

**The Rodillian Multi Academy Trust**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year Ended 31 August 2016**

TUESDAY



A12 \*A5XTU318\* #217  
10/01/2017  
COMPANIES HOUSE

**Company Registration Number:**  
**07990619 (England and Wales)**

# **The Rodillian Multi Academy Trust**

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# The Rodillian Multi Academy Trust

## Reference and Administrative Details

Members	B Sheldrake A Winn A Goulty	
Trustees	B Sheldrake (Chairman) A Winn (Vice-Chairman) A Goulty (CEO, Executive Head and Accounting Officer) A Holdsworth (COO) M Peacock M Wade J Bennett M Dunkley (from 11 December 2015)	
Senior Management Team:	A Goulty A Holdsworth B Sheldrake L Bradley A Burnham J Kenneally K Newby J Wray	Chief Executive Officer Chief Operating Officer Director of Governance Head of School Executive Deputy Head Head of School Head of School Head of School
Principal and Registered Office	The Rodillian Academy, Longthorpe Lane, Lofthouse, Wakefield WF3 3PS	
Company Registration Number	07990619 (England and Wales)	
Independent Auditor	Saffery Champness, Mitre House North Park Road Harrogate North Yorkshire HG1 5RX	
Bankers	Lloyds Bank, Park Row Leeds Branch, PO Box 1000, BX1 1LT	
Solicitors	Michelmores LLP, 48 Chancery Lane, London, WC2A 1JF	

# **The Rodillian Multi Academy Trust**

## **Trustees' Report**

The Trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies on pages 26 to 47 of the attached financial statements, and comply with the charitable company's memorandum and articles of association, the Companies Act 2006, and the requirements of 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 (FRS102) (Effective 1 January 2015) (SORP 2015).

The Trust currently operates 3 secondary academies in West Yorkshire. Its academies have a combined pupil capacity of 3,050 and had a roll of 2,622 in the Autumn School Census.

The Trust also works with a number of other academies to support school improvement.

Southway at The Rodillian Academy Ltd is a subsidiary company of The Rodillian Multi Academy Trust, and is a partnership of seven secondary schools in the south of the city to provide alternative education for those students who may otherwise be excluded.

## **Structure, Governance and Management**

### **Constitution**

The Rodillian Multi Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of The Rodillian Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Rodillian Multi Academy Trust (TRMAT).

TRMAT is the parent company to Southway at the Rodillian Academy Ltd (Southway). The academy is the sole owner of the company however there is a management committee made up of external parties who have influence over funding and decisions.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

### **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.

TRMAT is the parent company to Southway at the Rodillian Academy Ltd.

### **Trustees' Indemnities**

TRMAT holds an insurance policy with Chubb, Policy Number 82315955, which includes Trustees' liability insurance. This qualifies as third party indemnity insurance as defined by Section 236 of the Companies Act 2006.

# **The Rodillian Multi Academy Trust**

## **Trustees' Report (continued)**

### **Method of Recruitment and Appointment or Election of Trustees**

The Trust Board consists of eight members as at 31 August 2016.

The number of Directors of the company shall not be less than 3 but (unless determined by ordinary resolution) shall not be subject to any maximum. The Articles of Association set out the categories of directors and this includes the following:

- Directors appointed under Article 50
- The Chief Executive Officer
- A minimum of 2 parent directors appointed under Article 53 – 56D (unless there are local governing bodies which include at least 2 parent members)

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All newly appointed Trustees are required to attend Trustee training. There is also a training package called GEL Learning which is available for all Trustees to participate in and renew / refresh their knowledge. We also subscribe to The Key Governor and the NGA.

Training is an item on the agenda for the full Trust Board meetings and there is a Trustee responsible for Training. Trustees are asked to complete a Skills and Training Audit, which identifies their training needs.

Any declarations of interest are requested at each full Trust Board meeting. A declaration of interest form is completed by each member of the Trust Board and monitored for any conflicts of interest.

### **Organisational Structure**

The Trustees are responsible for exercising oversight of the governance and management of the Trust. In exercising their responsibilities, Trustees consider the advice given by the Executive Headteacher, other executive officers and the Chairs of the Local Governing Bodies (LGB), as appropriate.

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

The Executive Headteacher is the Academy's Accounting Officer, and an external Responsible Officer has been appointed. The Scheme of Delegation gives full details of all delegated responsibilities

### **Arrangements for setting pay and remuneration of key management personnel**

The key management personnel are the Trustees and Senior Management Team as set out on Page 3.

Trustees who are not employees do not receive any remuneration.

The pay and remuneration of the CEO is set by the full Governing Body following a performance management cycle taking account of the scope of the role and benchmarking the salary to similar sized roles in the Wakefield/Leeds area. The pay and remuneration of the other key management personnel is set by the CEO following a performance management cycle taking account of the scope of the role and benchmarking the salary to similar sized roles in the area. The salary ranges for the key management personnel are reviewed periodically and the CEO makes the award within the set ranges.

# **The Rodillian Multi Academy Trust**

## **Trustees' Report (continued)**

### **Related Parties and other Connected Charities and Organisations**

TRMAT is part of a partnership between the high schools in the south of the city. This partnership has led to the formation of Southway at The Rodillian Academy Ltd, a subsidiary company of the academy, which was born of a government initiative regarding exclusions. The other schools in the partnership are Woodkirk Academy, Bruntcliffe School, Royds School, Cockburn School, Morley Academy and The South Leeds Academy. Due to its success the centre has now taken admissions from other schools in the city, under individual agreement.

Rodillian also has a partnership with the local Specialist Inclusive Learning Centre (SILC), Broomfield, who has use of the facilities at the academy for the purposes of bringing together pupils on the rolls of the SILC and the academy in a way which maximises progress educationally, socially, physically and emotionally for all.

TRMAT also has a contract to provide the teaching staff and leadership to the Leeds Jewish Free School (LJFS), which opened 1 September 2013

TRMAT has a contract, which commenced September 2014 for 5 years with United Learning Trust, to provide school improvement services and leadership to John Smeaton Academy.

