

Registered number: 08158619 (England & Wales)



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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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

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**Members**

S M Mitchell  
T S Wise  
N R Watson

**Trustees**

N R Watson, Chair of Trustees  
A Hull, Principal and Accounting Officer  
J G Lawson  
C Paul  
S Bramble  
S M Mitchell (appointed 16 September 2015, resigned 6 December 2016)  
S A Greenacre (appointed 19 May 2016)  
N R Palmer (appointed 19 May 2016)  
T S Wise (appointed 19 May 2016)  
T N G Bishop (appointed 19 May 2016)  
A Jobbins (appointed 20 July 2016)  
M McCormack (resigned 31 August 2016)  
S South (resigned 19 May 2016)

**Company registered number**

08158619

**Company name**

Evolution Academy Trust

**Principal and registered office**

Three Mile Lane, Norwich, Norfolk, NR5 0RR

**Finance Officer**

A Hull

**Chief executive officer**

A Hull

**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 2016**

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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 year 1 September 2015 to 31 August 2016. 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 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 will depend on their existing experience and will include accompanied visits with the CEO to some of the trust schools to view strengths and potential risks at first hand and meet senior leaders and business leaders across the trust. Additionally Trustees 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.

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

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**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 2015/ 2016 academic year.

Performance management and pay and conditions for the Executive Principals, Principals and Headteachers in the Trust is now a CEO responsibility. This responsibility no longer rests with local governing bodies as in the past to ensure greater 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. 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 the 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) and wider SLT are responsible for leading each trust school on a day to day basis and regular scrutiny of their impact is completed by the CEO.

These managers control the trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. They are 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 Finance Officers and overseen by the CEO and trust business manager and trust audit committee. The appointment of staff, through short listing and interviews for posts in the Senior Leadership Team always contain a safe recruitment trained individual.

**g. 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.

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

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**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 will be encouraged to respect themselves, others and the environment; and
- to prepare them to cope with the demands and rapidly changing circumstances of our modern world.

**b. OBJECTIVES, STRATEGIES AND ACTIVITIES**

We aim to stimulate the following attitudes in the children 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.

We aim 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 within the framework of the National Curriculum and school policies;
- meeting, with sensitivity, the pastoral needs of pupils; and
- providing security for all pupils through positive, fair and consistent discipline.

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

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**c. ACTIVITIES FOR ACHIEVING OBJECTIVES**

Funded through the EFA, which provides a framework for our operation, the trust's main purpose is the advancement of education for the public benefit. Our schools are non-selective.

The trust's activities cover a broad curriculum range. Beyond the curriculum a breakfast club operates, 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 that which they would normally receive.

**d. PUBLIC BENEFIT**

The Trustees recognise their charitable responsibilities for the advancement of education as described in the Charity Commission's Statement of Recommended Practice. They have also considered public benefit guidance issued by the Charity Commission. The Trustees have recorded in this report the activities carried out by the trust in order to further charitable purposes for the public benefit.

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

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**Achievements and performance**

**a. REVIEW OF ACTIVITIES**

The original converter school in the trust, Costessey Junior School, retains its designation as a National Support School, the CEO and Executive Principal being a National Leader of Education; an indication we believe of the performance of our school.

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; the 2016 Ofsted Inspection dashboard shows no weaknesses were found in the school's dataset.

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. The most recent data shows that at Eaton there has been significant progress since the school joined the trust; for instance the national figure for pupils meeting the expected standard in 2016 for reading, writing and Maths combined was 53%; Eaton achieved better than this.

At Wensum, again progress has been good but starting from a very low base results have not yet reached the national expectation.

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.

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.

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. 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.



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

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**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.

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 £1,220,000 as at 31 August 2016. 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 2016 were **£1,784,056**.

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 at Dell and Elm Tree Schools.

As at 31 August 2016 there was a significant unspent sum from a successful Condition Improvement Grant for Costessey Junior School as part of plans to make a primary school on one site from the existing Costessey Infant and Costessey Junior Schools.

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.

