

ARDEN MULTI ACADEMY TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2018

THURSDAY



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20/12/2018
COMPANIES HOUSE

Company Limited by Guarantee
Registration Number: 07375267
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS

Members
 Dr C O'Donovan (Chair)
 Professor A Devitt
 G Harley - Mason
 A Stonehewer
 A Volkaerts

Arden Multi Academy Trust - Directors/Trustees

Appointed 1 April 2015
 Dr C O'Donovan (Chair)
 W Jarema
 M Murphy (Executive Principal and Accounting Officer)
 M Allsopp (Appointed 16 July 2018)
 D Burgess (Headteacher Park Hall)
 G Harley - Mason
 G Chaplin
 A Cole
 V Thomas
 A Volkaerts (resigned 30 September 2017)
 Vacancy x 2

Company Secretary
 C Austin

ARDEN ACADEMY

Local Governing Board
 G Harley - Mason (Chair)
 W Bohanna
 K Brennan (Teaching Staff Governor)
 R Brown
 S Bloomer
 M Carter (Parent Governor)
 A Devitt
 L Hough
 W Jarema
 M Murphy (Executive Principal and Accounting Officer)
 P Nicolaides (Parent Governor)
 Dr C O'Donovan
 J Rice
 A Stonehewer
 J Whitehall (Parent Governor)
 N Cutler (Parent Governor)
 S Butcher-Johns (Associate Staff Governor) (Appointed 8 March 2018)

Senior Management Team

Executive Principal
 M Murphy

Senior Vice Principal
 C Robinson
 Vice Principal
 D Warwood

Assistant Principal
 E Collett
 Assistant Principal
 P Kilbey
 Assistant Principal
 P Simpson
 Assistant Principal
 L Page
 Assistant Principal
 J Gunn
 Assistant Principal
 M Hooper

Finance Director
 A Hinsley (Resigned 2 September 2018)
 C Austin (Appointed 3 September 2018)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (cont'd)

PARK HALL ACADEMY

Local Governing Board

W Jarema (Chair)
 M Murphy (Executive Principal and Accounting Officer)
 D Burgess (Head Teacher)
 W Bohanna
 J Hiorns (Vice Chair)
 M Robinson
 A Smith (Parent Governor) (resigned 4 June 2018)
 J Bellingham (Teaching staff Governor)
 S Bloomer (Associate staff Governor)
 Dr C O'Donovan
 S Watts
 M Durber-Reeves (Parent Governor)

Senior Management Team

Head Teacher

D Burgess

Senior Deputy Headteacher

T Close

Deputy Headteacher

S Gregory

Assistant Headteacher

Lesley Browne

Assistant Headteacher

Ian Cornell

Assistant Headteacher

Daniel Price

Assistant Headteacher

Nick Halligan

Assistant Headteacher

Adam Philips

Finance Director

A Hinsley (Resigned 2 September 2018)
 C Austin (Appointed 3 September 2018)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, TRUSTEES AND ADVISORS (cont'd)

LODE HEATH SCHOOL

Local Governing Board

P Ryan (Chair)
M Allsopp
D E Carr (Vice Chairman)
J Kings
S Cleaver (Staff Trustee resigned 11 May 2018)
E Burke
R Gough
I Mackay
P Scrivener (Staff Trustee resigned 30 April 2018)
G Sharp
M Wilson (Headteacher resigned 31 August 2018)

Senior Management Team

Head Teacher

M Wilson (resigned 31 August 2018)

Deputy Headteacher

L Suddon

Deputy Headteacher

S Tonks (resigned 31 August 2018)

Assistant Headteacher

S Rodriguez-Summers

Assistant Headteacher

N Burke

Assistant Headteacher

G Davies

Assistant Headteacher

A Mohammed

Assistant Headteacher

N Choudbury

Finance Director

A Hinsley (Resigned 2 September 2018)
C Austin (Appointed 3 September 2018)

Principal & Registered Office

Station Road
Knowle
Solihull

Company Registration Number

7375267

Independent Auditor

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The trustees present their report together with the financial statements and auditors report of the charitable company for the year ended 31 August 2018.

The Arden Multi Academy Trust was formed on the 1 April 2015. The trust operates 3 secondary schools, Arden Academy, Park Hall Academy and Lode Heath School, for pupils aged 11 to 18 serving a catchment area in Knowle, Solihull and Castle Bromwich, Birmingham. Park Hall Academy joined the multi academy trust on 1 April 2015 and Lode Heath School on 1 January 2018. The multi academy trust had a roll of 3,517 (2017: 3,376) (Arden Academy 1,348, Park Hall Academy 1,048, Lode Heath School 1,121) in the school census in October 2017. Including the sixth form, total pupil numbers are: 3,941 (2017: 2,761). Pupil numbers including the Sixth forms in September 2018 are 4,069.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

Arden Multi Academy Trust (AMAT) is a company limited by guarantee with no share capital (registration no: 7849858) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust.

The trustees for Arden Multi Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Arden Multi Academy Trust. Details of the trustees who served during the year (except as noted) are included in the Reference and Administrative details on pages 3 to 5.

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.

Trustees' Indemnities

AMAT has in place directors and trustees liability insurance indemnity cover to a limit of £5,000,000.

Method of Recruitment and Appointment or Election of Directors and Trustees.

There are clearly defined and approved procedures for the selection and appointment of directors and trustees which are outlined in the company's standing orders. Consideration is given to the skills of directors and trustees which would enhance the effectiveness of the trust.

Policies and Procedures Adopted for the Induction and Training of Trustees

During the year under review the trustees held 3 full board meetings and several sub-committee meetings. The training and induction provided for new trustees will depend on their existing experience. Where necessary induction will provide training on charity and educational, legal and financial matters. All new trustees meet with the Chair of Trustees and will be given a tour of the academy and the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees (a similar policy applies for new members of each of the academies local governing boards).

Organisational Structure

During the year the leadership structure of all the schools were re-structured to ensure more robust and effective management across the Trust. The structure consists of four levels: 1) the trustees, 2) the Senior Management Teams 3) the Heads of Subject & Heads of Year teams 4) the Local Governing Bodies. The aim of the management structure is to devolve responsibility, increase accountability, raise standards and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments. There is a Trust scheme of delegations which is operated by the individual LGB's and senior leadership teams.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**Organisational Structure (cont'd)**

The Senior Leaders are currently the Executive Principal at Arden and the Head Teacher at Park Hall and Lode Heath. They are supported by the leadership teams of each respective Academy as detailed on pages 3 and 4. These leaders control the academy at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the management team, with limits above which a Senior Leader must countersign.

The Senior Leadership Teams and Heads of Year/Head of Subjects are responsible for the day to day operation of the academy, in particular organising the staff, facilities and students.

Trade union facility time

Relevant union officials	Numbers	FTE's
Employees who were relevant union officials during the relevant period	8	7.87

Percentage of time spent on facility time**Employee Numbers**

Percentage of time	
0%	8
1% - 50%	-
51% - 99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£nil
Total pay bill	£15,085,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	%nil

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	%nil
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Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration are overseen by the Trust's Personnel Committee which meets termly and is comprised of trustees, local governing body members and senior management. All staff are subject to a robust performance management policy and procedures which govern pay and awards.

Connected Organisations

During the year the Executive Principal of the AMAT and the Headteacher of Lode Heath School are Trustees of and have been involved in the setting up of a Free School, Solihull Academy - Alternative Provision Unit which opened in April 2018.

Arden Multi-Academy Trust – Objectives and activities

It started with our belief in high quality and dynamic education for everyone, right in the heart of our community. That desire has grown into Arden Multi-Academy Trust (AMAT).

