



**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**Members**

S M Mitchell  
T S Wise (resigned 12 July 2018)  
N R Watson  
R M Jeffries (appointed 18 January 2018)  
T N G Bishop (appointed 29 November 2017)

**Trustees**

R M Jeffries, Chair of Trustees (appointed 1 January 2018)  
M Adamson, Accounting Officer (appointed 1 September 2018)  
J G Lawson  
S Bramble  
S A Greenacre  
V J Newrick  
D Rich (appointed 29 November 2017)  
D Whitehead (appointed 12 July 2018)  
T N G Bishop (resigned 29 November 2017)  
A Jobbins (resigned 1 January 2018)  
N R Watson (resigned 18 January 2018)  
C Paul (resigned 1 April 2018)  
A Hull (resigned 12 July 2018)

**Company registered number**

08158619

**Company name**

Evolution Academy Trust

**Principal and registered office**

Suite 1, Keswick Hall, Norwich, Norfolk, NR4 6TJ

**Chief executive officer**

M Adamson

**Independent auditors**

MA Partners LLP, 7 The Close, Norwich, Norfolk, NR1 4DJ

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**EVOLUTION ACADEMY TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees present their Annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

**Structure, governance and management**

**a. CONSTITUTION**

The trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Evolution Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

The principal objects of the trust are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum with a strong emphasis on, but in no way limited to, environmental science and engineering.

**b. MEMBERS' LIABILITY**

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

**c. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**d. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The training and induction provided for new Trustees depends on their existing experience and includes accompanied visits with the CEO to trust schools to view strengths and potential risks at first hand and meet senior leaders and business leaders across the trust. Additionally Trustees have access to on-line resources and are introduced to policies, procedures, minutes, accounts, budgets, plans and other documents as applicable that they will need to undertake their role as trustees. As there is expected to be only two or three new Trustees a year, induction will be carried out informally and will be tailored specifically to the individual.

**e. PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

Our trust Scheme of Delegation indicates that pay, conditions and contractual terms for the CEO is the responsibility of Members. Accordingly, the Members met to complete a performance management review for the CEO in terms of action against targets set for the 2017/2018 academic year.

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**EVOLUTION ACADEMY TRUST**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The CEO is responsible for the performance management and pay and conditions for the Executive Principals, Principals and Headteachers in the trust, to ensure rigour and consistency and ensure all elements of pay and performance management are dealt with by a common format across the trust. This method of working also assists ongoing planning for sustainable leadership and ensures equality across the trust.

**f. TRADE UNION FACILITY TIME**

The trust purchases Trade Union facilities time from both Norfolk and Suffolk County Councils. The agencies negotiate with Trade Unions on the trust's behalf.

**Relevant union officials**

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

<b>Percentage of pay bill spent on facility time</b>	<b>£</b>
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Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**g. ORGANISATIONAL STRUCTURE**

The trust was set up with a management structure to support the Education Brief. The current structure consists of two levels: the Trustees and a Senior Leadership Team who are responsible for the day to day running of the schools.

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

A Senior Leadership Team (SLT) is responsible for leading each trust school on a day to day basis and regular scrutiny of their impact is undertaken by the CEO.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The SLT controls the trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. It is responsible for the day to day operations of the trust, in particular organising the teaching staff, facilities and students.

The SLT is responsible for overall spending, scrutinised by the Head of Finance, the Finance Officers and overseen by the CEO and trust finance committee. The appointment of staff, through short listing and interviews for posts in the SLT always includes an individual trained in Safer Recruitment.

#### **h. TRUSTEES' INDEMNITIES**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000.

#### **Objectives and Activities**

##### **a. OBJECTS AND AIMS**

For the trust to fully realise its aims, we recognise the role that the family, the immediate community and other schools and agencies have to play in the development of the children and we actively encourage their participation in the education of the children in our care. The aims of the trust are:

- to stimulate intellectual growth by encouraging enquiry and a love of learning;
- to teach children how to communicate effectively and to provide challenges and opportunities for each child's social, intellectual, emotional and physical development;
- to provide equal opportunity for each pupil to achieve their true potential;
- to provide for pupils a sensitive and stable community in which to work so every child can have the confidence to develop both as an individual and as a responsible member of society;
- to provide a secure and ordered environment in which pupils are encouraged to respect themselves, others and the environment; and
- to prepare pupils to cope with the demands and rapidly changing circumstances of our modern world.

##### **b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

To stimulate the following attitudes in the pupils through a wide range of activities and experiences:

- a desire to learn and to take an active part in their own personal development;
- an ability to express themselves creatively and use creative thought in solving problems;
- a desire to do their best for themselves and for others;
- positive behaviour, both in and out of school; and
- self respect and respect for others, their beliefs, values and property.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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To provide an environment which supports pupils in realising these aims by:

- ensuring that the needs of pupils are met through quality professional planning and teaching;
- ensuring that all pupils have equal regard and access to the whole curriculum;
- providing a broad, balanced and relevant curriculum;
- meeting, with sensitivity, the pastoral needs of pupils; and
- providing security for all pupils through positive, fair and consistent discipline.

**c. ACTIVITIES FOR ACHIEVING OBJECTIVES**

The trust's activities cover a broad curriculum. Beyond the curriculum the trust operates a breakfast club, extra tuition is provided outside the usual teaching day and after school activities are provided. School visits are also regularly available for all pupils with the aim of providing experiences beyond those which they would normally receive.

