

ARDEN MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2016

Company Limited by Guarantee
Registration Number: 7375267
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members
 Dr C O'Donovan * (Chair)
 W Jarema *
 G Harley - Mason

Arden Multi Academy Trust - Directors/Trustees

Appointed 1 April 2015
 Dr C O'Donovan * (Chair)
 W Jarema *
 M Murphy * (Executive Principal and Accounting Officer)
 D Burgess (Headteacher Park Hall)
 G Harley - Mason
 G Chaplin
 A Volkaerts

Company Secretary C Austin

ARDEN ACADEMY

Local Governing Board
 Dr C O'Donovan *
 W Jarema *
 M Murphy * (Executive Principal and Accounting Officer)
 G Harley - Mason (Chair)
 P Scott (Associate Staff Governor) (Resigned 4 October 2015)
 R Brown
 S Bloomer
 W Bohanna*
 J Rice *
 M Ing (Resigned 4 November 2015)
 L Hough*
 A Stonehewer (Parent Governor)
 A Devitt (Parent Governor)
 P Rylah (Parent Governor)
 P Nicolaides (Parent Governor)
 K Brennan (Teaching Staff Governor)
 N Cutler (Parent Governor) (Appointed 6 May 2016)
 J Carter (Associate Staff Governor) (Appointed 24 November 2015)

* = members of the Finance and Resources Committee

Senior Management Team

Principal M Murphy
Senior Vice Principal C Robinson
Vice Principal D Warwood
Assistant Principal E Allton
Assistant Principal E Collett
Assistant Principal P Kilbey
Assistant Principal S Lewsey
Assistant Principal P Simpson
Business Manager A Hinsley
Finance Manager C Austin

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (Cont'd)

PARK HALL ACADEMY**Local Governing Board**

W Jarema * (Chair)
 M Murphy * (Executive Principal and Accounting Officer)
 D Burgess (Head Teacher)
 W Bohanna*
 J Hiorns (Vice Chair)
 M Robinson
 L Wheeldon (Parent Governor - resigned 2 November 2015)
 A Smith (Parent Governor)
 J Bellingham (Teaching staff Governor)
 S Bloomer (Associate staff Governor)
 Dr C O'Donovan *
 M Durber-Reeves (Parent Governor - appointed 22 March 2016)

Senior Management Team

Head Teacher	D Burgess
Senior Deputy Headteacher	T Close
Deputy Headteacher	S Gregory
Assistant Headteacher	Lesley Browne
Assistant Headteacher	Ian Cornell
Assistant Headteacher	Daniel Price
Assistant Headteacher	Nick Halligan
Assistant Headteacher	Os Stackhouse (resigned 30 April 2016)
Assistant Headteacher	Adam Philips

Business Manager A Hinsley

Bursar C Orford

Principal & Registered Office Address Station Road
Knowle
Solihull
B93 0PT

Company Registration Number 7375267

Independent Auditor UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The trustees present their report together with the financial statements and auditors report of the charitable company for the year ended 31 August 2016.

The Arden Multi Academy Trust was formed on the 1 April 2015. The trust operates 2 secondary schools, Arden Academy and Park Hall Academy, for pupils aged 11 to 18 serving a catchment area in Knowle, Solihull and Castle Bromwich, Birmingham. Park Hall Academy joined the multi academy trust on 1 April 2015. The multi academy trust has a pupil capacity for both schools of 2,793 and had a roll of 2,290 (Arden Academy 1,237, Park Hall Academy 1,053) in the school census in October 2015. Including the sixth form, total pupil numbers are 2,783.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

Arden Multi Academy Trust (AMAT) is a company limited by guarantee with no share capital (registration no: 7849858) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust.

The trustees for Arden Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Arden Multi Academy Trust. Details of the trustees who served during the year (except as noted) are included in the Reference and Administrative details on pages 3 and 4.

Members' Liability

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

Trustees' Indemnities

AMAT has in place directors and trustees liability insurance indemnity cover to a limit of £5,000,000.

Method of Recruitment and Appointment or Election of Directors and Trustees

There are clearly defined and approved procedures for the selection and appointment of directors and trustees which are outlined in the company's standing orders. Consideration is given to the skills of directors and trustees which would enhance the effectiveness of the trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year under review the trustees held 3 full board meetings and several sub-committee meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new trustees meet with the Chair of Trustees and will be given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees (a similar policy applies for new members of each of the academies local governing boards).

Organisational Structure

During the year the leadership structure of both schools were re-structured to ensure effective management across the Trust. The structure consists of four levels: 1) the trustees, 2) the Senior Management Team 3) the Heads of Subject & Heads of Year teams 4) the Local Governing Bodies. The aim of the management structure is to devolve responsibility, increase accountability, raise standards and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Organisational Structure (cont'd)**

The Senior Leaders are currently the Executive Principal at Arden and Head Teacher at Park Hall. These are supported by the leadership team of each respective Academy as detailed on pages 3 and 4. These leaders control the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the management team, with limits above which a Senior Leader must countersign.

The Senior Management Team, and Heads of Year/Head of Subjects are responsible for the day to day operation of the academy, in particular organising the staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration are overseen by the Trust's Personnel Committee which meets termly and is comprised of trustees, local governing body members and senior management. All staff are subject to a robust performance management policy and procedures which govern pay and awards .

Connected Organisations

Arden Academy was the sponsor of Park Hall Academy from 2009. Arden nominated trustees and gave support to assist Park Hall Academy in achieving its objectives. This support greatly increased from December 2013 after Park Hall went into special measures after an Ofsted inspection in November 2013. On 1 April 2015 Park Hall Academy Limited ceased operations and the management and operations of the academy were included within Arden Academy Trust.

OBJECTIVES AND ACTIVITIES

AMAT was formed in April 2015 with a clear vision to generate self-belief, self-worth, esteem and confidence in young people who can then display ambition and aspiration in achieving high educational outcomes.

As a Trust we truly value the success of every child and we place the sharing of excellent education practice at the core of this value. We are committed to improving the quality of education and life in Solihull and its immediate surroundings. The Trust operates from its hub in Knowle, to the south of Solihull.

As a Trust we are committed to maintaining our core principles and focus as we grow – working with schools where we believe we can help and who in turn can enrich and provide real benefit for the existing AMAT family.

