u>111,364</u>

Notes to the Financial Statements

For the year ended 31 August 2014

24. Analysis of net assets between funds

	Unrestricted funds 2014 £000	Restricted funds 2014 £000	Restricted fixed asset funds 2014 £000	Total funds 2014 £000	Total funds 2013 £000
Tangible fixed assets	(1)	-	182,673	182,672	122,586
Current assets	(1,709)	21,747	15,730	35,768	44,805
Creditors due within one year	4,131	(14,597)	-	(10,466)	(10,009)
Creditors due in more than one year	-	(31)	-	(31)	(132)
Provisions for liabilities and charges	-	(27,033)	-	(27,033)	(15,405)
Difference	(173)	-	173	-	-
	<u>2,248</u>	<u>(19,914)</u>	<u>198,576</u>	<u>180,910</u>	<u>141,845</u>

25. Net cash flow from operations

	2014 £000	2013 £000
Net incoming resources before revaluations	44,981	92,215
Interest received	(114)	(186)
Transfers on conversion	(30,305)	(26,050)
Depreciation of tangible fixed assets	3,286	2,407
Loss on disposal of tangible fixed assets	9	76
Increase in stocks	(26)	(109)
Increase in debtors	(1,448)	(21,489)
Increase in creditors	357	4,459
Transfer of primary free school	9,222	-
Capital grants	(17,995)	(67,684)
FRS 17 adjustments	1,153	625
Transfer of academy buildings	(6,289)	-
Net cash inflow/(outflow) from operations	<u>2,831</u>	<u>(15,736)</u>

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

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	<u>114</u>	<u>186</u>

Notes to the Financial Statements

For the year ended 31 August 2014

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

	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(34,437)	(42,690)
Sale of tangible fixed assets	-	15
Capital grants from DfE	32,169	67,684
	<u>(2,268)</u>	<u>25,009</u>
Net cash (outflow)/inflow capital expenditure	<u><u>(2,268)</u></u>	<u><u>25,009</u></u>

27. Analysis of changes in net funds

	1 September 2013 £000	Cash flow £000	Other non-cash changes £000	31 August 2014 £000
Cash at bank and in hand:	21,061	3,663	-	24,724
Net funds	<u>21,061</u>	<u>3,663</u>	<u>-</u>	<u>24,724</u>

28. Conversion to academy status

During the year six new academies joined the trust as listed below.

All six converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ormiston Academies Trust from their relevant Local Authorities for £NIL consideration.

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

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

	Unrestricted funds £000	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Surplus on conversion	2,986	-	-	2,986
Land and buildings transferred on conversion	-	-	31,909	31,909
LGPS pension surplus/(deficit)	-	(4,558)	-	(4,558)
	<u>2,986</u>	<u>(4,558)</u>	<u>31,909</u>	<u>30,337</u>
Net assets/(liabilities)	<u><u>2,986</u></u>	<u><u>(4,558)</u></u>	<u><u>31,909</u></u>	<u><u>30,337</u></u>

Notes to the Financial Statements

For the year ended 31 August 2014

	LA Funds £000	LGPS deficit £000	Fixed assets £000
Stoke High School Ormiston Academy	887	516	6,552
Ormiston Herman Academy	100	99	1,771
Cliff Park Ormiston Academy	957	330	10,294
Ormiston Meadows Academy	164	1,093	1,971
Ormiston Six Villages Academy	383	278	11,321
Wodensborough Ormiston Academy	495	2,242	-
	<u>2,986</u>	<u>4,558</u>	<u>31,909</u>
Total	<u>2,986</u>	<u>4,558</u>	<u>31,909</u>

29. Contingent liabilities

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

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

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

30. Capital commitments

At 31 August 2014 the trust had capital commitments as follows:

	2014 £000	2013 £000
Contracted for but not provided in these financial statements	<u>11,174</u>	<u>25,824</u>

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

Notes to the Financial Statements

For the year ended 31 August 2014

31. Pension commitments

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

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

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

Teachers' Pension Scheme

Introduction

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

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.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the account has been credited with a real rate of return, which is equivalent to assuming that the balance in the account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March

Notes to the Financial Statements

For the year ended 31 August 2014

31. Pension commitments (continued)

2012 the Department for Education published proposals for the design for a reformed TPS.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th ; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in from April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the trust has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The 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 2014 was £3,070,000, of which employer's contributions totalled £2,356,000 and employees' contributions totalled £714,000. The agreed contribution rates for future years are 9.0 - 26.0% for employers and 5.5 - 12.5% for employees.