**d. PUBLIC BENEFIT**

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

**Achievements and performance**

**a. REVIEW OF ACTIVITIES**

The data for each school is analysed by the individual school's leadership team and additionally by the CEO and Trustees to both support and challenge the schools. The CEO justifies this data to the DfE Regional Schools Commissioner.

Costessey Infant School and Costessey Junior School were both inspected by Ofsted in June 2016 and were both judged as Good.

Filby Primary School joined the trust in October 2014 and the trust remains pleased with the school's performance. An Ofsted Inspection took place late in 2017 and the school was judged as Good.

Eaton Primary and Wensum Junior School joined the trust in February 2015 and were both sponsored academy conversions as a result of these schools performing significantly below expected levels. The role of the trust in sponsoring any school is to ensure school improvement to at least national levels then beyond as soon as possible.

Eaton Primary School was inspected by Ofsted in January 2018 and was judged as Good in all key areas.

Wensum Junior School was inspected by Ofsted in January 2018 and was judged as Good.

Dell Primary School opened as a sponsored school in the trust on 1st November 2015. A monitoring visit by the DfE in June 2016 celebrated the progress made in a short period of time and national data in 2016 showed a 10% increase at Key Stage 2, the national average for schools was an 8% increase. A further increase at Key Stage 2 in 2017 of 6% was achieved, the national average for all schools was a 3% increase.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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Dell Primary School was inspected by Ofsted in June 2018 and was judged as Requiring Improvement.

Elm Tree Primary School opened as a sponsored school in the trust on 1st March 2016 and the period of time from then to national tests in May 2016 was too short for the trust to have secured the improvement required. The 2017 data shows the number of pupils at Key Stage 2 achieving national standards rose from 4 to 38%; this is evidence of the progress made so far from an extremely low starting point. In 2017 standards rose further at Key Stage 2 to 53%.

Poplars Primary School joined the trust in March 2018. The school was inspected in June 2014 and judged as Good. Ofsted undertook a short inspection in September 2017 and judged that Poplars Primary School continues to be a Good school.

For all our sponsored schools the trust is aware that much improvement is still required and has planned for this in the current academic year. The data, as available from Ofsted and the DfE for each school is available on the our schools page on the trust website;

<http://www.evolutionacademytrust.co.uk/our-schools/>

**b. FUNDRAISING ACTIVITIES/INCOME GENERATION**

The trust takes a passive approach to fundraising. Fundraising takes place within individual schools and each Headteacher has oversight of all fundraising carried out at their school

The trust does not work with any commercial participators or professional fundraisers.

All fundraising conforms to recognised standards and the trust has not received any fundraising complaints.

The trust does not undertake any unreasonably intrusive or persistent fundraising approaches. No member of the public is placed under undue pressure to donate.

**c. INVESTMENT POLICY AND PERFORMANCE**

The trust is aware that cash balances have to be held to match our reserves policy and for future buildings programmes. The trust ensures value for money by advising individual schools of the value of funds they should hold in 32 day notice accounts of term deposits and the CEO monitors the level of investments on a routine basis.

**Financial review**

**a. GOING CONCERN**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it has adopted the going concern basis in preparing the financial statements.

**b. PRINCIPAL RISKS AND UNCERTAINTIES**

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

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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The Trustees review the risk register identifying major risks to which the trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the trust, and its finances. A risk register is completed for overall risks for each Board meeting which is then submitted to trust members so the members may be satisfied that directors are fulfilling their duties effectively.

**c. RESERVES POLICY**

The Trustees review the reserve levels annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have set a target reserve level of £160,000 per school within the trust and £100,000 in the trust account. This equates to £1,380,000 as at 31 August 2018. The aim of the reserve policy is to ensure salary costs can be covered in the event of critical incident and build a reserve for future buildings improvements. Actual free reserves as at 31 August 2017 were **£1,716,247**.

The Trustees and the individual school management teams recognise that current reserves are greater than the target. Income streams have been in excess of expectations and include cash transferred on conversion of Poplars Primary School.

Grants for building capacity in the trust and school improvement work in the sponsored schools will be released by the Trustees for school improvement work in the sponsored schools as and when the schools prove to have a robust management team, governance and action plan in place to ensure its effective use.

**d. PRINCIPAL FUNDING**

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The trust also receives funding from other government bodies which are shown as restricted funds. There is also income from catering, lettings and energy supply which is shown as unrestricted funding in the financial statements.

The trust also receives grants for fixed assets from the ESFA and other government bodies. In accordance with applicable accounting standards, 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.

**Plans for future periods**

**a. FUTURE DEVELOPMENTS**

1. To achieve Primary Status for Costessey Infant School and Costessey Junior School on one site. Change of status has been approved by the DfE. Building work has commenced on the Costessey Junior School site. Pupils from Costessey Infant School are fully expected to transfer onto the one site in September 2019.
2. To effectively grow the Evolution Academy Trust in order to best achieve outstanding outcomes for all pupils in all schools in the trust and to sponsor schools requiring development.

**FUNDS HELD AS CUSTODIAN**

No such funds are held.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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**EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED**

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the trust's Equal opportunities policy, the trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the trust's offices.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 12 December 2018 and signed on its behalf by:



**R M Jeffries**  
**Chair of Trustees**

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**EVOLUTION ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

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

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

**GOVERNANCE**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
R M Jeffries, Chair of Trustees	3	4
A Jobbins	2	2
A Hull	5	6
J G Lawson	5	6
C Paul	1	4
S Bramble	5	6
S A Greenacre	6	6
T N G Bishop	0	1
V J Newrick	5	6
D Rich	4	5
N R Watson	0	2

The performance of the Board is monitored by the Members who receive updated KPIs after each Board meeting. These KPIs risk rank each school and the Trust in terms of indicators for standards, resources, governance, staffing and site issues.

