

**AD MELIORA ACADEMY TRUST**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 AUGUST 2017**

# AD MELIORA ACADEMY TRUST

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## AD MELIORA ACADEMY TRUST

### REFERENCE AND ADMINISTRATIVE DETAILS FOR THE PERIOD ENDED 31 AUGUST 2017

<b>Members</b>	Julian Romney (appointed 1 October 2016) Alexander Robinson (appointed 1 October 2016) Alan Hunter Hayes (appointed 1 October 2016) Georgina Holloway (appointed 1 October 2016) Kathryn Blake (appointed 1 October 2016)
<b>Trustees</b>	Christopher John Barrett, Chair of Trustees (appointed 7 August 2016) Lisa Cook, Trustee (appointed 8 July 2016) Karen Denise Gardner, Trustee (appointed 7 August 2016) Alan Hunter Hayes, Trustee (appointed 8 July 2016) Karl Jermyn, Trustee (appointed 12 July 2017) Dorothy Pulsford-Harris, Trustee (appointed 12 July 2017) Andrew James Walder, Trustee (appointed 7 August 2016) Richard Curtis, Trustee (appointed 7 August 2016, resigned 12 July 2017)
<b>Company registered number</b>	10270029
<b>Company name</b>	Ad Meliora Academy Trust
<b>Principal and registered office</b>	St Edmund's Community Foundation School Kilham's Way Kings Lynn PE30 2HU
<b>Senior management team</b>	Lisa Cook, Chief Executive Nicola Taylor, Headteacher Jill Graver, Headteacher Eleanor Roberts, Headteacher
<b>Independent auditors</b>	Price Bailey LLP Chartered Accountants 20 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR7 0HR
<b>Bankers</b>	Santander Bridle Road Bootle Merseyside L30 4GB
<b>Solicitors</b>	Duncan Pickering 4 Southfields Bourne Lincolnshire PE10 9TZ

## AD MELIORA ACADEMY TRUST

### TRUSTEES' REPORT FOR THE PERIOD ENDED 31 AUGUST 2017

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 October 2016 to 31 August 2017. 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 693 in the 2017 census (10.01.17).

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

The Chief Executive Officer 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. Throughout this report the Board of Trustees is referred to as the Main Governing Body (MGB). Each Academy has appointed Local Governing Bodies (LGB) 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 LGB. 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 1 to the accounts (Summary of Cover provided by RPA).

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

The board has now been operating for one year and is in the process of reviewing its effectiveness. As part of this process the Directors have completed a skills audit from which a training programme and recruitment activity are being undertaken. In the short term the board recognises that it requires two more Directors to enhance its skills and knowledge coverage and to distribute the work load more effectively. The members will approve and appoint two further external trustees in 2017 and these trustees will be recruited in the last quarter of 2017.

## AD MELIORA ACADEMY TRUST

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

Appointments will be made in the areas of Human resource expertise and Education policy.

When new trustees are to be appointed, the board will agree at that time 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 company's governing documents. When the Board have identified suitable candidates for the Director posts the members will review and make the final appointment.

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 bi-monthly, site visits and circulating appropriate papers. They are all individuals with experience of education and business management in other organisations. Induction for new trustees will be reviewed at the time according to their experience and knowledge.

Local Governing Bodies:

Each Academy within the MAT has and will have a local governing body that will hold the MAT to account in ensuring their academy benefits from the oversight, investment and direction the MAT is expected to provide. Local governing bodies work to a clear delegation scheme. Currently all LGBs have limited delegated authority. Each governing body has 5 governors including the chair and 2 members will be parent governors and 1 member is a director. Recruitment is carried out through a formal process. Key local governing body functions include:

1. Attendance and progress of learners
2. Quality of teaching and learning
3. Community engagement

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

The Trust is committed to providing adequate opportunities for Trustees and Governors 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 Governors 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:

1. SEND
2. Safeguarding
3. Trustee governance and responsibilities.

The effectiveness of the trustees will be assessed annually based on the Academies Handbook guidance and the 21 defined criteria.

Key functions of the trustees and board are:

1. Setting MAT strategy
2. Agreeing the annual strategic plan for the MAT
3. Approving individual Academies' plans
4. Financial oversight and accountability
5. Appointing the Executive Headteacher & Head Teachers
6. Risk Management

#### **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 executive principal and senior management in the academies and local governing bodies.