Our academies have common values and core operational systems, which are applied locally, adapted to individual context and needs. By this simple expedient each academy retains its own local governing body, identity and individuality. The young adults who leave our care are prepared for the next stage of their education and are ready and confident to move forward in life.

Our Values

The AMAT exists to provide, support, and champion high-quality education at the heart of local communities.

As members of the AMAT family, trust academies aim to unite their pupils, families and other local stakeholders around this common purpose to share experience and resources, to improve standards and to maximise our contribution to their wider communities.

Our vision is to create an atmosphere conducive to generating self-belief, self-worth, esteem and confidence in young people who can then display ambition and aspiration in achieving high educational outcomes.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Our Values (cont'd)**

Our objective is for all young people to have the high aspirations that we have for them. At AMAT we provide 21st century educational practice delivering distinct and unrivalled schooling to our communities which are benefiting from our unique and tailored approach. Education is at the heart of all we do - our aim is simple "Excellence in Education". We aim to develop brave, independent, emotionally intelligent people who will embrace and enhance tomorrow's society.

The Trust will:

- Prepare each pupil to get the very best out of their lives;
- Provide a suitable environment and create an atmosphere for achievement;
- Enable pupils to find enjoyment in learning through doing;
- Teach community spirit and our place in the global world;
- Ensure each individual is valued equally.

The Trust believes:

- All pupils have the right to learn and achieve uninterrupted by others;
- All pupils have the right to be able to take risks with their learning in happy and secure academies;
- All members of our community will co-operate with others and will be polite, considerate and honest;
- All members of our community will accept that with rights go personal responsibilities;
- All members of our community will expect high standards of behaviour and promote an understanding of the difference between right and wrong;
- All pupils have the right to have their progress monitored and be provided with regular constructive feedback and the setting of challenging but realistic future targets;
- At the heart of Arden Values sit seven core values which we hope to foster in our young people. These are: determination, excellence, courage, inspiration, friendship, equality and respect.

Our Trustees

The AMAT is governed by a board of directors (who also act as trustees) made up of business people and educational specialists.

The board of trustees is responsible for monitoring and ensuring standards and achievement across the Trust's schools; efficiency and effectiveness of executive leadership and services; and the strategic direction of the Trust as it responds to local and national demands and policy.

Our Track Record

Ofsted judge Arden as an 'outstanding school' - our results speak for themselves. Outstanding leadership at all levels is central to our success; we are a Leadership Partnership School and we have Leading Edge status. We have achieved this by ensuring that all staff employ the best practice in school leadership, learning and teaching, combining the best of traditional educational practice with proven new techniques that specifically fits the needs of pupils and their teachers. Our young people are equipped to take their role in society that will in many cases exceed their and our expectations.

AMAT has a strong track record in improving achievement and attainment in the Solihull area.

Since the Trust began working with the then failing Park Hall Academy, Park Hall has seen a dramatic rise in attainment and performance. The academy has regained the trust of its local community and improved from Inadequate in all areas assessed by Ofsted and in September 2015 came out of Special Measures.

Academy Governance

AMAT is governed by a Board of Directors accountable to the Department for Education and with overall responsibility and ultimate decision making authority for all the work of the Trust, including establishing and running the Trust's academies.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Academy Governance (cont'd)**

The Directors have established a Local Governing Body ("LGB") for each of the Academies, which ensures that each academy retains its own identity and individuality, working through the common values and core operational systems of the Trust.

The AMAT's board is advised by the Finance and Resources Committee and the Personnel Committee which provide strategic support across these key operational areas. The board, LGB's and committees meet at least termly.

The two local governing bodies (LGBs) for Arden and Park Hall respectively are advised by a Teaching and Learning (T&L) and a BSII (Behaviour, Safety, Intervention and Inclusion) Committee, which provide key focus on ensuring that the young adults who leave our care are prepared for the next stage of their education and are ready and confident to move forward in life.

The AMAT has established terms of reference which also set out the delegation of responsibilities between the Board, the Executive Principal, the LGBs and the Principals of each academy.

Finance

The Trust is responsible for agreeing a funding model across the Trust and academies, formulating the Trust wide and academy budgets as well as ensuring the highest standards of probity in the use of public finances and resources.

Objects, Strategies and Activities

The multi academy trust's main strategy is encompassed in its mission statement. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff, and especially teaching staff;
- placing of students with industrial and commercial partners;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs to allow students to explore science and engineering in a practical and project oriented way;
- a careers advisory service to help students obtain, implement or move on to higher education.

Equal Opportunities Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment of its older buildings and grounds where practical.

Public Benefit

The trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

During 2015/16 the following activities relating to public benefit were undertaken:

- 1 The education and learning of 2,783 (2015:2,710) pupils by 264 (2015: 262) teachers and other staff.
- 2 Improving academic performance by raising educational standards and individual achievement.
- 3 Providing high levels of pastoral care, personal coaching and family support.
- 4 Developing educational links to the benefit of pupils with other educational providers and business.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Public Benefit (cont'd)**

These key activities were underpinned by the:

- 1 Succession planning supported the further development of the leadership team and allowed the academy to make further improvements in teaching and learning, assessment and pastoral care.
- 2 Delivery of estate improvements linked to Health and Safety, teaching & learning and catering facilities. These were in addition to the substantial investment in the previous year at Arden with the opening in September 2015 of the new Cadbury Building teaching block.

STRATEGIC REPORT**Achievements and Performance**

Arden Multi Academy Trust achievements in 2015/16 include:

- Continued integration of Park Hall Academy into the multi academy trust;
- the ongoing work undertaken in developing a shared services model to realise economies of scale and reduce costs for the academies;
- the ongoing close working relationship between the academies to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.

Achievements of pupils at Arden Academy Trust

Arden Academy Trust is justifiably proud of its reputation both locally and nationally. In 2016 following a very volatile year which saw many changes to the examination system and the academic bar being raised, the GCSE results achieved were excellent with over 80% achieving 5A* - C . The performance at the highest grades, A/A* was over 30%. The new performance measure Progress 8 increased to 0.28. The A Level figures were equally impressive with a 99.7% pass rate and almost two thirds of the students gaining A*/B grades. In addition almost 150 of the students went off to university - the highest on record. Courses included: Engineering, Law, Mathematics, Medicine, Physics, Music, Drama and Veterinary Sciences to name but a few. Students have settled well into their university courses at places such as Birmingham, York, Cambridge, Durham, Sheffield, Cardiff and many others the length and breadth of the country. As one of the highest performing comprehensives in the country, we believe that we can offer tremendous opportunities to students who value their learning, who have the drive and ambition to be successful and above all to secure their future in an increasingly global community.