The Trust Finance and Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to approve the trust budget annually, accept the Auditors' Annual Report and monitor the allocation of funds.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Jobbins	2	2
A Hull	3	3
N R Watson	0	3
R M Jeffries, Chair of Trustees	1	1
D Rich	1	1

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**EVOLUTION ACADEMY TRUST**  
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**GOVERNANCE STATEMENT (continued)**

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**REVIEW OF VALUE FOR MONEY**

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

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

- Ensuring that staff expertise is shared across the trust's schools to impact on improved outcomes in each.
- The trust has maintained a database of all services and contracts in its schools and has ensured the same supplier for most services in all schools. This aids efficiency and has created cost savings in many contracts, for instance, a saving of 30% in grounds maintenance at one school. By operating in this manner it also ensures no school can take a contract that would be outside ESFA regulations.
- The Board of Trustees continues to hold the CEO and each school to account for pupils progress, safeguarding and effective use of all resources. The trustees receive detailed information, including potential risks, regarding each school on a half termly basis. If, for instance, the trustees note potential difficulties in the budget setting by any school they quickly hold the school to account and provide support as required.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Evolution Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

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**GOVERNANCE STATEMENT (continued)**

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- delegation of authority and segregation of duties;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- identification and management of risks.

**REVIEW OF EFFECTIVENESS**

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

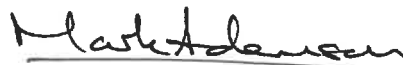
- the work of the external auditors;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on their behalf, by:



**R M Jeffries**  
**Chair of Trustees**



**M Adamson**  
**Accounting Officer**

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**EVOLUTION ACADEMY TRUST**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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 2017.

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

  
.....  
**M Adamson**  
**Accounting Officer**

Date: 12 December 2018

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**R M Jeffries**  
**Chair of Trustees**

**Date: 12 December 2018**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EVOLUTION ACADEMY TRUST**

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**OPINION**

We have audited the financial statements of Evolution Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

**BASIS FOR OPINION**

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

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EVOLUTION ACADEMY TRUST**

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**OTHER INFORMATION**

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

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

We have nothing to report in this regard.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EVOLUTION ACADEMY TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

**USE OF OUR REPORT**

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Frank Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

**MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ  
17 December 2018

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EVOLUTION  
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 9 October 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Evolution Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**RESPECTIVE RESPONSIBILITIES OF EVOLUTION ACADEMY TRUST'S ACCOUNTING OFFICER AND  
THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of Evolution Academy Trust's funding agreement with the Secretary of State for Education dated 4 September 2012, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. 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's income and expenditure.

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EVOLUTION  
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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Our procedures included, but were not limited to, the following:

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Trustees and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefited from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with *Annex C: Schedule of requirements (the "musts")* of the Academies Financial Handbook 2017.

Where applicable, this work was integrated with our audit on the financial statements to the extent evidence from the conduct of the audit supports the regularity conclusion.

## **CONCLUSION**

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

- No programme of risk review and checking of financial controls had been undertaken in the period.

*MA Partners LLP*

### **MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ

17 December 2018

**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Assets transferred on conversion	2	121,199	(342,000)	5,452,110	5,231,309	-
Other donations and capital grants	2	44,106	10,000	1,177,837	1,231,943	615,363
Charitable activities	3	470,797	10,872,185	-	11,342,982	10,032,454
Other trading activities	4	70,244	-	-	70,244	65,906
Investments	5	6,850	-	-	6,850	6,778
<b>TOTAL INCOME</b>		<b>713,196</b>	<b>10,540,185</b>	<b>6,629,947</b>	<b>17,883,328</b>	<b>10,720,501</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		100,406	11,637,163	484,103	12,221,672	9,950,405
<b>TOTAL EXPENDITURE</b>		<b>100,406</b>	<b>11,637,163</b>	<b>484,103</b>	<b>12,221,672</b>	<b>9,950,405</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	17	612,790 (702,392)	(1,096,978) 263,439	6,145,844 438,953	5,661,656 -	770,096 -
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		(89,602)	(833,539)	6,584,797	5,661,656	770,096
Actuarial gains on defined benefit pension schemes	23	-	847,000	-	847,000	1,213,000
<b>NET MOVEMENT IN FUNDS</b>		<b>(89,602)</b>	<b>13,461</b>	<b>6,584,797</b>	<b>6,508,656</b>	<b>1,983,096</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,805,849	(645,619)	15,515,147	16,675,377	14,692,281
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,716,247</b>	<b>(632,158)</b>	<b>22,099,944</b>	<b>23,184,033</b>	<b>16,675,377</b>

The notes on pages 22 to 50 form part of these financial statements.