## AD MELIORA ACADEMY TRUST

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

The MGB 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 executive principal include (among others) developing and implementing an appropriate curriculum, setting appropriate performance targets and completing annual reviews. The MGB, meets on at least 4 occasions per year and its 1 sub committees (Finance and Personnel) at least 3 times per year. The details of which are minuted and publicly available.

The Governors within their LGBs 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 LGBs may/should 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 LGB. 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.

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 MGB

#### **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 MGB 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.

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

The Trust does not have a formal sponsor.

## AD MELIORA ACADEMY TRUST

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

#### 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 establish St Edmund's Academy as the sponsor in North and North-West Norfolk and to bring Blenheim Park Community Primary School and Reffley Infant and Primary Community School into the MAT.

The strategic aim was, in the short term, to raise the performance at Blenheim Park to move it above the category of 'Inadequate'. Considerable and sustained assistance from St Edmund's Academy and the secondment of experienced teachers enabled significant improvements to be made in all areas.

Recruitment of quality senior leaders at Blenheim Park and St Edmund's and the recruitment of a central team of Teaching and Learning Leads has further enhanced leadership capacity.

Following a request from the DFE, the Trustees undertook due diligence and welcomed Reffley Academy into the Trust on 1.8.17. The strategic aim was to move the Trust to a financially sustainable size.

During the period the Trust has worked towards these aims by:

- 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 and Learning 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;
- the Trust will be financially solvent, have reserves and submit three-year financial plans that are realistic, robust and do not produce a deficit financial position;
- the Trust will comply with all statutory regulations and have a positive 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);
- St Edmund's and Blenheim Park have attainment and progress measures that are above the DFE floor targets;
- external Review outcomes show that leadership at St Edmund's is good overall. Leadership at Blenheim Park has improved from 'inadequate' (OFSTED June 16) to 'Requires Improvement' (September 17);

## AD MELIORA ACADEMY TRUST

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

- local Teaching and Learning Boards are established in each Academy. 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 at Blenheim Park Academy and St Edmund's Academy;
- the Trust has been able to recruit quality candidates to the roles of Headteacher (Blenheim Park and St Edmund's) and a team of Teaching and Learning Leads;
- the Trust is financially solvent, has reserves and has submitted a three-year financial plans that is realistic, robust and does not produce a 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.

Specific achievements were as follows:

- welcoming Blenheim Park Community Primary School and Reffley Infant and Primary Community School into the Trust to enable a financially sustainable position to be achieved;
- the Department for Education selected the Ad Meliora Trust to sponsor Reffley Community Infant and Primary School as a result of its ability to improve underperforming schools. The Trust ensured that Reffley Academy converted within the timescales set by the Department for Education;
- although the % of children attaining age related expectations in reading, writing and maths fell from 2016, St Edmund's maintained standards that are above the DFE floor standard. Progress measures show that the academy performed in line with 60% of schools nationally;
- attainment at Blenheim Park rose steeply from 8% of pupils attaining age related expectations in reading, writing and maths combined to 50%. Progress measures at Blenheim Park improved significantly and are favourable when compared to national benchmarks;
- self-assessment and external review outcomes demonstrate that Blenheim Park is no longer an inadequate academy and improvements made have been rapid and sustained.



## AD MELIORA ACADEMY TRUST

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

#### 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 2017 were 663 (as at the census on 10.1.17).

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 MGB.

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 MGB.

#### 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 2017 the Trust received £13,876,397 of income, including assets transferred on conversion of £12,261,637 and net surpluses transferred on conversion of £357,980. 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 £1,738,081 on expenditure. It being the first period of the Trust no amounts were brought forward from previous years. The carry forward for 16/17 is £47,399 restricted funding, £237,958 unrestricted funding and £75,000 designated funding.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of (£877,000). 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.

#### 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 £312,958. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees have made a decision to designate unrestricted balances of £75,000 for future capital projects, and is holding other unrestricted funds of £10,000 to cover future increases in costs and expenditure that may arise from uninsurable losses. 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.

## **AD MELIORA ACADEMY TRUST**

### **TRUSTEES' REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2017**

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted and designated funds at 31 August 2017 was £360,357.

The cash balance of the Trust has been very healthy all period, ending the period with a balance of £589,594. 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.

There is a deficit on funds for the year at trust level of £28,741 when looking at the trust in isolation of all academies within it. This deficit has arisen as a result of the trust incurring costs in operating the underlying academies throughout the period as shown in note 17 to the accounts for Analysis of Academies By Fund Balance. No charge was made in the year by the trust to the academies as the Trustees are yet to determine the fairest way to recharge these costs to be covered by the constituent academies.