### **Objectives and Activities**

#### **Objects and Aims**

Our objects as set out in the Articles of Association are:

- To advance, for the public benefit, education in the United Kingdom, in particular without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies offering a broad and balanced curriculum.
- To promote, for the benefit of the inhabitants of Wakefield, Featherstone, Kirklees and the surrounding areas, the provision of facilities for recreation or other leisure time occupation of individuals who have need for such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Our aims are:

- Create a safe, secure and positive environment where young people feel listened to and valued
- Develop a stimulating, flexible curriculum in order to meet the needs and aspirations of different individuals
- Create varied learning and enrichment opportunities to encourage the personal development of young people so that they gain the positive attributes and ethical grounding needed to make a valuable contribution to their society
- Develop high quality teaching and learning provision alongside effective student support structures, so that every young person is able to achieve their full academic potential
- Ensure access to relevant, engaging and effective professional development opportunities so that staff, as well as students, become lifelong learners
- Collaborate with the wider community and work in partnership with relevant organisations in order to enhance our educational provision and strengthen community spirit
- Ensure high quality and effective communication and consultation with staff, students, parents/carers and the wider community
- Be an innovative and flexible organisation, receptive to new ideas that will bring further improvement to our learning community

# **The Rodillian Multi Academy Trust**

## **Trustees' Report (continued)**

### **Objectives, Strategies and Activities**

TRMAT's objectives aim for its students to be successful learners who enjoy learning, make progress and achieve both their full potential and targets set; are confident individuals who have a sense of self-worth and personal identity and are responsible citizens who make a positive contribution to society.

The strategic aim for our schools is to provide a broad based education supported by a wide range of extra-curricular activities including sport, music, drama, and the opportunity to participate in a vast number of cultural trips and visits, which broaden the horizons of all students.

In pursuit of these aims, the Head of School at each academy draws on its School Improvement Plan with progress against the Plan being reviewed by the Chief Executive Officer.

In order to plan and review medium term strategic development, rolling School Improvement Plans incorporate key areas. The targets continue to build on previous strategies.

The aim of this is to further improve Student Attainment and provide an outstanding education for students at our academies and partner schools.

TRMAT also has a three-year business plan, which sets out the strategic objectives of the Trust, which are reviewed annually by the board. The intention, of which, is to guarantee stability of the group, balanced against growth and development and to ensure success in our core purpose as a sponsor to improve education locally through spreading the Rodillian ethos.

### **Public Benefit**

In setting the objectives, Trustees have complied with their duty to have due regard to the Charity Commission's general guidance on public benefit and supplementary guidance on education as published on their website. The main public benefit delivered by the Trust is the provision of a high quality education to its students.

# **The Rodillian Multi Academy Trust**

## **Trustees' Report (continued)**

### **Strategic Report**

#### **Achievements and Performance**

The Rodillian Academy had another successful year with 75% of students gaining 5 A\* - C GCSE, including English and Maths (66% 2015) with a Progress 8 figure of 0.76 and now regularly achieves 20% above FFTD. A level performance was again in the top 25% and the academy was joint first in the country for outstanding teaching and learning of BTEC qualifications. The Ofsted Inspection report in January 2016 judged that Rodillian Academy's overall effectiveness was Good and that Leadership and Management and Behaviour were both Outstanding.

The Featherstone Academy was re-brokered from EACT in 2014. The academy was taken out of special measures in March 2015, only 7 months after RMAT became the academy sponsor and the Ofsted Inspection report concluded that Leadership and Management was Outstanding and that Behaviour was Good. The GCSE results for 2016 show that the Trust has delivered consistent improvements in educational achievements; in 2014 under EACT, 38% of students achieved 5A\*-C including English and Maths and this increased to 47% in 2015 and 65% in 2016 with a Progress 8 figure of 0.47.

BBG Academy joined the Trust in July 2015 after it had been placed in special measures in October 2014. The Ofsted Inspection report in March 2016 rated the academy's overall effectiveness as Good with all four inspection categories rated as Good. The academy's first cohort to sit GCSE's did so in 2016 and 57% of the students achieved 5 A\*-C including English and Maths with a Progress 8 figure of 0.5.

Southway is "consistently in the top 5% nationally of GCSE and equivalent results for pupils at the end of KS4 in alternative provision".

John Smeaton Academy saw an improvement of 13% in 5 A\*-C GCSE, including English and Maths, from 2014 to 2015, whilst RMAT has been providing school improvement services and leadership to the school.

The Trust continues to provide school to school support within the local area. Support has been provided to John Smeaton Academy and Swallow Hill Academy, both of which are members of Multi Academy Trusts. The Leeds Jewish Free School was rated Good by Ofsted in June 2015, on its first inspection since opening in September 2013, supported by leadership from TRMAT and under the provision of a curriculum fully staffed by Rodillian Academy teachers.

#### **Going Concern**

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

In common with all state-funded schools the MAT faces considerable pressures on funding. At the request of the Regional Schools Commissioner, the Trust has taken on a failing school in the year to 31 August 2015 and a further failing school has joined the Trust post year end. These schools were facing falling pupil numbers and are putting the Trust under current and forecast financial strain. This can be seen in the current year results to 31 August 2016 which show a net operational deficit for the year of £ (370) k. The Trust has been financially able to support this deficit due to the level of reserves brought forward from 2015 however a further deficit is expected in 2016/2017.



## **The Rodillian Multi Academy Trust**

### **Trustees' Report (continued)**

Given the budgeted deficits, the Trustees have discussed the financial position at length and will continue to monitor both the performance against budget and the cash flow position rigorously throughout the 2016/2017 year. Governors accept that month to month cash flow is squeezed and that management needs to be highly focussed on the control of expenditure as well as protecting income streams. The 2017/18 budget will be set to ensure that the academies are capable of delivering a high level of education within the allocated funding.

In assessing the going concern position of the Trust, the Board have considered the impact of the local government pension scheme charge on the result for the year and on overall reserves of the Trust. Whilst this has resulted in an increase to the overall deficit in the year of £2,663k and net restricted funds show a deficit of £3,647k, the Board do not consider this as having a major impact in terms of the short – medium term going concern assumption. Moreover, the positive cash position of £1,032k and the underlying non-pension related reserves of the Trust continue to support the assessment made.

#### **Financial Review**

The majority of the Trust's income is received from the EFA in the form of grants the use of which is restricted to specific purposes. These grants received in the year to 31 August 2016 and associated expenditure are shown as restricted funds in the statement of financial activities (SOFA).

The Trust also receives grants for fixed assets, either as an allocation per student or as a grant for a given project following a bid for funds from the Condition Improvement Fund. This income is shown in the SOFA as restricted income in the fixed asset fund. The major expenditure in the year was on replacing the heating system at Featherstone Academy and replacing windows at Featherstone Academy and BBG Academy which will result in lower annual running costs. The restricted fixed asset fund is reduced each year by depreciation charges calculated in line with the Trust's accounting policies over the expected useful life of the asset. At 31 August 2016, the net book value of fixed assets was £21.4m.

