

AD MELIORA ACADEMY TRUST

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

AD MELIORA ACADEMY TRUST

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AD MELIORA ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS FOR THE YEAR ENDED 31 AUGUST 2018

| | |
|--|--|
| Members | Julian Romney Alexander Robinson Alan Hunter Hayes Georgina Holloway Kathryn Blake (resigned 13 November 2018) |
| Trustees | Karen Denise Gardner (resigned 6 November 2018) Christopher John Barrett (resigned 26 April 2018) Lisa Cook Alan Hunter Hayes (resigned 11 May 2018) Karl Jermyn, Chair of Trustees Dorothy Pulsford-Harris Andrew James Walder Peter Robert Wadlow (appointed 26 April 2018, resigned 6 November 2018) Mark Joseph Deveney (appointed 15 June 2018, resigned 31 October 2018) William Brannan Mollison (appointed 10 September 2018) |
| Company registered number | 10270029 |
| Company name | Ad Meliora Academy Trust |
| Principal and registered office | St Edmund's Academy Kilham's Way Kings Lynn PE30 2HU |
| Company secretary | Barbara Jane Kimpton |
| Senior management team | Lisa Cook, Chief Executive Headteacher Jonathan Coy, Deputy Chief Executive Headteacher & Headteacher of Reffley Academy (appointed 1 September 2018) |
| Independent auditors | Price Bailey LLP Chartered Accountants Anglia House, 6 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR7 0HR |
| Bankers | Santander Bridle Road Bootle Merseyside L30 4GB |
| Solicitors | Duncan Pickering 4 Southfields Bourne Lincolnshire PE10 9TZ |

AD MELIORA ACADEMY TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their Annual Report together with the financial statements and Auditor's Report of Ad Meliora Multi Academy Trust (The Trust or the Charitable Company) for the period from 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The company was formed on 8 July 2016 and remained dormant until the first academy converted on 1 October 2016.

The Trust operates three primary Academies serving a catchment area in West and North-West Norfolk. The Academies have a combined capacity of 889 and had a roll of 695 in the 2018 census (19.01.18).

General information regarding the Trust can be found on the Reference and Administrative Details page prior to this.

The Chief Executive Officer also known as the Chief Executive Headteacher (CEH) of the Trust is Lisa Cook, who was appointed as a Trustee on the 8 July 2016.

Structure, Governance and Management

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of The Charitable Company are also the Directors for the purposes of company law. The terms Trustee and Director are interchangeable. The Charitable Company includes the following Academies:

- St Edmund's Academy converted and joined the Trust on 1 October 2016
- Blenheim Park Academy converted and joined the Trust on 1 March 2017
- Reffley Academy converted and joined the Trust on 1 August 2017

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of Academy budgets and finances, and monitors these through its Finance Committee. Each Academy has a Local Teaching, Learning and Standards Board who have delegated authority to focus on teaching and learning.

Details of the Trustees who served throughout the period are included in the Reference and Administrative Details section. Within this Report the term Trustee refers to a member of the MGB and the term Governor to a member of an LTLTB. Details of the Trustees who served during the period are included in the Reference and Administrative Details section.

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.

Trustees and Officers' Indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim and details of the costs are disclosed in Note 13 to the accounts (Summary of Cover provided by RPA).

AD MELIORA ACADEMY TRUST

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

Method of Recruitment and Appointment or Election of Trustees:

The board has now been operating for two years and has undergone a review of effectiveness. As part of this process the Directors commissioned an external review from which an action plan has been created and enacted. This has included the recruitment of additional trustees with a range of specialisms. This has enabled the Board to increase its skills and knowledge coverage and to distribute the work load more effectively. When new trustees were appointed, the board agreed an appropriate process and criteria for the recruitment based on the skill and capability requirements of the board, governance and good practice for multi academy trusts, and the requirements of the trust's governing documents. When the Board identified suitable candidates for the Trustee posts the members reviewed and make the final appointments.

Trustees are briefed regularly by the executive team on educational development areas such as policy and other academy matters through board meetings which are held every 2 months, site visits and circulating appropriate papers. They are all individuals with experience of education and business management in other organisations. Induction for new trustees is reviewed at the time according to their experience and knowledge.

Local Teaching, Learning and Standards Boards (LTLTB):

Each Academy within the MAT has a LTLTB that holds the Headteacher to account in ensuring their academy benefits from the oversight, investment and direction the MAT is expected to provide. Local boards work to a clear delegation scheme. Currently all LTLTBs have limited delegated authority. Each board is made up of 5 representatives including the chair. Two members are parents and two members are trustees. Recruitment is carried out through a formal process. Key local board functions include:

- Attendance and progress of learners
- Quality of teaching and learning
- Community engagement

Policies and Procedures Adopted for the Induction and Training of Trustees and Local Board Members

The Trust is committed to providing adequate opportunities for Trustees and Local Board Members to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust links with a number of local training providers. New Trustees and Local Board Members are required to undertake training through an external provider who schedules a range of training/courses that can be selected to meet individual development needs. The induction programme involves a tour of the relevant Academy, meetings with pupils and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

Trustees will undertake training for:

- SEND
- Safeguarding
- Trustee governance and responsibilities.

Key functions of the trustees and board are:

- Setting MAT strategy
- Agreeing the annual strategic plan for the MAT
- Approving individual Academies' plans
- Financial oversight and accountability
- Appointing the Executive Headteacher & Head Teachers
- Risk Management

AD MELIORA ACADEMY TRUST

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

Organisational Structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education. There is a scheme of delegation in place which sets out what matters are reserved for the MAT and what is delegated to the Chief Executive Headteacher and senior management in the academies and local boards.

The Board of Trustees is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring The Trust by the use of those budgets and making major decisions about the direction of The Trust, capital expenditure and senior staff appointments. Matters delegated to the Chief Executive Headteacher include (among others) developing and implementing an appropriate curriculum, setting appropriate performance targets and completing annual reviews. The Board of Trustees, meets on at least 4 occasions per year and its 1 sub-committee (Finance and Personnel) at least 3 times per year. The details of which are minuted and publicly available.

The local board members within their Local Teaching, Learning and Standards Boards are responsible for holding the senior leaders within their academy to account for the quality and improvement of teaching and learning. Where there is a requirement, the local boards may make recommendations to the main Board of Trustees for changes in annual budgets and expenditure.

Each Senior Leadership Teams (SLTs) control the Academies at an operational level implementing policies and reporting to the CEH and their LTLBs. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and pupils. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff through an approved business case using the Trust vetting and safeguarding recruitment processes.

The Trust's CEH is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. This is currently considered to the Chief Executive Headteacher only.

The Trustees have approved a pay and remuneration policy that is based on the Academy group size (ISR) and the pay scales for each role. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration is approved by the appropriate sub-committee and ratified by the Board of Trustees.

Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which members of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

AD MELIORA ACADEMY TRUST

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

The Trust cooperated with the following organisations during the academic year in pursuit of its charitable activities:

- HEARTs Academy Trust, Basildon Essex
- University of East Anglia
- St Nicholas Chapel, King's Lynn
- The Fire Station
- The College of West Anglia
- West Norfolk Borough Council
- Churchill Park Additional Needs School
- King's Lynn Constabulary
- GenR8
- King's Lynn Rotary Club
- Mars UK, King's Lynn (Schools Grounds Project).