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

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**d. PRINCIPAL FUNDING**

Most of the trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the period ended 31 August 2016 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 EFA and other government bodies. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income (in the fixed asset fund). The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

**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 and outline planning permission for a new build has been granted by South Norfolk District Council. Some of the necessary funding has been achieved through a successful Condition Improvement Grant application but negotiations with Norfolk County Council continue over the remaining amounts required. Currently design plans for the new build are at an early stage.
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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

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

This report was approved by order of the Board of Trustees as the company directors, on 8 December 2016 and signed on its behalf by:



**N R Watson**  
**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
N R Watson, Chair of Trustees	1	6
A Hull, Principal and Accounting Officer	6	6
J G Lawson	6	6
C Paul	4	6
S Bramble	4	6
M McCormack	4	6
S M Mitchell	3	6
S South	0	5
S A Greenacre	2	2
T N G Bishop	2	2
N R Palmer	1	2
T S Wise	0	2
A Jobbins	1	1

Changes in the composition of the Board result from retirements from the Board. Board members are appointed on the basis of the key skills offered by potential director volunteers.

The Finance and Audit Committee is a sub-committee of the main board of trustees. It was established on 6 July 2016 and its purpose is to approve the trust budget annually, accept the Auditors' Annual Report and monitor the allocation of funds. No Finance and Audit Committee meetings took place in the year to 31 August 2016.

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

**CAPACITY TO HANDLE RISK**

The Board of Trustees has reviewed the key risks to which the 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

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**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;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Hazel Cubbage, the Business and Operations Executive of The HEART Education Trust to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On an annual basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

**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 peer reviewer;
- 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 8 December 2016 and signed on their behalf, by:



**N R Watson**  
**Chair of Trustees**



**A Hull**  
**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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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

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

.....  
**A Hull**  
**Accounting Officer**

Date: 8 December 2016

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**EVOLUTION ACADEMY TRUST**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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

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


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

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

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

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

Approved by order of the members of the Board of Trustees on 8 December 2016 and signed on its behalf by:

.....  
**A Hull**  
**Trustee**

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

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We have audited the financial statements of Evolution Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

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.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

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



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

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

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

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

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

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



Frank Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

**MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ  
20 December 2016

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

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In accordance with the terms of our engagement letter dated 23 September 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Evolution Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

**APPROACH**

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

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

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

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

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

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

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Our work included:

- a review of minutes of committees and board meetings which may be relevant to regularity;
- a review of the work performed by the peer reviewer;
- a review of the design and operational effectiveness of policies and procedures relating to areas assessed as presenting a higher risk of impropriety;
- substantive testing of individual transactions.

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

**MA Partners LLP**

7 The Close  
Norwich  
Norfolk  
NR1 4DJ

20 December 2016

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

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>INCOME FROM:</b>						
Donations & capital grants:						
Assets transferred on conversion	2	323,116	(686,000)	5,709,633	5,346,749	4,892,383
Other donations and capital grants	2	38,826	-	253,659	292,485	520,889
Charitable activities	3	402,403	7,880,354	-	8,282,757	4,603,844
Other trading activities	4	57,525	-	-	57,525	29,725
Investments	5	4,991	-	-	4,991	3,244
<b>TOTAL INCOME</b>		<b>826,861</b>	<b>7,194,354</b>	<b>5,963,292</b>	<b>13,984,507</b>	<b>10,050,085</b>
<b>EXPENDITURE ON:</b>						
Charitable activities		142,852	7,680,520	281,111	8,104,483	4,343,126
<b>TOTAL EXPENDITURE</b>	8	<b>142,852</b>	<b>7,680,520</b>	<b>281,111</b>	<b>8,104,483</b>	<b>4,343,126</b>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	19	684,009	(486,166)	5,682,181	5,880,024	5,706,959
		-	(94,151)	94,151	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		684,009	(580,317)	5,776,332	5,880,024	5,706,959
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,253,000)	-	(1,253,000)	7,000
<b>NET MOVEMENT IN FUNDS</b>		<b>684,009</b>	<b>(1,833,317)</b>	<b>5,776,332</b>	<b>4,627,024</b>	<b>5,713,959</b>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		1,100,047	(519,452)	9,484,662	10,065,257	4,351,298
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>1,784,056</b>	<b>(2,352,769)</b>	<b>15,260,994</b>	<b>14,692,281</b>	<b>10,065,257</b>