In the year ended 31 August 2016, the Trust received income of £17.1m. Total expenditure exceeded income by £0.4m which was covered by reserves and was used to improve the educational outcomes of the students.

The Trust held fund balances at 31 August 2016 of £18.4m comprising £21.8m of restricted fixed asset funds, £0.3m of unrestricted general funds and a pension deficit of £3.7m. Net current assets have reduced from £1.1m at 31 August 2015 to £0.6m at 31 August 2016. The bank balance has reduced from £1.5m to £1.0m.

The deficits in the Local Government Pension Schemes are recognised on the balance sheet in accordance with FRS 102. The pension deficit has increased by £2.4m to £3.7m.

#### **Reserves Policy**

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, the nature of reserves and the risks that the Trust is exposed to.

The policy of the Trust Board has been to maintain a level of free reserves that will be adequate to provide a stable base for the continuing operation of the Trust and to be able to take on additional schools, given the track record the Trust has of improving the educational outcomes of the academies in the Trust and those that it supports. The Trust has also invested in its facilities and supplemented capital funding from successful bids with the use of its own reserves. As stated above, the Trust is experiencing considerable funding and cash flow pressures and as such the Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) has fallen from £628k to £260k.

## **The Rodillian Multi Academy Trust**

### **Trustees' Report (continued)**

As future student numbers grow and through future funding the governors are satisfied that the Trust will be able to rebuild reserves to ensure a healthy and resilient position in the medium term. It is recognised that future expansion will need to be done carefully and any prospective new academies will have to be selected and scrutinised thoroughly through appropriate financial due diligence. The intention is that all academies will operate with a surplus and that the Trust's reserves will be re-established to ensure financial stability and be sufficient to support any future growth plans.

#### **Investment Policy**

A return on working capital should be optimized whilst allowing easy access of the funds. In balancing risk against return the policy of TRMAT is clearly geared to avoiding risk than to maximizing return.

TRMAT operates interest bearing current accounts with a bank approved by the Trust Board and maintains a balance in those accounts that is sufficient to cover immediate and forthcoming financial commitments (payroll and payment runs) and sufficient contingency for unexpected payments. The Trust will not take out any long term investments until a reliable cash flow pattern has been established.

The investment in the subsidiary is valued at cost.

#### **Principal Risks and Uncertainties**

The Trust Board is responsible for the management of risks faced by TRMAT. The major risks to which the Trust is exposed have been identified on a Risk Register. Consideration of the risks is undertaken by the Trustees. The Trustees have decided that it is appropriate to reinstate a Finance and Audit Committee to have an increased focus on the financial position of the Trust in the short and medium term. This committee will also monitor the financial risks to the Trust. The Trustees will ensure that the Senior Management Team actively manage the risks and report progress to the Trustees and that risks will be identified, assessed and controls established on an ongoing basis.

The main risks to TRMAT which have been identified are:

- Two of the Trust's academies are operating with a deficit budget which is putting financial strain on the Trust's financial reserves
- The subsidiary company, Southway, made an operating loss in 2015/16 and the operations of the company must be reviewed to return the company to profit
- The reduction in reserves has adversely impacted the cash position of the Trust
- Changes in Government legislation, particularly with regard to funding, and the national funding formula will impact the Trust in the near future
- The significant LGPS pension deficit and the forthcoming triennial valuation will almost certainly result in increased contribution rates
- Future growth of the Trust has to be well planned, researched and delivered
- Changes to reputation, which could affect pupil numbers and therefore, funding
- Failure of the Trust to recruit Trustees who have the correct profile to support the Trust

Through the risk management processes established at The Rodillian Multi Academy Trust, the Trust Board is satisfied that the major risks have been identified and will be adequately mitigated where appropriate. It is recognized that systems and procedures can only provide reasonable but not absolute assurance that major risks have been adequately managed.

## **The Rodillian Multi Academy Trust**

### **Trustees' Report (continued)**

The main controls used by TRMAT are:

- Formal agendas for all Trust Board and Local Governing Body (LGB) meetings
- Detailed and comprehensive terms of reference for the Trust Board and all LGB's (annually reviewed to ensure continuing relevance)
- Written Scheme of Delegation
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational structure and lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Implementation of vetting and clearance procedures as required by law for the safe-guarding of children and young people
- Engagement of external auditors to examine the accounts and financial practices of the Trust

### **Plans for Future Periods**

In order to plan and review medium term strategic development, a rolling School Improvement Plan incorporates key areas. These objectives are described fully in the section above entitled objectives, strategies and activities.

The Trust has developed a 3-year business plan and this has been shared with the Regional Schools Commissioner.

The Trust plans to:

- Move all schools to Good or better in an appropriate timeframe
- Ensure that all students progress
- Ensure that staffing, curriculum and accountability systems are in place to deliver high quality outcomes
- Incorporate our resilience, Rise and Read literacy improvement and mastery curriculums in every academy

TRMAT is creating a structure with the capacity to drive transformational and rapid educational achievement in its sponsored academies. The Trust intends growing over the next three years to potential include up to ten sponsored secondary schools; a sixth form centre, a teaching school and an alternate provision subsidiary.

### **Auditor**

Insofar as the trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 22 December 2016 and signed on the board's behalf by:



**Brian Sheldrake**  
Chair of Trustees

# The Rodillian Multi Academy Trust

## Governance Statement

### Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, 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 The Rodillian Multi 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 3 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
B Sheldrake (Chair)	3	3
A Winn (Vice Chair)	2	3
A Goulty *	3	3
A Holdsworth	3	3
M Wade	2	3
M Peacock	1	3
J Bennett	2	3
M Dunkley **	1	1

\* Executive Head and Accounting Officer

\*\* New appointment to the Trust board within 2015/16

The Chair of the Trust is a National Leader of Governance. Under his stewardship, a review of the governance of the Trust was conducted which included a full skills audit. This identified an immediate requirement for additional finance expertise and M Dunkley was subsequently appointed. The review also concluded that the Board of Trustees would be stronger if suitable individuals with HR and Marketing skills could be identified. The Chair of the Trust Board is actively seeking to recruit additional trustees from the Local Governing Bodies and the wider community.

The structure of governance will be amended in 2016/17 when a revised structure will be put in place in accordance with the guidance in the Academies Financial Handbook. These changes will include the current Chair of the Trust and the CEO ceasing to be Members and new appointments will be made to the position of Members.

The effectiveness of the revised structure will be evaluated during 2016/17 and the Board of Trustees will be strengthened when Trustees with the required skills and experience are recruited.

