



EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

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EVOLUTION ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

S M Mitchell
T S Wise
N R Watson

Trustees

A Jobbins, Chair of Trustees
A Hull, Principal and Accounting Officer
N R Watson
J G Lawson
C Paul
S Bramble
S A Greenacre
T N G Bishop
V J Newrick (appointed 31 October 2016)
D Rich (appointed 29 November 2017)
T S Wise (resigned 16 June 2017)
S M Mitchell (resigned 6 December 2016)
N R Palmer (resigned 31 October 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

EVOLUTION ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their Annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2016 to 31 August 2017. 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 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.

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 2016/2017 academic year.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

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.

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;

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

- 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.

c. ACTIVITIES FOR ACHIEVING OBJECTIVES

Funded through the ESFA, 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 2017

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.

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

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

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

Eaton Primary and Wensum Junior School joined the trust in February 2015 and were both sponsored academy conversions as a result of these schools performing significantly below expected levels. The role of the trust in sponsoring any school is to ensure school improvement to at least national levels then beyond as soon as possible. The most recent data shows that at both schools there has been significant progress since the school joined the trust; this was verified by a DfE visit in the autumn term 2016. At Eaton performance at Key Stage 2 remained above national levels for a second year in succession and at Wensum progress measure were above the floor target.

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

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

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 2017

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 2017. The aim of the reserve policy is to ensure salary costs can be covered in the event of critical incident and build a reserve for future buildings improvements. Actual free reserves as at 31 August 2017 were **£1,805,849**.

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 and as yet unspent grants for buildings work gained through the Condition Improvement fund.

As at 31 August 2017 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 2017

d. PRINCIPAL FUNDING

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. The trust also receives funding from other government bodies which are shown as restricted funds. There is also income from catering, lettings and energy supply which is shown as unrestricted funding in the financial statements.

The trust also receives grants for fixed assets from the ESFA and other government bodies. In accordance with 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 await planning approval.
2. To effectively grow the Evolution Academy Trust in order to best achieve outstanding outcomes for all pupils in all schools in the trust and to sponsor schools requiring development.

FUNDS HELD AS CUSTODIAN

No such funds are held.

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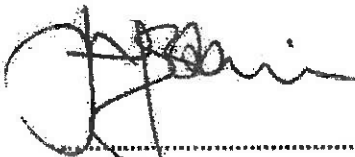
TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

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

The Trustees' report was approved by order of the Board of Trustees, as the company directors, on 11 December 2017 and signed on its behalf by:



.....
A Jobbins
Chair of Trustees

EVOLUTION ACADEMY TRUST
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GOVERNANCE STATEMENT

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

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

Board members are appointed on the basis of the key skills offered by potential director volunteers.

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

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Jobbins, Chair of Trustees	4	4
A Hull, Principal and Accounting Officer	4	4
N R Watson	3	4

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Evolution Academy Trust for the year 1 September 2016 to 31 August 2017 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 2016 to 31 August 2017 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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GOVERNANCE STATEMENT (continued)

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 the financial team at the St John The Baptist Academy 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. The reviewer completed checks as planned for the trust and in each school during this reporting period and provided reports for consideration at the Trust's Finance and Audit committee meetings.

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 11 December 2017 and signed on their behalf, by:


A Jobbins
Chair of Trustees


A Hull
Accounting Officer


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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Evolution Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

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 2016.

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


.....
A Hull
Accounting Officer

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

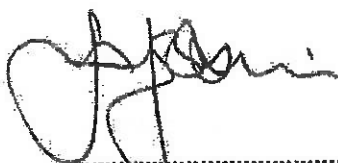
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 ESFA/DfE have been applied for the purposes intended.

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

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



A Jobbins, Chair of Trustees

Date: 11 December 2017

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

OPINION

We have audited the financial statements of Evolution Academy Trust for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditor's report.