**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 08158619**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>FIXED ASSETS</b>					
Tangible assets	14		21,824,616		14,823,969
<b>CURRENT ASSETS</b>					
Debtors	15	737,635		626,606	
Cash at bank and in hand		4,291,985		4,640,068	
		<u>5,029,620</u>		<u>5,266,674</u>	
<b>CREDITORS: amounts falling due within one year</b>	16	<u>(1,502,203)</u>		<u>(1,212,266)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,527,417</u>		<u>4,054,408</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>25,352,033</u>		<u>18,878,377</u>
Defined benefit pension scheme liability	23		<u>(2,168,000)</u>		<u>(2,203,000)</u>
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>23,184,033</u></u>		<u><u>16,675,377</u></u>
<b>FUNDS OF THE ACADEMY</b>					
Restricted income funds:					
Restricted income funds	17	1,535,842		1,557,381	
Restricted fixed asset funds	17	<u>22,099,944</u>		<u>15,515,147</u>	
Restricted income funds excluding pension liability		<u>23,635,786</u>		<u>17,072,528</u>	
Pension reserve		<u>(2,168,000)</u>		<u>(2,203,000)</u>	
Total restricted income funds			<u>21,467,786</u>		<u>14,869,528</u>
Unrestricted income funds	17		<u>1,716,247</u>		<u>1,805,849</u>
<b>TOTAL FUNDS</b>			<u><u>23,184,033</u></u>		<u><u>16,675,377</u></u>

The financial statements on pages 19 to 50 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:

  
R M Jeffries  
Chair of Trustees

The notes on pages 22 to 50 form part of these financial statements.

**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	19	<u>588,773</u>	<u>1,231,326</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		6,846	6,778
Purchase of tangible fixed assets		(2,032,640)	(485,805)
Capital grants from DfE Group		967,739	579,642
Cash transferred on conversion to an academy trust		121,199	-
<b>Net cash (used in)/provided by investing activities</b>		<u>(936,856)</u>	<u>100,615</u>
<b>Change in cash and cash equivalents in the year</b>		<u>(348,083)</u>	<u>1,331,941</u>
Cash and cash equivalents brought forward		4,640,068	3,308,127
<b>Cash and cash equivalents carried forward</b>	20	<u><u>4,291,985</u></u>	<u><u>4,640,068</u></u>

The notes on pages 22 to 50 form part of these financial statements.

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Evolution Academy Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 Company status**

The academy is a private company limited by guarantee. The members and the Trustees of the company are named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Going concern**

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Income**

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

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

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

**1.5 Expenditure**

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

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

**1.6 Termination payments**

Termination payments are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Trust recognises termination payments when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination payments as a result of an offer made to encourage voluntary redundancy.

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Long leasehold buildings	-	2% straight line.
Leasehold land	-	over duration of the lease
Furniture and equipment	-	15% straight line
Computer equipment	-	25% straight line

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 incorporating income and expenditure account.

The academy trust is party to lease agreements with Norfolk County Council and Suffolk County Council for the school properties.

**1.8 Operating leases**

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

**1.9 Debtors**

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

**1.10 Cash at Bank and in hand**

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

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and liabilities of the academy trust and their measurement basis are as follows:

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised. Prepayments are not financial instruments.

Cast at bank - is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**1.13 Taxation**

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

**1.14 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 23, 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.

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**EVOLUTION ACADEMY TRUST**  
**(A company limited by guarantee)**

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

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**1. ACCOUNTING POLICIES (continued)**

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

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

**1.15 Fund accounting**

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

**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

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

**1. ACCOUNTING POLICIES (continued)**

**1.16 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The academy trust 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 23, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In assessing the carrying value of tangible fixed assets the Trustees estimate the anticipated useful lives and residual values of the assets. There have been no significant revisions to these estimations in the current financial year.

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Assets transferred on conversion	121,199	(342,000)	5,452,110	5,231,309	-
Donations	44,106	10,000	12,132	66,238	87,454
Capital Grants	-	-	1,165,705	1,165,705	527,909
Subtotal	44,106	10,000	1,177,837	1,231,943	615,363
	165,305	(332,000)	6,629,947	6,463,252	615,363
Total 2017	39,237	34,240	541,886	615,363	

**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

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

**3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	9,320,686	9,320,686	8,060,714
PE and Sport Premium	-	140,812	140,812	64,770
Universal Infant Free School Meals	-	235,289	235,289	265,697
Pupil Premium	-	796,738	796,738	680,010
Conversion	-	95,000	95,000	-
Regional Academy Growth	-	-	-	150,000
	-	10,588,525	10,588,525	9,221,191
<b>Other government grants</b>				
Special Educational Needs	-	127,834	127,834	147,399
Growth funding	-	-	-	91,711
Pupil Premium - LA	-	7,547	7,547	9,505
Supporting other schools	-	6,000	6,000	6,000
Early Years funding	-	127,329	127,329	120,513
Other grants	-	14,950	14,950	16,181
	-	283,660	283,660	391,309
<b>Other income from the academy trust's educational operations</b>				
Trips	131,476	-	131,476	122,720
Catering	113,803	-	113,803	121,523
Uniforms	950	-	950	614
Services provided to other schools	59,599	-	59,599	29,845
Clubs	164,969	-	164,969	145,252
	470,797	-	470,797	419,954
	470,797	10,872,185	11,342,982	10,032,454
<b>Total 2017</b>	419,954	9,612,500	10,032,454	

**EVOLUTION ACADEMY TRUST**  
(A company limited by guarantee)

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Insurance reclaims	15,012	-	15,012	14,342
Lettings	40,806	-	40,806	34,713
School fund	7,550	-	7,550	5,038
Solar panels	6,876	-	6,876	11,813
	<u>70,244</u>	<u>-</u>	<u>70,244</u>	<u>65,906</u>
<i>Total 2017</i>	<u>65,906</u>	<u>-</u>	<u>65,906</u>	

**5. INVESTMENT INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Investment income	6,850	-	6,850	6,778
	<u>6,850</u>	<u>-</u>	<u>6,850</u>	<u>6,778</u>
<i>Total 2017</i>	<u>6,778</u>	<u>-</u>	<u>6,778</u>	