The Finance and Audit Committee met as a sub-committee of the main board of Trustees once in the year and a decision was taken to incorporate its activities in to the full Trustee Board.

## The Rodillian Multi Academy Trust Governance Statement (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
B Sheldrake (Chair)	1	1
A Winn (Vice Chair)	1	1
A Goulty	1	1
A Holdsworth	1	1
M Wade	1	1
M Peacock	1	1
J Bennett	1	1
M Dunkley	-	-
J Robshaw	1	1

Following a presentation of the forecast 2015/16 financial outcome by the new Finance Director, a decision was taken to re-instate the Finance and Audit Committee in 2016/17 to ensure the appropriate level of monitoring and scrutiny was in place.

### Review of Value for Money

As Accounting Officer the Executive Headteacher 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 available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

Assessing its requirement for senior staff now and in the near future and deciding how best to secure talented staff and develop them. Account was taken of the level of support required to improve the educational outcomes of the academies in the Trust and a projection was made, based on recent experience, of the level of resource required when a new academy joined the Trust. The Trust has successfully supported a number of local academies and in so doing has given a number of staff at a variety of levels excellent development experience which will stand them in good stead for future opportunities within a growing Trust.

Staff recruitment is challenging for most trusts. TRMAT holds an annual recruitment fair early in the year on behalf of all the academies in the Trust. By being early in the market, the Trust attracts new entrants and staff that are actively seeking to develop their careers. Holding one event maximises the return from advertising spend and reduces the running costs of the event.

The purpose of TRMAT is to secure rapid and sustained improvement of every academy it sponsors. The Trust consciously made the decision to use some of its reserves to improve the educational achievements of its students. Rodillian Academy has improved its outcomes and BBG has delivered a good set of first results. TRMAT took over Featherstone in special measures with results of 38% 5 A\*-C including English and maths. The academy was quickly out of special measures and this summer the 65% of the obtained students 5 A\*-C including English and maths.

# **The Rodillian Multi Academy Trust**

## **Governance Statement (continued)**

### **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 on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Rodillian Multi Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

### **The Risk and Control Framework**

The academy 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. The Trustees have appointed an experienced Finance Director and will work with him throughout the year to ensure that the system for internal financial control is appropriate, adequate and strengthened where necessary. Controls will necessarily include:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and audit committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

For 2015/16, the Board of Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor. The Trustees appointed Leeds City Council Financial Services, as Responsible Officer (RO), to carry out a programme of internal checks and a report was produced. An example of the checks carried out are:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account / bank reconciliations

From a review of the Management Letter, it is evident that there are weaknesses in the current financial controls. The Finance and Audit Committee will ensure that steps are taken to improve the financial control environment so that, as the Trust grows, the Trustees are assured that there is the correct level of control and that risk is minimised. The Finance and Audit Committee will consider the scope of work it seeks to commission and consideration will be given to who is best placed to deliver this programme.

## The Rodillian Multi Academy Trust Governance Statement (continued)

### Review of Effectiveness

As accounting officer, the Executive Headteacher 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 Responsible Officer
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

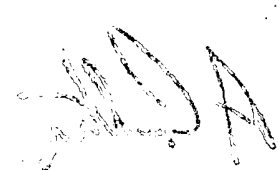
Approved by order of the members of the board of Trustees on 22 December 2016 and signed on its behalf by:



Brian Sheldrake  
Chair of Trustees



Andrew Goulty  
Accounting Officer



## The Rodillian Multi Academy Trust

### Statement of Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- **In three instances the trust's procurement processes had not been followed in full; three quotes had not been obtained for expenditure in excess of £10,000.**
- **During the year a loan of £100,000 was granted to the lossmaking trading subsidiary.**
- **A member was employed by the trust and there is no statement included in the Articles of Association to permit this, although this will be rectified post year end.**
- **Backing documentation was not available for some school fund expenditure during the year and therefore no evidence was available to confirm that this expenditure was a proper use of funds.**



Andrew Goulty  
Accounting Officer  
22 December 2016



## The Rodillian Multi Academy Trust

### Statement of Trustees' Responsibilities

The trustees (who act as governors of The Rodillian Multi 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 published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of Trustees on 22 December 2016 and signed on its behalf by:



Brian Sheldrake  
Chair of Trustees

## **The Rodillian Multi Academy Trust**

### **Independent Auditor's Report on the Financial Statements to the Members of the Rodillian Multi Academy Trust**

We have audited the financial statements of The Rodillian Multi Academy Trust for the year ended 31 August 2016 on pages 22 to 47. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 (FRS102).

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

#### **Respective responsibilities of trustees and auditors**

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

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees;
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

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

## The Rodillian Multi Academy Trust

### Independent Auditor's Report on the Financial Statements to the Members of the Rodillian Multi Academy Trust (continued)

#### Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the Trust's ability to continue as a going concern alongside the disclosures given by the Trustees in their report and in note 1 to these accounts, specifically with regard to the forecast future deficit position. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Trust's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### Opinion on other requirement of the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

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

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

*Saffery Champness*

*22/12/16*

**Sally Appleton**  
**Senior Statutory Auditor**  
**For and on behalf of**

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

## **The Rodillian Multi Academy Trust**

### **Independent Reporting Accountant's Assurance Report on Regularity to Rodillian Multi Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 11 August 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Rodillian Multi Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Rodillian Multi Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Rodillian Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Risk based sample testing on income and expenditure
- Review of the systems and internal controls in place
- Making appropriate enquiries of the Accounting Officer

## The Rodillian Multi Academy Trust

### Independent Reporting Accountant's Assurance Report on Regularity to Rodillian Multi Academy Trust and the Education Funding Agency (continued)

#### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- In three instances the trust's procurement processes had not been followed in full; three quotes had not been obtained for expenditure in excess of £10,000.
- During the year a loan of £100,000 was granted to the lossmaking trading subsidiary.
- A member was employed by the trust and there is no statement included in the Articles of Association to permit this, although we understand that this will be rectified post year end.
- Backing documentation was not available for some school fund expenditure during the year and therefore no evidence was available to confirm that this expenditure was a proper use of funds.

*Saffery Champness*

Sally Appleton  
Senior Statutory Auditor  
For and on behalf of

22/12/16.