To ensure that standards continually rise, the academy deploys robust monitoring and evaluation systems and extensive training to improve the quality of teaching, learning and assessment. The academy also participates in local and national programmes to improve rates of student progress.

In July 2016 100% of students entered education, employment or training on leaving the academy at the end of key stage four.

Additionally, the academy continued to extend its activities to increasing links with its community.

Achievements of pupils at Park Hall Academy

Through the period of this report, the headteacher has continued to implement the agreed Action Plan to improve the school and further improve outcomes since the removal from Special Measures, implementing a focus on key priorities of:

- Preparing for the new curriculum and accountability measures, including Progress 8;
- Raising achievement in English and Maths;
- Raising achievement in other EBACC and Foundation subjects;
- Extending the effectiveness of leadership, management and governance;
- To improve behaviour throughout the academy by proactively enforcing sensible rules in order to allow every students to fulfil their potential.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Summer 16 examination results**

- At Key Stage 4, the 5A*-C% including English & Maths result was maintained from the final figure of 47% the previous year. This was achieved at a time of more stringent grade boundaries in many subjects.
- The 5A*-C figure rose from 54% in 2015 to 66% in 2016. This is an impressive rise of 12%.
- The English 3LP score in 2016 was 62%. This rose by 4% from 58% in 2015.
- The Maths 3LP score in 2015 was 52%, a slight increase from the previous year.
- The measurement of 16-18 attainment changed in 2016 as points were revalued. The average point per A level entry was similar with an average grade of C- with a greater number of students undertaking A level classes. The average point score for Vocational Performance remained at Dist+ for both General and Technical qualifications.

Progress to exit Special Measures

The HMI Officer appointed to oversee progress at Park Hall is Mrs Denah Jones.

She led a full inspection on 22nd/23rd September 2015

Ofsted – Section 5 Inspection 22/23rd September 2015**Overall effectiveness- requires improvement**

- Effectiveness of leadership and management- Good
- Quality of teaching, learning and assessment- Requires Improvement
- Personal development and welfare- Good
- Behaviour - Requires improvement
- Outcomes for children and learners- Requires Improvement
- The effectiveness of sixth form provision- Good

School strengths

The academy is improving rapidly because leaders and governors quickly identify weaknesses and take decisive action to improve these areas.

Students have the opportunity to study a better range of courses to meet their needs and interests.

Sixth form students do well because of the effective leadership and, as a result, they are very well prepared for further education and future employment.

All students, including those who attend study or training away from the academy are kept safe and are well cared for.

Effective support is provided for disadvantaged students and those who find it difficult to help them catch up with other students.

A strong commitment to improving literacy skills of all students is evident across all subjects.

Financial Outlook

The restructuring undertaken at the end of the previous year and the associated staff reductions have led to a more robust financial position. Budget variances that have arisen as a result of the costs of preparing for transfer to AMAT have been raised with the funding agencies. Additional funding has now been secured by the AMAT and these costs have been able to be recharged.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Looking Forward**

It was the view of the Trustees that the Academy's financial position within the AMAT would remain satisfactory. The Trustees acknowledge that future funding rounds will be tight but believe that the position will be more robust within a multi academy trust than continuing as a stand alone academy.

Pupil Premium

The academies benefitted from pupil premium funding during the period. This has been used in various ways across both schools to strengthen student achievement including additional staff and small group withdrawal sessions.

For a more detailed analysis of expenditure please refer to each respective schools website.

Key Financial Performance Indicators

The academy trust established a financial budget at the start of the year and the Finance and Resources Committee monitor performance against budget during the period. Further financial and non financial indicators will be introduced as the trust develops. The trustees consider that the following are key performance indicators for the academy trust, for example:

Arden Academy	2016	2015
Pupil numbers	1,602	1,575
Percentage of income from EFA to total staff costs (excluding capital grants)	84%	83%
Staff costs as a % of total income (excluding capital grants)	76%	76%
Capital expenditure per pupil	£29	£2,396
Park Hall Academy	2016	2015
Pupil numbers	1,181	1,135
Percentage of income from EFA to total staff costs (excluding capital grants)	77%	77%
Staff costs as a % of total income (excluding capital grants)	76%	75%
Capital expenditure per pupil (PFI school)	£10	£10

Going Concern

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

FINANCIAL REVIEW**Overview**

The principal source of funding for both Academies is the General Annual Grant. Most of the academies income is obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the EFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £14,329,000 (2015: £10,197,000) was more than covered by recurrent grant funding from the DfE together with other incoming resources. Capital expenditure of £57,000 (2015: £3,785,000) was less than the capital grant income received. The remaining balance was funded from reserves.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Overview (cont'd)**

At 31 August 2016 the net book value of fixed assets was £21,331,000 (2015: £21,903,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2016 for AMAT are based on projecting forward the estimated position at 1 September 2015 and assume that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

The estimated FRS 102 deficit at 31 August 2016 is £3,301,000 (2015: £1,765,000) which compares to a deficit of £644,000 at the admission date of 14 September 2010. The main reason for the increase in the deficit is because of the transfer of the LGPS deficit from Park Hall Academy at 31 March 2015 of £1,077,000. The other reason for the change in the deficit is because of the difference between employer contributions paid and the service cost and lower than expected asset returns and discount rates over the last few years.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The AMAT's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policies

Particular items which warrant specific disclosure are noted within this annual report.

At the time of reporting, the AMAT's identified key risks are:

- The risk of achievement in core subjects being below expectations caused by national changes to the curriculum and examination structures.
- The risk to outcomes from education being delivered in poor quality buildings.
- The future financial position of the LGPS pension scheme
- The reduction in funding from the EFA.

Reserves Policy

The trustees review the reserve levels of the AMAT on a termly basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for these reviews is to provide assurance that there is sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The value of free reserves after deducting 4 weeks working capital requirements are £34,000.