The Trust was formed in April 2015 with a clear mission to generate self-belief, self-worth, self-esteem and self-confidence in young people who can then display ambition and aspiration in achieving high educational outcomes.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Arden Multi Academy Trust started life when Arden, an outstandingly successful and innovative school who was asked to support Park Hall Academy in the north of Solihull in 2009. This was a 'light touch' relationship and, following the academy moving into special measures in November 2013, Arden took over the governance, leadership and management of Park Hall. This new relationship saw the creation of Arden Multi-Academy Trust (AMAT). Joint working in a spirit of enthusiastic partnership has seen Park Hall develop into an Academy which is now the first choice North Solihull oversubscribed secondary school. Park Hall moved out of 'Special Measures' in September 2015 and was classified in November 2017 as good by Ofsted. In January 2018 Lode Heath School, a popular secondary school in Solihull, also became part of the Trust.

Arden Academy is now designated as a Teaching School and we also lead the increasingly popular Arden Teaching Alliance which currently consists of five Primary and five Secondary partner schools. This ensures that we help recruit, retain and develop our workforce across both teaching and support staff. The Trust also works closely with the new Solihull Academy APU Free School which adds a further dimension to our provision.

As a Trust we truly value the success of every child and we place the sharing of excellent education practice at the core of this value. We are committed to improving the quality of education and life in Solihull and its immediate surroundings. The Trust operates from its hub in Knowle, South Solihull.

As a Trust we are committed to maintaining our core principles and focus as we grow; working with schools where we believe we can help and who, in turn, can enrich and provide real benefit for the existing Arden Multi Academy Trust family.

Our Values

The Arden Multi-Academy Trust (AMAT) exists to provide, support, and champion high-quality education at the heart of local communities.

As members of the AMAT family, trust academies aim to unite their pupils, families and other local stakeholders around this common purpose to share experience and resources, to improve standards and to maximise our contribution to their wider communities.

Our mission is to create an atmosphere conducive to generating self-belief, self-worth, self-esteem and self-confidence in young people who can then display ambition and aspiration in achieving high educational outcomes.

Our objective is for all young people to have the high aspirations that we have for them. At AMAT we provide educational practice delivering distinct and unrivalled schooling to our communities which are benefiting from our unique and tailored approach. Education is at the heart of all we do - our aim is simple "Excellence in Education". We aim to develop brave, independent, emotionally intelligent people who will embrace and enhance tomorrow's society.

The Trust will

- prepare each pupil to get the very best out of their lives
- provide a suitable environment and create an atmosphere for achievement
- enable pupils to find enjoyment in learning through doing
- engender community spirit and our place in the global world
- ensure each individual acts responsibly and is valued equally

The Trust believes

- all pupils have the right to learn and achieve uninterrupted by others
- all pupils have the right to be able to take risks with their learning in happy and secure academies
- all members of our community will co-operate with others and will be polite, considerate and honest
- all members of our community accept that with rights come personal responsibilities
- all members of our community will expect high standards of behaviour and promote an understanding of the difference between right and wrong
- all pupils have the right to have their progress monitored and be provided with regular constructive feedback and the setting of challenging but realistic future targets

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

Our Track Record

Ofsted judge Arden as an 'outstanding school' - our results speak for themselves and it is one of the top performing non-selective schools in the country. Outstanding leadership at all levels is central to Arden's success and it has Leading Edge status. This has been achieved by ensuring that all staff employ the best practice in school leadership, teaching and learning, combining the best of traditional educational practice with proven new techniques that specifically fit the needs of pupils and their teachers.

Our young people are equipped to take their role in society that will in many cases exceed their and our expectations.

AMAT has a strong track record in improving achievement and attainment in the Solihull area. Since the Trust began working with the then failing Park Hall Academy, Park Hall has seen a dramatic rise in attainment and performance. The academy is now oversubscribed having regained the trust of its local community in this short space of time. The academy improved from Inadequate in all areas assessed by Ofsted and in November 2017 was judged as a 'Good' school.

Lode Heath School joined AMAT in January 2018. We were delighted that the school retained its Ofsted 'good' judgement in June 2018 and the impact the Trust has had on the school was recognised by the HMI in the Ofsted report.

Academy Governance

Arden Multi Academy Trust (AMAT) is governed by a Board of Trustees accountable to the Department for Education and with overall responsibility and ultimate decision making authority for all the work of the Trust, including establishing and running the Trust's academies.

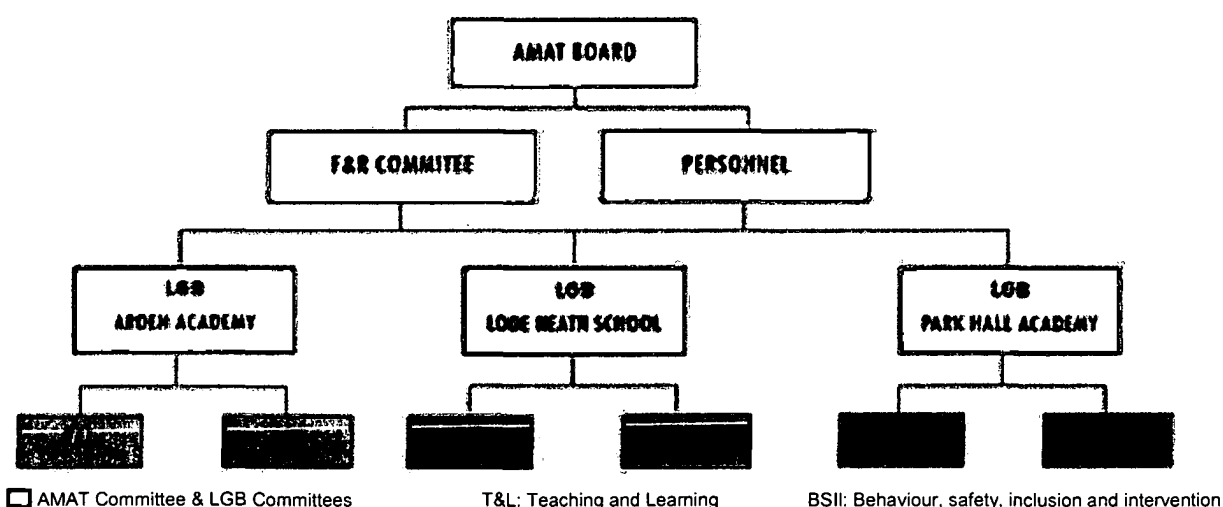
The Trustees have established a Local Governing Body ("LGB") for each of the Academies, which ensures that each academy retains its own identity and individuality, working through the common values and core operational systems of the Trust.

The AMAT's strategic board is advised by the Finance and Resources Committee and the Personnel Committee which provide strategic support across these key operational areas. The board meets termly and the committees meet every half term.

The local governing bodies (LGBs) are advised by a Teaching and Learning (T&L) and a Behaviour, Safety, Intervention and Inclusion Committee (BSII), which provide key focus on ensuring that the young adults who leave our care are prepared for the next stage of their education and are ready and confident to move forward in life.

The LGBs meet termly and the committees generally meet every half term.

The Trust has established terms of reference which also set out the delegation of responsibilities between the Board, the Executive Principal, the LGBs and the Headteacher's of each academy.



TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

The AMAT has established terms of reference which also set out the delegation of responsibilities between the Board, the Finance and Resources Committee and the Personnel Committee.

Finance

The Trust is responsible for agreeing a funding model across the Trust and academies, formulating the Trust wide and academy budgets as well as ensuring the highest standards of probity in the use of public finances and resources.

The multi academy trust's main strategy is encompassed in its mission statement. To this end the activities provided include:

- Tuition and learning opportunities for all students to attain appropriate academic qualifications;
- Training opportunities for all staff, and especially teaching staff;
- Placing of students with industrial and commercial partners;
- A programme of sporting and after school leisure activities for all students;
- A system of after school clubs to allow students to explore science and engineering in a practical and project oriented way;
- A careers advisory service to help students obtain, implement or move on to higher education.