Frank Shippam BSc FCA DChA (Senior statutory auditor)

for and on behalf of

MA Partners LLP

7 The Close
Norwich
Norfolk
NR1 4DJ
18 December 2017

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 9 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Accounting Officer is responsible, under the requirements of Evolution Academy Trust's funding agreement with the Secretary of State for Education dated 4 September 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

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

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

- Reviewing the processes for identifying and declaring business interests, related parties and transactions with connected parties;
- Reviewing minutes of meetings and making enquiries of Trustees and management;
- Performing an evaluation of the general control environment;
- Sample testing of expenditure to ensure the Trust's lines of delegation and procurement policies have been adhered to, that employees have not personally benefitted from any transaction and that goods and services have been procured in an open and transparent manner;
- Sample testing of restricted income to ensure it has been spent as the purposes intended;
- Reviewing transactions which may not fall within the delegated authority of the Trust and ensuring any such transactions have been authorised and disclosed as necessary;
- Reviewing compliance with *Annex C: Schedule of requirements (the "musts")* of the Academies Financial Handbook 2016.

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 2016 to 31 August 2017 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

18 December 2017

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Assets transferred on conversion	2	-	-	-	-	5,346,749
Other donations and capital grants	2	39,237	34,240	541,886	615,363	292,485
Charitable activities	3	419,954	9,612,500	-	10,032,454	8,282,757
Other trading activities	4	65,906	-	-	65,906	57,525
Investments	5	6,778	-	-	6,778	4,991
TOTAL INCOME		531,875	9,646,740	541,886	10,720,501	13,984,507
EXPENDITURE ON:						
Charitable activities		64,560	9,562,335	323,510	9,950,405	8,104,483
TOTAL EXPENDITURE	6	64,560	9,562,335	323,510	9,950,405	8,104,483
NET INCOME BEFORE TRANSFERS						
Transfers between Funds	19	467,315 (445,522)	84,405 409,745	218,376 35,777	770,096 -	5,880,024 -
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		21,793	494,150	254,153	770,096	5,880,024
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,213,000	-	1,213,000	(1,253,000)
NET MOVEMENT IN FUNDS		21,793	1,707,150	254,153	1,983,096	4,627,024
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,784,056	(2,352,769)	15,260,994	14,692,281	10,065,257
TOTAL FUNDS CARRIED FORWARD		1,805,849	(645,619)	15,515,147	16,675,377	14,692,281

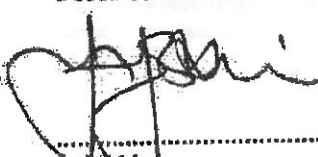
The notes on pages 22 to 47 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	16		14,823,989		14,661,674
CURRENT ASSETS					
Debtors	17	626,606		389,249	
Cash at bank and in hand		4,840,068		3,308,127	
		<u>5,266,674</u>		<u>3,697,376</u>	
CREDITORS: amounts falling due within one year	18	<u>(1,212,268)</u>		<u>(644,769)</u>	
NET CURRENT ASSETS			4,054,408		3,052,607
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,878,377</u>		<u>17,714,281</u>
Defined benefit pension scheme liability	23		<u>(2,203,000)</u>		<u>(3,022,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>16,675,377</u>		<u>14,692,281</u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	19	1,557,381		669,231	
Restricted fixed asset funds	19	15,515,147		15,260,994	
Restricted income funds excluding pension liability		17,072,528		15,930,225	
Pension reserve		<u>(2,203,000)</u>		<u>(3,022,000)</u>	
Total restricted income funds			14,869,528		12,908,225
Unrestricted income funds	19		1,805,849		1,784,056
TOTAL FUNDS			<u>16,675,377</u>		<u>14,692,281</u>

The financial statements on pages 19 to 47 were approved by the Trustees, and authorised for issue, on 11 December 2017 and are signed on their behalf, by:


A. Jobling
Chair of Trustees

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>1,171,930</u>	<u>669,706</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		6,778	4,991
Purchase of tangible fixed assets		(485,805)	(180,705)
Capital grants from DfE/ESFA		639,038	253,659
Cash transferred on conversion to an academy trust		-	323,116
Net cash provided by investing activities		<u>160,011</u>	<u>401,061</u>
Change in cash and cash equivalents in the year		1,331,941	1,070,767
Cash and cash equivalents brought forward		<u>3,308,127</u>	<u>2,237,360</u>
Cash and cash equivalents carried forward	22	<u><u>4,640,068</u></u>	<u><u>3,308,127</u></u>

The notes on pages 22 to 47 form part of these financial statements.