Financial Position

The AMAT held fund balances at 31 August 2016 of £18,922,000 (2015:£20,815,000) after allowing for the pension deficit of £3,301,000 (2015:£1,765,000); comprising £18,498,000 (2015:£20,456,000) of restricted funds and £424,000 (2015:£359,000) of unrestricted general funds.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Investment Policy**

All investments are made in accordance with the policy of the AMAT. The AMAT's policy on investments are one of minimum risk with all investments being held with the AMAT's bankers. The AMAT will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have considered the risks faced by the AMAT throughout its normal operational business. It has sought to address the risks faced by the AMAT by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Trustees considers that these arrangements have been effective throughout the period being reported.

The Trustees intend to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

Risk Management

The trustees have assessed the major risks to which the academies are exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the AMAT and its finances. Mitigating action, both current and planned, has been identified to address risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood. The trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding and school trips) and in relation to the control of finance. They have maintained systems, including operation procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial control in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover where applicable. The AMAT has an effective system of internal financial controls.

Plans for Future Periods

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the academies will revisit their current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

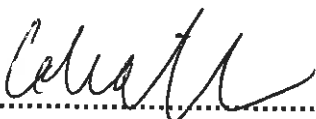
Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the Board of Trustees, as the company directors on 28 November 2016 and signed on their behalf by:



.....
Dr C O'Donovan
Chair of Trustees

28 November 2016

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that AMAT 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 executive principal, 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 AMAT and the Secretary of State for Education. The Principal is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met throughout the year and attendance at these meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a Possible
Arden Multi Academy Trust - Directors/Trustees		
Dr C O'Donovan * (Chair)	3	3
W Jarema *	3	3
M Murphy * (Executive Principal and Accounting Officer)	3	3
D Burgess (Headteacher Park Hall)	3	3
G Harley - Mason	3	3
G Chaplin	2	3
A Volkaerts	2	3
ARDEN ACADEMY		
Local Governing Board		
A Devitt (Parent Governor)	3	4
A Stonehewer (Parent Governor)	3	4
Dr C O'Donovan *	3	4
G Harley - Mason (Chair)	4	4
J Carter (Associate Staff Governor) (Appointed 24 November 2015)	2	3
J Rice *	3	4
K Brennan (Teaching Staff Governor)	2	4
L Hough*	4	4
M Ing (Resigned 4 November 2015)	1	1
M Murphy * (Executive Principal and Accounting Officer)	3	4
N Cutler (Parent Governor) (Appointed 6 May 2016)	1	1
P Nicolaidis (Parent Trustee)	3	4
P Rylah (Parent Governor)	3	4
P Scott * (Associate Staff Governor) (Resigned 4 October 2015)	-	-
R Brown	4	4
S Bloomer	4	4
W Bohanna*	3	4
W Jarema *	4	4

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016 (Cont'd)

Governance (cont'd)

	Meetings attended	Out of a Possible
PARK HALL ACADEMY		
Local Governing Board		
W Jarema * (Chair)	3	3
M Murphy * (Executive Principal and Accounting Officer)	2	3
D Burgess (Headteacher)	3	3
W Bohanna*	2	3
J Hiorns (Vice Chair)	3	3
M Robinson	2	3
L Wheeldon (Parent Governor - resigned 2 November 2015)	-	-
A Smith (Parent Governor)	2	3
J Bellingham (Teaching staff Governor)	3	3
S Bloomer (Associate staff Governor)	3	3
Dr C O'Donovan *	1	3
M Durber-Reeves (Parent Governor - appointed 22 March 2016)	1	1

* Members of the AMAT Finance & Resources Committee

Governance Review

An annual self review of governance has been performed as defined by the National College for Teaching and Leadership. The results of this review has identified the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the Executive Principal is held to account for the education of performance of the schools and its pupils;
- the financial performance of the schools is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

The Academy Trust intends to carry out its next self evaluation during summer term 2017.

The **AMAT Finance and Resources Committee** is a sub-committee of the main Board. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a Possible
C O'Donovan	2	3
J Rice (Chair)	3	3
W Jarema	3	3
M Murphy	3	3
W Bohanna	2	3
L Hough	3	3

Review of Value for Money

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Review of Value for Money (cont'd)**

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

- Continuously scrutinising all lines of the revenue budget each month and in particular closely controlling salary costs, taking every opportunity to ensure expenditure remains within agreed budgetary limits.
- Refurbishment Projects – during the Summer break of 2016 Arden spent £56,000 on refurbishment projects to create additional office space in the main building, refurbishing the kitchen in the Godwin Building and upgrading CCTV across the school site. A detailed tender and procurement process was undertaken involving external suppliers to ensure that the best value for money was achieved from the chosen contractors.
- Arden renegotiated an operating lease for 3 years in June 2016 for £68,000 with its supplier of reprographic equipment achieving a 22% reduction in cost to the Trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in AMAT for the year ended 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance and Resources 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 FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed R Brown, who does not have specific involvement in the work of the AMAT Finance and Resources Committee, as a Reviewer. Professional accounting support is available to the Reviewer. The Reviewers role includes giving advice on financial matters and performing a range of checks on the academy AMAT's financial systems. In particular the checks carried out in the current period includes:

The Risk and Control Framework

- testing controls over the bank and payroll;
- compliance with School Teachers Pay and Conditions policy;
- adequacy of related party recording.

On a termly basis, the Reviewer 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 Reviewer has delivered their schedule of work as planned, and no material control issues were identified.

Review of Effectiveness

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

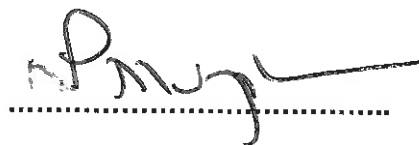
- the work of the Reviewer;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 28 November 2016 and signed on its behalf by:



Dr C O'Donovan
Chair of Trustees



M Murphy
Accounting Officer


STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2016

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

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

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 the EFA.

Approved by order of the members of the board of trustees on 28 November 2016 and signed on its behalf by:


.....

M Murphy
Principal

Accounting Officer

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 28 November 2016 and signed on its behalf by:

[Signed]



Dr C O'Donovan
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARDEN MULTI ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2016

We have audited the financial statements of Arden Multi Academy Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 19, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustees report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARDEN MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)****Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report including 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
- 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.