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

**BALANCE SHEET**  
**AS AT 31 AUGUST 2016**

	Note	£	2016 £	2015 £
<b>FIXED ASSETS</b>				
Tangible assets	16		14,661,674	9,052,447
<b>CURRENT ASSETS</b>				
Debtors	17	389,249	170,439	
Cash at bank and in hand		3,308,127	2,237,360	
		<u>3,697,376</u>	<u>2,407,799</u>	
<b>CREDITORS: amounts falling due within one year</b>	18	(644,769)	(488,989)	
<b>NET CURRENT ASSETS</b>			<u>3,052,607</u>	<u>1,918,810</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>17,714,281</u>	<u>10,971,257</u>
Defined benefit pension scheme liability	24	(3,022,000)		(906,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			<u><u>14,692,281</u></u>	<u><u>10,065,257</u></u>
<b>FUNDS OF THE ACADEMY</b>				
Restricted income funds:				
Restricted income funds	19	669,231	386,548	
Restricted fixed asset funds	19	15,260,994	9,484,662	
Restricted income funds excluding pension liability		15,930,225	9,871,210	
Pension reserve		(3,022,000)	(906,000)	
Total restricted income funds			<u>12,908,225</u>	<u>8,965,210</u>
Unrestricted income funds	19		1,784,056	1,100,047
<b>TOTAL FUNDS</b>			<u><u>14,692,281</u></u>	<u><u>10,065,257</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 8 December 2016 and are signed on their behalf, by:



**N R Watson**  
Chair of Trustees

The notes on pages 21 to 46 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<b>669,706</b>	<b>749,271</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		<b>4,991</b>	<b>3,244</b>
Purchase of tangible fixed assets		<b>(180,705)</b>	<b>(148,914)</b>
Capital grants from DfE/EFA		<b>253,659</b>	<b>498,105</b>
Cash transferred on conversion to an academy trust		<b>323,116</b>	<b>459,368</b>
<b>Net cash provided by investing activities</b>		<b>401,061</b>	<b>811,803</b>
<b>Change in cash and cash equivalents in the year</b>		<b>1,070,767</b>	<b>1,561,074</b>
Cash and cash equivalents brought forward		<b>2,237,360</b>	<b>676,286</b>
<b>Cash and cash equivalents carried forward</b>	22	<b>3,308,127</b>	<b>2,237,360</b>

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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 2016**

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**1. ACCOUNTING POLICIES**

**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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

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

**First time adoption of FRS 102**

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

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

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are the Trustees 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 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 and include grants from the Education Funding Agency.

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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 2016**

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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 there is certainty of receipt and the amount can be reliably measured.

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

**1.5 Expenditure**

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

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

All resources expended are inclusive of irrecoverable VAT.

**1.6 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 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Tangible fixed assets and depreciation**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. 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.

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

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

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

Two new leases for 125 years were signed during the year for the schools joining the academy trust and substantially all the risk and rewards of ownership have been transferred to the academy for £nil rental. As such, the school properties have been recognised as an addition to fixed assets at a depreciated replacement cost of £5,682,000 (the corresponding entry being recognised as voluntary income). The governors' estimate of depreciated replacement cost is based upon a desktop valuation carried out by MRBL Limited trading as Mouchel on behalf of the EFA.

**1.8 Interest receivable**

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

**1.9 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.

**1.10 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.

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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 2016**

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**1. ACCOUNTING POLICIES (continued)**

**1.11 Cash at Bank and in hand**

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

**1.12 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

**1.13 Taxation**

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

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 24, 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 2016**

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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 Conversion to an academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Dell Primary School and Elm Tree Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

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

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

**1. ACCOUNTING POLICIES (continued)**

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

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

Critical accounting estimates and assumptions:

The academy trust 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Assets transferred on conversion	323,116	(686,000)	5,709,633	5,346,749	4,892,383
Donations	38,826	-	-	38,826	22,784
Capital Grants	-	-	253,659	253,659	498,105
Subtotal	38,826	-	253,659	292,485	520,889
Total donations and capital grants	361,942	(686,000)	5,963,292	5,639,234	5,413,272

In 2015, of the total income from donations and capital grants, £471,905 was to unrestricted funds and £4,941,367 was to restricted funds