The Trustees are currently considering a policy for recharging central costs and once this has been approved by the Trust a charge will be made in the 2017/18 year which will rectify the deficit position disclosed at trust level and will be implemented going forward to ensure that each academy makes an appropriate contribution towards Trust level costs in all subsequent years.

The Trust as a whole, once adding in all of the constituent academies, was not in deficit funds.

#### **Investment Policy**

At the last finance meeting, the committee agreed that all funds would be held as a current deposit rather than an investment deposit until all invoices for the roof have been paid in full and the end of year financial position for Reffley Academy is clear.

It is the intention of the finance committee to establish an Investment Policy for 2017-18. The aim of this policy will be to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. The Trustees do not consider the investment of surplus funds as a primary activity, rather as good stewardship and as and when circumstances allow.

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

The Trust was originally limited in size and scope and the academy based critical incident plans were sufficient to manage the risk. With the recent growth, the Trust recognises that there needs to be an overarching risk register and this is something that is currently in draft form. Trustees plan to 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. This register will be approved and monitored by the MGB via the director meeting and the finance committee with a formal review of the process undertaken on an annual basis. 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 recently formed group of academy schools, the level of financial risk is medium. Cash flows are difficult to reliably forecast. 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 PERIOD ENDED 31 AUGUST 2017

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 EFA 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 are in the process of setting up a system to review and 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 begun to consider the implications/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 for which the Multi Academy Trust faces is the uncertainty and impact of the financial outcomes of our most recent conversion which could 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 recognises that the finance team is under staffed and is mitigating this by undertaking a recruitment process to strengthen this. 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 first year of the Trusts existence, the Trustees are in the process of developing systems and processes to strengthen its risk management process throughout the year by establishing a process and ensuring staff awareness.

## AD MELIORA ACADEMY TRUST

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

#### 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.

#### 2017-18

1. Build capacity within our existing Trust (3 academies) – senior and middle leadership, financial, administrative, quality teachers.
2. Continue to strengthen outcomes, specifically in EYFS, Y1, 2 and 6 across the Trust.
3. Develop the Teaching and Learning Lead programme to improve the quality of teaching and learning and consistency across the Trust.
4. Establish a 'growing teachers' programme to provide good quality teachers to the Trust.
5. Undertake a director skills review to self-assess skill base and recruit to fill gaps in skills.

#### 2018-19

1. External Trust review to establish success against outcomes and capacity within the Trust.
2. Undertake an external director review to establish effectiveness and capacity to expand.
3. Liaise with Regional Schools' Commissioner with a view to supporting an additional school in North West Norfolk.

#### 2019-2020

1. External Trust review to establish success against outcomes and capacity within the Trust.
2. 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.

#### 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 14 December 2017 and signed on its behalf by:

**Christopher John Barrett**  
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 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Christopher John Barrett, Chair of Trustees	10	10
Lisa Cook, Trustee	10	10
Karen Denise Gardner, Trustee	10	10
Alan Hunter Hayes, Trustee	8	8
Karl Jermyn, Trustee	5	6
Dorothy Pulsford-Harris, Trustee	3	4
Andrew James Walder, Trustee	10	10
Richard Curtis, Trustee	6	7

The board has been operating for one year and during that time one director has resigned and two further directors recruited. The current board is represented by personnel with the following skill sets: accountancy, business, marketing, law and education.

Reflective in its practices board members have recently completed a skills audit from which a training programme and recruitment activity are being undertaken. In the short term the board recognises that it requires two more directors to further enhance its current skill sets and knowledge base and to distribute work loads more effectively. The Members will approve and appoint identified individuals in the last quarter of 2017. Appointments will be made to cover existing gaps in HR and Education Policy.

Directors are regularly briefed by the executive team on educational development areas such as policy, finance, strategic direction and other relevant matters through board meetings which are held bi-monthly, site visits and through the circulation of pertinent and relevant papers. The CEH and the Trust business management team are challenged and held to account by directors for all aspects of their work.

#### Local Teaching and Learning Boards (LTLB)

Each Academy within the MAT has a LTLB which meets at least once per half term. Each board operates within a limited scheme of delegation which is understood by all board members. Within each board there are parent representatives, a director and members of the wider community all with a wide range of skill sets. Recruitment is carried out through a formal process by directors.