.....
Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

28 November 2016

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ARDEN MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2016

In accordance with the terms of our engagement letter dated 8 September 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Arden Multi Academy Trust and the EFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the EFA those matters we are required to state to it 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 Arden Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Arden Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Arden Multi Academy Trust funding agreement with the Secretary of State for Education dated 1 April 2015, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
ARDEN MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY FOR THE YEAR
ENDED 31 AUGUST 2016**

Approach (con't)

Summary of the work undertaken was as follows:

- Analytical review of the academy trusts general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trusts framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

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



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

28 November 2016

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2016

(Including Income and Expenditure Account)

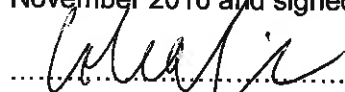
		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2016	2015
		£'000	£'000	Asset	£'000	£'000
			Funds	Funds		
				£'000		
Income from:						
Donations and capital grants	3	25	-	43	68	3,030
Transfers from existing academies	27	-	-	-	-	(580)
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	13,702	-	13,702	9,714
Other trading activities	5	87	-	-	87	101
Investment income	6	5	-	-	5	17
Total		117	13,702	43	13,862	12,282
Expenditure on:						
Raising funds	7	52	-	-	52	60
Charitable activities:						
- Academy trust's educational operations	7	-	13,648	629	14,277	10,137
Total		52	13,648	629	14,329	10,197
Net income/(expenditure)		65	54	(586)	(467)	2,085
Transfers between funds		-	(14)	14	-	-
Other recognised gains and losses						
Change in recognition of LGPS interest cost		-	-	-	-	46
Actuarial (loss)/gain on defined benefit pension schemes	25	-	(1,426)	-	(1,426)	22
Net movement in funds		65	(1,386)	(572)	(1,893)	2,153
Reconciliation of funds						
Total funds brought forward	15	359	(1,447)	21,903	20,815	18,662
Total funds carried forward	15	424	(2,833)	21,331	18,922	20,815

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Tangible assets	12	<u>21,331</u>	<u>21,903</u>
		<u>21,331</u>	<u>21,903</u>
Current assets			
Debtors	13	368	548
Cash at bank and in hand		<u>2,258</u>	<u>2,839</u>
		<u>2,626</u>	<u>3,387</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(1,734)</u>	<u>(2,710)</u>
Net current assets		<u>892</u>	<u>677</u>
Total assets less current liabilities		<u>22,223</u>	<u>22,580</u>
Net assets excluding pension liability		<u>22,223</u>	<u>22,580</u>
Defined benefit pension scheme liability	25	<u>(3,301)</u>	<u>(1,765)</u>
Total Net Assets		<u><u>18,922</u></u>	<u><u>20,815</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	15	21,331	21,903
- Restricted income fund	15	468	318
- Pension reserve	15	<u>(3,301)</u>	<u>(1,765)</u>
Total restricted funds		<u>18,498</u>	<u>20,456</u>
Unrestricted income fund	15	<u>424</u>	<u>359</u>
Total unrestricted funds		<u>424</u>	<u>359</u>
Total Funds		<u><u>18,922</u></u>	<u><u>20,815</u></u>

The financial statements on pages 24 to 26 were approved by the trustees and authorised for issue on 28 November 2016 and signed on their behalf by:



Dr C O'Donovan
Chair of Trustees

The notes on pages 27 to 45 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	£'000	£'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(572)	1,393
Cash flows from investing activities	20	(9)	(739)
Cash flows from financing activities		-	-
Change in cash and cash equivalents in the reporting period		<u>(581)</u>	<u>654</u>
Cash and cash equivalents at 1 September		2,839	2,185
Cash and cash equivalents at 31 August	22	<u>2,258</u>	<u>2,839</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**1 Statement of Accounting Policies: Basis of preparation****First time adoption of FRS 102**

These financial statements are the first financial statements of AMAT prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of AMAT for the year ended 31 August 2016 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

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

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

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 company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

• Grants

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

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 sheet in creditors; amounts falling due within one year in deferred income.

• Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

• Donations

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

• Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years

The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture and equipment	25%
Plant and Equipment	10%
Computer equipment and software	33.33%
Building Fittings	5%

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

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

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Taxation

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

Pensions Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 25, the TPS is a multi employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the EFA. Payments received from the EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust cannot use any of the allocation towards its own administration costs. The funds received and paid and any balances held are disclosed in note 30.

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016. (See note 15)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

3 DONATIONS AND CAPITAL GRANTS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Donations	25	-	25	-
Devolved formula capital grant	-	43	43	41
Capital grants - EFA	-	-	-	1,389
Capital grants - SMBC	-	-	-	1,600
Transfers on existing academies moving into the Trust	-	-	-	(580)
	25	43	68	2,450

The income from donations and capital grants was £68,000 (2015 : £2,450,000) of which £25,000 (2015 : £8,000) was unrestricted, £nil (2015 : £938,000 deficit) restricted and £43,000 (2015 : £3,380,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY'S TRUST'S OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA grants				
General annual grant (GAG) (note 2)	-	12,678	12,678	9,066
Pupil premium grant	-	473	473	238
Start up grant	-	-	-	-
Year 7 catch up grant	-	32	32	9
AMAT set up grant	-	-	-	302
Summer school grant	-	-	-	42
ACMF revenue grant	-	400	400	-
ACMF boiler repairs	-	4	4	-
Bursary fund grant	-	-	-	18
	-	13,587	13,587	9,675
Other Government grants				
SEN grant (SMBC)	-	89	89	20
Pupil Premium grant (SMBC)	-	12	12	16
Pupil Premium grant (BCC)	-	8	8	3
Pupil Premium grant (WCC)	-	2	2	-
Pupil Premium grant (WalCC)	-	2	2	-
Pupil Premium grant (WolvCC)	-	2	2	-
	-	115	115	39
Other income from the academy trust's educational operations	-	-	-	-
	-	13,702	13,702	9,714

The income from the academy trusts's educational operations was restricted for both 2016 and 2015.

5 OTHER TRADING ACTIVITIES	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Lettings income	32	-	32	42
Other	55	-	55	54
	87	-	87	101

The income from the academy trusts's other trading activities was unrestricted for both 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

6 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Bank interest received	5	-	5	17
	5	-	5	17

The income from the academy trusts's investment income was unrestricted for both 2016 and 2015.