The Trust does not have a formal sponsor.

Objectives and Activities

Objects and Aims

The principal object and aim of the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 3 and 11.

Objectives, Strategies and Activities

The principle objective and activity of the Academy Trust in the period was to raise outcomes for all children, stabilising St Edmund's following a period of significant staff turnover, embed practices at Blenheim Park and establish a staffing team that was fit for purpose at Reffley Academy.

The strategic aim was, in the short term, to raise the performance at Reffley Academy to move it above the Trust self-evaluation category of 'Inadequate'. Considerable and sustained assistance from the Trust executive leadership team was used to focus on establishing a staffing structure that was 'fit for purpose'. Progress was patchy with significant progress being made in some but not all areas. A substantive leadership team is in place for September 2018 to enable the rapid progress expected.

Recruitment of quality senior leaders at St Edmund's and Reffley Academy, the recruitment of a team of academy based Lead Practitioners has further enhanced leadership capacity.

The strategic aim is to move the Trust to a financially sustainable size although trustees acknowledge that a period of consolidation is required in order to secure good outcomes across the Trust.

During the period the Trust has worked towards the following aims:

- all academies will be judged good or outstanding by OFSTED within three years of joining the Trust;
- all teaching within our academies will be good or better;
- progress and attainment in our academies will exceed floor targets and will be comparable with the very best for pupil progress and outcomes;
- our academies will demonstrate excellent leadership, including leadership within Local Teaching, Learning and Standards Boards, and this will be shared across academies;
- our academies will be able to accurately self-evaluate and will have a culture of continuous improvement and high aspirations;
- high-quality CPD for Directors and staff will mean our academies will attract and retain high quality staff;

AD MELIORA ACADEMY TRUST

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

- the Trust will be financially solvent, have reserves and submit three-year financial plans that are realistic, robust and do not produce an overall deficit financial position;
- the Trust will comply with all statutory regulations and have a clean annual audit report.

Our success in fulfilling our aims can be measured by:

- at the most recent External Review, Blenheim Park has improved from the judgement of 'inadequate' (OFSTED June 16) to 'Requires Improvement' (September 17). Outcomes at the end of May 2018 indicate that the academy is moving rapidly towards a 'good' outcome.
- Blenheim Park has attainment and progress measures that are above the DFE floor targets;
- Attainment at St Edmund's has risen at end of KS2.
- external Review outcomes show that leadership at St Edmund's is good overall. Leadership at Blenheim Park has improved significantly from 'inadequate' (OFSTED June 16) to 'Requires Improvement' (September 17) and well on the way to a 'good' judgement;
- local Teaching, Learning and Standards Boards are established in each Academy although there has been difficulty ensuring meetings are quorate in two of the three academies. Meeting minutes evidence significant challenge with senior leaders being held to account for pupil outcomes;
- the most recent external review evidences that self-evaluation is accurate in all three academies within the Trust;
- the Trust has been able to recruit quality candidates to the roles of Headteacher, Assistant Headteachers, Lead Practitioners and a team of Key Stage Leaders;
- the Trust is financially solvent, has reserves and has submitted a three-year financial plan that is realistic, robust and does not produce an overall deficit financial position.

The academies within our Trust are situated in West and North West Norfolk. We are committed to providing staff with opportunities to collaborate and work together and therefore see the West and North West areas of the County to be our core focus areas. Longer term, we are interested in working with additional schools/academies in North West Norfolk to establish a partner academy for Blenheim Park to address the geographic isolation of this academy.

A key aim of the Trust is for our academies to be high performing. We accept that each academy will be at a different starting point in their journey of improvement, and we will work collaboratively to achieve our aim.

Public Benefit

The Trustees believe that by working towards the aims and objectives of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report

Achievements and Performance

The Trust continued its mission to ensure that pupils achieved their potential in public examinations; encouraged a wide range of extra-curricular activities; developed and retained suitable staff and guided pupils in suitable progression when they left their Academy.

AD MELIORA ACADEMY TRUST

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

Specific achievements were as follows:

- welcoming Reffley Infant and Primary Community School into the Trust to enable a financially sustainable position to be achieved;
- supported Reffley Academy through conversion which was a significantly turbulent time for the staff. Established stability and coached staff at all levels to make informed decisions and fulfil their job roles;
- the % of children attaining age related expectations at the end of Key Stage 2 in reading, writing and maths improved in all three academies. The improvement was more marked at St Edmund's Academy and Blenheim Park Academy;
- attainment at Blenheim Park is in line with National Averages at the end of Key Stage 2 this demonstrates rapid improvement from 2016 where 8% of pupils attained age related expectations;
- self-assessment and external review outcomes demonstrate that Blenheim Park is no longer an inadequate academy and improvements made have been rapid and sustained.

Key Performance Indicators

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers for 2018 were 695 (as at the census on 19.1.18).

Another key financial performance indicator is staffing costs as a percentage of total income. The Trustees are confident that staffing levels are closely monitored to agreed Full Time Equivalents and staffing structures all approved by the Board of Trustees.

The Finance and Personnel monitor premises costs to General Annual Grant (GAG) income, capitation spend for curriculum departments to GAG income, total income less grants and cash flow on a regular basis to ensure that the budget is set and managed appropriately. All of the above KPI's were within the parameters set by the Board of Trustees.

Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the 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.

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education Funding Agency (ESFA). For the period ended 31 August 2018 the Trust received £3,915,894 of income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education. During the period the Trust spent £3,896,936 on expenditure. The Trust brought forward from 16/17 £47,399 in restricted funding (excluding the pension deficit), £237,958 unrestricted funding and £75,000 designated funding. The carry forward for 17/18 is £71,614 restricted funding (excluding the pension deficit), £323,644 unrestricted funding and £nil designated funding, as this designation has been reversed and there are no unrestricted amounts ring fenced for a specific purpose.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of (£813,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years.

AD MELIORA ACADEMY TRUST

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

Reserves Policy

The Trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Business Manager. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £323,644. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trust holds £65,000 for in year contingencies and always plans to have a carry forward of between 5% and 10% to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2018 was £395,258.

The cash balance of the Trust has been very healthy all period, ending the period with a balance of £997,050. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the committee Business Manager reports and attempt to hold a minimum of £250,000 to cover short term cash flow variances.

Investment Policy

The purpose of this policy is to ensure that any surplus funds are invested well so that they achieve the best financial returns with the minimum risk. Good financial returns mean that more money can be spent on educating pupils.

Adequate cash balances must be maintained to ensure that there are always sufficient funds in the Trust's current account to cover financial commitments such as payroll and day-to-day expenses. If there is a surplus of funds after all financial commitments have been considered, this surplus will be invested. The Finance Manager will compare alternative investment opportunities every six months to ensure that the Trust's funds achieve the best interest rates. The CEH is responsible for ensuring that this policy is adhered to.

Principal Risks and Uncertainties

The Trust has an overarching risk register. Trustees review the risk register as a standing agenda item at each full Trustee meeting. The central risk register identifies the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. The internal control systems and the exposure to identified risks will be monitored on behalf of the Trustees at each director meeting. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by its systems and by internal financial and other controls.

The Trustees report that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy are in the process of being implemented and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a small group of academy schools, the level of financial risk is medium. Within reason, we are able to forecast cash flows. Staff costs make up the majority of expenditure and we have systems in place to cover such items as sickness and maternity.