**6. DIRECT COSTS**

	Total 2018 £	Total 2017 £
Staff development	50,528	29,073
Teaching resources	241,946	242,660
Other direct costs	150,173	138,003
Educational visits	188,533	126,065
Agency staff	447,102	406,929
Wages and salaries	4,090,881	3,508,113
National insurance	309,957	271,027
Pension cost	675,820	551,447
Depreciation	51,826	36,157
	<u>6,206,766</u>	<u>5,309,474</u>
<i>Total 2017</i>	<u>5,309,474</u>	

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**7. SUPPORT COSTS**

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
FRS 102 Pension interest	64,000	56,000
Computer maintenance	322,311	272,012
Maintenance of property and equipment	311,283	190,280
Professional fees	142,794	145,864
Postage, stationery, printing & telephone	157,556	141,951
Insurance	47,692	61,299
Occupancy	286,192	234,245
Catering	509,367	445,599
Licenses	43,244	20,501
Auditor's remuneration - audit	23,025	25,784
Auditor's remuneration - other services	15,065	8,594
Wages and salaries	2,556,953	1,888,667
National insurance	202,037	136,782
Pension cost	901,110	726,000
Depreciation	432,277	287,353
	<u><u>6,014,906</u></u>	<u><u>4,640,931</u></u>
<i>Total 2017</i>	<u><u>4,640,931</u></u>	

During the year ended 31 August 2018, the academy incurred Governance costs of **£440,065** (2017: **£241,916**).

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018 £</b>	<b>2017 £</b>
Depreciation of tangible fixed assets:		
- owned or leased	484,103	323,510
Operating lease rentals	<u><u>211,568</u></u>	<u><u>184,136</u></u>

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**9. STAFF COSTS**

**a. Staff costs**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	6,634,334	5,378,730
Social security costs	511,994	407,809
Operating costs of defined benefit pension schemes	1,576,930	1,277,447
	<u>8,723,258</u>	<u>7,063,986</u>
Agency staff costs	447,102	406,929
Staff restructuring costs	13,500	18,050
	<u><u>9,183,860</u></u>	<u><u>7,488,965</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	13,500	18,050

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory severance payments of **£13,500** (2017: £18,050). Individually, the payments were: £5,000 on 21 March 2018 and £8,500 on 30 April 2018.

**c. Staff numbers**

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

	2018 No.	2017 No.
Teachers	132	100
Administration and support	253	213
Management	16	14
	<u>401</u>	<u>327</u>

**d. Higher paid staff**

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

	2018 No.	2017 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £200,000	1	1

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. STAFF COSTS (continued)**

3 of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2018, pension contributions for these staff amounted to **£38,188** (2017: £44,210).

**e. Key management personnel**

The key management personnel of the Trust are considered to be the CEO and CEO designate. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the academy trust was **£213,158** (2017: £136,514).

**10. CENTRAL SERVICES**

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

- Curriculum development and monitoring
- Premises hire and utilities
- CEO and business manager support

For the year ended 31 August 2018, the Trust made a levy of 3% of School Budget Share to cover the cost of these services.

The actual amounts levied during the year were as follows:

	2018	2017
	£	£
Costessey Junior School	40,882	38,323
Costessey Infant School	33,077	31,188
Eaton Primary School	44,674	41,816
Filby Primary School	11,288	10,525
Wensum Junior School	26,641	24,969
Dell Primary School	45,945	46,186
Elm Tree Primary School	41,627	43,677
Poplars Primary School	31,726	-
	<u>275,860</u>	<u>236,684</u>
Total		

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. TRUSTEES' REMUNERATION AND EXPENSES**

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

		2018 £	2017 £
A Hull (principal and trustee)	Remuneration	90,000-95,000	105,000-110,000
	Pension contributions paid	10,000-15,000	15,000-20,000

During the year ended 31 August 2018, expenses totalling £3,234 (2017 - £2,662) were reimbursed to 2 Trustees (2017 - 2).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

**13. FRS 102 PENSION INTEREST**

	2018 £	2017 £
Interest income on pension scheme assets	96,000	57,000
Interest on pension scheme liabilities	(160,000)	(113,000)
	<u>(64,000)</u>	<u>(56,000)</u>

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**14. TANGIBLE FIXED ASSETS**

	Leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2017	15,384,412	181,523	162,668	15,728,603
Additions	1,940,593	25,251	66,796	2,032,640
Transfer on conversion	5,412,920	22,190	17,000	5,452,110
At 31 August 2018	<u>22,737,925</u>	<u>228,964</u>	<u>246,464</u>	<u>23,213,353</u>
<b>Depreciation</b>				
At 1 September 2017	726,169	84,573	93,892	904,634
Charge for the year	398,805	51,826	33,472	484,103
At 31 August 2018	<u>1,124,974</u>	<u>136,399</u>	<u>127,364</u>	<u>1,388,737</u>
<b>Net book value</b>				
At 31 August 2018	<u>21,612,951</u>	<u>92,565</u>	<u>119,100</u>	<u>21,824,616</u>
At 31 August 2017	<u>14,658,243</u>	<u>96,950</u>	<u>68,776</u>	<u>14,823,969</u>

**15. DEBTORS**

	2018 £	2017 £
Trade debtors	14,243	9,263
VAT repayable	334,143	125,464
Prepayments and accrued income	389,249	491,879
	<u>737,635</u>	<u>626,606</u>

**16. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Trade creditors	831,763	373,969
Other taxation and social security	150,292	102,385
Other creditors	159,134	512,348
Accruals and deferred income	361,014	223,564
	<u>1,502,203</u>	<u>1,212,266</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**16. CREDITORS: Amounts falling due within one year (continued)**