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

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

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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
<b>DfE/EFA grants</b>				
General Annual Grant	-	6,808,306	6,808,306	3,594,735
PE and Sport Premium	-	53,143	53,143	34,231
Universal Infant Free School Meals	-	177,354	177,354	88,520
Pupil Premium	-	602,620	602,620	285,454
Sponsor Capacity	-	-	-	75,000
Conversion	-	70,000	70,000	77,000
School Improvement	-	-	-	135,000
	-	7,711,423	7,711,423	4,289,940
<b>Other government grants</b>				
Growth funding	-	-	-	57,338
Special Educational Needs	-	41,569	41,569	16,588
Cluster funding	-	13,221	13,221	9,627
Pupil Premium - LA	-	3,663	3,663	6,275
Supporting other schools	-	6,000	6,000	6,000
Early Years funding	-	97,478	97,478	-
Non government grants	-	7,000	7,000	3,300
	-	168,931	168,931	99,128
<b>Other income from the academy trust's educational operations</b>				
Trips	67,240	-	67,240	23,182
Catering	82,028	-	82,028	26,863
Uniforms	720	-	720	4,041
Services provided to other schools	118,193	-	118,193	106,181
Clubs	134,222	-	134,222	54,509
	402,403	-	402,403	214,776
	402,403	7,880,354	8,282,757	4,603,844

In 2015, of the total income from charitable activities, £214,776 was to unrestricted funds and £4,389,068 was to restricted funds.

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

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Insurance reclaims	11,903	-	11,903	5,206
Lettings	24,549	-	24,549	20,137
School fund	2,173	-	2,173	1,465
Solar panels	12,051	-	12,051	2,917
Buildings maintenance partnership pool rebate	6,849	-	6,849	-
	<u>57,525</u>	<u>-</u>	<u>57,525</u>	<u>29,725</u>

In 2015, of the total income from other trading activities, £29,725 was to unrestricted funds and £ NIL was to restricted funds.

**5. INVESTMENT INCOME**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Investment income	4,991	-	4,991	3,244

In 2015, of the total investment income, £3,244 was to unrestricted funds and £ NIL was to restricted funds.

**6. DIRECT COSTS**

	Total 2016 £	Total 2015 £
Staff development	26,603	31,868
Teaching resources	130,456	89,834
Other direct costs	118,737	79,333
Educational visits	103,022	34,865
Agency staff	259,740	155,774
Wages and salaries	2,942,485	1,683,474
National insurance	212,451	99,829
Pension cost	487,951	219,421
Depreciation	27,088	15,469
	<u>4,308,533</u>	<u>2,409,867</u>

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

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

**7. SUPPORT COSTS**

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
FRS 102 Pension interest	<b>55,000</b>	24,000
Computer maintenance	<b>175,934</b>	109,309
Maintenance of property and equipment	<b>165,243</b>	90,441
Professional fees	<b>157,956</b>	133,560
Postage, stationery, printing & telephone	<b>105,492</b>	120,573
Insurance	<b>56,411</b>	21,159
Occupancy	<b>204,745</b>	103,187
Catering	<b>368,302</b>	170,528
Licenses	<b>10,932</b>	6,026
Auditor's remuneration - audit	<b>11,760</b>	7,482
Auditor's remuneration - other services	<b>3,920</b>	2,494
Wages and salaries	<b>1,699,831</b>	760,036
National insurance	<b>101,401</b>	40,859
Pension cost	<b>425,000</b>	190,000
Depreciation	<b>254,023</b>	153,605
	<b>3,795,950</b>	1,933,259

During the year ended 31 August 2016, the academy incurred Governance costs of **£245,706** (2015: **£144,610**).

**8. EXPENDITURE**

	<b>Staff costs 2016 £</b>	<b>Premises 2016 £</b>	<b>Other costs 2016 £</b>	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Activities:					
Direct costs	<b>3,642,887</b>	-	<b>665,646</b>	<b>4,308,533</b>	2,409,867
Support costs	<b>2,226,232</b>	<b>623,893</b>	<b>945,825</b>	<b>3,795,950</b>	1,933,259
	<b>5,869,119</b>	<b>623,893</b>	<b>1,611,471</b>	<b>8,104,483</b>	4,343,126

In 2016, of the total expenditure, £142,852 (2015 - £126,318) was to unrestricted funds and £7,961,631 (2015 - £4,216,808) was to restricted funds.