AD MELIORA ACADEMY TRUST

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

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- each Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees have reviewed systems to ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and behaviour management;
- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff. Trustees have addressed the need for succession planning;
- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low;
- Financial – the current financial risks which the Multi Academy Trust faces are the uncertainty around pupil numbers and a drop in numbers at St Edmund's. This will have an impact on cash flow and reserves.
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.
- Fraud and management of funds – The Academy Trust has recruited additional staff to ensure that processes are completed in a timely manner. The Trustees have established a finance committee to oversee the financial management of the Trust. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area. A professional accountant has been appointed to provide on-going support.

The Trustees have developed systems and processes to strengthen its risk management process by establishing a process and ensuring staff awareness.

Plans for Future Periods

The Academy Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Academy Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives. The Academy Trust will continue to work with partner schools and academies to improve the educational opportunities for pupils in the wider community. The Academy Trust will continue to promote a wide range of extra-curricular activities and seek to increase pupil engagement in these activities. The Trustees will only consider further expansion of the Trust where there is sufficient capacity to ensure Trust aims and objectives can be achieved.

AD MELIORA ACADEMY TRUST

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

2018-19

- Build capacity within our existing Trust (3 academies) – senior and middle leadership, financial, administrative, quality teachers.
- Continue to strengthen outcomes, specifically Y2 and 6 across the Trust.
- Improve outcomes for children who are eligible for Pupil Premium funding.
- Develop the Lead Practitioner programme to improve the quality of teaching and learning and consistency across the Trust.
- Develop our 'growing teachers' programme to provide good quality teachers to the Trust.
- External Trust review to establish success against outcomes and capacity within the Trust.

2019-20

- Undertake an external director review to establish effectiveness and capacity to expand.
- Liaise with Regional Schools' Commissioner with a view to supporting an additional school in North West Norfolk.

2020-21

- External Trust review to establish success against outcomes and capacity within the Trust.
- Liaise with Regional Schools' Commissioner with a view to supporting an additional school in West and/or North West Norfolk.

Funds Held as Custodian Trustee on Behalf of Others

There were no funds held as Custodian Trustee on behalf of others.

Trade Union Facility Time

Trade union services were outsourced to Norfolk County Council at a cost of £2,062 to the Trust in the year ended 31 August 2018.

Fundraising

The Academy Trust only held small fundraising events during the year including School fairs, discos, book fairs and cake sales. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on _____ and signed on its behalf by:

Karl Jermyn
Chair of Trustees

AD MELIORA ACADEMY TRUST

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive 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 Ad Meliora Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

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

| Trustee | Meetings attended | Out of a possible |
|--------------------------------|-------------------|-------------------|
| Karen Denise Gardner | 6 | 6 |
| Christopher John Barrett | 3 | 3 |
| Lisa Cook | 6 | 6 |
| Alan Hunter Hayes | 4 | 4 |
| Karl Jermyn, Chair of Trustees | 6 | 6 |
| Dorothy Pulsford-Harris | 3 | 6 |
| Andrew James Walder | 6 | 6 |
| Peter Robert Wadlow | 2 | 2 |
| Mark Joseph Deveney | 1 | 1 |

Following an unsettled period due to the bereavement of a member of staff who worked at Blenheim Park Academy, the Chair of Directors resigned in April 2018 and a new Chair was appointed.

The Chief Executive Headteacher was absent for a period of time in the Spring term following the sudden death of her partner. This put a strain on the Trust.

To strengthen the Board of Directors, two trustees were appointed with skills in marketing, business management and social care.

As part of the review of self-evaluation, an External Review of Governance was commissioned from an external provider in Cambridge. The key strengths identified in this review were:

- The Trust Board has well-qualified Directors with the required competencies. The Board is ambitious for its pupils and keen to improve provision for all academies within the Trust.
- Directors are fully committed to their role.
- The CEH is focussed on improving learning outcomes. The improvement in outcomes at both Blenheim Park and Reffley Academies in the first year of operation under the management of the Trust has demonstrated the capability of the staff in effecting this achievement.
- The CEH has undertaken training in fitting her for her new role and developed a collaborative relationship with the Hearts Learning Trust based in Basildon.
- There is an appraisal scheme in place whereby Directors appraise the CEH, assisted by an external consultant.

AD MELIORA ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

- Although initially Directors were appointed because they had been Governors at the founding schools, there is now a formal system for identifying, interviewing and appointing new Directors. Procedures for this have been developed and include taking up references for all new appointees to the Trust Board.
- There has been a successful bid to NCC for the rebuilding of St Edmund's Academy, which will increase the number of pupils at the school.
- The Trust makes good use of its resources, sharing expertise and making good use of peripatetic staff.
- The Trust has key documents in place including a scheme of delegation, risk register and strategic plan.

The areas for further development identified are as follows:

- The Trust has grown rapidly since its inception. The original strategic plan was focussed on incorporating Good schools into the Trust however, the recent additions (both schools less than 'Good') have required intensive SMT attention. The Trust recognises that the incorporation of Blenheim Park had a detrimental effect on attainment at St Edmund's. Intensive intervention took place to rectify this. Attainment at St Edmund's improved at the end of KS2 2018.
- The Trust Directors recognised that capacity at a leadership level was an issue. Substantive leadership teams have been established in each academy to enable capacity at a local level and a self-sustaining academy model.
- Capacity at back office level was an area for development, particularly after Reffley Academy joined the Trust. Actions have been taken to address this and additional staff recruited to enable functions to be completed in a timely manner.
- The appointment of a permanent clerk has enabled meetings and papers to be systematic and organised.
- To bring the Trust Directors together as a cohesive Board, a Trust planning day took place on 2 May 2018 where Directors agreed a strategic plan and way forward.
- A well-qualified Director with the necessary financial skills was appointed last year to address the gap in financial expertise at a Board level.

A further review will take place in November 18 with the purpose of assessing progress on previous findings and current priorities. An action plan has been written.

The Personnel and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to provide guidance and assistance to the Chief Executive Headteacher and the main board of trustees in all matters relating to budgeting, finance and pay.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------|-------------------|-------------------|
| Lisa Cook | 3 | 3 |
| Karen Gardner | 2 | 2 |
| Karl Jermyn | 3 | 3 |

AD MELIORA ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- Continuing to seek opportunities to bring contracts used across the three academies into line. Renegotiation of contracts has taken place, better services and reduced costs are sought.
- Bulk purchasing of some consumables (for example paper) has enable the Trust to purchase at a reduced cost.
- The Trust has appointed shared central staff to enable skills to be disseminated across the academy. By sharing the cost of these key appointments, the Trust has been able to offer a pay progression for experienced teachers and attract a wider field of candidates (Lead Practitioners and Teaching and Learning Leads).

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

The 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. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Personnel and Finance 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.

AD MELIORA ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Rachel Jones, the Academy Support Officer of the Trust, to perform peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Trust financial assurance.