	<b>2018</b> <b>£</b>	<b>2017</b> <b>£</b>
<b>Deferred income</b>		
Deferred income at 1 September 2017	<b>155,486</b>	<i>155,486</i>
Resources deferred during the year	<b>186,491</b>	<i>157,901</i>
Amounts released from previous years	<b>(155,486)</b>	<i>(155,486)</i>
	<hr/> <b>186,491</b> <hr/>	<hr/> <i>157,901</i> <hr/>

Income has been deferred in relation to educational grants and school club fees received in advance.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
General Funds	1,805,849	713,196	(100,406)	(702,392)	-	1,716,247
<b>Restricted funds</b>						
	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
General Annual Grant (GAG)	1,169,841	9,320,686	(9,039,693)	(295,249)	-	1,155,585
Pupil Premium	107,765	804,285	(760,722)	-	-	151,328
Special Educational Needs	-	127,834	(127,834)	-	-	-
Supporting other schools	-	6,000	(6,000)	-	-	-
PE and Sport premium	-	140,812	(131,044)	-	-	9,768
Universal Infant Free School Meals	-	235,289	(235,289)	-	-	-
Conversion grants	26,136	95,000	(16,977)	-	-	104,159
School improvement grant	95,000	-	(32,200)	-	-	62,800
Sponsor Capacity grant	45,000	-	-	-	-	45,000
Early Years funding	-	127,329	(127,329)	-	-	-
Devolved Formula Capital	-	-	(61,688)	61,688	-	-
Regional Academy Growth	97,458	-	(97,458)	-	-	-
Other grants	16,181	24,950	(33,929)	-	-	7,202
Pension reserve	(2,203,000)	(342,000)	(967,000)	497,000	847,000	(2,168,000)
	(645,619)	10,540,185	(11,637,163)	263,439	847,000	(632,158)

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Fixed Assets transferred on conversion	13,930,757	5,452,110	(390,034)	-	-	18,992,833
Devolved Formula Capital	30,916	61,688	(1,000)	(61,688)	-	29,916
Capital expenditure from GAG	380,071	-	(53,936)	381,193	-	707,328
NCC capital grant	8,674	-	(2,478)	-	-	6,196
Condition Improvement Fund	1,083,297	1,104,017	(31,312)	119,448	-	2,275,450
Academies Capital Maintenance	49,211	-	(1,036)	-	-	48,175
Other capital grants	32,221	12,132	(4,307)	-	-	40,046
	<b>15,515,147</b>	<b>6,629,947</b>	<b>(484,103)</b>	<b>438,953</b>	<b>-</b>	<b>22,099,944</b>
Total restricted funds	<b>14,869,528</b>	<b>17,170,132</b>	<b>(12,121,266)</b>	<b>702,392</b>	<b>847,000</b>	<b>21,467,786</b>
Total of funds	<b>16,675,377</b>	<b>17,883,328</b>	<b>(12,221,672)</b>	<b>-</b>	<b>847,000</b>	<b>23,184,033</b>

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

The **General Annual Grant (GAG)** has been provided by the ESFA in order to fund the normal running costs of the academy. The following transfers have been made from the GAG: £497,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme; and £500,641 representing fixed asset additions from GAG funding. £702,392 has been transferred from unrestricted funds in respect of amounts overspent on GAG.

**Fixed Assets transferred on conversion** represent the carrying value of fixed assets on joining the trust. The expenditure against this fund represents depreciation charged on these fixed assets.

The **Devolved Formula Capital** restricted fixed asset fund relates to funding for the cost of minor capital works and ICT replacement. The expenditure against this fund represents depreciation charged on these fixed assets.

The **NCC capital grant** represents a grant from Norfolk County Council toward the cost of play equipment. The expenditure against this fund represents depreciation charged on the fixed asset.

The **Condition Improvement Fund** has been provided by the ESFA toward the cost of building improvements.

The **Academies Capital Maintenance** fund has been provided by the ESFA toward the cost of improvements to the kitchen at Costessey Junior School. The expenditure against this fund represents depreciation charge on the capitalised improvement costs.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

The **Pupil Premium** funding has been provided by the ESFA to help raise the attainment of disadvantaged pupils.

The **Special Educational Needs** funding has been provided by the Local Authority to fund those pupils that require additional educational support.

The **Supporting other schools** funding has been provided by the Local Authority to fund services provided to other schools.

The **PE and Sport Premium** funding has been provided by the ESFA to help improve the quality of PE and sport activities offered to pupils.

The **Universal Infant Free School Meal** funding was provided by the ESFA towards the cost of pupil lunches at each of the infant schools.

The **Conversion grants** were provided by the ESFA toward conversion costs for the new academies.

The **School Improvement grants** were provided by the ESFA for school improvement work. This work had not started at the year end date.

The **Sponsor Capacity grant** was provided by the ESFA to build capacity in all areas at Costessey Junior School in order to sponsor the new academies.

The **Early Years** funding has been received from the local authority to provide early years provision.

The **Devolved Formula Capital** restricted fund relates to the amount of this funding used for general profit and loss maintenance costs. A transfer of £61,688 was made from the restricted fixed asset fund to the restricted fund to reallocate the amount of this funding used for profit and loss account expenditure.

The **Regional Academy Growth** funding has been provided by the DFE for the purposes of contributing towards some of the essential expenses incurred when establishing an Academy Trust and preparing to sponsor underperforming schools.