Equal Opportunities Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Disabled Persons

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the academy. The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment of its older buildings and grounds where practical.

Public Benefit

The trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission (on their website) in exercising their powers or duties.

During 2017/18 the following activities relating to public benefit were undertaken:

- 1 The education and learning of 3,941 (2017:2,761) pupils by 394 (2017: 289) teachers and other staff.
- 2 Improving academic performance by raising educational standards and individual achievement.
- 3 Providing high levels of pastoral care, personal coaching and family support.
- 4 Developing educational links to the benefit of pupils with other educational providers and business.

These key activities were underpinned by the:

- 1 Succession planning supported the further development of the leadership team and allowed the academy to make further improvements in teaching and learning, assessment and pastoral care.
- 2 Delivery of estate improvements linked to Health and Safety, teaching & learning and catering facilities. These were in addition to the substantial investment in previous years at Arden with the opening in September 2015 of the new Cadbury Building teaching block.

STRATEGIC REPORT**Achievements and Performance**

Arden Multi Academy Trust achievements in 2017/18 include:

- the integration of Lode Heath School into the multi academy trust;
- the ongoing work undertaken in developing a shared central services model to realise economies of scale and reduce costs for the academies;
- the ongoing close working relationship between the academies to share knowledge and expertise, to seek out best practice and to realise the vision of the Trust.
- detailed due diligence was undertaken at a local school in order to support further expansion of the MAT.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

We are not complacent however we are pleased with the performance of the schools in the Trust in 2018. The Trust is now the only local MAT where students in all three schools achieved better than expected progress.

Arden Academy Trust continues to be justifiably proud of its reputation both locally and nationally. It was also awarded Teaching School Status in 2018 which recognises the excellent teaching which has taken place at Arden for some years. This status will now support the further recruitment and retention of the very best teachers at Arden and across the MAT.

Park Hall Academy continued to make progress in all areas and is now seen as the flagship first choice secondary school in North Solihull with a very lengthy waiting list.

Lode Heath School joined AMAT in January 2018. We were delighted that the school retained its Ofsted 'good' judgement in June 2018 and the impact the Trust has had on the school was recognised by the HMI in the Ofsted report. The school also for the first time saw a positive score at Progress 8.

These results followed the most volatile couple of years which saw many changes to the examination system and the academic bar being raised. There is no doubt the present GCSE and A level examination system is the most challenging for some 30 years. The pressure on students and staff is very great and we now see increasing numbers of students suffering mental health and well-being issues.

Overall performance at the end of Key Stage 4 in 2018 – all pupils

School Name	Numbers of pupils at Key Stage 4	Progress 8 Score & Description	Entering EBacc	Grade 5 or above in English & Maths GCSEs	Attainment 8 Score	EBacc average point score
Arden	236	0.27 Above Average	55%	61%	55.5	4.88
Park Hall	193	0.13 Average	11%	37%	45.9	3.51
Lode Heath	198	0.02 Average	46%	40%	47	4.15
England – state funded schools		-0.02	38.40%	43%	46.4	4.03
England – all schools			35.10%	39.90%	44.3	3.83

School name	Number of students with an A level exam entry	Progress Score & Description	Average result Point Score	Students completing their main study programme	Achieving AAB or higher in at least 2 facilitating subjects	Grade and points for a student's best 3 A levels
Arden	191	0.09 Average	31.41	97.90% (193 students enrolled)	11.50% (157 students)	B- 35.22 (157 students)
Park Hall	44	0.19 Average	28.79	93.80% (32 students enrolled)	0.00% (14 students enrolled)	C 29.29 (14 students)
England – state funded schools/colleges		0	31.14	95.30%	14.30%	C+ 34.09
England – all schools/colleges		0	32.39		17.00%	B- 35.12

To ensure that standards continually rise, the academy deploys robust monitoring and evaluation systems and extensive training to improve the quality of teaching, learning and assessment. The academy also participates in local and national programmes to improve rates of student progress.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018

In July 2018 almost 100% of students entered education, employment or training on leaving the academy at the end of key stage four.

Additionally, the academy continued to extend its activities to increasing links with its community.

Financial Outlook

The restructuring undertaken at the end of the previous year and during this financial year with the associated staff reductions will lead to a more robust financial position in the future. Budget variances that have arisen as a result of the costs of preparing for transfer of Lode Heath to AMAT and the delay in decision making by the ESFA reduced the efficiency savings planned for 2017-18. However the management of change programme will be complete by January 2019 and will ensure that all deficit budgets are ended by 2019-2020. Additional funding and loans have been secured by the AMAT in order to support the management of change programme.

Pupil Premium

The academies benefitted from pupil premium funding during the period. This has been used in various ways across both schools to strengthen student achievement including additional staff and small group withdrawal sessions.

For a more detailed analysis of expenditure please refer to each respective schools website.

Key Financial Performance Indicators

The academy trust established a financial budget at the start of the year and the Finance and Resources Committee monitor performance against budget during the period. Further financial and non financial indicators will be introduced as the trust develops. The trustees consider that the following are key performance indicators for the academy trust, for example:

Arden Academy	2018	2017
Pupil numbers	1,607	1,591
Percentage of income from ESFA to total staff costs (excluding capital grants, FRS 102 charge and restructuring costs)	87%	90%
Staff costs as a % of total income (excluding capital grants, FRS 102 charge and restructuring costs)	85%	87%
Capital expenditure per pupil	£20	£25
Park Hall Academy	2018	2017
Pupil numbers	1,213	1,170
Percentage of income from ESFA to total staff costs (excluding capital grants, FRS 102 charge and restructuring costs)	75%	77%
Staff costs as a % of total income (excluding capital grants, FRS 102 charge and restructuring costs)	75%	76%
Capital expenditure per pupil (PFI school)	£24	£14
Lode Heath School	2018	2017
Pupil numbers	1,121	1,055
Percentage of income from ESFA to total staff costs (excluding capital grants, FRS 102 charge and restructuring costs)	87%	84%
Staff costs as a % of total income (excluding capital grants, FRS 102 charge and restructuring costs)	85%	76%
Capital expenditure per pupil	£558	£193

Going Concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the AMAT 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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**FINANCIAL REVIEW****Overview**

The principal source of funding for both Academies is the General Annual Grant. Most of the academies income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, total expenditure of £19,156,000 (2017: £14,337,000) exceeded grant funding from the DfE together with other incoming resources. Capital expenditure of £687,000 (2017: £55,000) was more than the capital grant income received. The remaining balance was funded from reserves.

At 31 August 2018 the net book value of fixed assets was £36,511,000 (2017: £20,898,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2018 for AMAT are based on projecting forward the estimated position at 1 September 2017 and assume that the experience over the year, apart from investment returns, has been in line with the assumptions made at the start of the year.

The estimated FRS 102 deficit at 31 August 2018 is £2,727,000 (2017: £1,853,000) which compares to a deficit of £644,000 at the admission date of 14 September 2010. The main reason for the increase in the deficit is because of the transfer of the LGPS deficit from Lode Heath School at 31 December 2017 of £1,217,000. The other reason for the change in the deficit is because of the difference between employer contributions paid and the service cost and lower than expected asset returns and discount rates over the last few years.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The AMAT's financial and risk management objectives are documented in its:

- Official budgets
- Scheme of delegation
- Financial regulations
- Risk management policies

Particular items which warrant specific disclosure are noted within this annual report.

At the time of reporting, the AMAT's identified key risks are:

- The risk of achievement in core subjects being below expectations caused by national changes to the curriculum and examination structures.
- The risk to outcomes from education being delivered in poor quality buildings.
- The future financial position of the LGPS pension scheme.
- The reduction in funding from the ESFA.
- The potential increases to employer contribution to the TPS

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**Reserves Policy**

The trustees review the reserve levels of the AMAT on a termly basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for these reviews is to provide assurance that there is sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The academy has no (2017 £428,000 surplus) free reserves after deducting 4 weeks working capital requirements.