The financial assurance check found the following:

- The processes and procedures are in line with Trust policies.
- The Trust should ensure that meeting minutes identify which policies have been reviewed and approved. This feedback has been passed to our substantive Clerk and will be actioned Autumn 18.
- To approve the draft Fraud Policy. To include a fraud log as part of the appendices. This will be included at a Finance meeting in early 2019.
- Declarations of business interests to be completed by all staff that are involved in financial matters – this has been actioned.
- Year 6 swimming information to be added to the Sports Premium information to ensure compliance with DFE requirements. This has been passed to Academy Headteachers to resolve Autumn 18.
- The Whistleblowing Policy to be published on the Trust website – this has been actioned.
- The Charging and Remission Policy to be published on each website within the Trust – this has been actioned.
- Ensure benchmarking data is reviewed on an annual basis – this will take place in early 2019
- Ensure authorisation of invoices is recorded directly on the invoice and not on an attached piece of paper – this has been actioned.
- Ensure authorisation is sought and recorded for when invoices exceed the CEH's approval limit. This has been actioned.
- The CEH should sign the monthly log of debit card expenditure – this has been actioned.
- Records of cash collected at Reffley should be signed by two members of staff prior to banking and this counter signed by the Headteacher to ensure totals match – this has been actioned.

On an annual basis, the reviewer reports to the board of trustees through the Personnel and Finance Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The reviewer delivered the schedules as planned.

AD MELIORA ACADEMY TRUST

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief 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 reviewer;
- the work of the external auditors;
- 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 Personnel and Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on

and signed on their behalf, by:

Karl Jermyn
Chair of Trustees

Lisa Cook
Accounting Officer

AD MELIORA ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

Lisa Cook
Accounting Officer

AD MELIORA ACADEMY TRUST

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

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

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

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

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

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

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

Approved by order of the members of the board of trustees on

and signed on its behalf by:

Karl Jermyn
Chair of Trustees

AD MELIORA ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AD MELIORA ACADEMY TRUST

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

AD MELIORA ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AD MELIORA ACADEMY TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

AD MELIORA ACADEMY TRUST

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF AD MELIORA ACADEMY TRUST

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

John Warren BSc FCA (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Anglia House, 6 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR
Date:

AD MELIORA ACADEMY TRUST

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

In accordance with the terms of our engagement letter dated 20 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ad Meliora Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF AD MELIORA ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The Accounting Officer is responsible, under the requirements of Ad Meliora Academy Trust's funding agreement with the Secretary of State for Education dated 26 September 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

AD MELIORA ACADEMY TRUST

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

CONCLUSION

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

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Anglia House, 6 Central Avenue
St Andrews Business Park
Thorpe St Andrew
Norwich
Norfolk
NR7 0HR

Date:

AD MELIORA ACADEMY TRUST

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

| | Note | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | | |
| Donations & capital grants: | | | | | | |
| Funds transferred on conversion | 2 | (4,201) | - | - | (4,201) | 11,819,617 |
| Other donations and capital grants | 2 | - | 14,453 | 563,681 | 578,134 | 462,966 |
| Charitable activities | 3 | 53,865 | 3,255,387 | - | 3,309,252 | 1,583,158 |
| Other trading activities | 4 | 32,409 | - | - | 32,409 | 10,577 |
| Investments | 5 | 300 | - | - | 300 | 79 |
| TOTAL INCOME | | <u>82,373</u> | <u>3,269,840</u> | <u>563,681</u> | <u>3,915,894</u> | <u>13,876,397</u> |
| EXPENDITURE ON: | | | | | | |
| Charitable activities | | <u>71,687</u> | <u>3,382,879</u> | <u>442,370</u> | <u>3,896,936</u> | <u>1,738,081</u> |
| TOTAL EXPENDITURE | 6 | <u>71,687</u> | <u>3,382,879</u> | <u>442,370</u> | <u>3,896,936</u> | <u>1,738,081</u> |
| NET INCOME / (EXPENDITURE) BEFORE TRANSFERS | | | | | | |
| Transfers between Funds | 18 | <u>10,686</u> | <u>(113,039)</u> | <u>121,311</u> | <u>18,958</u> | <u>12,138,316</u> |
| | | <u>-</u> | <u>(3,746)</u> | <u>3,746</u> | <u>-</u> | <u>-</u> |
| NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES | | | | | | |
| | | <u>10,686</u> | <u>(116,785)</u> | <u>125,057</u> | <u>18,958</u> | <u>12,138,316</u> |
| Actuarial gain (losses) on defined benefit pension schemes | 22 | <u>-</u> | <u>205,000</u> | <u>-</u> | <u>205,000</u> | <u>(19,000)</u> |
| NET MOVEMENT IN FUNDS | | <u>10,686</u> | <u>88,215</u> | <u>125,057</u> | <u>223,958</u> | <u>12,119,316</u> |
| RECONCILIATION OF FUNDS: | | | | | | |
| Total funds brought forward | | <u>312,958</u> | <u>(829,601)</u> | <u>12,635,959</u> | <u>12,119,316</u> | <u>-</u> |
| TOTAL FUNDS CARRIED FORWARD | | <u><u>323,644</u></u> | <u><u>(741,386)</u></u> | <u><u>12,761,016</u></u> | <u><u>12,343,274</u></u> | <u><u>12,119,316</u></u> |

The notes on pages 26 to 50 form part of these financial statements.

AD MELIORA ACADEMY TRUST
REGISTERED NUMBER: 10270029

BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|------------------|--------------------------|------------------|--------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 14 | | 12,535,211 | | 12,317,540 |
| CURRENT ASSETS | | | | | |
| Debtors | 15 | 110,511 | | 617,951 | |
| Cash at bank and in hand | | 997,050 | | 589,594 | |
| | | <u>1,107,561</u> | | <u>1,207,545</u> | |
| CREDITORS: amounts falling due within one year | 16 | (486,498) | | (528,769) | |
| NET CURRENT ASSETS | | | <u>621,063</u> | | <u>678,776</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>13,156,274</u> | | <u>12,996,316</u> |
| Defined benefit pension scheme liability | 22 | | (813,000) | | (877,000) |
| NET ASSETS INCLUDING PENSION SCHEME LIABILITIES | | | <u><u>12,343,274</u></u> | | <u><u>12,119,316</u></u> |
| FUNDS OF THE ACADEMY | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 18 | 71,614 | | 47,399 | |
| Restricted fixed asset funds | 18 | 12,761,016 | | 12,635,959 | |
| Restricted income funds excluding pension liability | | 12,832,630 | | 12,683,358 | |
| Pension reserve | | (813,000) | | (877,000) | |
| Total restricted income funds | | | <u>12,019,630</u> | | <u>11,806,358</u> |
| Unrestricted income funds | 18 | | 323,644 | | 312,958 |
| TOTAL FUNDS | | | <u><u>12,343,274</u></u> | | <u><u>12,119,316</u></u> |

The financial statements on pages 23 to 50 were approved by the Trustees, and authorised for issue, on and are signed on their behalf, by:

Karl Jermyn
Chair of Trustees

The notes on pages 26 to 50 form part of these financial statements.

AD MELIORA ACADEMY TRUST

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

| | Note | 2018 £ | 2017 £ |
|--|------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | 442,539 | 389,506 |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 300 | 79 |
| Purchase of tangible fixed assets | | (599,064) | (262,234) |
| Capital grants from DfE Group | | 563,681 | 462,243 |
| Net cash (used in)/provided by investing activities | | (35,083) | 200,088 |
| Change in cash and cash equivalents in the year | | | |
| Cash and cash equivalents brought forward | | 407,456 | 589,594 |
| | | 589,594 | - |
| Cash and cash equivalents carried forward | 21 | 997,050 | 589,594 |

The notes on pages 26 to 50 form part of these financial statements.