The **Pension Reserve** has been treated as a restricted fund in accordance with ESFA guidance.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Costessey Junior School	913,385	837,015
Costessey Infant School	990,011	820,167
Eaton Primary School	222,855	279,488
Filby Primary School	167,793	140,122
Wensum Junior School	196,052	199,079
Dell Primary School	181,177	400,117
Elm Tree Primary School	176,020	355,403
Poplars Primary School	233,151	-
Central Services	171,645	331,839
Total before fixed asset fund and pension reserve	<u>3,252,089</u>	<u>3,363,230</u>
Restricted fixed asset fund	22,099,944	15,515,147
Pension reserve	(2,168,000)	(2,203,000)
Total	<u><u>23,184,033</u></u>	<u><u>16,675,377</u></u>

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**17. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Costessey Junior School	767,664	323,629	32,298	236,912	1,360,503	1,576,765
Costessey Infant School	553,286	299,802	13,910	202,721	1,069,719	1,049,871
Eaton Primary School	915,955	382,216	30,415	453,610	1,782,196	1,817,042
Filby Primary School	236,289	77,898	13,720	81,530	409,437	570,578
Wensum Junior School	621,578	225,447	43,396	232,894	1,123,315	1,099,280
Dell Primary School	967,769	496,781	43,799	302,239	1,810,588	1,884,575
Elm Tree Primary School	855,811	354,559	43,482	342,704	1,596,556	1,532,552
Poplars Primary School	570,162	272,488	20,926	255,375	1,118,951	-
Central Services	35,246	1,227,280	-	203,778	1,466,304	96,232
	<u>5,523,760</u>	<u>3,660,100</u>	<u>241,946</u>	<u>2,311,763</u>	<u>11,737,569</u>	<u>9,626,895</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Funds	<u>1,784,056</u>	<u>531,875</u>	<u>(64,560)</u>	<u>(445,522)</u>	<u>-</u>	<u>1,805,849</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**Restricted funds**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General Annual Grant (GAG)	304,986	8,060,714	(7,185,984)	(9,875)	-	1,169,841
Pupil Premium	111,610	689,515	(693,360)	-	-	107,765
Growth funding	-	91,711	(91,711)	-	-	-
Special Educational Needs	-	147,399	(147,399)	-	-	-
Supporting other schools	-	6,000	(6,000)	-	-	-
PE and Sport premium	382	64,770	(65,152)	-	-	-
Heritage schools	370	-	(370)	-	-	-
Universal Infant Free School Meals	-	265,697	(265,697)	-	-	-
Conversion grants	33,836	-	(7,700)	-	-	26,136
School improvement grant	123,880	-	(28,880)	-	-	95,000
Sponsor Capacity grant	45,000	-	-	-	-	45,000
Reading books grant	7,000	-	(7,000)	-	-	-
Early Years funding	42,167	120,513	(162,680)	-	-	-
Devolved Formula Capital	-	-	(51,002)	51,002	-	-
Regional Academy Growth	-	150,000	(33,022)	(19,520)	-	97,458
Other grants	-	50,421	(34,378)	138	-	16,181
Pension reserve	(3,022,000)	-	(782,000)	388,000	1,213,000	(2,203,000)
	<u>(2,352,769)</u>	<u>9,646,740</u>	<u>(9,562,335)</u>	<u>409,745</u>	<u>1,213,000</u>	<u>(645,619)</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**Restricted fixed asset funds**

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
Fixed Assets transferred on conversion	14,213,749	-	(282,992)	-	-	13,930,757
Devolved Formula Capital	31,916	51,002	(1,000)	(51,002)	-	30,916
Capital expenditure from GAG	345,352	-	(32,678)	67,397	-	380,071
NCC capital grant	2,750	8,394	(2,332)	(138)	-	8,674
Condition Improvement Fund	616,980	468,513	(2,196)	-	-	1,083,297
Academies Capital Maintenance	50,247	-	(1,036)	-	-	49,211
Other capital grants	-	13,977	(1,276)	19,520	-	32,221
	<u>15,260,994</u>	<u>541,886</u>	<u>(323,510)</u>	<u>35,777</u>	<u>-</u>	<u>15,515,147</u>
Total restricted funds	<u>12,908,225</u>	<u>10,188,626</u>	<u>(9,885,845)</u>	<u>445,522</u>	<u>1,213,000</u>	<u>14,869,528</u>
Total of funds	<u>14,692,281</u>	<u>10,720,501</u>	<u>(9,950,405)</u>	<u>-</u>	<u>1,213,000</u>	<u>16,675,377</u>

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**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	21,824,616	21,824,616
Current assets	1,754,986	2,999,307	275,328	5,029,621
Creditors due within one year	(38,739)	(1,463,465)	-	(1,502,204)
Provisions for liabilities and charges	-	(2,168,000)	-	(2,168,000)
	<u>1,716,247</u>	<u>(632,158)</u>	<u>22,099,944</u>	<u>23,184,033</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	14,823,969	14,823,969
Current assets	1,805,849	2,369,383	1,091,442	5,266,674
Creditors due within one year	-	(812,002)	(400,264)	(1,212,266)
Provisions for liabilities and charges	-	(2,203,000)	-	(2,203,000)
	<u>1,805,849</u>	<u>(645,619)</u>	<u>15,515,147</u>	<u>16,675,377</u>