Financial Position

The AMAT held fund balances at 31 August 2018 of £34,370,000 (2017: £20,346,000) after allowing for the pension deficit of £2,727,000 (2017: £1,853,000); comprising £33,850,000 (2017: £19,881,000) of restricted funds and £520,000 (2017: £465,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the AMAT. The AMAT's policy on investments are one of minimum risk with all investments being held with the AMAT's bankers. The AMAT will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have considered the risks faced by the AMAT throughout its normal operational business. It has sought to address the risks faced by the AMAT by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Trustees considers that these arrangements have been effective throughout the period being reported.

The Trust have established a new risk management policy which clearly documents the managerial actions that are taking place, and ensures that a systematic risk management process is in place across all schools.

Risk Management

The trustees have assessed the major risks to which the academies are exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the AMAT and its finances. Mitigating action, both current and planned, has been identified to address risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood. The trustees have implemented a number of systems to assess risks that the schools face, especially in the operational areas (e.g. in relation to teaching, health and safety, safeguarding and school trips) and in relation to the control of finance. They have maintained systems, including operation procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial control in order to minimise risk. Where significant risk still remains they have ensured they have adequate insurance cover where applicable. The AMAT has an effective system of internal financial controls.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust approach to fundraising practices is as follows:

- our approach to fundraising is to send a generic letter to parents of Year 7 pupils asking them if they would like to donate to the School fund;
- we do not work with any professional fundraisers;
- the academy trust has a formal complaints procedure which is accessible from the school website;
- the academy trust protects the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches, and undue pressure to donate by only sending generic letters to parents/guardians and not approaching anyone directly.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2018**Plans for Future Periods**

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the academies will revisit their current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

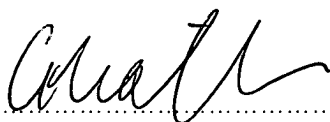
Auditors

In so far as the trustees are aware:

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

The auditors, UHY Hacker Young (Birmingham) LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report incorporating a strategic report was approved by the Board of Trustees, as the company directors on 27 November 2018 and signed on their behalf by:



.....
Dr C O'Donovan
Chair of Trustees
27 November 2018

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018**Scope of Responsibility**

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

The board of trustees has delegated the day-to-day responsibility to the executive principal, 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 AMAT and the Secretary of State for Education. The Executive Principal is 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 throughout the year and attendance at these meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of a Possible
Arden Multi Academy Trust - Directors/Trustees		
Dr C O'Donovan * (Chair)	3	3
M Allsopp (Appointed 16 July 2018)	1	1
D Burgess (Headteacher Park Hall)	3	3
G Chaplin	3	3
A Cole	3	3
G Harley - Mason	3	3
W Jarema *	3	3
M Murphy * (Executive Principal and Accounting Officer)	3	3
V Thomas	3	3
A Volkaerts (Resigned 30 September 2017)	-	-

ARDEN ACADEMY**Local Governing Board**

G Harley - Mason (Chair)	3	3
S Bloomer	3	3
W Bohanna*	2	3
K Brennan (Teaching Staff Governor)	3	3
R Brown	3	3
S Butcher-Johns (Assoc Staff Governor app 8 March 2018)	1	1
M Carter (Parent Governor)	3	3
N Cutler (Parent Governor)	3	3
A Devitt (Parent Governor)	2	3
L Hough*	3	3
W Jarema *	3	3
M Murphy * (Executive Principal and Accounting Officer)	3	3
P Nicolaides (Parent Trustee)	3	3
Dr C O'Donovan *	2	3
J Rice *	3	3
A Stonehewer (Parent Governor)	3	3
J Whitehall (Parent Governor)	3	3

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

Governance (cont'd)

	Meetings attended	Out of a Possible
PARK HALL ACADEMY		
Local Governing Board		
W Jarema * (Chair)	3	3
M Murphy * (Executive Principal and Accounting Officer)	-	3
D Burgess (Headteacher)	2	3
W Bohanna*	2	3
J Hiorns (Vice Chair)	2	3
M Robinson	2	3
A Smith (Parent Governor) (resigned 4 June 2018)	2	2
J Bellingham (Teaching staff Governor)	3	3
S Bloomer (Associate staff Governor)	3	3
Dr C O'Donovan *	1	3
M Durber-Reeves (Parent Governor)	3	3
S Watts	1	3

* Members of the AMAT Finance & Resources Committee

	Meetings attended	Out of a Possible
LODE HEATH SCHOOL		
Local Governing Board		
P Ryan (Chair)	3	3
M Allsopp	3	3
E Burke	2	3
D E Carr (Vice Chairman)	3	3
S Cleaver (Staff Trustee resigned 11 May 2018)	-	2
R Gough	1	2
J Kings	2	3
I Mackay	2	3
G Sharp	2	3
P Scrivener (Staff Trustee resigned 30 April 2018)	1	2
M Wilson (Headteacher and Accounting Officer resigned 31 August 2018)	2	3

Governance Review

An annual self-review of governance has been performed as defined by the National College for Teaching and Leadership. The results of this review has identified the following:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the Executive Principal is held to account for the education of performance of the schools and its pupils
- the financial performance of the schools is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

The Academy Trust carried out a detailed review of governance across all the schools by an external consultant in March 2018. An action plan was produced and all action points will be in place by January 2019 in order to ensure that the Trust is fully compliant. A new programme of Trust led governor training is planned for 2019.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Governance (cont'd)**

The **AMAT Finance and Resources Committee** is a sub-committee of the main Board. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a Possible
J Rice (Chair)	3	3
W Bohanna	3	3
L Hough	3	3
W Jarema	3	3
M Murphy	2	3
C O'Donovan	1	3

Review of Value for Money

As accounting officer the executive principal has responsibility for ensuring that the multi 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 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:

- Continuously scrutinising all lines of the revenue budget each month and in particular closely controlling salary costs, taking every opportunity to ensure expenditure remains within agreed budgetary limits.
- During 2018 Arden negotiated the costs of photocopying resulting in a reduction in the overall lease and copy costs.
- In January 2018 Arden reviewed the cleaning of the whole school and appointed a new cleaning company which resulted in a saving to the school and both cleaning costs and janitorial supplies.

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 AMAT for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**The Risk and Control Framework**

AMAT 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 Finance and Resources 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 UHY Hacker Young, the external auditor, to perform additional checks. In particular the checks carried out in the current period includes:

- The process of budget setting
- The production of Management information and monitoring of spend
- Ensuring returns to Government agencies were correct and submitted on time.

On a twice yearly basis, the external auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities. The reviewer has delivered their schedule of work as planned, and no material control issues were identified.

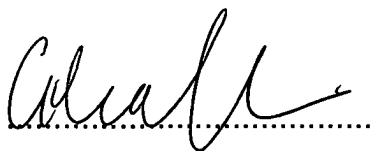
Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

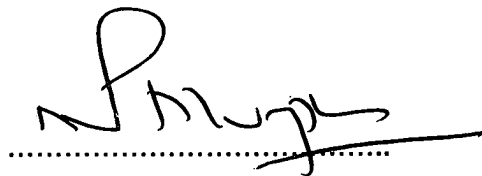
- The work of the reviewer;
- The work of the external auditor;
- The financial management and governance self assessment process;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the review of the system of internal control by the AMAT Finance and Resources Committee and a plan to address reported weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 27 November 2018 and signed on its behalf by:



Dr C O'Donovan
Chair of Trustees



M Murphy
Accounting Officer

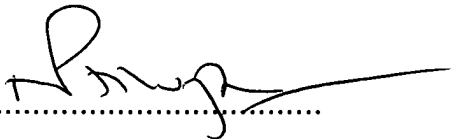
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Arden Multi 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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

Approved by order of the members of the board of trustees on 27 November 2018 and signed on its behalf by:


.....