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Company status

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

1.3 Going concern

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

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.4 Income

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

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

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

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

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

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

1.5 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

1.6 Termination payments

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

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.7 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

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

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

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

1.8 Operating leases

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

1.9 Debtors

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

1.10 Cash at Bank and in hand

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

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.11 Liabilities and provisions

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

1.12 Financial instruments

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

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

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

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

1.13 Taxation

The academy 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 trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

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

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

1.15 Fund accounting

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

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

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

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. ACCOUNTING POLICIES (continued)

1.16 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Assets transferred on conversion	-	-	-	-	5,346,749
Donations	39,237	34,240	13,977	87,454	38,826
Capital Grants	-	-	527,909	527,909	253,659
Subtotal	39,237	34,240	541,886	615,363	292,485
	39,237	34,240	541,886	615,363	5,639,234
Total 2016	361,942	(686,000)	5,963,292	5,639,234	

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	8,060,714	8,060,714	6,808,306
PE and Sport Premium	-	64,770	64,770	53,143
Universal Infant Free School Meals	-	265,697	265,697	177,354
Pupil Premium	-	680,010	680,010	602,620
Conversion	-	-	-	70,000
Regional Academy Growth	-	150,000	150,000	-
	-	9,221,191	9,221,191	7,711,423
Other government grants				
Special Educational Needs	-	147,399	147,399	54,790
Growth funding	-	91,711	91,711	-
Pupil Premium - LA	-	9,505	9,505	3,663
Supporting other schools	-	6,000	6,000	6,000
Early Years funding	-	120,513	120,513	97,478
Other grants	-	16,181	16,181	7,000
	-	391,309	391,309	168,931
Other income from the academy trust's educational operations				
Trips	122,720	-	122,720	67,240
Catering	121,523	-	121,523	82,028
Uniforms	614	-	614	720
Services provided to other schools	29,845	-	29,845	118,193
Clubs	145,252	-	145,252	134,222
	419,954	-	419,954	402,403
	419,954	9,612,500	10,032,454	8,282,757
Total 2016	402,403	7,880,354	8,282,757	

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Insurance reclaims	14,342	-	14,342	11,903
Lettings	34,713	-	34,713	24,549
School fund	5,038	-	5,038	2,173
Solar panels	11,813	-	11,813	12,051
Buildings maintenance partnership pool rebate	-	-	-	6,849
	<u>65,906</u>	<u>-</u>	<u>65,906</u>	<u>57,525</u>
<i>Total 2016</i>	<u>57,525</u>	<u>-</u>	<u>57,525</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	6,778	-	6,778	4,991
	<u>4,991</u>	<u>-</u>	<u>4,991</u>	
<i>Total 2016</i>	<u>4,991</u>	<u>-</u>	<u>4,991</u>	

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	4,330,587	-	978,887	5,309,474	4,308,533
Support costs	2,751,449	711,878	1,177,604	4,640,931	3,795,950
	<u>7,082,036</u>	<u>711,878</u>	<u>2,156,491</u>	<u>9,950,405</u>	<u>8,104,483</u>
<i>Total 2016</i>	<u>5,869,119</u>	<u>623,893</u>	<u>1,611,471</u>	<u>8,104,483</u>	

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

7. DIRECT COSTS

	Total 2017 £	Total 2016 £
Staff development	29,073	26,603
Teaching resources	242,660	130,456
Other direct costs	138,003	118,737
Educational visits	126,065	103,022
Agency staff	406,929	259,740
Wages and salaries	3,508,113	2,942,485
National insurance	271,027	212,451
Pension cost	551,447	487,951
Depreciation	36,157	27,088
	<u>5,309,474</u>	<u>4,308,533</u>
<i>At 31 August 2016</i>	<u>4,308,533</u>	

8. SUPPORT COSTS

	Total 2017 £	Total 2016 £
FRS 102 Pension interest	56,000	55,000
Computer maintenance	272,012	175,934
Maintenance of property and equipment	190,280	165,243
Professional fees	145,864	157,956
Postage, stationery, printing & telephone	141,951	105,492
Insurance	61,299	56,411
Occupancy	234,245	204,745
Catering	445,599	368,302
Licenses	20,501	10,932
Auditor's remuneration - audit	25,784	11,760
Auditor's remuneration - other services	8,594	3,920
Wages and salaries	1,888,667	1,699,831
National insurance	136,782	101,401
Pension cost	726,000	425,000
Depreciation	287,353	254,023
	<u>4,640,931</u>	<u>3,795,950</u>
<i>At 31 August 2016</i>	<u>3,795,950</u>	

During the year ended 31 August 2017, the academy incurred Governance costs of **£241,916** (2016: £245,706).