**19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	5,661,656	770,096
<b>Adjustment for:</b>		
Depreciation charges	484,103	323,510
Dividends, interest and rents from investments	(6,846)	(6,778)
Increase in debtors	(111,029)	(237,357)
Increase in creditors	289,937	567,497
Capital grants from DfE and other capital income	(967,739)	(579,642)
Defined benefit pension scheme cost less contributions payable	406,000	338,000
Defined benefit pension scheme finance cost	64,000	56,000
Net (gain) on assets and liabilities from local authority on conversion	(5,231,309)	-
<b>Net cash provided by operating activities</b>	<u>588,773</u>	<u>1,231,326</u>

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**20. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	2017 £
Cash in hand	3,991,196	3,701,640
Notice deposits (less than 3 months)	300,789	938,428
Total	<u>4,291,985</u>	<u>4,640,068</u>

**21. CONVERSION TO AN ACADEMY TRUST**

On 1 March 2018 Poplars Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Evolution Academy Trust from Suffolk County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities incorporating income and expenditure account as Donations - transfer from local authority on conversion

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	5,412,920	5,412,920
- Other tangible fixed assets	-	-	39,190	39,190
Other assets	121,199	-	-	121,199
LGPS pension surplus/(deficit)	-	(342,000)	-	(342,000)
Net assets/(liabilities)	<u>121,199</u>	<u>(342,000)</u>	<u>5,452,110</u>	<u>5,231,309</u>

The above net assets include £121,199 that were transferred as cash.

**22. CAPITAL COMMITMENTS**

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>315,195</u>	<u>-</u>

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**23. PENSION COMMITMENTS**

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

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

Contributions amounting to £159,134 were payable to the schemes at 31 August 2018 (2017 - £112,084) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £676,000 (2017 - £555,000).

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**23. PENSION COMMITMENTS (continued)**

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £619,000 (2017 - £485,000), of which employer's contributions totalled £497,000 (2017 - £388,000) and employees' contributions totalled £122,000 (2017 - £97,000). The agreed contribution rates for future years are 19.1 - 27% for employers and 5.5 - 12.5% for employees.

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

**Norfolk Pension Fund**

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.60 %	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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

	2018	2017
Retiring today		
Males	22.1 years	22.1 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	24.1 years	24.1 years
Females	26.4 years	26.4 years

**Suffolk Pension Fund**

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

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.60 %	2.70 %
Rate of increase for pensions in payment / inflation	2.30 %	2.40 %

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**23. PENSION COMMITMENTS (continued)**

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

	<b>2018</b>	<b>2017</b>
Retiring today		
Males	<b>21.9 years</b>	<i>21.9 years</i>
Females	<b>24.4 years</b>	<i>24.4 years</i>
Retiring in 20 years		
Males	<b>23.9 years</b>	<i>23.9 years</i>
Females	<b>26.4 years</b>	<i>26.4 years</i>
 <b>Sensitivity analysis</b>	 <b>At 31 August</b>	 <i>At 31 August</i>
	<b>2018</b>	<i>2017</i>
	<b>£</b>	<i>£</i>
Real discount rate -0.5%	<b>900,000</b>	<i>744,000</i>
Salary increase rate +0.5%	<b>195,000</b>	<i>136,000</i>
Pension increase rate +0.5%	<b>690,000</b>	<i>595,000</i>

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**23. PENSION COMMITMENTS (continued)**

The academy's share of the assets in the scheme was:

	<b>Fair value at 31 August 2018 £</b>	<i>Fair value at 31 August 2017 £</i>
Equities	2,556,000	2,127,000
Corporate bonds	1,431,000	790,000
Property	514,000	355,000
Cash and other liquid assets	100,000	56,000
<b>Total market value of assets</b>	<b>4,601,000</b>	<b>3,328,000</b>

The actual return on scheme assets was £227,000 (2017 - £284,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	<b>2018 £</b>	<i>2017 £</i>
Current service cost	(903,000)	(726,000)
Interest income	96,000	57,000
Interest cost	(160,000)	(113,000)
<b>Total</b>	<b>(967,000)</b>	<b>(782,000)</b>

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

	<b>2018 £</b>	<i>2017 £</i>
Opening defined benefit obligation	5,531,000	5,598,000
Current service cost	903,000	726,000
Interest cost	160,000	113,000
Employee contributions	122,000	100,000
Actuarial gains	(716,000)	(986,000)
Benefits paid	(30,000)	(20,000)
Transfer in of scheme obligations	799,000	-
<b>Closing defined benefit obligation</b>	<b>6,769,000</b>	<b>5,531,000</b>

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**23. PENSION COMMITMENTS (continued)**

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

	2018 £	2017 £
Opening fair value of scheme assets	3,328,000	2,576,000
Interest income	96,000	57,000
Actuarial losses	131,000	227,000
Employer contributions	497,000	388,000
Employee contributions	122,000	100,000
Benefits paid	(30,000)	(20,000)
Transfer in of scheme assets	457,000	-
	<u>4,601,000</u>	<u>3,328,000</u>
Closing fair value of scheme assets	<u>4,601,000</u>	<u>3,328,000</u>

**24. OPERATING LEASE COMMITMENTS**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	198,371	183,857
Between 1 and 5 years	204,722	371,580
Total	<u>403,093</u>	<u>555,437</u>

**25. 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.

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**26. RELATED PARTY TRANSACTIONS**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

Expenditure Related Party Transaction

Mrs J Hodge, a close family member of a trustee, Mr J G Lawson, is employed by the academy trust as a school secretary. Mrs J Hodge's appointment was made in open competition and Mr J G Lawson was not involved in the decision making process regarding appointment. Mrs J Hodge is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship with a trustee.

**27. POST BALANCE SHEET EVENTS**

On 1 September 2018 Nelson Infant School, Norwich, joined the Trust.