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**EVOLUTION ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)**

This is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets:		
- owned or leased	<b>281,111</b>	<b>169,074</b>
Operating lease rentals	<b>133,779</b>	<b>94,747</b>
	<u><b>          </b></u>	<u><b>          </b></u>

**10. AUDITORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	<b>11,760</b>	<b>7,482</b>
Fees payable to the academy's auditor and its associates in respect of:		
All other non-audit services not included above	<b>3,920</b>	<b>2,494</b>
	<u><b>          </b></u>	<u><b>          </b></u>



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**11. STAFF COSTS**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>4,630,101</b>	<b>2,443,510</b>
Social security costs	<b>313,852</b>	<b>140,688</b>
Operating costs of defined benefit pension schemes	<b>912,951</b>	<b>409,421</b>
	<b>5,856,904</b>	<b>2,993,619</b>
Staff restructuring costs	<b>12,215</b>	<b>-</b>
	<b>5,869,119</b>	<b>2,993,619</b>

Staff restructuring costs comprise:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Redundancy payments	<b>12,215</b>	<b>-</b>

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>103</b>	<b>66</b>
Administration and support	<b>219</b>	<b>129</b>
Management	<b>14</b>	<b>5</b>
	<b>336</b>	<b>200</b>

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
In the band £90,001 - £100,000	<b>1</b>	<b>1</b>
In the band £100,001 - £200,000	<b>1</b>	<b>0</b>

The above employees participated in the Teachers' Pension Scheme.

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was **£119,236** (2015: £105,691).

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

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**12. CENTRAL SERVICES**

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

- Staff costs in relation to central service
- Curriculum development and monitoring
- Premises hire and utilities
- CEO and business manager support

The academy charges for these services on the following basis:

For the year ended 31 August 2016, this was charged based on 3% of School Budget Share. This charge is invoiced to each school at the end of the financial year.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Costessey Junior School	37,676	26,018
Costessey Infant School	32,760	24,377
Eaton Primary School	42,113	18,002
Filby Primary School	10,492	7,488
Wensum Junior School	22,174	8,548
Dell Primary School	35,266	-
Elm Tree Primary School	18,602	-
	<u>199,083</u>	<u>84,433</u>
Total		

**13. TRUSTEES' REMUNERATION AND EXPENSES**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees 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:

		2016 £	2015 £
A Hull (principal and trustee)	Remuneration	100,000-105,000	90,000-95,000
	Pension contributions paid	15,000-20,000	10,000-15,000

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

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**14. 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.

**15. FRS 102 PENSION INTEREST**

	2016 £	2015 £
Interest income on pension scheme assets	71,000	36,000
Interest on pension scheme liabilities	(126,000)	(60,000)
	<u>(55,000)</u>	<u>(24,000)</u>

**16. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 September 2015	9,161,471	114,464	76,525	9,352,460
Additions	102,645	38,897	39,163	180,705
On acquisition of subsidiaries	5,682,000	4,964	22,669	5,709,633
At 31 August 2016	<u>14,946,116</u>	<u>158,325</u>	<u>138,357</u>	<u>15,242,798</u>
<b>Depreciation</b>				
At 1 September 2015	230,592	38,774	30,647	300,013
Charge for the year	233,653	20,370	27,088	281,111
At 31 August 2016	<u>464,245</u>	<u>59,144</u>	<u>57,735</u>	<u>581,124</u>
<b>Net book value</b>				
At 31 August 2016	<u>14,481,871</u>	<u>99,181</u>	<u>80,622</u>	<u>14,661,674</u>
At 31 August 2015	<u>8,930,879</u>	<u>75,690</u>	<u>45,878</u>	<u>9,052,447</u>

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**17. DEBTORS**

	2016 £	2015 £
Trade debtors	19,788	-
VAT repayable	86,619	92,820
Prepayments and accrued income	282,842	77,619
	<u>389,249</u>	<u>170,439</u>

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

	2016 £	2015 £
Trade creditors	193,391	255,217
Other taxation and social security	100,204	54,387
Other creditors	108,031	54,938
Accruals and deferred income	243,143	124,447
	<u>644,769</u>	<u>488,989</u>

	2016 £	2015 £
<b>Deferred income</b>		
Deferred income at 1 September 2015	93,793	48,791
Resources deferred during the year	155,486	93,793
Amounts released from previous years	(93,793)	(48,791)
Deferred income at 31 August 2016	<u>155,486</u>	<u>93,793</u>