Saffery Champness  
Chartered Accountants  
Statutory Auditors  
Mitre House  
North Park Road  
Harrogate  
North Yorkshire  
HG1 5RX

# The Rodillian Multi Academy Trust

## Consolidated Statement of Financial Activities

for the year ended 31 August 2016

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 (RESTATED) £000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	706	706	10
Transfer from local authority on conversion		-	-	-	-	21,664
Charitable activities:						
Funding for the academy trust's educational operations	3	1,147	13,613	-	14,760	12,110
Other trading activities	4	1,621	-	-	1,621	1,345
Investments	5	2	-	-	2	1
<b>Total</b>		<b>2,770</b>	<b>13,613</b>	<b>706</b>	<b>17,089</b>	<b>35,130</b>
<b>Expenditure on:</b>						
Raising funds	6	1,464	-	-	1,464	1,240
Charitable activities:						
Academy trust educational operations	7	1,265	14,019	711	15,995	12,523
<b>Total</b>		<b>2,729</b>	<b>14,019</b>	<b>711</b>	<b>17,459</b>	<b>13,763</b>
<b>Net income / (expenditure)</b>		<b>41</b>	<b>(406)</b>	<b>(5)</b>	<b>(370)</b>	<b>21,367</b>
Transfer between funds	16	(409)	235	174	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial losses on defined benefit pension schemes	16,24	-	(2,293)	-	(2,293)	(44)
<b>Net movement in funds</b>		<b>(368)</b>	<b>(2,464)</b>	<b>169</b>	<b>(2,663)</b>	<b>21,323</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		628	(1,183)	21,590	21,035	(288)
<b>Total funds carried forward</b>		<b>260</b>	<b>(3,647)</b>	<b>21,759</b>	<b>18,372</b>	<b>21,035</b>

**The Rodillian Multi Academy Trust**  
**Consolidated Balance Sheet**  
**as at 31 August 2016**

Company Number 07990619

	Notes	2016 £000	2016 £000	2015 (RESTATED) £000	2015 (RESTATED) £000
<b>Fixed assets</b>					
Tangible assets	11		21,438		21,208
<b>Current assets</b>					
Debtors	13	1,036		1,155	
Cash at bank and in hand		1,032		1,532	
		<u>2,068</u>		<u>2,687</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	(1,483)		(1,610)	
<b>Net current assets</b>			585		1,077
<b>Total assets less current liabilities</b>			22,023		22,285
<b>Net assets excluding pension liability</b>			22,023		22,285
Defined benefit pension scheme liability	24		(3,651)		(1,250)
<b>Total net assets</b>			<u>18,372</u>		<u>21,035</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	16	21,759		21,590	
. General fund	16	4		67	
. Pension reserve	16	(3,651)		(1,250)	
<b>Total restricted funds</b>			18,112		20,407
<b>Unrestricted income funds</b>	16		260		628
<b>Total funds</b>			<u>18,372</u>		<u>21,035</u>

The financial statements on pages 22 to 47 were approved by the trustees and authorised for issue on 22 December 2016 and are signed on their behalf by



**Brian Sheldrake**  
Chair of Trustees

**The Rodillian Multi Academy Trust**  
**Academy Trust Balance Sheet**  
**as at 31 August 2016**

Company Number 07990619

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	11		21,428		21,192
<b>Current assets</b>					
Debtors	13	1,137		883	
Cash at bank and in hand		908		1,475	
		<u>2,045</u>		<u>2,358</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(1,354)</u>		<u>(1,279)</u>	
<b>Net current assets</b>			691		1,079
<b>Total assets less current liabilities</b>			22,119		22,271
<b>Net assets excluding pension liability</b>			22,119		22,271
Defined benefit pension scheme liability			<u>(3,364)</u>		<u>(1,164)</u>
<b>Total net assets</b>			<u>18,755</u>		<u>21,107</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund		21,759		21,589	
General fund		4		67	
Pension reserve		<u>(3,364)</u>		<u>(1,164)</u>	
<b>Total restricted funds</b>			18,399		20,492
<b>Unrestricted income funds</b>			<u>356</u>		<u>615</u>
<b>Total funds</b>			<u>18,755</u>		<u>21,107</u>

The financial statements on pages 22 to 47 were approved by the trustees and authorised for issue on 22 December 2016 and are signed on their behalf by



**Brian Sheldrake**  
Chair of Trustees



**The Rodillian Multi Academy Trust**  
**Consolidated Statement of Cash Flows**  
**for the year ended 31 August 2016**

	Notes	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Net cash (used in)/ provided by operating activities	20	(267)	1,356
<b>Cash flows from investing activities</b>	21	(233)	(242)
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(500)</u>	<u>1,114</u>
<b>Cash and cash equivalents at 1 September 2015</b>		1,532	418
<b>Cash and cash equivalents at 31 August 2016</b>	22	<u>1,032</u>	<u>1,532</u>

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016

### 1 Statement of accounting policies

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

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Rodillian Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The consolidated financial statements comprise the accounts of The Rodillian Multi Academy Trust and its subsidiary, Southway at the Rodillian Academy Limited, made up to 31 August 2016. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy trust alone as permitted by section 408 of the Companies Act 2006 and paragraph 397 of the SORP.

#### First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in Note 30.

#### Going Concern

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

At the end of the year the Trust had unrestricted reserves of £260k, net current assets of £585k and a cash balance of £1,032k. Given the forecast deficits, significant concerns have been raised about future cash flow and therefore a detailed cash management strategy is being implemented. The EFA has offered financial assistance in the form of a recoverable grant which has yet to be drawn down.

Given the above, the Governors consider that the use of the going concern assumption remains appropriate and that no further amendments need to be made to the financial statements.

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 1 Statement of accounting policies (continued)

#### Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities 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**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other Income**

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

- **Donated goods, facilities and services**

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

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

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 1 Statement of accounting policies (continued)

#### Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### Tangible Fixed Assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Freehold buildings 10 – 125 years
- Long leasehold buildings 50 years
- ICT equipment between 15% to 33%
- Motor vehicles 20%

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

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

# **The Rodillian Multi Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2016 (continued)**

### **1 Statement of accounting policies (continued)**

#### **Liabilities**

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

#### **Leased Assets**

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

#### **Investments**

The academy's shareholding in the wholly owned subsidiary, Southway at the Rodillian Academy Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

#### **Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Pensions Benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit 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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 1 Statement of 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 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.

#### **Fund Accounting**

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

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

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

#### **Agency Arrangement**

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 28.