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted, judgments and key sources of estimation uncertainty, is set out below.

Ad Meliora Academy Trust is a private company limited by guarantee, incorporated on 8 July 2016 in the UK, and registered at the following address: St Edmunds Community Foundation School, Kilham's Way, Kings Lynn, PE30 2HU.

The financial statements are presented in pounds sterling and are rounded to the nearest pound.

1.1 Basis of preparation of financial statements

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

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

1.2 Going concern

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

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

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

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

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within Income from donations and capital grants.

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

All expenditure is inclusive of irrecoverable VAT.

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives. Freehold property is made up of building components which require varying rates of depreciation. Depreciation is provided on the following bases:

| | | |
|------------------------|---|------------------------------|
| Freehold property | - | Between 10 and 35 years |
| Leasehold property | - | Between 5 and 36 years |
| Furniture and fixtures | - | 10% straight line |
| Plant and equipment | - | 10% - 20% straight line |
| Computer equipment | - | 25% straight line |
| L/Term Leasehold Land | - | Over the 125 year lease term |

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

1.6 Operating leases: lessee

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.7 Operating leases: lessor

Rental income under operating leases are credited to the Statement of Financial Activities on a straight line basis over the lease term.

1.8 Debtors

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

1.9 Cash at Bank and in hand

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

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES (continued)

1.10 Liabilities and provisions

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

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.12 Taxation

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

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES (continued)

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.14 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

AD MELIORA ACADEMY TRUST

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

1. ACCOUNTING POLICIES (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1.16 Redundancy and Termination payments

Redundancy and termination costs are recognised as an expense in the Statement of Financial Activities and a liability on the Balance Sheet immediately at the point the Academy Trust is demonstrably committed to either:

- terminate the employment of an employee or group of employees before normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The Trust is considered to be demonstrably committed only when it has a detailed formal plan for the termination and is without realistic possibility of withdrawal from the plan.

AD MELIORA ACADEMY TRUST

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Funds transferred on conversion | (4,201) | - | - | (4,201) | 11,819,617 |
| Donations | - | 14,453 | - | 14,453 | 723 |
| Capital Grants | - | - | 563,681 | 563,681 | 462,243 |
| Subtotal | - | 14,453 | 563,681 | 578,134 | 462,966 |
| | (4,201) | 14,453 | 563,681 | 573,933 | 12,282,583 |
| Total 2017 | 357,980 | (799,277) | 12,723,880 | 12,282,583 | |

3. FUNDING FOR EDUCATIONAL OPERATIONS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | - | 2,837,562 | 2,837,562 | 1,196,981 |
| Other DfE / ESFA grants | - | 289,818 | 289,818 | 167,933 |
| Start up grants | - | - | - | 115,000 |
| | - | 3,127,380 | 3,127,380 | 1,479,914 |
| Other government grants | | | | |
| Local authority grants | - | 119,142 | 119,142 | 40,769 |
| | - | 119,142 | 119,142 | 40,769 |
| Other funding from the academy trust's educational operations | | | | |
| Catering income | 34,510 | - | 34,510 | 10,402 |
| Payments from other schools | - | 6,277 | 6,277 | 49,642 |
| Other income | 19,355 | 2,588 | 21,943 | 2,431 |
| | 53,865 | 8,865 | 62,730 | 62,475 |
| | 53,865 | 3,255,387 | 3,309,252 | 1,583,158 |
| Total 2017 | 12,833 | 1,570,325 | 1,583,158 | |

AD MELIORA ACADEMY TRUST

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

4. OTHER TRADING ACTIVITIES

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Catering income from duty meals | 4,300 | - | 4,300 | 3,734 |
| Rental income | 13,120 | - | 13,120 | 5,300 |
| Other income | 14,989 | - | 14,989 | 1,543 |
| | <u>32,409</u> | <u>-</u> | <u>32,409</u> | <u>10,577</u> |
| Total 2017 | <u>9,287</u> | <u>1,290</u> | <u>10,577</u> | |

5. INVESTMENT INCOME

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Bank Interest | 300 | - | 300 | 79 |
| Total 2017 | <u>79</u> | <u>-</u> | <u>79</u> | |

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | Total 2017 £ |
|-------------------------|--------------------------|-----------------------|--------------------------|--------------------|--------------------|
| Provision of Education: | | | | | |
| Direct costs | 2,293,538 | - | 119,950 | 2,413,488 | 1,045,945 |
| Support costs | 323,412 | 225,437 | 934,599 | 1,483,448 | 692,136 |
| | <u>2,616,950</u> | <u>225,437</u> | <u>1,054,549</u> | <u>3,896,936</u> | <u>1,738,081</u> |
| Total 2017 | <u>1,168,676</u> | <u>87,319</u> | <u>536,904</u> | <u>1,792,899</u> | |

AD MELIORA ACADEMY TRUST

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

7. CHARITABLE ACTIVITIES

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Direct costs - educational operations | 2,413,488 | 1,045,945 |
| Support costs - educational operations | 1,483,448 | 692,136 |
| | <u>3,896,936</u> | <u>1,738,081</u> |
| Total | <u>3,896,936</u> | <u>1,738,081</u> |

Analysis of support costs of educational operations

| | 2018 £ | 2017 £ |
|---------------------|------------------|----------------|
| Support staff costs | 323,412 | 158,926 |
| Depreciation | 442,370 | 206,331 |
| Technology costs | 41,823 | 12,932 |
| Premises costs | 196,633 | 87,319 |
| Other support costs | 464,810 | 215,298 |
| Governance costs | 14,400 | 11,330 |
| | <u>1,483,448</u> | <u>692,136</u> |
| Total | <u>1,483,448</u> | <u>692,136</u> |

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | 2017 £ |
|--|--------------|-----------|
| Depreciation of tangible fixed assets: | | |
| - owned by the charity | 441,095 | 206,331 |
| Operating lease rentals | 1,906 | 1,904 |
| Loss on disposal of fixed assets | 1,275 | - |
| | <u>1,275</u> | <u>-</u> |

9. AUDITORS' REMUNERATION

| | 2018 £ | 2017 £ |
|---|--------------|--------------|
| Fees payable to the academy trust's auditor and its associates for the audit of the academy trust's annual accounts | 7,770 | 6,650 |
| Fees payable to the academy trust's auditor and its associates in respect of: | | |
| All other non-audit services not included above | 6,630 | 4,680 |
| | <u>6,630</u> | <u>4,680</u> |

AD MELIORA ACADEMY TRUST

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

10. CENTRAL SERVICES

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

- Management
- Administration staff
- Staff indirect expenses
- Learning improvement and educational support
- Office and administration support
- Professional services and support costs
- Premises costs
- Infrastructure development costs

The Trust Board has chosen to apportion charges based on ratios that reflect the varying numbers on roll at each academy. No charge was made in the 2017 year as the central services policy had not yet been determined.

| | 2018 £ | 2017 £ |
|-----------------------|-------------|-------------|
| Blenheim Park Academy | 24,352 | - |
| Reffley Academy | 146,110 | - |
| St Edmund's Academy | 73,055 | - |
| | <hr/> | <hr/> |
| Total | 243,517 | |
| | <hr/> <hr/> | <hr/> <hr/> |

AD MELIORA ACADEMY TRUST

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 | As restated 2017 |
|--|-----------|---------------------|
| | £ | £ |
| Wages and salaries | 1,882,619 | 819,497 |
| Social security costs | 146,861 | 62,334 |
| Operating costs of defined benefit pension schemes | 421,291 | 177,158 |
| | 2,450,771 | 1,058,989 |
| Agency staff costs | 140,379 | 54,818 |
| Staff restructuring costs | 25,800 | 54,869 |
| | 2,616,950 | 1,168,676 |

The 2017 comparative has been restated to ensure agency staff costs are correctly disclosed in line with the Academies Accounts Direction 2017 to 2018.