7 EXPENDITURE	Staff Costs £'000	Non Pay Expenditure		Total 2016 £'000	Total 2015 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds	1	21	30	52	60
Academy's educational operations					
Direct costs	10,250	-	873	11,123	7,509
Allocated support costs	775	1,664	715	3,154	2,628
	11,025	1,664	1,588	14,277	10,137
Total	11,026	1,685	1,618	14,329	10,197

The expenditure was £14,329,000 (2015 : £10,197,000) of which £52,000 (2015 : £741,000) was unrestricted, £13,648,000 (2015 : £8,895,000) restricted and £629,000 (2015 : £561,000) restricted fixed assets.

Net income/(expenditure) for the year includes:

	Total 2016 £'000	Total 2015 £'000
Operating lease rentals	68	3
PFI charges	423	237
Depreciation	629	561
Fees payable to auditor for:		
Audit	15	12
Other services	2	4
	14,277	10,137
8 CHARITABLE ACTIVITIES	Total 2016 £'000	Total 2015 £'000
Direct costs - educational operations	11,123	7,509
Support costs - educational operations	3,154	2,628
	14,277	10,137
Analysis of Support Costs		
Support staff costs	775	797
Depreciation	629	561
Technology costs	163	108
Premises costs	1,035	778
Other support costs	488	299
Governance	64	85
	3,154	2,628

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

9 STAFF

a Staff costs	2016	2015
Staff costs during the year were:	£'000	£'000
Wages and salaries	8,524	6,123
Social security costs	857	489
Operating costs on defined benefit pension schemes	1,328	997
	<u>10,709</u>	<u>7,609</u>
Supply staff costs	164	94
Staff restructuring costs	153	35
	<u>11,026</u>	<u>7,738</u>
Staff restructuring costs comprise:		
Redundancy payments	153	-
Severance payments	-	35
Other restructuring costs	-	-
	<u>153</u>	<u>35</u>

b Staff severance payments

Included in staff restructuring costs for 2016 there are no non statutory/non contractual severance payments. In 2015 there were 4 non statutory/non contractual severance payments, totalling £34,642.

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2016 expressed as full time equivalents was as follows:

Charitable Activities	2016	2015
	No	No
Teachers	161	161
Administration and support	91	90
Management	12	11
	<u>264</u>	<u>262</u>

d Higher paid staff

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

	No	No
£60,001 - £70,000	4	3
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1
	<u>1</u>	<u>1</u>

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,002,908 (2015 : £824,560)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**Interests in transactions**

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff trustees receive remuneration in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

M Murphy(Executive Principal and Staff Trustee)		
Remuneration	£125,000-£130,000	(2015: £125,000 - £130,000)
Employers pension contributions	£20,000 - £25,000	(2015: £15,000 - £20,000)
D Burgess (Head Teacher and Trustee)		
Remuneration	£105,000 - £110,000	(2015: £75,000 - £80,000)
Employers pension contributions	£15,000 - £20,000	(2015: £10,000 - £15,000)
P Scott (Associate Staff Trustee)		
Remuneration	£nil	(2015: £10,000 - £15,000)
Employers pension contributions	£nil	(2015: £Nil - £5,000)

During the year ended 31 August 2016 M Murphy was reimbursed £1,381 (2015: £1,126) and D Burgess £246.64 (2015: £nil) for travel and subsistence expenses.

Arden Academy, supplied teaching and support staff services for £287,963 during the period to 31 August 2016 and hairdressing services for £26,483 to Park Hall Academy. Park Hall Academy supplied administration and clerical staff for £25,320.

Other related party transactions including trustees are set out in note 26.

11 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £3,618 (2015:£1,788). The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings	Furniture & Equipment	Plant & Machinery	Motor Vehicles	Computer Equipment	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2015	22,836	256	34	30	764	23,920
Additions	6	1	-	-	50	57
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>22,842</u>	<u>257</u>	<u>34</u>	<u>30</u>	<u>814</u>	<u>23,977</u>
Depreciation						
At 1 September 2015	1,425	55	12	3	522	2,017
Charged in year	379	42	3	8	197	629
Disposals	-	-	-	-	-	-
At 31 August 2016	<u>1,804</u>	<u>97</u>	<u>15</u>	<u>11</u>	<u>719</u>	<u>2,646</u>
Net book value						
At 31 August 2016	<u>21,038</u>	<u>160</u>	<u>19</u>	<u>19</u>	<u>95</u>	<u>21,331</u>
At 31 August 2015	<u>21,411</u>	<u>201</u>	<u>22</u>	<u>27</u>	<u>242</u>	<u>21,903</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

	2016 £'000	2015 £'000
13 DEBTORS		
Trade debtors	11	13
VAT recoverable	119	298
Other debtors	20	98
Prepayments and accrued income	218	139
	<u>368</u>	<u>548</u>
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2016 £'000	2015 £'000
Trade creditors	463	525
Taxation and social security	214	199
Other creditors	368	229
Accruals	400	977
EFA Creditor: pupil number adjustment	58	58
Deferred income	231	722
	<u>1,734</u>	<u>2,710</u>
Deferred Income		
	2016 £'000	2015 £'000
Deferred income at 1 September 2015	722	831
Resources deferred in the year	231	234
Amounts released from previous years	(722)	(343)
Deferred income at 31 August 2016	<u>231</u>	<u>722</u>

At the balance sheet date the academy was holding funds received in advance for 2016/17 for school trips £14,471 (2015: £1,600), devolved formula capital £64,523 (2015: £51,311), academy capital maintenance grant for the multi function teaching block £nil (2015: £400,000), academy capital maintenance grant for the boiler £30,845 (2015: £35,339), pupil premium for disadvantaged children £30,289 (2015: £25,599), sponsor capacity grant £48,761 (2015: £48,761), catering card £4,202 (2015: £3,675), rates relief £24,229 (2015: £24,527), SEN funding £nil (2015: £16,121), refund from property services £11,366 (2015: £nil), donated monies £400 (2015: £nil), library grant £984 (2015: £nil), SIMS Capita £301 (2015: £nil)

Included in deferred income for 2015 was £400,000 received from the EFA as a contribution towards the multi function teaching block, which required clarification from the EFA, on whether the money received was a grant or a loan. For 2016 the £400,000 contribution from the EFA has been released as income to the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