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

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

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Capital grants	-	706	706	10
	-	706	706	10
2015 Total	-	10	10	

### 3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>DfE / EFA grants</b>				
. General Annual Grant (GAG)	-	12,664	12,664	8,893
. Start Up Grants	-	46	46	247
. Other DfE/EFA grants	-	780	780	1,496
	-	13,490	13,490	10,636
<b>Other Government grants</b>				
. Local authority grants	-	123	123	136
. AIP funding	789	-	789	982
. Other grants	358	-	358	336
	1,147	123	1,270	1,454
Other income from the academy trust's educational operations	-	-	-	20
	1,147	13,613	14,760	12,110
2015 Total	1,261	10,849	12,110	

### 4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Staff secondments	1,218	-	1,218	880
School fund	77	-	77	193
Miscellaneous	147	-	147	107
Management fees	179	-	179	165
	1,621	-	1,621	1,345
2015 Total	1,345	-	1,345	

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	2	-	2	1
	<u>2</u>	<u>-</u>	<u>2</u>	<u>1</u>
2015 Total	<u>1</u>	<u>-</u>	<u>1</u>	

### 6 Expenditure

	Non Pay Expenditure			Total	Total
	Staff Costs £000	Premises £000	Other £000	2016 £000	2015 £000
Expenditure on raising funds	1,398	-	66	1,464	1,240
Academy's educational operations:					
· Direct costs	10,149	711	1,758	12,618	9,442
· Allocated support costs	1,410	1,489	478	3,377	3,081
	<u>12,957</u>	<u>2,200</u>	<u>2,302</u>	<u>17,459</u>	<u>13,763</u>
2015 Total	<u>9,901</u>	<u>1,812</u>	<u>2,050</u>	<u>13,793</u>	

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating lease rentals	83	68
Depreciation	711	327
Fees payable to auditor for:		
- audit	24	14
- other services	6	2



# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 7 Charitable activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	12,618	9,442
Support costs – educational operations	3,377	3,081
	<u>15,995</u>	<u>12,523</u>

### Analysis of support costs

	Total 2016 £000	Total 2015 £000
Support staff costs	1,365	1,100
Technology costs	24	15
Recruitment and support	76	84
Maintenance of premises and equipment	912	955
Cleaning	111	122
Rent and rates	238	258
Energy costs	128	79
Insurance	101	67
Security and transport	66	57
Catering	110	103
Governance costs	75	70
Other support costs	171	171
<b>Total support costs</b>	<u><b>3,377</b></u>	<u><b>3,081</b></u>

### 8 Staff

#### a. Staff costs

Staff costs during the period were:

	Total 2016 £000	Total 2015 £000
Wages and salaries	10,136	7,943
Social security costs	1,023	686
Operating costs of defined benefit pension schemes	1,485	993
	<u>12,644</u>	<u>9,622</u>
Supply staff costs	237	173
Staff restructuring costs	76	-
	<u>12,957</u>	<u>9,795</u>
Staff restructuring costs comprise:		
Redundancy payments	76	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>76</u>	<u>-</u>

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

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

Included in staff restructuring costs is a single non-contractual redundancy payment of £5,687 (2015: two payments totalling £23,000 included in staff costs).

#### c. Staff numbers

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

	2016	2015
	No.	No.
Teachers	212	177
Administration and support	134	91
Management	8	7
	<u>354</u>	<u>275</u>

#### d. Higher paid staff

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

	2016	2015
	No.	No.
£60,001 - £70,000	5	1
£70,001 - £80,000	4	3
£190,001 - £200,000	-	1
£210,001 - £220,000	1	-

#### e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £772,000 (2015: £390,000).

### 9 Related Party Transactions – 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 staff members under their contracts of employment. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees.

The value of trustees' remuneration and other benefits was as follows:

A Goulty (CEO, Executive Head and Trustee):

Remuneration £210,000 - £ 215,000 (2015: £190,000 - £195,000)

Employer's pension contributions £30,000 - £35,000 (2015: £25,000 - £30,000)

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

B Sheldrake (Director of Governance and Trustee):

Remuneration £35,000 - £40,000 (2015: £30,000 - £35,000)

Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000)

A M Holdsworth (Chief Operating Officer and trustee)

Remuneration £70,000 - £75,000 (2015: £55,000 - £60,000)

Employer's pension contributions £10,000 - £12,000 (2015: £5,000 - £10,000)

During the period ended 31 August 2016, travel and subsistence expenses totalling £13,120 were reimbursed or paid directly to 3 trustees (2015: £3,977 to 3 trustees).

#### 10 Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the 12 months ended 31 August 2016 was £4,000 (2015: £5,325). The cost of this insurance is included in the total insurance cost.

#### 11 Tangible fixed assets – Group

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets under construction £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
<b>Cost</b>							
At 1 September 2015	6,411	14,363	-	418	330	41	21,563
Additions	-	557	267	21	81	15	941
Disposals	-	-	-	-	-	-	-
At 31 August 2016	6,411	14,920	267	439	411	56	22,504
<b>Depreciation</b>							
At 1 September 2015	225	49	-	18	34	29	355
Charged in year	210	291	-	86	120	4	711
Disposals	-	-	-	-	-	-	-
At 31 August 2016	435	340	-	104	154	33	1,066
<b>Net book values</b>							
At 31 August 2016	5,976	14,580	267	335	257	23	21,438
At 31 August 2015	6,186	14,314	-	400	296	12	21,208

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### Tangible fixed assets – Parent

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Assets under construction £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
<b>Cost</b>							
At 1 September 2015	6,411	14,363	-	418	307	41	21,540
Additions	-	557	267	21	81	15	941
Disposals	-	-	-	-	-	-	-
At 31 August 2016	6,411	14,920	267	439	388	56	22,481
<b>Depreciation</b>							
At 1 September 2015	225	49	-	18	27	29	348
Charged in year	210	291	-	86	114	4	705
Disposals	-	-	-	-	-	-	-
At 31 August 2016	435	340	-	104	141	33	1,053
<b>Net book values</b>							
At 31 August 2016	5,976	14,580	267	335	247	23	21,428
At 31 August 2015	6,186	14,314	-	400	280	12	21,192

#### 12 Investments

The Multi Academy Trust has a 100% interest in its trading subsidiary which is registered in England, being £1 share capital. Southway at the Rodillian Academy Limited operates a pupil referral unit used by a number of local schools.

A loss of £121,951 (2015 - Enil) was made in the year ended 31 August 2016. At 31 August 2016 the shareholder's funds were in deficit by £383,060 (2015: deficit of £72,109).