The key functions of the LTLB's are to monitor:

- attendance and progress and attainment of all children through analysis of data and book scrutinies;
- quality of teaching and learning; and
- community engagement

## AD MELIORA ACADEMY TRUST

### GOVERNANCE STATEMENT (continued)

The headteacher within each Academy prepares a Headteachers Report that is sent out seven days in advance of a meeting to enable LTLB members to ask informed questions at the meeting. Each headteacher is challenged, supported and held to account.

The Personnel and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to:

- to establish systems and policies – the board have drafted and reviewed a Finance Policy which sets out the financial controls for the Trust;
- to annually discuss performance management outcomes and consider pay recommendations. The committee considers the effectiveness of the performance management system;
- to board reviews and monitors cash flow to ensure that the Trust is solvent and any remedial action required is timely and carried out;
- to review monthly financial reports to maintain an overview of spend linked to budget forecasts; and
- to establish systems within the Trust to enable trustees to have clarity of resources and their value. An up to date asset management plan has been established in each academy and a draft risk management plan to enable trustees to monitor key risks.

During the year, K Jermyn, who is a Chartered Accountant, joined the committee.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
Lisa Cook	3	3
Alan Hunter Hayes	2	2
Karl Jermyn	2	2

### 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:

- when contracts are renewed, investigating economies of scale to ensure better value for money;
- obtaining contracts across the Trust, using the scale as a bargaining tool to ensure a better service, for example NORSE (catering contractors) and ICT Solutions (IT technician). This has given continuity across the Trust;
- established local resource budgets to enable Academy Headteachers to procure resources to meet their specific needs and enable leaders to be empowered within a set budget; and
- appointed a Trust central team – School Support Manager, Finance Support, Teaching and Learning Leads, Deputy (seconded) to provide specialist support across the three academies in the Trust. By working together, the Trust has been able to attract a high calibre of staff to undertake these roles.

## **AD MELIORA ACADEMY TRUST**

### **GOVERNANCE STATEMENT (continued)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 period 8 July 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the 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 period 8 July 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

#### **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.

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 Educator Solutions, an external auditor, to perform additional checks.

The auditors' 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:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/reconciliations
- Checking relevant policies are in place
- Checking record of disposals and asset register

On a quarterly basis, the auditors report to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

## **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 period in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 14 December 2017 and signed on their behalf, by:

**Christopher John Barrett**  
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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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

**Lisa Cook**  
**Accounting Officer**

Date: 14 December 2017

## AD MELIORA ACADEMY TRUST

### STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE PERIOD ENDED 31 AUGUST 2017

The Trustees (who act as governors of Ad Meliora Academy Trust and 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 14 December 2017 and signed on its behalf by:

**Christopher John Barrett**  
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 period ended 31 August 2017 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 2016 to 2017 issued by the Education and Skills Funding Agency.

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.

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 2017 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

#### **BASIS 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 UK, including the FRC'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' remunerations specified by law 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

John Warren BSc FCA (Senior Statutory Auditor)

for and on behalf of

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

20 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 AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ad Meliora Academy Trust during the period 8 July 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 8 July 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

**AD MELIORA ACADEMY TRUST**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO AD MELIORA  
ACADEMY TRUST AND THE EDUCATION AND 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 period 8 July 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

20 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 PERIOD ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
<b>INCOME FROM:</b>					
Donations & capital grants:					
Transfers on conversion	2	357,980	(800,000)	12,261,637	11,819,617
Other donations and capital grants	2	-	723	462,243	462,966
Charitable activities	3	10,402	1,570,325	-	1,580,727
Other trading activities	4	9,287	3,721	-	13,008
Investments	5	79	-	-	79
<b>TOTAL INCOME</b>		<u>377,748</u>	<u>774,769</u>	<u>12,723,880</u>	<u>13,876,397</u>
<b>EXPENDITURE ON:</b>					
Charitable activities		<u>36,448</u>	<u>1,495,302</u>	<u>206,331</u>	<u>1,738,081</u>
<b>TOTAL EXPENDITURE</b>	6	<u>36,448</u>	<u>1,495,302</u>	<u>206,331</u>	<u>1,738,081</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>					
Transfers between Funds	17	<u>341,300</u> <u>(28,342)</u>	<u>(720,533)</u> <u>(90,068)</u>	<u>12,517,549</u> <u>118,410</u>	<u>12,138,316</u> <u>-</u>
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
Actuarial losses on defined benefit pension schemes	22	<u>-</u>	<u>(19,000)</u>	<u>-</u>	<u>(19,000)</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>312,958</u>	<u>(829,601)</u>	<u>12,635,959</u>	<u>12,119,316</u>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>312,958</u>	<u>(829,601)</u>	<u>12,635,959</u>	<u>12,119,316</u>

No comparative information is shown on this statement as this is the first period of activity for the academy trust.