Staff restructuring costs comprise:

| | 2018 | 2017 |
|---------------------|--------|--------|
| | £ | £ |
| Redundancy payments | - | 38,369 |
| Severance payments | 25,800 | 16,500 |
| | 25,800 | 54,869 |

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

Included in staff restructuring costs are non-statutory, non-contractual severance payments totalling £25,800 (2017: £16,500). Individually, the payments were: £23,000 made on 24 January 2018 and £2,800 made on 31 March 2018.

c. Staff numbers

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

| | 2018 | 2017 |
|-------------------|------|------|
| | No. | No. |
| Teaching | 35 | 16 |
| Admin and support | 69 | 32 |
| Management | 3 | 2 |
| | 107 | 50 |

AD MELIORA ACADEMY TRUST

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

11. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

| | 2018 | 2017 |
|-------------------|------|------|
| | No. | No. |
| Teaching | 29 | 13 |
| Admin and support | 42 | 20 |
| Management | 3 | 2 |
| | 74 | 35 |
| | 74 | 35 |

d. Higher paid staff

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

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

e. Key management personnel

The key management personnel of the academy trust comprises the trustees and senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £97,933 (2017: £202,895).

Included in the above are employer's national insurance contributions of £9,411 (2017: £18,351) and employer pension contributions of £12,602 (2017: £23,361).

12. TRUSTEES' REMUNERATION AND EXPENSES

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

| | | 2018 | 2017 |
|--------------------|----------------------------|---------------|---------------|
| | | £ | £ |
| Lisa Cook, Trustee | Remuneration | 75,000-80,000 | 65,000-70,000 |
| | Pension contributions paid | 10,000-15,000 | 10,000-15,000 |

During the year ended 31 August 2018, the reimbursement of expenses totalled £225 and were in respect of 1 Trustee (2017 - £664 to 1 Trustees).

AD MELIORA ACADEMY TRUST

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

13. TRUSTEES' AND OFFICERS' INSURANCE

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

14. TANGIBLE FIXED ASSETS

| | Freehold property £ | Leasehold property £ | Furniture and fixtures £ | Plant and equipment £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|----------------------------|--------------------------------|-----------------------------|----------------------------|--------------------------|
| Cost | | | | | | |
| At 1 September 2017 | 4,951,824 | 7,455,615 | 54,296 | 9,990 | 52,146 | 12,523,871 |
| Additions | 570,726 | 69,493 | 4,339 | 1,798 | 13,685 | 660,041 |
| Disposals | - | - | - | - | (1,800) | (1,800) |
| At 31 August 2018 | <u>5,522,550</u> | <u>7,525,108</u> | <u>58,635</u> | <u>11,788</u> | <u>64,031</u> | <u>13,182,112</u> |
| Depreciation | | | | | | |
| At 1 September 2017 | 141,053 | 56,933 | 2,155 | 871 | 5,319 | 206,331 |
| Charge for the year | 166,011 | 253,422 | 5,822 | 1,014 | 14,826 | 441,095 |
| On disposals | - | - | - | - | (525) | (525) |
| At 31 August 2018 | <u>307,064</u> | <u>310,355</u> | <u>7,977</u> | <u>1,885</u> | <u>19,620</u> | <u>646,901</u> |
| Net book value | | | | | | |
| At 31 August 2018 | <u><u>5,215,486</u></u> | <u><u>7,214,753</u></u> | <u><u>50,658</u></u> | <u><u>9,903</u></u> | <u><u>44,411</u></u> | <u><u>12,535,211</u></u> |
| At 31 August 2017 | <u><u>4,810,771</u></u> | <u><u>7,398,682</u></u> | <u><u>52,141</u></u> | <u><u>9,119</u></u> | <u><u>46,827</u></u> | <u><u>12,317,540</u></u> |

15. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 3,942 | - |
| VAT recoverable | 45,535 | 48,340 |
| Prepayments and accrued income | 61,034 | 569,611 |
| | <u>110,511</u> | <u>617,951</u> |

AD MELIORA ACADEMY TRUST

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

16. CREDITORS: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|--------------------------------------|-----------|-----------|
| Trade creditors | 92,715 | 236,665 |
| Other taxation and social security | 38,445 | 35,060 |
| Other creditors | 37,314 | 91,184 |
| Accruals and deferred income | 318,024 | 165,860 |
| | 486,498 | 528,769 |
| | 486,498 | 528,769 |
| | 2018 £ | 2017 £ |
| Deferred income | | |
| Deferred income at 1 September 2017 | 21,726 | - |
| Resources deferred during the year | 42,785 | 21,726 |
| Amounts released from previous years | (21,726) | - |
| | 42,785 | 21,726 |
| | 42,785 | 21,726 |

At the balance sheet date the academy trust was holding funds received in advance for universal infant free school meals.

17. FINANCIAL INSTRUMENTS

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Financial assets measured at amortised cost | 1,048,230 | 1,151,909 |
| | 1,048,230 | 1,151,909 |
| | 1,048,230 | 1,151,909 |
| Financial liabilities measured at amortised cost | 405,268 | 471,983 |
| | 405,268 | 471,983 |
| | 405,268 | 471,983 |

Financial assets measured at amortised cost comprise cash, debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

AD MELIORA ACADEMY TRUST

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

18. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/(out) £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|--------------------------------------|--|------------------|--------------------|----------------------------|-------------------------|--------------------------------------|
| Designated funds | | | | | | |
| Designated Funds | 75,000 | - | - | (75,000) | - | - |
| General funds | | | | | | |
| Amounts transferred on conversion | 234,101 | (4,201) | - | 75,000 | - | 304,900 |
| Other Income | 3,857 | 86,574 | (71,687) | - | - | 18,744 |
| | <u>237,958</u> | <u>82,373</u> | <u>(71,687)</u> | <u>75,000</u> | <u>-</u> | <u>323,644</u> |
| Total Unrestricted funds | <u>312,958</u> | <u>82,373</u> | <u>(71,687)</u> | <u>-</u> | <u>-</u> | <u>323,644</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 2,837,562 | (2,762,202) | (3,746) | - | 71,614 |
| Start-up Grant | 5,535 | - | (5,535) | - | - | - |
| Pupil Premium | 929 | 186,077 | (187,006) | - | - | - |
| Other DfE/ESFA Grants | 40,935 | 103,741 | (144,676) | - | - | - |
| Other Government Grants | - | 119,142 | (119,142) | - | - | - |
| Income from Other Schools | - | 6,277 | (6,277) | - | - | - |
| Other Restricted Income | - | 17,041 | (17,041) | - | - | - |
| Pension reserve | (877,000) | - | (141,000) | - | 205,000 | (813,000) |
| | <u>(829,601)</u> | <u>3,269,840</u> | <u>(3,382,879)</u> | <u>(3,746)</u> | <u>205,000</u> | <u>(741,386)</u> |
| Restricted fixed asset funds | | | | | | |
| Fixed assets | 12,283,064 | - | (436,370) | 656,295 | - | 12,502,989 |
| DfE/ESFA capital grants | 318,419 | 563,681 | - | (656,295) | - | 225,805 |
| Capital expenditure from GAG | 34,476 | - | (6,000) | 3,746 | - | 32,222 |
| | <u>12,635,959</u> | <u>563,681</u> | <u>(442,370)</u> | <u>3,746</u> | <u>-</u> | <u>12,761,016</u> |
| Total restricted funds | <u>11,806,358</u> | <u>3,833,521</u> | <u>(3,825,249)</u> | <u>-</u> | <u>205,000</u> | <u>12,019,630</u> |
| Total of funds | <u>12,119,316</u> | <u>3,915,894</u> | <u>(3,896,936)</u> | <u>-</u> | <u>205,000</u> | <u>12,343,274</u> |