M Murphy
Principal

Accounting Officer

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

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

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

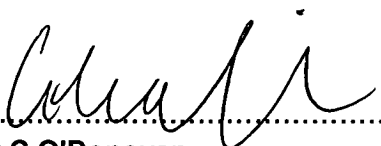
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 27 November 2018 and signed on its behalf by:



.....

Dr C O'Donovan
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN MULTI ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2018**Opinion**

We have audited the financial statements of Arden Multi Academy Trust (the 'academy trust') for the year ended 31 August 2018 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy 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 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education 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 Auditor's 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN MULTI ACADEMY TRUST FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's 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.

Opinions 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 trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' 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 trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 21, 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.

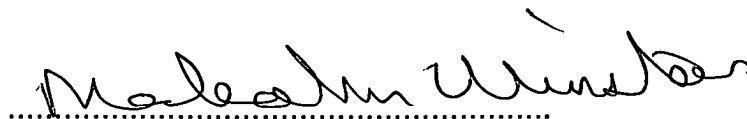
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARDEN MULTI ACADEMY TRUST
FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)****Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements; whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

27 November 2018

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ARDEN MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 10 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether, in all material respects, the expenditure disbursed and income received by the academy trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Arden Multi Academy Trust and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it 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 the Arden Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Arden Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Arden Multi Academy Trust funding agreement with the Secretary of State for Education dated 1 April 2015, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ARDEN MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

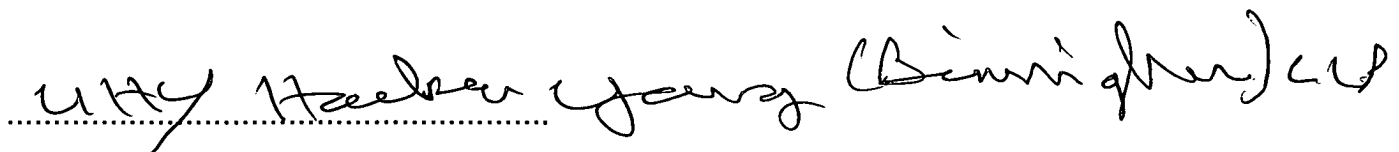
Approach (cont'd)

Summary of the work undertaken was as follows:

- Analytical review of the academy trusts general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trusts framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

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 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

27 November 2018

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2018

(Including Income and Expenditure Account)

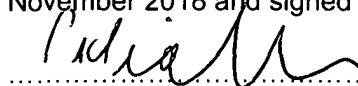
		Unrestricted	Restricted	Restricted		
		Funds	General	Fixed	Total	Total
	Note	£'000	Funds	Asset	2018	2017
		£'000	£'000	Funds	£'000	£'000
Income from:						
Donations and capital grants	3	10	-	511	521	62
Transfer of academy into academy trust	3 & 30	-	(1,248)	15,832	14,584	-
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	17,010	-	17,010	13,793
Other trading activities	5	157	-	-	157	72
Investment income	6	12	-	-	12	4
Total		179	15,762	16,343	32,284	13,931
Expenditure on:						
Raising funds	7	111	-	-	111	48
Charitable activities:						
- Academy trust's educational operations	7	-	18,416	629	19,045	14,289
Total		111	18,416	629	19,156	14,337
Net income/(expenditure)		68	(2,654)	15,714	13,128	(406)
Transfers between funds		(13)	(30)	43	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	26	-	896	-	896	1,830
Net movement in funds		55	(1,788)	15,757	14,024	1,424
Reconciliation of funds						
Total funds brought forward	16	465	(1,017)	20,898	20,346	18,922
Total funds carried forward	16	520	(2,805)	36,655	34,370	20,346

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	12	<u>36,511</u>	<u>20,898</u>
		<u>36,511</u>	<u>20,898</u>
Current assets			
Debtors	13	863	319
Cash at bank and in hand		<u>2,801</u>	<u>2,632</u>
		<u>3,664</u>	<u>2,951</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(2,688)</u>	<u>(1,650)</u>
Net current assets		<u>976</u>	<u>1,301</u>
Total assets less current liabilities		37,487	22,199
Creditors: Amounts falling due after more than one year	15	<u>(390)</u>	<u>-</u>
Net assets excluding pension liability		<u>37,097</u>	<u>22,199</u>
Defined benefit pension scheme liability	26	<u>(2,727)</u>	<u>(1,853)</u>
Total Net Assets		<u><u>34,370</u></u>	<u><u>20,346</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	36,655	20,898
- Restricted income fund	16	(78)	836
- Pension reserve	16	<u>(2,727)</u>	<u>(1,853)</u>
Total restricted funds		<u>33,850</u>	<u>19,881</u>
Unrestricted income fund	16	<u>520</u>	<u>465</u>
Total unrestricted funds		<u>520</u>	<u>465</u>
Total Funds		<u><u>34,370</u></u>	<u><u>20,346</u></u>

The financial statements on pages 27 to 50 were approved by the trustees and authorised for issue on 27 November 2018 and signed on their behalf by:



Dr C O'Donovan
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(151)	377
Cash flows from investing activities	21	(164)	(3)
Cash flows from financing activities	22	484	-
Change in cash and cash equivalents in the reporting period		<u>169</u>	<u>374</u>
Cash and cash equivalents at 1 September		2,632	2,258
Cash and cash equivalents at 31 August	23	<u>2,801</u>	<u>2,632</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018**1 Statement of Accounting Policies**

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

Basis of Preparation

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

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

Going Concern

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

Income

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

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance related conditions there is no unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

Capital grants are recognised when receivable 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 sheet in creditors; amounts falling due within one year in deferred income.

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

- **Donated goods, facilities and services (cont'd)**

Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

- **Transfers of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within donations and capital grant income to the net assets acquired.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Tangible Fixed Assets**

Depreciation is provided on a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years

The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture	25%
Plant and equipment	10%
Computer equipment and software	33.33%
Motor vehicles	20%
Building Fittings	5%

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

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

Leased assets

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

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 13. 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 instrument, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in Note 26, 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 the scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)***Critical areas of judgement***

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Deprecation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Agency Arrangements

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

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018 (see note 16).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

3 DONATIONS AND CAPITAL GRANTS	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Donations	10	-	10	13
Transfer of academy into academy trust	-	14,584	14,584	-
Devolved formula capital grant	-	152	152	49
CIF Grant	-	359	359	-
	<u>10</u>	<u>15,095</u>	<u>15,105</u>	<u>62</u>

The income from donations and capital grants was £15,105,000 (2017: £62,000) of which £10,000 (2017: £13,000) was unrestricted, negative £1,248,000 (2017: £nil) restricted and £16,343,000 (2017: £49,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY'S TRUST'S OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	15,958	15,958	12,791
Pupil premium grant	-	687	687	490
Year 7 catch up grant	-	47	47	30
Other DfE/ESFA grants	-	133	133	179
School Direct	-	44	44	-
	<u>-</u>	<u>16,869</u>	<u>16,869</u>	<u>13,490</u>
Other Government grants				
SEN grant (SMBC)	-	82	82	43
Pupil growth grant (SMBC)	-	-	-	232
Pupil Premium grant (SMBC)	-	31	31	11
Pupil Premium grant (BCC)	-	17	17	12
Pupil Premium grant (OCC)	-	5	5	-
Pupil Premium grant (WalCC)	-	1	1	1
Pupil Premium grant (WolvCC)	-	5	5	4
	<u>-</u>	<u>141</u>	<u>141</u>	<u>303</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>17,010</u>	<u>17,010</u>	<u>13,793</u>

The income from the academy trusts's educational operations was restricted for both 2018 and 2017.