**AD MELIORA ACADEMY TRUST**  
**REGISTERED NUMBER: 10270029**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £
<b>FIXED ASSETS</b>			
Tangible assets	13		12,317,540
<b>CURRENT ASSETS</b>			
Debtors	14	617,951	
Cash at bank and in hand		589,594	
		1,207,545	
<b>CREDITORS:</b> amounts falling due within one year	15	(528,769)	
<b>NET CURRENT ASSETS</b>			678,776
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			12,996,316
Defined benefit pension scheme liability	22		(877,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			12,119,316
<b>FUNDS OF THE ACADEMY</b>			
Restricted income funds:			
Restricted income funds	17	47,399	
Restricted fixed asset funds	17	12,635,959	
		12,683,358	
Restricted income funds excluding pension liability			
Pension reserve		(877,000)	
		11,806,358	
Total restricted income funds			11,806,358
Unrestricted income funds	17		312,958
<b>TOTAL FUNDS</b>			12,119,316

No comparative information is shown on this statement as this is the first period of activity for the academy trust. The financial statements on pages 22 to 48 were approved by the Trustees, and authorised for issue, on 14 December 2017 and are signed on their behalf, by:

**Christopher John Barrett**  
Chair of Trustees

AD MELIORA ACADEMY TRUST

STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 AUGUST 2017

	Note	2017 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	19	389,506
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments		79
Purchase of tangible fixed assets		(262,234)
Capital grants from DfE/ESFA		462,243
<b>Net cash provided by investing activities</b>		200,088
<b>Change in cash and cash equivalents in the period</b>		589,594
Cash and cash equivalents brought forward		-
<b>Cash and cash equivalents carried forward</b>	20	589,594

No comparative information is shown on this statement as this is the first period of activity for the academy trust.

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 1. ACCOUNTING POLICIES

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

Ad Meliora Academy Trust is a 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 prepared 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 2016 to 2017 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 PERIOD ENDED 31 AUGUST 2017

#### 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 PERIOD ENDED 31 AUGUST 2017

#### 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 15 and 35 years
L/Term Leasehold Property	-	Between 10 and 36 years
L/Term Leasehold Land	-	Over the 125 year lease term
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10% - 20% straight line
Computer equipment	-	25% straight line

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

##### 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 PERIOD ENDED 31 AUGUST 2017

#### 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 14. 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 15. 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 PERIOD ENDED 31 AUGUST 2017

#### 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 Conversion to an academy trust

The conversions from state maintained schools to the academy trust involved the transfer of identifiable assets and liabilities and the operation of the schools for £NIL consideration. The substance of the transfers is that of a gift and they have been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the schools shown in note 22 to the academy trust have been valued at their fair value. The fair values have been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amounts recognised in in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds as appropriate.

Further details of the transactions are set out in note 21.

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 Fund accounting

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

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

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

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

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

Critical accounting estimates and assumptions:

The academy trust 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

##### 1.17 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 PERIOD ENDED 31 AUGUST 2017**

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

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Funds transferred on conversion	357,980	(800,000)	12,261,637	11,819,617
Transfers on conversion	357,980	(800,000)	12,261,637	11,819,617
Donations	-	723	-	723
Capital Grants	-	-	462,243	462,243
Subtotal	-	723	462,243	462,966
	357,980	(799,277)	12,723,880	12,282,583

**3. FUNDING FOR EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	1,196,981	1,196,981
Other DfE / EFA grants	-	167,933	167,933
Start up grants	-	115,000	115,000
	-	1,479,914	1,479,914
<b>Other government grants</b>			
Local authority grants	-	40,769	40,769
	-	40,769	40,769
<b>Other funding</b>			
Catering income	10,402	-	10,402
Payments from other schools	-	49,642	49,642
	10,402	49,642	60,044
	10,402	1,570,325	1,580,727

**AD MELIORA ACADEMY TRUST**

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

**4. OTHER TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Catering income from duty meals	3,734	-	3,734
Rental income	5,300	-	5,300
Other income	253	3,721	3,974
	<u>9,287</u>	<u>3,721</u>	<u>13,008</u>