15 FUNDS

The income funds of the multi academy trust comprise the following balances of grants to be applied for purposes:

	Balance at 1 September 2015	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds	£'000	£'000	£'000	£'000	£'000
General annual grant (GAG) (note i)	318	12,678	(12,514)	(14)	468
ACMF revenue grant (note ii)	-	404	(404)	-	-
Pupil premium grant (note iii)	-	499	(499)	-	-
Year 7 catch up grant (note iv)	-	32	(32)	-	-
SEN grant (note v)	-	89	(89)	-	-
	<u>318</u>	<u>13,702</u>	<u>(13,538)</u>	<u>(14)</u>	<u>468</u>
Restricted fixed asset funds					
DfE capital grants (note vi)	2,219	43	(166)	-	2,096
SMBC fixed assets donation (note vi)	15,989	-	(261)	-	15,728
SMBC capital grants (note vii)	1,573	-	(34)	-	1,539
Capital expenditure from GAG (note viii)	1,622	-	(157)	14	1,479
Capital expenditure from SMBC prior years surplus b/fwd	500	-	(11)	-	489
	<u>21,903</u>	<u>43</u>	<u>(629)</u>	<u>14</u>	<u>21,331</u>
Restricted pension scheme liability					
Pension reserve (note ix)	(1,765)	-	(110)	(1,426)	(3,301)
	<u>(1,765)</u>	<u>-</u>	<u>(110)</u>	<u>(1,426)</u>	<u>(3,301)</u>
Total restricted funds	20,456	13,745	(14,277)	(1,426)	18,498
Unrestricted Funds					
Unrestricted funds	359	117	(52)	-	424
SMBC prior years surplus b/fwd	-	-	-	-	-
Total unrestricted funds	359	117	(52)	-	424
Total funds	20,815	13,862	(14,329)	(1,426)	18,922

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

15 FUNDS (Cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2016. (see note 2)
- ii) ACMF grant of £400,000 has been used for the educational expenditure of the trust.
- iii) Pupil premium grant has been used to support children placed at the Academy from the local authority areas and FSM pupils.
- iv) Year 7 catch up grant has been used for one to one tuition and teacher intervention to assist pupils transferring from primary to secondary school.
- v) SEN grant has been used as a contribution towards salaries of the learning support department.
- vi) Restricted fixed assets were funded by government grants, a transfer from the General Annual Grant and by an SMBC prior years surplus brought forward.
- vii) SMBC capital grant has been used to build a new teaching block for the academy.
- viii) The gross transfer from the restricted general fund to the restricted fixed asset fund of £14,311 (2015:£756,000) represents the total capital expenditure from the General Annual Grant (GAG) during the year.
- ix) The pension reserve represents the deficit on the Local Government Pension Scheme (note 25)

	2016	2015
TOTAL FUNDS ANALYSIS BY ACADEMY	Total	Total
	£'000	£'000
Fund balances at 31 August 2016 were allocated as follows:		
Arden Academy Trust	786	348
Park Hall Academy	106	329
Total before fixed assets and pension reserve	<u>892</u>	<u>677</u>
Restricted fixed assets fund	21,331	21,903
Pension reserve	<u>(3,301)</u>	<u>(1,765)</u>
	<u>18,030</u>	<u>20,138</u>
Total	<u><u>18,922</u></u>	<u><u>20,815</u></u>

The MAT did not have a central management/services function there are therefore no central charges arising during the year.

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total
	Funds	Funds	Funds	Funds	£'000
	£'000	£'000	£'000	£'000	£'000
Arden Academy Trust	5,423	364	382	757	6,926
Park Hall Academy	4,828	411	490	1,045	6,774
Academy Trust	<u><u>10,251</u></u>	<u><u>775</u></u>	<u><u>872</u></u>	<u><u>1,802</u></u>	<u><u>13,700</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	21,331	21,331
Current assets	424	-	2,202	-	2,626
Current liabilities	-	-	(1,734)	-	(1,734)
Pension scheme liability	-	(3,301)	-	-	(3,301)
	<u>424</u>	<u>(3,301)</u>	<u>468</u>	<u>21,331</u>	<u>18,922</u>

17 CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	Nil	Nil

18 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2016		2015	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Operating leases which				
. Within one year	434	64	430	69
. Within two to five	1,786	89	1,766	101
. Over five years	6,861	-	7,314	-
	<u>9,081</u>	<u>153</u>	<u>9,510</u>	<u>170</u>

19 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(467)	2,085
Adjusted for:		
Depreciation (note 12)	629	561
Capital grants from DfE and other capital income	(43)	(3,380)
Interest receivable (note 6)	(5)	(17)
Defined benefit pension scheme cost less contributions payable (note 25)	44	59
Defined benefit pension scheme finance cost (note 25)	66	52
Decrease/(increase) in debtors	180	(289)
(Decrease)/increase in creditors	(976)	2,322
Net cash (used in)/provided by operating activities	<u>(572)</u>	<u>1,393</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

20 CASH FLOWS FROM INVESTING ACTIVITIES	2016	2015
	£'000	£'000
Interest received	5	17
Purchase of tangible fixed assets	(57)	(3,786)
Capital grants from DfE/EFA	43	1,430
Capital funding received from sponsors and others	-	1,600
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	(9)	(739)
21 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash (used in)/provided by financing activities	-	-
22 ANALYSIS OF CASH AND CASH EQUIVALENTS	At 31 Aug 2016	At 31 Aug 2015
	£'000	£'000
Cash in hand and at bank	2,258	2,839
Total cash and cash equivalents	2,258	2,839

23 CONTINGENT LIABILITIES

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

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

- a) the value at that 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.

24 MEMBERS' LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS**

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non-teaching staff which is managed by West Midlands Pension Fund. Both are defined benefit schemes.

The total pension cost to the academy during the year ended 31 August 2016 was £1,327,853 (2015:£997,137) of which £868,853 (2015: £694,367) relates to the TPS and £459,000 (2015:£302,770) relates to LGPS.