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

The amounts recognised in the balance sheet are as follows:

	2014 £000	2013 £000
Present value of funded obligations	(55,034)	(32,861)
Fair value of scheme assets	28,001	17,456
Net liability	<u>(27,033)</u>	<u>(15,405)</u>

Notes to the Financial Statements

For the year ended 31 August 2014

31. Pension commitments (continued)

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

	2014 £000	2013 £000
Current service cost	(3,973)	(2,503)
Interest on obligation	(1,966)	(1,146)
Expected return on scheme assets	1,349	674
Past service cost	-	(6)
	<u> </u>	<u> </u>
Total	<u><u>(4,590)</u></u>	<u><u>(2,981)</u></u>

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

	2014 £000	2013 £000
Opening defined benefit obligation	32,861	23,032
Current service cost	3,973	2,503
Interest cost	1,966	1,146
Contributions by scheme participants	1,140	714
Actuarial Losses	6,829	881
Losses on curtailments	-	6
Liabilities inherited on conversion	7,508	4,705
Benefits paid/transferred	757	(126)
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u><u>55,034</u></u>	<u><u>32,861</u></u>

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

	2014 £000	2013 £000
Opening fair value of scheme assets	17,456	10,426
Expected return on assets	1,349	674
Actuarial gains and (losses)	913	1,004
Contributions by employer	3,437	2,356
Contributions by employees	1,140	714
Assets inherited on conversion	2,949	2,408
Benefits paid/transferred	757	(126)
	<u> </u>	<u> </u>
	<u><u>28,001</u></u>	<u><u>17,456</u></u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £(4,366,000) (2013 - £1,550,000).

The trust expects to contribute £3,695,000 to its Defined benefit pension scheme in 2015.

Notes to the Financial Statements

For the year ended 31 August 2014

31. Pension commitments (continued)

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

	2014	2013
Equities	65.00 %	65.00 %
Bonds	17.00 %	17.00 %
Property	9.00 %	8.00 %

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

	2014	2013
Discount rate for scheme liabilities	3.90 %	4.60 %
Rate of increase in salaries	4.20 %	4.90 %
Rate of increase for pensions in payment / inflation	2.60 %	2.70 %
Inflation assumption (CPI)	2.50 %	2.70 %

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

	2014	2013
Retiring today		
Males	21.9	21.0 - 22.9
Females	24.1	23.3 - 25.7
Retiring in 20 years		
Males	23.9	22.9 - 24.9
Females	26.6	25.6 - 27.7

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

Defined benefit pension schemes

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

Notes to the Financial Statements

For the year ended 31 August 2014

32. Operating lease commitments

At 31 August 2014 the trust had annual commitments under non-cancellable operating leases as follows:

	2014 £000	2013 £000
Expiry date:		
Within 1 year	647	40
Between 2 and 5 years	1,480	402
Total	<u>2,127</u>	<u>442</u>

33. Related party transactions

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

During the year The Gateway Learning Community received services from Ormiston Academies Trust amounting to £100k (2013: £100k) and at the year end £30k (2013: £nil) was outstanding.

During the year Sheffield Community Academy received services from Ormiston Academies Trust amounting to £92k (2013: £76k) and at the year end £64k (2013: £nil) was outstanding.

During the year Birmingham Ormiston Academy received services from Ormiston Academies Trust amounting to £140k (2013: £140k) and at the year end £26k (2013: £nil) was outstanding.

During the year Ormiston Bolingbroke Academy Trust received services from Ormiston Academies Trust amounting to £140k (2013: £140k) and at the year end £nil (2013: £nil) was outstanding. The trust also acted as agent for a capital contract funded by the EFA during the year, for which an asset of £6.4m has been recognised in Ormiston Bolingbroke Academy Trust's balance sheet at 31 August 2014.

During the year, one of the capital projects completed was for Gateway Primary Free School's building. This was donated to Gateway Learning Community on completion, and a loss on disposal has been recognised of £9,222k being the capital cost funded by the Education Funding Agency and previously included as restricted fixed asset fund income.

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

34. Controlling party

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