**5. INVESTMENT INCOME**

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

**6. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £
Provision of Education:				
Direct costs	954,932	-	91,013	1,045,945
Support costs	158,926	87,319	445,891	692,136
	<u>1,113,858</u>	<u>87,319</u>	<u>536,904</u>	<u>1,738,081</u>

**7. CHARITABLE ACTIVITIES**

	2017 £
Direct costs - educational operations	1,045,945
Support costs - educational operations	692,136
Total	<u>1,738,081</u>

AD MELIORA ACADEMY TRUST

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

Analysis of support costs of educational operations

	2017 £
Support staff costs	158,926
Depreciation	206,331
Technology costs	12,932
Premises costs	87,319
Other support costs	215,298
Governance costs	11,330
	<hr/>
Total	692,136
	<hr/> <hr/>

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017 £
Depreciation of tangible fixed assets:	
- owned by the charity	206,331
Auditors' remuneration - audit	6,650
Auditors' remuneration - other services	4,680
Operating lease payments	1,904
	<hr/> <hr/>

**AD MELIORA ACADEMY TRUST**

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

**9. STAFF COSTS**

Staff costs were as follows:

	2017 £
Wages and salaries	819,497
Social security costs	62,334
Operating costs of defined benefit pension schemes	177,158
	1,058,989
Staff restructuring costs	54,869
	1,113,858

Staff restructuring costs comprise:

	2017 £
Redundancy payments	38,369
Severance payments	16,500
	54,869

Included in staff restructuring costs are non-statutory, non-contractual severance payments totalling £16,500. This is made up of 3 payments as follows, £7,000, £2,500 and £7,000. Other severance payments were in line with statutory requirements.

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

	2017 No.
Teaching	16
Admin and support	32
Management	2
	50

Average headcount expressed as a full time equivalent:

	2017 No.
Teaching	13
Admin and support	20
Management	2
	35

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 9. STAFF COSTS (continued)

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

	2017 No.
In the band £60,001 - £70,000	1

The key management personnel of the academy trust comprises the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions of £23,361) received by key management personnel for their services to the academy trust was £202,895.

#### 10. CENTRAL SERVICES

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

- Chief Executive Officer role
- Finance and school business management support
- Site management
- A central team of three full time equivalent Teaching and Learning Leads to support improvement in the quality of teaching and learning

The trust has not charged for these services in the year, as explained in note 17.

#### 11. TRUSTEES' REMUNERATION AND EXPENSES

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

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

During the period ended 31 August 2017, expenses totalling £664 were reimbursed to 1 Trustee.

#### 12. TRUSTEES' AND OFFICERS' INSURANCE

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

**AD MELIORA ACADEMY TRUST**

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

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	L/Term Leasehold Property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>						
Additions	143,824	110,615	-	7,795	-	262,234
Assets on conversion	4,808,000	7,345,000	9,990	46,501	52,146	12,261,637
At 31 August 2017	<u>4,951,824</u>	<u>7,455,615</u>	<u>9,990</u>	<u>54,296</u>	<u>52,146</u>	<u>12,523,871</u>
<b>Depreciation</b>						
Charge for the period	141,053	56,933	871	2,155	5,319	206,331
At 31 August 2017	<u>141,053</u>	<u>56,933</u>	<u>871</u>	<u>2,155</u>	<u>5,319</u>	<u>206,331</u>
<b>Net book value</b>						
At 31 August 2017	<u><u>4,810,771</u></u>	<u><u>7,398,682</u></u>	<u><u>9,119</u></u>	<u><u>52,141</u></u>	<u><u>46,827</u></u>	<u><u>12,317,540</u></u>

The Trust's transactions relating to land and buildings included the taking up of long term leaseholds on the Reffley Academy and Blenheim Park Academy sites for £7,345,000 over a term of 125 years. There will be no rent charged by the Local Authority over this period.

The freehold and leasehold land and buildings have been included in the accounts at fair value based on the valuation carried out by an external independent professional who was appropriately qualified and experienced to do so.

The Trust also received the freehold land and buildings at St Edmund's Academy on its conversion for nil consideration at a fair value of £4,808,000.