5 OTHER TRADING ACTIVITIES	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Lettings income	83	-	83	42
Other	74	-	74	30
	<u>157</u>	<u>-</u>	<u>157</u>	<u>72</u>

The income from the academy trusts's other trading activities was unrestricted for both 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

6 INVESTMENT INCOME	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Bank interest received	12	-	12	4
	<u>12</u>	<u>-</u>	<u>12</u>	<u>4</u>

The income from the academy trusts's investment income was unrestricted for both 2018 and 2017.

7 EXPENDITURE	Staff Costs £'000	Non Pay Expenditure		Total 2018 £'000	Total 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
Direct costs	-	-	9	9	5
Allocated support costs	73	29	-	102	43
Academy's educational operations					
Direct costs	13,107	-	1,141	14,248	11,247
Allocated support costs	1,905	1,997	895	4,797	3,042
	<u>15,012</u>	<u>1,997</u>	<u>2,036</u>	<u>19,045</u>	<u>14,289</u>
Total	<u>15,085</u>	<u>2,026</u>	<u>2,045</u>	<u>19,156</u>	<u>14,337</u>

The expenditure was £19,156,000 (2017: £14,337,000) of which £111,000 (2017: £48,000) was unrestricted, £18,416,000 (2017: £13,800,000) restricted and £629,000 (2017: £489,000) restricted fixed assets.

Net income/(expenditure) for the year includes:	Total 2018 £'000	Total 2017 £'000
Operating lease rentals	84	69
PFI charges	455	399
Depreciation	629	489
Fees payable to auditor for:		
Audit	16	12
Other services	6	7

8 CHARITABLE ACTIVITIES	Total 2018 £'000	Total 2017 £'000
Direct costs - educational operations	14,248	11,247
Support costs - educational operations	4,797	3,042
	<u>19,045</u>	<u>14,289</u>
Analysis of Support Costs		
Support staff costs	1,905	895
Depreciation	629	489
Technology costs	214	143
Premises costs	1,368	995
Other support costs	582	474
Governance	99	46
	<u>4,797</u>	<u>3,042</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

9 STAFF**a Staff costs**

	2018	2017
	£'000	£'000
Staff costs during the year were:		
Wages and salaries	10,949	8,514
Social security costs	1,086	876
Operating costs on defined benefit pension schemes	2,381	1,749
	<u>14,416</u>	<u>11,139</u>
Agency staff costs	325	181
Staff restructuring costs	344	15
	<u>15,085</u>	<u>11,335</u>

Staff restructuring costs comprise:

Redundancy payments	219	15
Severance payments	35	-
Other restructuring costs	90	-
	<u>344</u>	<u>15</u>

b Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34,436. Individually, the payments were £1,838 on 31 August 2018, £6,205 on 31 August 2018, £973 on 31 August 2018 and £25,420 on 31 August 2018.

c Staff numbers

The average number of persons (including senior management team) employed by the academy during the year ended 31 August 2018 expressed as whole persons was as follows:

	2018	2017
	No	No
Charitable Activities		
Teachers	228	166
Administration and support	139	106
Management	27	17
	<u>394</u>	<u>289</u>

d Higher paid staff

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

	2018	2017
	No	No
£60,001 - £70,000	2	3
£70,001 - £80,000	2	1
£80,001 - £90,000	1	1
£90,001 - £100,000	3	-
£100,001 - £110,000	1	1
£120,001 - £130,000	1	1

e Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on pages 3, 4 and 5. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £2,040,422 (2017: £1,469,907).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES**Interests in transactions**

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 receive remuneration in respect of their contracts of employment as principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

M Murphy(Executive Principal and Trustee)		
Remuneration	£120,000 - £125,000	(2017: £125,000 - £130,000)
Employers pension contributions	£15,000 - £20,000	(2017: £15,000 - £20,000)
D Burgess (Head Teacher and Trustee)		
Remuneration	£105,000 - £110,000	(2017: £105,000 - £110,000)
Employers pension contributions	£15,000 - £20,000	(2017: £15,000 - £20,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £1,762 were reimbursed or paid directly to 3 trustees.

Other related party transactions including trustees are set out in note 27.

11 TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £527 (2017: £613). The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings	Furniture	Plant & Equipment	Computer Equipment	Motor Vehicles	Assets Under Construction	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 September 2017	22,843	257	34	869	30	-	24,033
Additions	438	26	3	63	-	157	687
Transfer of academy into academy trust	14,709	35	-	38	-	773	15,555
Transfers	773	-	-	-	-	(773)	-
Disposals	-	-	-	(59)	-	-	(59)
At 31 August 2018	38,763	318	37	911	30	157	40,216
Depreciation							
At 1 September 2017	2,183	132	18	783	19	-	3,135
Charged in year	519	39	4	60	7	-	629
Disposals	-	-	-	(59)	-	-	(59)
At 31 August 2018	2,702	171	22	784	26	-	3,705
Net book value							
At 31 August 2018	36,061	147	15	127	4	157	36,511
At 31 August 2017	20,660	125	16	86	11	-	20,898

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

	2018 £'000	2017 £'000
13 DEBTORS		
Trade debtors	280	11
VAT recoverable	189	75
Other debtors	5	11
Prepayments and accrued income	389	222
	<u>863</u>	<u>319</u>

	2018 £'000	2017 £'000
14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	933	311
Taxation and social security	322	224
Other creditors	606	350
Accruals	504	418
Salix loan	15	-
ESFA loan	79	-
Deferred income	229	347
	<u>2,688</u>	<u>1,650</u>

	2018 £'000	2017 £'000
Deferred Income		
Deferred income at 1 September 2017	347	231
Resources deferred in the year	127	253
Amounts released from previous years	(245)	(137)
Deferred income at 31 August 2018	<u>229</u>	<u>347</u>

At the balance sheet date the academy was holding funds received in advance for 2018/19 for school trips £1,908 (2017: £1,924), devolved formula capital £Nil (2017: £73,342), academy capital maintenance grant for the boiler £26,606 (2017: £29,112), teaching school grant and bursary £66,000 (2017: £nil), pupil premium for disadvantaged children £nil (2017: £29,113), sponsor capacity grant £48,322 (2017: £48,761), catering card £nil (2017: £5,921), rates relief £23,175 (2017: £27,503), refund from property services £11,366 (2017: £11,366), donated monies £50 (2017: £200), minibus contributions £nil (2017: £8,279), looked after children grant £nil (2017: £9,000), MAT development grants £13,000 (2017: £101,562), BAM performance deductions £6,428 (2017: £nil), lease contributions £22,839 (2017: £nil) and other miscellaneous receipts £9,843 (2017: £nil).

Salix loans of £14,832 provided interest free are repayable over 8 years beginning in September 2018.

Included within loans is a £79,454 repayable advance from the ESFA to support restructuring costs. The amount is interest free and has a 3 year repayment period beginning in January 2019.