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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**19. STATEMENT OF FUNDS**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General Funds	1,100,047	826,861	(142,852)	-	-	1,784,056
<b>Restricted funds</b>						
General Annual Grant (GAG)	204,186	6,808,306	(6,241,638)	(465,868)	-	304,986
Pupil Premium	-	606,283	(494,673)	-	-	111,610
Cluster funding	-	13,221	(13,221)	-	-	-
Special Educational Needs	-	41,569	(41,569)	-	-	-
Supporting other schools	-	6,000	(6,000)	-	-	-
PE and Sport premium	-	53,143	(52,761)	-	-	382
Heritage schools	2,362	-	(1,992)	-	-	370
Universal Infant Free School Meals	-	177,354	(177,354)	-	-	-
Conversion grants	-	70,000	(36,164)	-	-	33,836
School improvement grant	135,000	-	(11,120)	-	-	123,880
Sponsor Capacity grant	45,000	-	-	-	-	45,000
Reading books grant	-	7,000	-	-	-	7,000
Early Years funding	-	97,478	(55,311)	-	-	42,167
Devolved Formula Capital	-	-	(68,717)	68,717	-	-
Pension reserve	(906,000)	(686,000)	(480,000)	303,000	(1,253,000)	(3,022,000)
	<u>(519,452)</u>	<u>7,194,354</u>	<u>(7,680,520)</u>	<u>(94,151)</u>	<u>(1,253,000)</u>	<u>(2,352,769)</u>

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

**Restricted fixed asset funds**

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Fixed Assets transferred on conversion	8,759,851	5,709,633	(255,735)	-	-	14,213,749
Devolved Formula Capital	51,607	50,026	(1,000)	(68,717)	-	31,916
Capital expenditure from GAG	204,897	-	(22,413)	162,868	-	345,352
NCC capital grant	3,500	-	(750)	-	-	2,750
Condition Improvement Fund	413,524	203,633	(177)	-	-	616,980
Academies Capital Maintenance	51,283	-	(1,036)	-	-	50,247
	<u>9,484,662</u>	<u>5,963,292</u>	<u>(281,111)</u>	<u>94,151</u>	<u>-</u>	<u>15,260,994</u>
Total restricted funds	<u>8,965,210</u>	<u>13,157,646</u>	<u>(7,961,631)</u>	<u>-</u>	<u>(1,253,000)</u>	<u>12,908,225</u>
Total of funds	<u><u>10,065,257</u></u>	<u><u>13,984,507</u></u>	<u><u>(8,104,483)</u></u>	<u><u>-</u></u>	<u><u>(1,253,000)</u></u>	<u><u>14,692,281</u></u>

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

The **General Annual Grant (GAG)** has been provided by the EFA in order to fund the normal running costs of the academy. The following transfers have been made from the GAG: £303,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme; and £162,868 representing fixed asset additions from GAG funding.

**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 EFA toward the cost of building improvements.

The **Academies Capital Maintenance** fund has been provided by the EFA 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.

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

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

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 EFA to help improve the quality of PE and sport activities offered to pupils.

The **Heritage Schools** funding was provided by Historic England to help school children develop an understanding of their local heritage and its significance.

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

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

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

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

The **Reading Books grant** was provided by Foyle Foundation for the purchase of reading books at Elm Tree Primary school.

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 £68,717 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 **Pension Reserve** has been treated as a restricted fund in accordance with EFA 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 2016.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2016 were allocated as follows:

	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Costessey Junior School	320,986	357,021
Costessey Infant School	758,168	409,257
Eaton Primary School	318,864	300,383
Filby Primary School	13,408	92,986
Wensum Junior School	157,009	118,134
Dell Primary School	395,050	-
Elm Tree Primary School	285,844	-
Central Services	203,958	208,814
Total before fixed asset fund and pension reserve	<b>2,453,287</b>	1,486,595
Restricted fixed asset fund	<b>15,260,994</b>	9,484,662
Pension reserve	<b>(3,022,000)</b>	(906,000)
Total	<b>14,692,281</b>	10,065,257