EVOLUTION ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned or leased	323,510	281,111
Operating lease rentals	184,136	133,779
	<u> </u>	<u> </u>

10. AUDITORS' REMUNERATION

	2017 £	2016 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	25,784	11,760
Fees payable to the academy's auditor and its associates in respect of:		
All other non-audit services not included above	8,594	3,920
	<u> </u>	<u> </u>

EVOLUTION ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2017

11. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,374,645	4,630,101
Social security costs	407,809	313,852
Operating costs of defined benefit pension schemes	1,277,447	912,951
	<u>7,059,901</u>	<u>5,856,904</u>
Apprenticeship levy	4,085	-
Staff restructuring costs	18,050	12,215
	<u><u>7,082,036</u></u>	<u><u>5,869,119</u></u>

Staff restructuring costs comprise:

	2017 £	2016 £
Redundancy payments	<u>18,050</u>	<u>12,215</u>

Included in staff restructuring costs are non-statutory severance payments of **£18,050** (2016: £12,215). Individually, the payments were: £8,000, £6,400 and £3,650.

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

	2017 No.	2016 No.
Teachers	100	103
Administration and support	213	219
Management	14	14
	<u>327</u>	<u>336</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	0
In the band £90,001 - £100,000	1	1
In the band £100,001 - £200,000	1	1

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was **£125,544** (2016: £119,236).

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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 2017, 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:

	2017 £	2016 £
Costessey Junior School	38,323	37,676
Costessey Infant School	31,188	32,760
Eaton Primary School	41,816	42,113
Filby Primary School	10,525	10,492
Wensum Junior School	24,969	22,174
Dell Primary School	46,186	35,266
Elm Tree Primary School	43,677	18,602
	<u>236,684</u>	<u>199,083</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:

		2017 £	2016 £
A Hull (principal and trustee)	Remuneration	105,000-110,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year ended 31 August 2017, expenses totalling £143 (2016 - £NIL) were reimbursed to 1 Trustee.

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FOR THE YEAR ENDED 31 AUGUST 2017

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

	2017 £	2016 £
Interest income on pension scheme assets	57,000	71,000
Interest on pension scheme liabilities	(113,000)	(126,000)
	<u>(56,000)</u>	<u>(55,000)</u>

16. TANGIBLE FIXED ASSETS

	L/Term Leasehold Property £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2016	14,946,116	158,325	138,357	15,242,798
Additions	438,296	23,198	24,311	485,805
At 31 August 2017	<u>15,384,412</u>	<u>181,523</u>	<u>162,668</u>	<u>15,728,603</u>
Depreciation				
At 1 September 2016	464,245	59,144	57,735	581,124
Charge for the year	261,924	25,429	36,157	323,510
At 31 August 2017	<u>726,169</u>	<u>84,573</u>	<u>93,892</u>	<u>904,634</u>
Net book value				
At 31 August 2017	<u>14,658,243</u>	<u>96,950</u>	<u>68,776</u>	<u>14,823,969</u>
At 31 August 2016	<u>14,481,871</u>	<u>99,181</u>	<u>80,622</u>	<u>14,661,674</u>

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17. DEBTORS

	2017 £	2016 £
Trade debtors	9,263	19,788
VAT repayable	125,464	86,619
Prepayments and accrued income	491,879	282,842
	<u>626,606</u>	<u>389,249</u>

18. CREDITORS: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	373,969	193,391
Other taxation and social security	102,385	100,204
Other creditors	512,348	108,031
Accruals and deferred income	223,564	243,143
	<u>1,212,266</u>	<u>644,769</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	155,486	93,793
Resources deferred during the year	157,901	155,486
Amounts released from previous years	(155,486)	(93,793)
Deferred income at 31 August 2017	<u>157,901</u>	<u>155,486</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
FOR THE YEAR ENDED 31 AUGUST 2017**