AD MELIORA ACADEMY TRUST

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

18. STATEMENT OF FUNDS (continued)

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

General Annual Grant

This represents funding from the ESFA to cover the costs of recurrent expenditure. The transfer from GAG relates to the contribution from GAG funding towards the purchase of capital assets during the period.

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

Pupil Premium

This represents funding to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

Start-up Grants

This represents grants received by the Trust to support the schools' conversion to Academies.

Other DfE/ESFA Grants

This represents PE and Sports Grants, Regional Academy Growth Fund, and Universal Infant Free School Meals.

Other Government Grants

This represents other funding from the government towards the provision of education.

Income from other schools

Income from other schools relates to reimbursements for the use of staff employed by the Trust and Trust facilities, by other schools.

Other Restricted Income

This represents funding received from other bodies towards a specific purpose.

Restricted fixed asset funds

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

DfE/ESFA capital grants

Capital grants, are made up of Devolved Formula Capital which is received by the Trust to use to maintain and improve its buildings and facilities and Conditional Improvement Fund income to be used to improve the roof and windows at St Edmund's Academy and the emergency lighting system at Reffley Academy. The windows project is in progress at the 31 August 2018 and the Trust is committed to completing this.

AD MELIORA ACADEMY TRUST

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

18. STATEMENT OF FUNDS (continued)

Pension reserve

This fund represents the combined share of the deficit on the Local Government Pension Scheme (LGPS) for each of the academies within the Trust.

The restricted pension fund is materially in deficit and plans to eliminate the liability on the defined benefit pension scheme are set out in note 22 based on the period end actuarial valuation.

Unrestricted Funds

Unrestricted funds include contributions from parents, catering income, lettings and other miscellaneous income. Specific unrestricted funds are detailed below.

Amounts transferred on conversion

These represent the amounts received from the Local Authority on conversion of the schools to Academy status.

Designated Funds

In 16/17 trustees designated £75,000 of unrestricted funds against future capital projects. The trustees have now reversed this designation and returned the amount to unrestricted funds as they no longer intend for any large capital projects to be undertaken in the immediate future.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | Total 2017 £ |
|---|--------------------|--------------------|
| Ad Meliora Trust | 15,047 | (28,741) |
| Blenheim Park Academy | 131,266 | 109,785 |
| Reffley Academy | 209,761 | 148,514 |
| St Edmund's Academy | 39,184 | 130,799 |
| Total before fixed asset fund and pension reserve | 395,258 | 360,357 |
| Restricted fixed asset fund | 12,761,016 | 12,635,959 |
| Pension reserve | (813,000) | (877,000) |
| Total | 12,343,274 | 12,119,316 |

AD MELIORA ACADEMY TRUST

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

18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2018 £ | Total 2017 £ |
|--|---|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Ad Meliora Trust Blenheim Park Academy | 83,533 | 29,364 | 13,891 | 118,029 | 244,817 | 83,726 |
| Reffley Academy | 190,438 | 30,701 | 13,155 | 118,225 | 352,519 | 119,727 |
| St Edmund's Academy | 1,149,728 | 48,781 | 58,803 | 248,460 | 1,505,772 | 172,173 |
| | 869,839 | 96,566 | 34,101 | 209,952 | 1,210,458 | 1,098,123 |
| | <u>2,293,538</u> | <u>205,412</u> | <u>119,950</u> | <u>694,666</u> | <u>3,313,566</u> | <u>1,473,749</u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 8 July 2016 £ | Income £ | Expenditure £ | Transfers in/(out) £ | Gains/ (Losses) £ | Balance at 31 August 2017 £ |
|--------------------------------------|--------------------------------|----------------|--------------------|----------------------------|-------------------------|--------------------------------------|
| Designated Funds | - | - | - | 75,000 | - | 75,000 |
| General funds | | | | | | |
| Amounts transferred on conversion | - | 357,980 | (20,537) | (103,342) | - | 234,101 |
| Other Income | - | 5,632 | (1,775) | - | - | 3,857 |
| Catering Income | - | 14,136 | (14,136) | - | - | - |
| | - | <u>377,748</u> | <u>(36,448)</u> | <u>(103,342)</u> | - | <u>237,958</u> |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 1,196,981 | (1,161,756) | (35,225) | - | - |
| Start-up Grant | - | 115,000 | (54,622) | (54,843) | - | 5,535 |
| Pupil Premium | - | 81,825 | (80,896) | - | - | 929 |
| Other DfE/ESFA Grants | - | 86,108 | (45,173) | - | - | 40,935 |
| Other Government Grants | - | 40,769 | (40,769) | - | - | - |
| Income from Other Schools | - | 49,642 | (49,642) | - | - | - |
| Other Restricted Income | - | 4,444 | (4,444) | - | - | - |
| Pension reserve | - | (800,000) | (58,000) | - | (19,000) | (877,000) |
| | - | <u>774,769</u> | <u>(1,495,302)</u> | <u>(90,068)</u> | <u>(19,000)</u> | <u>(829,601)</u> |

AD MELIORA ACADEMY TRUST

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

18. STATEMENT OF FUNDS (continued)

Restricted fixed asset funds

| | | | | | | |
|------------------------------|----------|-------------------|--------------------|----------------|-----------------|-------------------|
| Fixed assets | - | - | (205,582) | 12,488,646 | - | 12,283,064 |
| Transfer on conversion | - | 12,261,637 | - | (12,261,637) | - | - |
| DfE/ESFA capital grants | - | 462,243 | - | (143,824) | - | 318,419 |
| Capital expenditure from GAG | - | - | (749) | 35,225 | - | 34,476 |
| | <u>-</u> | <u>12,723,880</u> | <u>(206,331)</u> | <u>118,410</u> | <u>-</u> | <u>12,635,959</u> |
| Total restricted funds | <u>-</u> | <u>13,498,649</u> | <u>(1,701,633)</u> | <u>28,342</u> | <u>(19,000)</u> | <u>11,806,358</u> |
| Total of funds | <u>-</u> | <u>13,876,397</u> | <u>(1,738,081)</u> | <u>-</u> | <u>(19,000)</u> | <u>12,119,316</u> |