**ANALYSIS OF ACADEMIES BY COST**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2016 £</b>	<i>Total 2015 £</i>
Costessey Junior School	816,480	429,206	17,263	274,043	1,536,992	1,247,230
Costessey Infant School	425,746	273,539	5,610	247,643	952,538	1,009,163
Eaton Primary School	909,619	327,875	55,010	349,299	1,641,803	840,139
Filby Primary School	364,833	73,273	5,921	95,161	539,188	417,569
Wensum Junior School	479,521	164,134	23,456	221,533	888,644	401,991
Dell Primary School	569,635	466,368	16,774	296,628	1,349,405	-
Elm Tree Primary School	252,563	191,837	6,422	237,556	688,378	-
Central Services	490	124,000	-	101,933	226,423	257,960
	<b>3,818,887</b>	<b>2,050,232</b>	<b>130,456</b>	<b>1,823,796</b>	<b>7,823,371</b>	4,174,052



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

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	14,661,674	14,661,674	9,052,447
Current assets	1,784,056	1,314,001	599,320	3,697,377	2,407,799
Creditors due within one year	-	(644,770)	-	(644,770)	(488,989)
Provisions for liabilities and charges	-	(3,022,000)	-	(3,022,000)	(906,000)
	<u>1,784,056</u>	<u>(2,352,769)</u>	<u>15,260,994</u>	<u>14,692,281</u>	<u>10,065,257</u>

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	5,880,024	5,706,959
<b>Adjustment for:</b>		
Depreciation charges	281,111	169,074
Interest	(4,991)	(3,244)
Increase in debtors	(218,810)	(81,272)
Increase in creditors	155,780	254,242
Capital grants from DfE and other capital income	(253,659)	(498,105)
Defined benefit pension scheme obligation inherited	686,000	500,000
Defined benefit pension scheme cost less contributions payable	55,000	70,000
Defined benefit pension scheme finance cost	122,000	24,000
Net (gain) on assets and liabilities from local authority on conversion	(6,032,749)	(5,392,383)
<b>Net cash provided by operating activities</b>	<u>669,706</u>	<u>749,271</u>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2016 £	2015 £
Cash in hand	3,308,127	2,237,360
<b>Total</b>	<u>3,308,127</u>	<u>2,237,360</u>

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**23. CONVERSION TO AN ACADEMY TRUST**

On 1 November 2015 and 1 March 2016 Dell Primary School and Elm Tree 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 tables set 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.

**Dell Primary School**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Freehold/leasehold land and buildings	-	-	3,049,000	3,049,000
Budget surplus/(deficit) on LA funds	224,911	-	-	224,911
LGPS pension surplus/(deficit)	-	(391,000)	-	(391,000)
Net assets/(liabilities)	224,911	(391,000)	3,049,000	2,882,911

The above net assets include £224,911 that were transferred as cash.

**Elm Tree Primary School**

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
- Freehold/leasehold land and buildings	-	-	2,633,000	2,633,000
- Other tangible fixed assets	-	-	27,633	27,633
Budget surplus/(deficit) on LA funds	98,205	-	-	98,204
LGPS pension surplus/(deficit)	-	(295,000)	-	(295,000)
Net assets/(liabilities)	98,205	(295,000)	2,660,633	2,463,837

The above net assets include £98,205 that were transferred as cash.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. 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 2013.

Contributions amounting to £108,031 were payable to the schemes at 31 August 2016 (2015 - 54,938) and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £483,450 (2015 - £220,817).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. 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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £387,000 (2015 - £159,000), of which employer's contributions totalled £303,000 (2015 - £120,000) and employees' contributions totalled £84,000 (2015 - £39,000). The agreed contribution rates for future years are 16.8% - 28% 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:

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.10 %</b>	<b>3.80 %</b>
Rate of increase in salaries	<b>3.10 %</b>	<b>3.60 %</b>
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	<b>2.70 %</b>

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>22.1 years</b>	<b>22.1 years</b>
Females	<b>24.3 years</b>	<b>24.3 years</b>
Retiring in 20 years		
Males	<b>24.5 years</b>	<b>24.5 years</b>
Females	<b>26.9 years</b>	<b>26.9 years</b>

**Suffolk Pension Fund**

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

	<b>2016</b>	<b>2015</b>
Discount rate for scheme liabilities	<b>2.10 %</b>	<b>3.80 %</b>
Rate of increase in salaries	<b>4.10 %</b>	<b>4.60 %</b>
Rate of increase for pensions in payment / inflation	<b>2.10 %</b>	<b>2.70 %</b>