**14. DEBTORS**

	2017 £
Prepayments and accrued income	569,611
VAT Debtor	48,340
	<u>617,951</u>

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

	2017 £
Trade creditors	236,665
Other taxation and social security	35,060
Other creditors	91,184
Accruals and deferred income	165,860
	<u>528,769</u>

AD MELIORA ACADEMY TRUST

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

15. CREDITORS: Amounts falling due within one year (continued)

	£
<b>Deferred income</b>	
Resources deferred during the year	21,726
	<u>21,726</u>

16. FINANCIAL INSTRUMENTS

	2017
	£
Financial assets measured at amortised cost	1,151,909
	<u>1,151,909</u>
Financial liabilities measured at amortised cost	471,983
	<u>471,983</u>

Financial assets measured at amortised cost comprise cash 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 PERIOD ENDED 31 AUGUST 2017**

**17. STATEMENT OF FUNDS**

	Balance at 8 July 2016 £	Income £	Expenditure £	Transfers in/(out) £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Designated funds</b>						
Designated Funds	-	-	-	75,000	-	75,000
<b>General funds</b>						
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)	-	-	-
	-	377,748	(36,448)	(103,342)	-	237,958
Total Unrestricted funds	-	377,748	(36,448)	(28,342)	-	312,958
<b>Restricted funds</b>						
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)
	-	774,769	(1,495,302)	(90,068)	(19,000)	(829,601)
<b>Restricted fixed asset funds</b>						
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
	-	12,723,880	(206,331)	118,410	-	12,635,959
Total restricted funds	-	13,498,649	(1,701,633)	28,342	(19,000)	11,806,358
Total of funds	-	13,876,397	(1,738,081)	-	(19,000)	12,119,316



## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 17. 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 2017.

##### **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.

##### **Amounts transferred on conversion**

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

##### **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 at St Edmund's Academy.

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 17. 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.

##### Designated Funds

Trustees have designated £75,000 of unrestricted funds against future capital projects.

#### ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £
Blenheim Park Academy	109,785
Reffley Academy	148,514
St Edmund's Academy	130,799
Ad Meliora Trust	(28,741)
Total before fixed asset fund and pension reserve	<u>360,357</u>
Restricted fixed asset fund	12,635,959
Pension reserve	(877,000)
Total	<u><u>12,119,316</u></u>

At trust level there is a net deficit on its portion of the funds as follows:

	Amount of deficit £
Ad Meliora Trust	(28,741)

The above note shows a deficit on funds at Trust level of £28,741. This deficit has arisen as a result of the Trust incurring costs in operating the underlying academies throughout the period as shown in the below table of Analysis of Academies By Cost. No charge was made in the year by the Trust to the academies as the Trustees are yet to determine the fairest way to recharge these costs to be covered by the constituent academies.

The academy trust is taking the following actions to recover the deficit position reported:

The Trustees are currently considering a policy for recharging central costs and once this has been approved by the Trust a charge will be made in the 2017/18 year which will rectify the deficit position disclosed at Trust level and will be implemented going forward to ensure that each academy makes an appropriate contribution towards Trust level costs in all subsequent years.

**AD MELIORA ACADEMY TRUST**

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

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

**ANALYSIS OF ACADEMIES BY COST**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £
Blenheim Park Academy	43,478	17,224	5,341	53,684	119,727
Reffley Academy	143,475	4,949	2,853	20,896	172,173
St Edmund's Academy	776,160	84,785	17,072	220,106	1,098,123
Ad Meliora Trust	35,992	16,967	-	30,767	83,726
	<u>999,105</u>	<u>123,925</u>	<u>25,266</u>	<u>325,453</u>	<u>1,473,749</u>

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

	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>

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

	2017 £
Net income for the period (as per Statement of Financial Activities)	12,138,316
<b>Adjustment for:</b>	
Depreciation charges	206,331
Dividends, interest and rents from investments	(79)
Increase in debtors	(617,951)
Increase in creditors	528,769
Capital grants from DfE and other capital income	(462,243)
Defined benefit pension scheme obligation inherited	800,000
Defined benefit pension scheme cost less contributions payable	49,000
Defined benefit pension scheme finance cost	9,000
Fixed assets from local authority on conversion	(12,261,637)
<b>Net cash provided by operating activities</b>	<u>389,506</u>

**AD MELIORA ACADEMY TRUST**

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

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

	2017 £
Cash on deposit - at bank	589,594
Total	<u>589,594</u>

**21. CONVERSION TO AN ACADEMY TRUST**

St Edmund's Community Foundation School

On 1 October 2016 St Edmund's Community Foundation School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ad Meliora Academy Trust from Norfolk County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	4,808,000	4,808,000
- Other tangible fixed assets	-	-	31,894	31,894
Budget surplus/(deficit) on LA funds	34,096	-	-	34,096
Budget surplus/(deficit) on other school funds	1,500	-	-	1,500
LGPS pension surplus/(deficit)	-	(285,000)	-	(285,000)
Net assets/(liabilities)	<u>35,596</u>	<u>(285,000)</u>	<u>4,839,894</u>	<u>4,590,490</u>

The above net assets include £35,596 that were transferred as cash.