#### 13 Debtors

	Group 2016 £000	Parent 2016 £000	Group 2015 £000	Parent 2015 £000
Trade debtors	323	329	518	248
Amounts owed from subsidiary	-	106	-	-
Other debtors	1	1	3	3
VAT recoverable	202	202	364	364
Prepayments and accrued income	510	499	270	268
	1,036	1,137	1,155	883

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### 14 Creditors: amounts falling due within one year

	Group 2016 £000	Parent 2016 £000	Group 2015 £000	Parent 2015 £000
Trade creditors	800	776	1,031	983
Other tax and social security	89	89	33	33
Other creditors	148	148	30	26
Accruals and deferred income	446	341	516	237
	<b>1,483</b>	<b>1,354</b>	<b>1,610</b>	<b>1,279</b>

	Group 2016 £000	Parent 2016 £000
Deferred income at 1 September	258	-
Resources deferred in year	69	-
Amount released from prior year	(258)	-
Deferred income at 31 August	<b>69</b>	<b>-</b>

The group balance is solely made up of the income transferred by the Area Inclusion Partnership (AIP) in relation to Southway to fund the project going forward.

#### 15 Central Services

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

- School improvement and leadership support
- Human resources
- Finance services
- Others as arising

The trust charges Featherstone Academy and BBG Academy for these services based on 5% of GAG funding. Rodillian Academy pays 3% of GAG funding. The actual amounts charged during the year were as follows:

	2016 £000	2015 £000
Rodillian Academy	214	-
Featherstone Academy	104	116
BBG Academy	167	23
	<b>485</b>	<b>139</b>

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 16 Funds

#### Consolidated Funds:

	Balance at 1 September 2015 (RESTATED) £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(148)	12,664	(12,751)	235	-
Start Up Grant	-	46	(46)	-	-
Other DfE/EFA grants	29	780	(809)	-	-
Local Authority	58	123	(181)	-	-
School funds	4	-	-	-	4
Conversion funds	124	-	(124)	-	-
Pension reserve	(1,250)	-	(108)	(2,293)	(3,651)
	<b>(1,183)</b>	<b>13,613</b>	<b>(14,019)</b>	<b>(2,058)</b>	<b>(3,647)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	21,566	-	(423)	-	21,143
DfE/EFA capital grants	24	706	(288)	-	442
Capital expenditure from other funds	-	-	-	174	174
	<b>21,590</b>	<b>706</b>	<b>(711)</b>	<b>174</b>	<b>21,759</b>
<b>Total restricted funds</b>	<b>20,407</b>	<b>14,319</b>	<b>(14,730)</b>	<b>(1,884)</b>	<b>18,112</b>
<b>Total unrestricted funds</b>	<b>628</b>	<b>2,770</b>	<b>(2,729)</b>	<b>(409)</b>	<b>260</b>
<b>Total funds</b>	<b>21,035</b>	<b>17,089</b>	<b>(17,459)</b>	<b>(2,293)</b>	<b>18,372</b>

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

The General Annual Grant and other restricted funds were paid specifically to cover the running costs of the Trust for the year to 31 August 2016, together with grants from different funding bodies.

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

Other restricted funds include Pupil Premium which is used to raise the attainment of disadvantaged pupils and Special Education Needs income which is received for the provision of education to high needs pupils.

The restricted fixed asset fund is the balance of the devolved capital grant given by the EFA. The main restriction is that it is to be spent on capital assets.

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 16 Funds (continued)

#### Total fund analysis by academy

Fund balances of The Academy Trust at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
The Rodillian Academy	245	435
Featherstone Academy	(104)	65
BBG Academy	138	182
Central services	81	-
Total before fixed asset fund and pension reserve	360	682
Restricted fixed asset fund	21,759	21,589
Pension reserve	(3,364)	(1,164)
Total	18,755	21,107

Featherstone Academy is carrying a net deficit of £34k on these funds. Featherstone Academy was re-brokered from EACT to TRMAT in September 2014 and at that time the academy was operating at a significant deficit. EFA has offered financial assistance in the form of a recoverable grant which have yet to be drawn down.

TRMAT has already demonstrated that it can improve the education at Featherstone Academy; in August 2016 65% of the students achieved 5A\*-C compared with 38% under the previous trust. Indications are that the academy admissions in September 2017 will be in line with PAN, but this will not immediately impact the academy's income due to the lagged funding. Discussions are being held with the RSC and EFA to explore options for additional funding. A curriculum planning model is being employed to assess possible changes to the curriculum and staffing and where possible other costs will be reduced to remove the deficit.

#### Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs (excluding depreciation) £000	Total 2016 £000	Total 2015 £000
Rodillian Academy	6,659	411	429	1,591	9,090	8,989
Featherstone Academy	1,476	285	134	639	2,534	2,607
BBG Academy	2,445	254	311	533	3,543	478
Central services	408	308	52	73	841	-
	10,988	1,258	926	2,836	16,008	12,074

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### 17 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	21,438	21,438
Current assets	260	1,487	321	2,068
Current liabilities	-	(1,483)	-	(1,483)
Pension scheme liability	-	(3,651)	-	(3,651)
<b>Total net assets</b>	<b>260</b>	<b>(3,647)</b>	<b>21,759</b>	<b>18,372</b>

#### 18 Capital commitments

	2016 £000	2015 £000
Contracted for, but not provided in the financial statements	571	-

#### 19 Commitments under operating leases

##### Operating leases

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

	Group 2016 £000	Parent 2016 £000	Group 2015 £000	Parent 2015 £000
Amounts due within one year	286	284	83	81
Amounts due between one and five years	647	646	75	72
Amounts due after five years	-	-	-	-
	<b>933</b>	<b>930</b>	<b>158</b>	<b>68</b>

As part of the PFI arrangement the school is committed to pay a standard contribution for PFI. The Standard Contribution for the 2014/15 Financial Year and Future years will be calculated in order to meet the relevant proportion of the Unitary Charge less the PFI grant, paid under section 31 of the Local Government Acts 2003. The standard contribution for PFI includes the PFI factor as noted above as well as other amounts for services supplied. The annual charge for 2015/16 was £863,541.



## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### 20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2016	2015
	£000	£000
Net (expenditure)/income for the reporting period	(370)	21,367
Adjusted for:		
Impact of transfer during the year	-	(21,757)
Cash transferred on conversion	-	511
Transfer of pension on conversion	-	447
Depreciation	711	327
Capital grants from DfE and other capital income	(706)	(10)
Interest payable	(2)	(1)
Defined benefit pension scheme cost less contributions payable	66	101
Defined benefit pension scheme finance cost	42	30
Decrease/(increase) in debtors	119	(642)
Decrease/(increase) in creditors	(127)	983
<b>Net cash (used in)/provided by Operating Activities</b>	<b>(267)</b>	<b>1,356</b>

#### 21 Cash flows from investing activities

	2016	2015
	£000	£000
Interest receivable	2	1
Purchase of tangible fixed assets	(941)	(253)
Capital grants from DfE/EFA	706	10
<b>Net cash provided by / (used in) investing activities</b>	<b>(233)</b>	<b>(242)</b>

#### 22 Analysis of cash and cash equivalents

	At 31 August	At 31 August
	2016	2015
	£000	£000
Cash in hand and at bank	1,032	1,532
<b>Total cash and cash equivalents</b>	<b>1,032</b>	<b>1,532</b>

#### 23 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.

## **The Rodillian Multi Academy Trust**

### **Notes to the Financial Statements for the year ended 31 August 2016 (continued)**

#### **24 Pension and similar obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £35,564 were payable to the schemes at 31 August 2016 (2015: £nil) and are included within creditors.

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

##### **Valuation of the Teachers' Pension Scheme**

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

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

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

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The employer's pension costs paid to TPS in the period amounted to £1,178,175 (2015: £770,649).

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

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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £416,000 (2015: £336,000), of which employer's contributions totalled £311,000 (2015: £253,000) and employees' contributions totalled £105,000 (2015: £83,000). The agreed contribution rates for future years are 16.6% for employers and 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.

In addition to the agreed contribution rates, each academy is contributing annual lump sum payments to mitigate the pension deficit. It is anticipated that these payments will be made for the next 20 years.

Principal actuarial assumptions	At 31 August 2016	At 31 August 2015
Rate of increase in salaries	3.4%	3.6%
Rate of increase for pensions in payment/inflation	1.9%	2.1%
Discount rate for scheme liabilities	2.0%	3.8%
Inflation assumption (CPI)	1.9%	2.1%
Commutation of pensions to lump sums	50%	75%

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

	At 31 August 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.7	22.6
Females	24.9	24.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.0	27.8

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equity instruments	4,437	3,356
Debt instruments	910	663
Property	284	199
Cash	83	66
Other	195	137
<b>Total market value of assets</b>	<b>5,909</b>	<b>4,421</b>

The actual return on scheme assets was £182,000 (2015: £37,000)

### Amount recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(359)	(301)
Net interest cost	(42)	(66)
<b>Total operating charge</b>	<b>(401)</b>	<b>(367)</b>

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

	2016 £000	2015 £000
<b>At 1 September</b>	<b>5,890</b>	<b>2,847</b>
Upon conversion	-	2,285
Current service cost	359	310
Interest cost	224	170
Employee contributions	105	83
Actuarial (gain)/loss	3,026	161
Benefits paid	(62)	(10)
Past service cost	18	44
<b>At 31 August</b>	<b>9,560</b>	<b>5,890</b>

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

	2016 £000	2015 £000
<b>At 1 September</b>	<b>4,640</b>	<b>2,219</b>
Upon conversion	-	1,835
Interest income	182	140
Actuarial gain/(loss)	733	120
Employer contributions	311	253
Employee contributions	105	83
Benefits paid	(62)	(10)
<b>At 31 August</b>	<b>5,909</b>	<b>4,640</b>

## The Rodillian Multi Academy Trust

### Notes to the Financial Statements for the year ended 31 August 2016 (continued)

#### 25 Related party transactions

Owing to the nature of the trust 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 trust's financial regulations and normal procurement procedures.

The following transactions took place with TRMAT's 100% subsidiary, Southway at the Rodillian Academy limited, during the year:

	2016 £000	2015 £000
Purchase of Alternative Provision	(41)	(21)
Recharge of goods and services	3	11
Recharge of central services	68	41

The following balances were outstanding at the year end:

	2016 £000	2015 £000
Amounts owed from Southway included in group debtors	106	-
Amounts owed from Southway included in trade debtors	6	31
Amounts owed to Southway included in trade creditors	4	11

#### 26 Events after the end of the reporting period

On 1 September 2016, Brayton High School in Selby joined The Rodillian Multi Academy Trust, becoming an academy in the process.

#### 27 Principal subsidiaries

The wholly owned trading subsidiary Southway at the Rodillian Academy Limited is incorporated in the United Kingdom (company number 08492483). Southway at the Rodillian Academy Limited provides alternative education services.

The summary financial performance of the subsidiary alone is:

	2016 £000	2015 £000
Turnover	1,148	1,261
Administrative expenses	(1,270)	(1,261)
Interest receivable and similar income	-	-
<b>Loss for the financial year</b>	<b>(122)</b>	<b>-</b>

The assets and liabilities of the subsidiary were:

	2016 £000	2015 £000
Fixed assets	10	16
Current assets	161	359
Current liabilities	(267)	(361)
Provision for liabilities	(287)	(86)
<b>Total net assets</b>	<b>(383)</b>	<b>(72)</b>

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 28 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £26,960 (2015: £26,415) and disbursed £25,346 (2015: £19,776) from the fund. An amount of £8,253 (2015: £6,639) is included in other creditors relating to undistributed funds that is repayable to EFA.

### 29 Prior year adjustment

In the prior year, the defined benefit pension liability of Southway at the Rodillian Academy Limited was not recognised correctly. A liability of £86,000 should have been recognised at 31 August 2015. Reconciliations showing the effect of recognising this liability on the total funds and net income/(expenditure) for the comparative period are given below:

<b>Reconciliation of net income/(expenditure)</b>	<b>2015 £000</b>
Net income previously reported	21,367
Recognition of Southway at Rodillian Ltd defined benefit pension liability	-
Net movement in funds	<u>21,367</u>

<b>Reconciliation of total funds</b>	<b>2015 £000</b>
Previously reported total funds carried forward	21,121
Recognition of Southway at Rodillian Ltd defined benefit pension liability	(86)
Restated total funds carried forward	<u>21,035</u>

### 30 Transition to FRS 102

#### Explanation of transition to FRS 102

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

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

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

# The Rodillian Multi Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2016 (continued)

### 30 Transition to FRS 102 (continued)

<b>Reconciliation of total funds</b>	<b>31 August 2015</b>
Total funds under previous UK GAAP (note 29)	21,035
Change in recognition of LGPS interest cost	A <u>-</u>
Total funds reported under FRS 102	<u>21,035</u>

### Reconciliation of net income/(expenditure)

Previously reported net income under UK GAAP (note 29)	21,387
Change in recognition of LGPS interest cost	A <u>(106)</u>
Net income reported under FRS 102	<u>21,281</u>

#### A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expense by £106,000 and increase the credit in other recognised gains and losses in the SOFA by an equivalent amount.