19. STATEMENT OF FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
General Funds	1,784,056	531,875	(64,560)	(445,522)	-	1,805,849
Restricted funds						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	304,986	8,060,714	(7,185,984)	(9,875)	-	1,169,841
Pupil Premium	111,610	689,515	(693,360)	-	-	107,765
Growth funding	-	91,711	(91,711)	-	-	-
Special Educational Needs	-	147,399	(147,399)	-	-	-
Supporting other schools	-	6,000	(6,000)	-	-	-
PE and Sport premium	382	64,770	(65,152)	-	-	-
Heritage schools	370	-	(370)	-	-	-
Universal Infant Free School Meals	-	265,697	(265,697)	-	-	-
Conversion grants	33,836	-	(7,700)	-	-	26,136
School improvement grant	123,880	-	(28,880)	-	-	95,000
Sponsor Capacity grant	45,000	-	-	-	-	45,000
Reading books grant	7,000	-	(7,000)	-	-	-
Early Years funding	42,167	120,513	(162,680)	-	-	-
Devolved Formula Capital	-	-	(51,002)	51,002	-	-
Regional Academy Growth	-	150,000	(33,022)	(19,520)	-	97,458
Other grants	-	50,421	(34,378)	138	-	16,181
Pension reserve	(3,022,000)	-	(782,000)	388,000	1,213,000	(2,203,000)
	<u>(2,352,769)</u>	<u>9,646,740</u>	<u>(9,562,335)</u>	<u>409,745</u>	<u>1,213,000</u>	<u>(645,619)</u>

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

Restricted fixed asset funds

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

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds						
General Funds	1,100,047	826,861	(142,852)	-	-	1,784,056
	<u>1,100,047</u>	<u>826,861</u>	<u>(142,852)</u>	<u>-</u>	<u>-</u>	<u>1,784,056</u>

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

Restricted funds

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
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>

Restricted fixed asset funds

	<i>Balance at 1 September 2015</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2016</i>
	£	£	£	£	£	£
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>10,065,257</u>	<u>13,984,507</u>	<u>(8,104,483)</u>	<u>-</u>	<u>(1,253,000)</u>	<u>14,692,281</u>

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

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

The **General Annual Grant (GAG)** has been provided by the ESFA in order to fund the normal running costs of the academy. The following transfers have been made from the GAG: £388,000 to restricted pension reserve representing the cost of employer contributions towards the Local Government Pension Scheme; and £67,397 representing fixed asset additions from GAG funding. £445,522 has been transferred from unrestricted funds to clear individual school deficits on GAG.

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

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

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

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

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

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

Growth funding has been provided by Norfolk County Council to reflect the growth in pupil numbers at Costessey Infant School after the original budgets were set.

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

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

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

The **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 ESFA towards the cost of pupil lunches at each of the infant schools.

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

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

The **Sponsor Capacity grant** was provided by the ESFA to build capacity in all areas at Costessey Junior

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19. STATEMENT OF FUNDS (continued)

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 £51,002 was made from the restricted fixed asset fund to the restricted fund to reallocate the amount of this funding used for profit and loss account expenditure.

The **Regional Academy Growth** funding has been provided by the DFE for the purposes of contributing towards some of the essential expenses incurred when establishing an Academy Trust and preparing to sponsor underperforming schools. £19,520 of this funding was utilised towards capital expenditure during the year and a transfer of this value has therefore been made to the restricted fixed asset fund.

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

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Costessey Junior School	837,015	579,393
Costessey Infant School	820,167	579,129
Eaton Primary School	279,488	300,478
Filby Primary School	140,122	129,112
Wensum Junior School	199,079	153,323
Dell Primary School	400,117	291,999
Elm Tree Primary School	355,403	207,155
Central Services	331,839	212,698
Total before fixed asset fund and pension reserve	3,363,230	2,453,287
Restricted fixed asset fund	15,515,147	15,260,994
Pension reserve	(2,203,000)	(3,022,000)
Total	<u>16,675,377</u>	<u>14,692,281</u>

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

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreclat- ion £	Total 2017 £	Total 2016 £
Costessey Junior School	687,118	563,035	10,824	315,788	1,576,765	1,536,992
Costessey Infant School	488,680	342,951	10,938	207,302	1,049,871	952,538
Eaton Primary School	897,341	449,665	45,067	424,969	1,817,042	1,641,803
Filby Primary School	367,352	100,322	6,270	96,634	570,578	539,188
Wensum Junior School	545,416	257,393	55,887	240,584	1,099,280	888,644
Dell Primary School	742,178	595,202	24,070	523,125	1,884,575	1,349,405
Elm Tree Primary School	602,012	442,881	89,604	398,055	1,532,552	688,378
Central Services	490	-	-	95,742	96,232	226,423
	<u>4,330,587</u>	<u>2,751,449</u>	<u>242,660</u>	<u>2,302,199</u>	<u>9,626,895</u>	<u>7,823,371</u>