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 12,535,211 | 12,535,211 |
| Current assets | 434,015 | 190,158 | 483,388 | 1,107,561 |
| Creditors due within one year | (110,371) | (118,544) | (257,583) | (486,498) |
| Provisions for liabilities and charges | - | (813,000) | - | (813,000) |
| | <u>323,644</u> | <u>(741,386)</u> | <u>12,761,016</u> | <u>12,343,274</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2017 £ | Restricted funds 2017 £ | Restricted fixed asset funds 2017 £ | Total funds 2017 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 12,317,540 | 12,317,540 |
| Current assets | 592,410 | 198,305 | 416,830 | 1,207,545 |
| Creditors due within one year | (279,452) | (150,906) | (98,411) | (528,769) |
| Provisions for liabilities and charges | - | (877,000) | - | (877,000) |
| | <u>312,958</u> | <u>(829,601)</u> | <u>12,635,959</u> | <u>12,119,316</u> |

AD MELIORA ACADEMY TRUST

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

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

| | 2018 £ | 2017 £ |
|--|-----------|--------------|
| Net income for the period (as per Statement of Financial Activities) | 18,958 | 12,138,316 |
| Adjustment for: | | |
| Depreciation charges | 441,095 | 206,331 |
| Dividends, interest and rents from investments | (300) | (79) |
| Loss on the sale of fixed assets | 1,275 | - |
| Decrease/(increase) in debtors | 507,440 | (617,951) |
| (Decrease)/increase in creditors | (103,248) | 528,769 |
| Capital grants from DfE and other capital income | (563,681) | (462,243) |
| Defined benefit pension scheme obligation inherited | - | 800,000 |
| Defined benefit pension scheme cost less contributions payable | 118,000 | 49,000 |
| Defined benefit pension scheme finance cost | 23,000 | 9,000 |
| Fixed assets from local authority on conversion | - | (12,261,637) |
| Net cash provided by operating activities | 442,539 | 389,506 |

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 £ | 2017 £ |
|---------------------------|-----------|-----------|
| Cash on deposit - at bank | 997,050 | 589,594 |
| Total | 997,050 | 589,594 |

AD MELIORA ACADEMY TRUST

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

22. PENSION COMMITMENTS

The academy trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Norfolk County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

Contributions amounting to £37,251 were payable to the schemes at 31 August 2018 (2017 - 36,210) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £181,374 (2017 - £82,172).

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

AD MELIORA ACADEMY TRUST

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

22. PENSION COMMITMENTS (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £153,798 (2017 - £59,000), of which employer's contributions totalled £121,879 (2017 - £45,000) and employees' contributions totalled £31,919 (2017 - £14,000). The agreed future contribution rates for employers for St Edmund's Academy and Blenheim Park Academy are 20.3% to 31 March 2019 and 21.3% to 31 March 2020. Those for Reffley Academy are 19.8% to 31 March 2019 and 20.8% to 31 March 2020. The agreed future contribution rates for employees for all schools is tiered based on salary levels between the rates of 5.5% and 12.5%.

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.

Principal actuarial assumptions:

| | 2018 | 2017 |
|--|---------|---------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.60 % | 2.70 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.40 % |
| Commutation of pensions to lump sums | 50.00 % | 50.00 % |

The commutation rate of 50% relates to pre April 2008 service and increased to 75% for post April 2008 service.

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

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

As at the 31 August 2018 the Trust had a pension liability of £813,000 (2017 - £877,000). The sensitivity analysis detailed below would increase/(decrease) the closing defined benefit obligation in the following way;

| Sensitivity Movement | At 31 August 2018 £ | At 31 August 2017 £ |
|--|---------------------------|---------------------------|
| Discount rate +0.1% | (43,862) | (40,560) |
| Discount rate -0.1% | 43,862 | 40,560 |
| Mortality assumption - 1 year increase | 13,496 | 12,480 |
| Mortality assumption - 1 year decrease | (13,496) | (12,480) |
| CPI rate +0.1% | 37,114 | 37,440 |
| CPI rate -0.1% | (37,114) | (37,440) |

AD MELIORA ACADEMY TRUST

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

22. PENSION COMMITMENTS (continued)

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

| | Fair value at 31 August 2018 £ | Fair value at 31 August 2017 £ |
|----------|---|---|
| Equities | 445,740 | 423,460 |
| Bonds | 297,160 | 170,750 |
| Property | 104,880 | 75,130 |
| Cash | 26,220 | 13,660 |
| | <u>874,000</u> | <u>683,000</u> |

The actual return on scheme assets was £47,000 (2017 - £32,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

| | 2018 £ | 2017 £ |
|----------------------|------------------|------------------|
| Current service cost | (231,000) | (94,000) |
| Past service cost | (9,000) | - |
| Interest income | 19,000 | 5,000 |
| Interest cost | (42,000) | (14,000) |
| | <u>(263,000)</u> | <u>(103,000)</u> |

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

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Opening defined benefit obligation | 1,560,000 | - |
| Upon conversion | - | 1,395,000 |
| Current service cost | 231,000 | 94,000 |
| Interest cost | 42,000 | 14,000 |
| Employee contributions | 32,000 | 14,000 |
| Actuarial (gains)/losses | (177,000) | 46,000 |
| Benefits paid | (10,000) | (3,000) |
| Past service costs | 9,000 | - |
| | <u>1,687,000</u> | <u>1,560,000</u> |

AD MELIORA ACADEMY TRUST

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

22. PENSION COMMITMENTS (continued)

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

| | 2018 | 2017 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| Opening fair value of scheme assets | 683,000 | - |
| Upon conversion | - | 595,000 |
| Interest income | 19,000 | 5,000 |
| Actuarial losses | 28,000 | 27,000 |
| Employer contributions | 122,000 | 45,000 |
| Employee contributions | 32,000 | 14,000 |
| Benefits paid | (10,000) | (3,000) |
| | <u>874,000</u> | <u>683,000</u> |
| Closing fair value of scheme assets | <u>874,000</u> | <u>683,000</u> |

23. OPERATING LEASE COMMITMENTS

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

| | 2018 | 2017 |
|-------------------------|--------------|--------------|
| | £ | £ |
| Amounts payable: | | |
| Within 1 year | 416 | 831 |
| Between 1 and 5 years | 624 | 1,040 |
| | <u>1,040</u> | <u>1,871</u> |
| Total | <u>1,040</u> | <u>1,871</u> |

24. MEMBERS' LIABILITY

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

AD MELIORA ACADEMY TRUST

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

25. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Ad Meliora Academy Trust purchased photocopying services amounting to £5 (2017: £Nil) from St Williams Primary School where the Trustee, Karen Gardner is a Governor. The purchase was made at arms length and Karen Gardner did not participate or influence the transaction. There were no amounts outstanding at the 31 August 2018 (2017: £Nil).

Ad Meliora Academy Trust purchased education services amounting to £200 (2017: £Nil) from Viscount Nelson Education Network, a company where the Member, Alexander Robinson is a Director. The purchase was made at arms length and Alexander Robinson did not participate or influence the transaction. There were no amounts outstanding at 31 August 2018 (2017: £Nil)

Ad Meliora Academy Trust purchased information technology licences amounting to £700 (2017: £Nil) from Ortoo Technologies Limited, a company where the Member, Alexander Robinson is a Director. The purchase was made at arms length and Alexander Robinson did not participate or influence the transaction. There were no amounts outstanding at 31 August 2018 (2017: £Nil).

In addition to this certain trustees' remuneration and expenses are disclosed in note 11.