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**24. PENSION COMMITMENTS (continued)**

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

	<b>2016</b>	<b>2015</b>
Retiring today		
Males	<b>22.4 years</b>	<i>22.4 years</i>
Females	<b>24.4 years</b>	<i>24.4 years</i>
Retiring in 20 years		
Males	<b>24.2 years</b>	<i>24.3 years</i>
Females	<b>26.9 years</b>	<i>26.9 years</i>

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

	<b>Fair value at 31 August 2016 £</b>	<i>Fair value at 31 August 2015 £</i>
Equities	<b>1,615,000</b>	<i>770,000</i>
Debt instruments	<b>623,000</b>	<i>346,000</i>
Property	<b>294,000</b>	<i>173,000</i>
Cash	<b>44,000</b>	<i>40,000</i>
Total market value of assets	<b><u>2,576,000</u></b>	<i><u>1,329,000</u></i>

The actual return on scheme assets was £331,000 (2015 - £19,000).

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

	<b>2016 £</b>	<b>2015 £</b>
Current service cost (net of employee contributions)	<b>(425,000)</b>	<i>(190,000)</i>
Net interest cost	<b>(55,000)</b>	<i>(24,000)</i>
Total	<b><u>(480,000)</u></b>	<i><u>(214,000)</u></i>

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**24. PENSION COMMITMENTS (continued)**

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

	2016 £	2015 £
Opening defined benefit obligation	2,235,000	795,000
Current service cost	425,000	190,000
Interest cost	126,000	60,000
Contributions by employees	84,000	39,000
Actuarial losses/(gains)	1,513,000	(24,000)
Benefits paid	-	(10,000)
Transfer in of scheme obligations	1,215,000	1,185,000
	<u>5,598,000</u>	<u>2,235,000</u>
Closing defined benefit obligation	<u>5,598,000</u>	<u>2,235,000</u>

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

	2016 £	2015 £
Opening fair value of scheme assets	1,329,000	476,000
Return on plan assets (excluding net interest on the net defined pension liability)	71,000	36,000
Actuarial gains and (losses)	260,000	(17,000)
Contributions by employer	303,000	120,000
Contributions by employees	84,000	39,000
Benefits paid	-	(10,000)
Transfer in of scheme assets	529,000	685,000
	<u>2,576,000</u>	<u>1,329,000</u>
Closing fair value of scheme assets	<u>2,576,000</u>	<u>1,329,000</u>

**25. OPERATING LEASE COMMITMENTS**

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

	2016 £	2015 £
<b>Amounts payable:</b>		
Within 1 year	133,113	92,026
Between 1 and 5 years	415,855	34,431
	<u>548,968</u>	<u>126,457</u>
Total	<u>548,968</u>	<u>126,457</u>

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**26. 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.

**27. RELATED PARTY TRANSACTIONS**

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

During the period Mrs J Hodge, a close family member of a director Mr J G Lawson, received remuneration of **£11,330** (2015: £9,269) inclusive of employer's pension contributions.

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**28. FIRST TIME ADOPTION OF FRS 102**

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

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

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

<b>RECONCILIATION OF TOTAL FUNDS</b>	<b>Notes</b>	<b>1 September 2014 £</b>	<b>31 August 2015 £</b>
Total funds under previous UK GAAP		4,351,298	10,065,257
Total funds reported under FRS 102		<u>4,351,298</u>	<u>10,065,257</u>

<b>Reconciliation of net income</b>	<b>Notes</b>	<b>31 August 2015 £</b>
Net income previously reported under UK GAAP		5,715,959
Change in recognition of LGPS interest cost		(9,000)
Net movement in funds reported under FRS 102		<u>5,706,959</u>

Explanation of changes to previously reported funds and net income/expenditure:

- A Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in support costs. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in support costs. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to support costs by £9,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.

In accordance with the Academies Accounts Direction 2015 to 2016 income for the year ended 31 August 2016 has been reclassified into appropriate categories and governance costs have been reclassified as expenditure on academy trust educational operations. The reclassification of income and expenditure has had no effect on total income, total expenditure, net income/(expenditure) for the year or total funds as previously reported.