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

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

Teachers' Pension Scheme**Introduction**

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employers costs paid to TPS in the year amounted to £868,853 (2015: £694,367).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)**25 PENSION AND SIMILAR OBLIGATIONS (cont'd)**

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2016 was £595,000 (2015:£378,770) of which employers contributions totalled £459,000 (2015: £302,770) and employees contributions totalled £136,000 (2015: £76,000). The agreed contributions for future years for employers are 13% (2015:13%) for Arden Academy Trust and 15.6% (2015:15.6%) for Park Hall Academy. The agreed contribution for employees are 6.25% (2015:6.3%) for Arden Academy Trust and 6.11% (2015:6%) for Park Hall Academy.

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	2016	2015
	% per	% per
	annum	annum
Discount rate	2.2%	4.0%
Salary increases	3.8%	4.2%
Pension increase	2.0%	2.4%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as

	2016	2015
	£'000	£'000
Discount rate increased by 0.1% per annum	(162)	(101)
Assumed pension increased by 0.1% per annum	140	4,673
Life expectancy at retirement increased by 1 year	189	122

The mortality assumptions used were as follows:

	2016	2015
	years	years
Longevity at age 65 retiring today		
- Men	23.1	23.0
- Women	25.8	25.6
Longevity at age 65 retiring in 20 years		
- Men	25.3	25.2
- Women	28.1	28.0

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2016 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Cont'd)

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2016	Fair value at 31 August 2015
	£'000	£'000
Equity instruments	2,282	1,677
Debt instruments	596	490
Property	306	238
Cash	247	140
Other	415	258
	<u>3,846</u>	<u>2,803</u>
Present value of scheme liabilities		
- Funded	(3,846)	(2,803)
- Unfunded	(3,301)	(1,765)
Total liabilities	<u>(7,147)</u>	<u>(4,568)</u>
Deficit in the scheme	<u>(3,301)</u>	<u>(1,765)</u>

The actual return on the scheme assets in the year was a deficit of £121,000 (2015: deficit £3,000).

Amounts recognised in the Statement of Financial Activities

	2016	2015
	£'000	£'000
Current service cost	393	251
Net interest cost	66	52
Past service cost	-	3
Total operating charge	<u>459</u>	<u>306</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

25 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (Cont'd)

	2016	2015
	£'000	£'000
Change in deficit during the year		
Balance at 1 September 2015	1,765	645
Movement in year:		
Employer service cost (net of employee contributions)	393	251
Expected return on scheme assets	(119)	(54)
Interest cost	185	109
Employer contributions	(349)	(192)
Actuarial loss/(gain)	1,426	(68)
Transferred in on existing academies	-	1,077
Deficit in the scheme at 31 August 2016	<u>3,301</u>	<u>1,768</u>

Change in the present value of defined benefit obligations were as follows:

	2016	2015
	£'000	£'000
Scheme liabilities at 1 September 2015	4,568	1,631
Current service cost	393	251
Interest cost	185	109
Contributions by scheme participants	136	76
Benefits paid	(25)	21
Gains on curtailments	-	(3)
Actuarial gain	1,890	(125)
Transferred in on existing academies	-	2,608
Scheme liabilities at 31 August 2016	<u>7,147</u>	<u>4,568</u>

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

	2016	2015
	£'000	£'000
Fair value of scheme assets at 1 September 2015	2,803	986
Expected return on scheme assets	119	54
Contributions by employer	349	192
Contributions by scheme participants	136	76
Benefits paid	(25)	21
Actuarial loss	464	(57)
Transferred in on existing academies	-	1,531
Fair value of scheme assets at 31 August 2016	<u>3,846</u>	<u>2,803</u>

The estimated value of employer contributions for the year ended 31 August 2017 is £299,000 (2016: £288,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

26 RELATED PARTY TRANSACTIONS

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

The trust made the following purchases at arms' length in accordance with the financial regulations, which the following related parties below neither participated in, nor influenced. In entering into the transactions the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Direct 4 Logo's Limited provided clothing for the academy during 2015/16. One of the directors of the company, Mr Hull is the husband of a senior teacher at the academy Mrs D Hull.

Transactions during the year totalled £7,283 (2015: £5,687).

Mr E Hull provided fitness training to pupils at the academy. Mr E Hull is the son of a senior teacher at the Academy Mrs D Hull.

Transactions during the year totalled £nil (2015: £1,900).

Frontline Living History provided World War One history workshops. The sole proprietor of the business, Mr Allton is the husband of a senior teacher at the academy Mrs E Allton

Transactions during the year totalled £1,050 (2015: £525).

Pearson Education provided textbooks for the the academy during 2016. One of the sales representatives is the wife of a senior teacher at the academy Mr D White

Transactions during the year totalled £507 (2015: £2,388)

27 TRANSFER OF EXISTING ACADEMY TO THE ACADEMY TRUST

On 1 April 2015, all the operations and assets and liabilities were transferred to the Multi Academy Trust from Park Hall Academy for £nil consideration.

The transfer has been accounted for as a combination that it is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as donations.

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 General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Furniture, computer equipment and motor vehicles	-	-	350	350
Existing academy funds transferred	8	139		147
LGPS pension deficit	-	(1,077)	-	(1,077)
Net assets/(liabilities)	8	(938)	350	(580)

The above net assets/liabilities include £728,000 that were transferred as cash.

On 1 April 2015 the furniture, computer equipment and motor vehicles were transferred from Park Hall Academy to the multi academy trust.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016 (cont'd)

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

29 EXPLANATION OF TRANSITION TO FRS 102

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

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

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

Reconciliation of total funds	1 September 2014 £'000	31 August 2015 £'000
Total funds under previous UK GAAP	<u>18,662</u>	<u>20,815</u>
Total funds reported under FRS 102	<u>18,662</u>	<u>20,815</u>
Reconciliation of net income/(expenditure)		31 August 2015 £'000
Net income/(expenditure) previously reported under UK GAAP		2,131
Change in recognition of LGPS interest cost		(46)
Net movement in funds reported under FRS 102		<u>2,085</u>

Explanation of the transitional adjustments

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2015 or 31 August 2016. The effect of the change has been to increase the debit to expense by £46,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent

30 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the EFA. In the accounting period ending 31 August 2016 the trust received £30,468 (2015:£18,318) and disbursed £30,808 (2015:£9,654) from the fund. An amount of £25,108 (2015:£25,448) is included in other creditors relating to the undistributed funds that is repayable to the EFA.