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NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

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

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	770,096	5,880,024
Adjustment for:		
Depreciation charges	323,510	281,111
Dividends, interest and rents from investments	(6,778)	(4,991)
Increase in debtors	(237,357)	(218,810)
Increase in creditors	567,497	155,780
Capital grants from DfE and other capital income	(639,038)	(253,659)
Defined benefit pension scheme obligation inherited	-	686,000
Defined benefit pension scheme cost less contributions payable	338,000	122,000
Defined benefit pension scheme finance cost	56,000	55,000
Net (loss) on assets and liabilities from local authority on conversion	-	(6,032,749)
Net cash provided by operating activities	<u>1,171,930</u>	<u>669,706</u>

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22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash in hand	3,701,640	2,404,490
Notice deposits (less than 3 months)	938,428	903,637
Total	<u>4,640,068</u>	<u>3,308,127</u>

23. PENSION COMMITMENTS

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

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

Contributions amounting to £112,084 were payable to the schemes at 31 August 2017 (2016 - 108,031) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (continued)

- 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £555,000 (2016 - £483,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £485,000 (2016 - £387,000), of which employer's contributions totalled £388,000 (2016 - £303,000) and employees' contributions totalled £97,000 (2016 - £84,000). The agreed contribution rates for future years are 19.1 - 27% for employers and 5.5 - 12.5% for employees.

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

Norfolk Pension Fund

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	3.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	22.1 years	22.1 years
Females	24.4 years	24.3 years
Retiring in 20 years		
Males	24.1 years	24.5 years
Females	26.4 years	26.9 years

EVOLUTION ACADEMY TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

23. PENSION COMMITMENTS (continued)

Suffolk Pension Fund

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

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.10 %
Rate of increase in salaries	2.70 %	4.10 %
Rate of increase for pensions in payment / inflation	2.40 %	2.10 %

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

	2017	2016
Retiring today		
Males	21.9 years	22.4 years
Females	24.4 years	24.4 years
Retiring in 20 years		
Males	23.9 years	24.2 years
Females	26.4 years	26.9 years

	At 31 August 2017 £	At 31 August 2016 £
Sensitivity analysis		
Real discount rate -0.5%	744,000	764,000
Salary increase rate +0.5%	136,000	311,000
Pension increase rate +0.5%	595,000	425,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,127,000	1,615,000
Corporate bonds	790,000	623,000
Property	355,000	294,000
Cash and other liquid assets	56,000	44,000
Total market value of assets	3,328,000	2,576,000

The actual return on scheme assets was £284,000 (2016 - £331,000).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Current service cost	(726,000)	(425,000)
Interest income	57,000	71,000
Interest cost	(113,000)	(126,000)
Total	(782,000)	(480,000)

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

	2017 £	2016 £
Opening defined benefit obligation	5,598,000	2,235,000
Current service cost	726,000	425,000
Interest cost	113,000	126,000
Employee contributions	100,000	84,000
Actuarial (gains)/losses	(986,000)	1,513,000
Benefits paid	(20,000)	-
Transfer in of scheme obligations	-	1,215,000
Closing defined benefit obligation	5,531,000	5,598,000

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

	2017 £	2016 £
Opening fair value of scheme assets	2,576,000	1,329,000
Interest income	57,000	71,000
Actuarial losses	227,000	260,000
Employer contributions	388,000	303,000
Employee contributions	100,000	84,000
Benefits paid	(20,000)	-
Transfer in of scheme assets	-	529,000
Closing fair value of scheme assets	3,328,000	2,576,000

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NOTES TO THE FINANCIAL STATEMENTS
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24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year	183,857	184,389
Between 1 and 5 years	371,580	555,216
Total	<u>555,437</u>	<u>739,605</u>

25. MEMBERS' LIABILITY

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

26. 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 £ 18,033 (2016: £ 11,330) inclusive of employer's pension contributions in her role as School Secretary.

27. POST BALANCE SHEET EVENTS

An Academy Order has been granted to enable Poplars Primary School, Lowestoft, to join the Trust. The expected conversion date is 1 March 2018.