	2018 £'000	2017 £'000
15 CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR		
Salix loan	112	-
ESFA loan	278	-
	<u>390</u>	<u>-</u>

The Salix loan of £111,711 is provided interest free and is repayable over 8 years beginning in September 2018. The ESFA loan of £278,088 is repayable to support restructuring costs. The amount is interest free and has a 3 year repayment period beginning in January 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS

The income funds of the multi academy trust comprise the following balances of grants to be applied for purposes:

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	836	15,927	(16,811)	(30)	(78)
Other DfE/ESFA grants (note ii)	-	133	(133)	-	-
Pupil premium grant (note iii)	-	746	(746)	-	-
Year 7 catch up grant (note iv)	-	47	(47)	-	-
SEN grant (note v)	-	82	(82)	-	-
School Direct (note vi)	-	44	(44)	-	-
	<u>836</u>	<u>16,979</u>	<u>(17,863)</u>	<u>(30)</u>	<u>(78)</u>
Restricted fixed asset funds					
DfE capital grants (note vii)	2,042	1,863	(109)	-	3,796
SMBC fixed assets donation (note vii)	15,467	14,317	(407)	-	29,377
SMBC capital grants (note viii)	1,505	-	(34)	-	1,471
Capital expenditure from GAG (note ix)	1,406	163	(68)	43	1,544
Capital expenditure from SMBC prior years surplus b/fwd (note vii)	478	-	(11)	-	467
	<u>20,898</u>	<u>16,343</u>	<u>(629)</u>	<u>43</u>	<u>36,655</u>
Restricted pension scheme liability					
Pension reserve (note x)	(1,853)	(1,217)	(553)	896	(2,727)
	<u>(1,853)</u>	<u>(1,217)</u>	<u>(553)</u>	<u>896</u>	<u>(2,727)</u>
Total restricted funds	19,881	32,105	(19,045)	909	33,850
Unrestricted Funds					
Unrestricted funds	465	179	(111)	(13)	520
Total unrestricted funds	<u>465</u>	<u>179</u>	<u>(111)</u>	<u>(13)</u>	<u>520</u>
Total funds	<u><u>20,346</u></u>	<u><u>32,284</u></u>	<u><u>(19,156)</u></u>	<u><u>896</u></u>	<u><u>34,370</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (Cont'd)

Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2018 (see note 2).
- ii) Grants received from the ESFA used to support expansion of the academy trust.
- iii) Pupil premium grant has been used to support children placed at the Academy from the local authority areas and FSM pupils.
- iv) Year 7 catch up grant has been used for one to one tuition and teacher intervention to assist pupils transferring from primary to secondary school.
- v) SEN grant has been used as a contribution towards salaries of the learning support department.
- vi) NCTL grant has been used to support trainee teachers.
- vii) Restricted fixed assets were funded by government grants, a transfer from the General Annual Grant and by an SMBC prior years surplus brought forward.
- viii) SMBC capital grant has been used to build a new teaching block for the academy.
- ix) The gross transfer from the restricted general fund to the restricted fixed asset fund of £30,000 (2017: £6,829) represents the total capital expenditure from the General Annual Grant (GAG) during the year.
- x) The pension reserve represents the deficit on the Local Government Pension Scheme (note 26).

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General annual grant (GAG)	468	12,791	(12,416)	(7)	836
Other DfE/ESFA grants	-	179	(179)	-	-
Pupil premium grant	-	518	(518)	-	-
Year 7 catch up grant	-	30	(30)	-	-
SEN grant	-	43	(43)	-	-
SMBC pupil growth grant	-	232	(232)	-	-
	<u>468</u>	<u>13,793</u>	<u>(13,418)</u>	<u>(7)</u>	<u>836</u>
Restricted fixed asset funds					
DfE capital grants	2,096	49	(103)	-	2,042
SMBC fixed assets donation	15,728	-	(261)	-	15,467
SMBC capital grants	1,539	-	(34)	-	1,505
Capital expenditure from GAG	1,479	-	(80)	7	1,406
Capital expenditure from SMBC prior	489	-	(11)	-	478
	<u>21,331</u>	<u>49</u>	<u>(489)</u>	<u>7</u>	<u>20,898</u>
Restricted pension scheme liability					
Pension reserve	(3,301)	-	(382)	1,830	(1,853)
	<u>(3,301)</u>	<u>-</u>	<u>(382)</u>	<u>1,830</u>	<u>(1,853)</u>
Total restricted funds	18,498	13,842	(14,289)	1,830	19,881
Unrestricted Funds					
Unrestricted funds	424	89	(48)	-	465
Total unrestricted funds	<u>424</u>	<u>89</u>	<u>(48)</u>	<u>-</u>	<u>465</u>
Total funds	<u>18,922</u>	<u>13,931</u>	<u>(14,337)</u>	<u>1,830</u>	<u>20,346</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (Cont'd)

A current year 12 month and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds	468	28,718	(29,227)	(37)	(78)
General annual grant (GAG)	-	312	(312)	-	-
Other DfE/ESFA grants	-	1,264	(1,264)	-	-
Pupil premium grant	-	77	(77)	-	-
Year 7 catch up grant	-	125	(125)	-	-
SEN grant	-	232	(232)	-	-
SMBC pupil growth grant	-	44	(44)	-	-
School Direct	-	-	-	-	-
	468	30,772	(31,281)	(37)	(78)
Restricted fixed asset funds					
DfE capital grants	2,096	1,912	(212)	-	3,796
SMBC fixed assets donation	15,728	14,317	(668)	-	29,377
SMBC capital grants	1,539	-	(68)	-	1,471
Capital expenditure from GAG	1,479	163	(148)	50	1,544
Capital expenditure from SMBC prior	489	-	(22)	-	467
	21,331	16,392	(1,118)	50	36,655
Restricted pension scheme liability					
Pension reserve	(3,301)	(1,217)	(935)	2,726	(2,727)
	(3,301)	(1,217)	(935)	2,726	(2,727)
Total restricted funds	18,498	45,947	(33,334)	2,739	33,850
Unrestricted Funds					
Unrestricted funds	424	268	(159)	(13)	520
Total unrestricted funds	424	268	(159)	(13)	520
Total funds	18,922	46,215	(33,493)	2,726	34,370

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2018 were allocated as follows:

	2018 Total £'000	2017 Total £'000
Arden Academy Trust	483	789
Park Hall Academy	320	512
Lode Heath School	(361)	-
Total before fixed assets and pension reserve	442	1,301
Restricted fixed assets fund	36,655	20,898
Pension reserve	(2,727)	(1,853)
	33,928	19,045
Total	34,370	20,346

During the year Lode Heath School incurred a deficit of £361,000. This is partly due to an increase in pupil numbers where lagged funding has not supported the additional staff costs required to meet the increase in pupil numbers. The Trust has analysed the present staff costs and has implemented a management of change programme resulting in a reduction of non teaching staff costs.

The MAT did not have a central management/services function and there are therefore no central charges arising during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

TOTAL COST ANALYSIS BY ACADEMY

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

	Teaching & Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2018	Total 2017
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000	£'000
Arden Academy	5,756	1,045	393	869	8,063	7,375
Park Hall Academy	4,642	462	509	1,023	6,636	6,473
Lode Heath School	2,709	471	239	409	3,828	-
Academy Trust	13,107	1,978	1,141	2,301	18,527	13,848

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restrict	Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000
Tangible fixed assets	-	-	-	36,511	36,511
Current assets	520	-	2,873	271	3,664
Current liabilities	-	-	(2,673)	(15)	(2,688)
Non current liabilities	-	-	(278)	(112)	(390)
Pension scheme liability	-	(2,727)	-	-	(2,727)
	520	(2,727)	(78)	36,655	34,370

Comparative information in respect of the preceding period is as follows:

Fund balances at 31 August 2017 are represented by:

	Unrestricted	Pension Restricted	General Restricted	Fixed Assets Restrict	Total
	Funds £'000	Funds £'000	Funds £'000	Funds £'000	£'000
Tangible fixed assets	-	-	-	20,898	20,898
Current assets	465	-	2,486	-	2,951
Current liabilities	-	-	(1,650)	-	(1,650)
Pension scheme liability	-	(1,853)	-	-	(1,853)
	465	(1,853)	836	20,898	20,346

18 CAPITAL COMMITMENTS

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	709	nil
Authorised by trustees, but not yet contracted	nil	nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2018		2017	
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases				
. Within one year	471	92	456	76
. Within two to five	2,056	44	2,009	70
. Over five years	8,105	-	9,051	-
	<u>10,632</u>	<u>136</u>	<u>11,516</u>	<u>146</u>