**AD MELIORA ACADEMY TRUST**

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

**Blenheim Park Primary School**

On 1 March 2017 Blenheim Park Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ad Meliora Academy Trust from Norfolk County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
Freehold/leasehold land and buildings	-	-	2,610,000	2,610,000
Other tangible fixed assets	-	-	20,211	20,211
Budget surplus/(deficit) on LA funds	27,187	-	-	27,187
Budget surplus/(deficit) on other school funds	-	-	-	-
LGPS pension surplus/(deficit)	-	(72,000)	-	(72,000)
<b>Total</b>	<u>27,187</u>	<u>(72,000)</u>	<u>2,630,211</u>	<u>2,585,398</u>

The above net assets include £27,187 that were transferred as cash.

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### Reffley Primary School

On 1 August 2017 Reffley Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Ad Meliora Academy Trust from Norfolk County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	-	-
Freehold/leasehold land and buildings	-	-	4,735,000	4,735,000
Other tangible fixed assets	-	-	56,532	56,532
Budget surplus/(deficit) on LA funds	296,697	-	-	296,697
Budget surplus/(deficit) on other school funds	-	-	-	-
LGPS pension surplus/(deficit)	-	(443,000)	-	(443,000)
Total	<u>296,697</u>	<u>(443,000)</u>	<u>4,791,532</u>	<u>4,645,229</u>

The above net assets include £296,697 that were transferred as cash.

#### 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.

As described in note 21 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained schools and new employees who were eligible to, and did, join the Scheme in the period from 1 October 2016 to 31 August 2017. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial period.

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

22. PENSION COMMITMENTS (continued)

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £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](http://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx)).

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

**AD MELIORA ACADEMY TRUST**

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

**22. PENSION COMMITMENTS (continued)**

**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 period ended 31 August 2017 was £59,000, of which employer's contributions totalled £45,000 and employees' contributions totalled £14,000. The agreed future contribution rates for employers for Reffley Academy and Blenheim Park Academy are 19.3% to 31 March 2018, 20.3% to 31 March 2019 and 21.3% to 31 March 2020. Those for St Edmund's Academy are 18.8% to 31 March 2018, 19.8% to 31 March 2020 and 20.8% to 31 March 2021. 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:

	2017
Discount rate for scheme liabilities	2.50 %
Rate of increase in salaries	2.70 %
Rate of increase for pensions in payment / inflation	2.40 %
Commutation of pensions to lump sums	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:

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

**Sensitivity analysis**

	At 31 August 2017 £
Discount rate +0.1%	1,603,680
Discount rate -0.1%	1,516,320
Mortality assumption - 1 year increase	1,569,360
Mortality assumption - 1 year decrease	1,550,640
CPI rate +0.1%	1,597,440
CPI rate -0.1%	1,522,560



**AD MELIORA ACADEMY TRUST**

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

**22. PENSION COMMITMENTS (continued)**

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

	Fair value at 31 August 2017 £
Equities	423,460
Bonds	170,750
Property	75,130
Cash	13,660
	683,000
	683,000

The actual return on scheme assets was £32,000.

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

	2017 £
Current service cost	(94,000)
Interest income	5,000
Interest cost	(14,000)
	(103,000)
	(103,000)

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

	2017 £
Upon conversion	1,395,000
Current service cost	94,000
Interest cost	14,000
Employee contributions	14,000
Actuarial losses	46,000
Benefits paid	(3,000)
	1,560,000
	1,560,000

## AD MELIORA ACADEMY TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2017

#### 22. PENSION COMMITMENTS (continued)

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

	2017 £
Upon conversion	595,000
Interest income	5,000
Actuarial losses	27,000
Employer contributions	45,000
Employee contributions	14,000
Benefits paid	(3,000)
	<hr/>
Closing fair value of scheme assets	683,000
	<hr/> <hr/>

#### 23. OPERATING LEASE COMMITMENTS

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

	2017 £
<b>Amounts payable:</b>	
Within 1 year	831
Between 1 and 5 years	1,040
	<hr/>
Total	1,871
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#### 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.

#### 25. RELATED PARTY TRANSACTIONS

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