20 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	13,128	(406)
Adjusted for:		
Depreciation (note 12)	629	489
Capital grants from DfE and other capital income	(511)	(49)
Fixed assets donation (note 30)	(15,555)	-
LGPS pension deficit transfer (note 30)	1,217	-
Interest receivable (note 6)	(12)	(4)
Defined benefit pension scheme cost less contributions payable (note 26)	486	311
Defined benefit pension scheme finance cost (note 26)	67	71
(Increase)/decrease in debtors	(544)	49
Increase/(decrease) in creditors	944	(84)
Net cash (used in)/provided by operating activities	<u>(151)</u>	<u>377</u>

21 CASH FLOWS FROM INVESTING ACTIVITIES

	2018	2017
	£'000	£'000
Interest received	12	4
Purchase of tangible fixed assets	(687)	(56)
Capital grants from DfE/ESFA	511	49
Capital funding received from sponsors and others	-	-
Receipts from sale of tangible fixed assets	-	-
Net cash used in investing activities	<u>(164)</u>	<u>(3)</u>

22 CASH FLOWS FROM FINANCING ACTIVITIES

	2018	2017
	£'000	£'000
Repayments of borrowing	-	-
Cash inflows from new borrowing	484	-
Net cash provided by financing activities	<u>484</u>	<u>-</u>

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	Aug 2018	Aug 2017
	£'000	£'000
Cash in hand and at bank	2,801	2,632
Total cash and cash equivalents	<u>2,801</u>	<u>2,632</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**24 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy: and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

There is potential that further staff restructuring costs may be incurred during the next financial year. The value of the contingent liability is estimated at £55,000.

25 MEMBERS' LIABILITY

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

26 PENSION AND SIMILAR OBLIGATIONS

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

The total pension cost to the academy during the year ended 31 August 2018 was £2,381,000 (2017: £1,749,000) of which £1,336,000 (2017: £1,060,000) relates to the TPS and £1,045,000 (2017: £689,000) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £241,187 were payable to the schemes at 31 August 2018 (2017: £181,085) and are included within other creditors.

Teachers' Pension Scheme**Introduction**

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**Valuation of the Teachers' Pension Scheme**

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

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

The TPS valuation for 2012 determined an employer rate of 16.48% 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 employers costs paid to TPS in the year amounted to £1,336,000 (2017: £1,060,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2018 was £652,000 (2017: £435,000) of which employers contributions totalled £492,000 (2017: £307,000) and employees contributions totalled £160,000 (2017: £128,000). The agreed contributions for future years for employers are 17.2% (2017: 17.2%) for Arden Academy Trust 20.6% (2017: 20.6%) for Park Hall Academy and for Lode Heath School 21.6% (2017: 21.6%) The average rate of contributions for employees are 6.1% (2017: 6.1%) for Arden Academy Trust, 6.1% (2017: 6.1%) for Park Hall Academy and 6.1% (2017: 6.1%) for Lode Heath School.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	2018 % per annum	2017 % per annum
Discount rate	2.7%	2.6%
Salary increases	3.8%	4.2%
Pension increase	2.3%	2.7%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2018 £'000	2017 £'000
Discount rate increased by 0.1% per annum	(225)	(151)
Assumed pension increased by 0.1% per annum	212	137
Life expectancy at retirement increased by 1 year	359	191

The mortality assumptions used were as follows:

	2018 years	2017 years
Longevity at age 65 retiring today		
- Men	21.9	21.8
- Women	24.4	24.3
Longevity at age 65 retiring in 20 years		
- Men	24.1	24.0
- Women	26.7	26.6

The Academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equity instruments	4,781	2,986
Debt instruments	824	528
Property	614	346
Cash	283	235
Other	1,054	628
	<u>7,556</u>	<u>4,723</u>

Present value of scheme liabilities

- Funded	(7,556)	(4,723)
- Unfunded	(2,727)	(1,853)
Total liabilities	<u>(10,283)</u>	<u>(6,576)</u>
Deficit in the scheme	<u>(2,727)</u>	<u>(1,853)</u>

The actual return on the scheme assets in the year was a surplus of £98,000 (2017: £683,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

Amounts recognised in the Statement of Financial Activities

	2018	2017
	£'000	£'000
Current service cost	888	605
Net interest cost	67	71
Past service cost	90	13
Total operating charge	1,045	689

	2018	2017
	£'000	£'000
Change in deficit during the year		
Balance at 1 September 2017	1,853	3,301
Movement in year:		
Employer service cost (net of employee contributions)	978	618
Expected return on scheme assets	(166)	(86)
Interest cost	233	157
Employer contributions	(492)	(307)
Actuarial gain	(896)	(1,830)
Transferred in on existing academies	1,217	-
Deficit in the scheme at 31 August 2018	2,727	1,853

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

	2018	2017
	£'000	£'000
Scheme liabilities at 1 September 2017	6,576	7,147
Current service cost	888	605
Past service cost	90	13
Interest cost	233	157
Contributions by scheme participants	160	128
Benefits paid	(159)	(156)
Actuarial gain	(1,049)	(1,318)
Transferred in on existing academies	3,544	-
Scheme liabilities at 31 August 2018	10,283	6,576

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

	2018	2017
	£'000	£'000
Fair value of scheme assets at 1 September 2017	4,723	3,846
Expected return on scheme assets	166	86
Contributions by employer	492	307
Contributions by scheme participants	160	128
Benefits paid	(159)	(156)
Actuarial (loss)/gain	(153)	512
Transferred in on existing academies	2,327	-
Fair value of scheme assets at 31 August 2018	7,556	4,723

The estimated value of employer contributions for the year ended 31 August 2019 is £508,000 (2018: £334,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)**27 RELATED PARTY TRANSACTIONS**

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

Solihull Alternative Provision Academy (SAPA), a company in which Mr M Murphy (Executive Principal and Accounting Officer) and Mr M Wilson (Headteacher and Governor at Lode Heath during the year) are trustees. Arden Multi Academy Trust provided support services totalling £39,603 (2017: £Nil) to SAPA during the year. £251,832 (2017: £Nil) was due from SAPA at 31 August 2018 in respect of payroll payments made on behalf of the academy.

Renewal Conference Centre Ltd, a company in which D Carr (Governor at Lode Heath School) is a director. Arden Multi Academy Trust purchased services totalling £1,438 (2017: £Nil) during the year. No amounts were outstanding at 31 August 2018. The academy trust made the purchase at arms' length and in accordance with its financial regulations.

In entering into the transactions the trust has complied with the requirements of the Academies Financial Handbook 2017.

28 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the trust received £28,215 (2017: £27,937) and disbursed £20,540 (2017: £29,806) from the fund. An amount of £30,914 (2017: £23,239) is included in other creditors relating to the undistributed funds that is repayable to the ESFA.

29 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018 (cont'd)

30 TRANSFER IN OF AN EXISTING ACADEMY

	Value reported by transferring trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets			
Leasehold land	5,917	-	5,917
Leasehold buildings	8,792	-	8,792
Assets under construction	773	-	773
Computer equipment	38	-	38
Furniture & equipment	35	-	35
Current assets			
Debtors	404	-	404
Cash at bank	442	-	442
Liabilities			
Creditors: amounts falling due within one year	(490)	-	(490)
Creditors: amounts falling due in greater than one year	(110)	-	(110)
Pensions			
Pensions - pension scheme assets	2,327	-	2,327
Pensions - pension scheme liabilities	(3,544)	-	(3,544)
Net assets	14,584	-	14,584

On 1 January 2018 the assets and liabilities of Lode Heath School were transferred to Arden Multi Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within donations and capital grant income to the net assets acquired.