

**Report of the Trustees and**  
**Financial Statements For The Year Ended 31 August 2016**  
**for**  
**Torch Academy Gateway Trust**



Allotts Business Services Ltd, Statutory Auditor  
Chartered Accountants  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

**Torch Academy Gateway Trust**

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**For The Year Ended 31 August 2016**

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**Torch Academy Gateway Trust**

**Reference and Administrative Details**  
**For The Year Ended 31 August 2016**

**MEMBERS**

P Chandrakumar  
J Mills (appointed 8.9.2015)  
B Thomas (resigned 8.9.2015)  
P Waterland

**TRUSTEES**

B Thomas (Chair) (resigned 8.9.2015)  
J Tomasevic (CEO/Accounting Officer)  
J Mills (Chair)  
R Flewitt  
M Suthers (resigned 21.5.2016)  
J Taylor (resigned 7.9.2015)  
A Rahman (Staff Director/Head of School)  
C James (Staff Director/Executive Headteacher)  
D Hooker  
S Macdougall (Vice Chair)  
J White  
A Woods  
K Ghattaora  
A Goddard (appointed 8.9.2015)  
C J Hall (appointed 6.9.2016)  
M Auty QC (appointed 1.12.2015)

**COMPANY SECRETARY**

S Edyvean

**LEADERSHIP GROUP (EXECUTIVE  
COMMITTEE)**

J Tomasevic (CEO/Accounting Officer)  
C James (Executive Headteacher Meden School)  
D Hooker (Principal Djanogly City Academy, partner school)  
A Rahman (VCEO)

**REGISTERED OFFICE**

The Banks  
Bingham  
NOTTINGHAM  
Nottinghamshire  
NG13 8BL

**REGISTERED COMPANY NUMBER**

07635510 (England and Wales)

**AUDITORS**

Allotts Business Services Ltd, Statutory Auditor  
Chartered Accountants  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

**SOLICITORS**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham NG2 1BJ

**Torch Academy Gateway Trust**  
**Reference and Administrative Details**  
**For The Year Ended 31 August 2016**

**BANKERS**

Royal Bank of Scotland  
Nottingham City Office  
8 South Parade  
Nottingham NG1 2JS

**Torch Academy Gateway Trust**  
**Report of the Trustees**  
**For The Year Ended 31 August 2016**

The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates three secondary and one primary school in Nottinghamshire. It has a combined capacity of 4062 pupils including the final capacity of Nottingham Free School at 587 and at the census in January 2016 there were 2857 pupils on roll of which 90 were in Year 7 at Nottingham Free School in its first operating year.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The objects of the multi-academy trust, as set out in its articles of association, are specifically restricted to:

(a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the need of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and

(b) to promote for the benefit of the public in the United Kingdom the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Given the stated object of the trust, the trustees have made clear their strategic intent to develop the educational effectiveness of the trust so as to extend the opportunities for young people to receive an outstanding education. This strategy takes due cognisance of the capacity that the trust holds and the impact of such work on the academy.

**Principal Activities**

The principal activity of the Charitable Company in the year ended 31 August 2016 was the operation of Toot Hill School, Meden School, Nottingham Free School and Birklands School to provide education for students of different abilities between the ages of 3 and 18, with an emphasis on high academic achievement and a maximum retention rate at 16. The multi-academy trust has an excellent academic and pastoral reputation for preparing students for their transition to university and adult life.

**Objectives, Strategies and Activities**

The key objectives for the year have been:

- Continue to secure higher achievement for all groups of learners in our Trust academies;
- Secure a wider range of schools to provide school-to-school support;
- Develop the SCITT;
- Secure additional teaching room capacity;
- Ensure the successful operation of the Nottingham Free School;
- Secure positive Ofsted outcomes for the academies TAG supports that are in Special Measures

The Nottingham Free School, which opened on 1st September 2014 in Sherwood, Nottingham, continues to receive positive feedback at all DfE inspections and visits.

During the academic year 2015/16 the Trust has continued to provide extensive support to enable its partner academies, Nottingham University Samworth Academy (NUSA); Djanogly City Academy (DCA); and Nottingham University Academy of Science & Technology (NUAST), to secure positive learning outcomes. The Trust works extensively alongside leadership teams and governing bodies/trustees in an open and collaborative manner to improve standards of education in the target institution. The partnership agreement with Alfreton Grange Arts College, which will be sponsored by DNET once the academy conversion of the school is completed, will cease as of August 2016.

During 2015-16 TAG sponsored the Newark Academy (starting 1st October 2016) and the Victoria (formerly Riverside) Primary School. In addition the trust was successful in its application to establish a free school in Newark.

**Public Benefit**

In setting their objectives the trustees have had due regard to guidance published by the Charity Commission on public benefit with particular reference to the advancement of education. The principal public benefit delivered by the Trust is the provision of a high-quality education to students in line with the articles of association. There has been no significant use of volunteers in the Torch Academy Gateway Trust's charitable or income generating activities.

## **Torch Academy Gateway Trust**

### **Report of the Trustees** **For The Year Ended 31 August 2016**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

The main charitable activity undertaken by the school is the delivery of high-quality education to its students.

	Progress 8		Attainment 8		%A*-C EM		% Ebacc	
	GCSE	Target	GCSE	Target	GCSE	Target	GCSE	Target
Toot Hill School	0.25	0.16	56.1	52.4	83%	82%	43%	51%
Meden	0.10	0.15	50.7	49	50%	55%	15%	18%

Birklands	Result	Target FFT 50	Target FFT 20
Achieved standard in Reading, Writing and Maths	65%	43%	50%
Progress - Reading	+1.8	-	-
Progress - Writing	+1.6	-	-
Progress - Maths	+4.1	-	-

- A bid for a new catering block planned for Toot Hill School was not successful.
- Meden School has undergone significant refurbishment and upgrading to its building stock.
- The Nottingham Free School Phase 2 Building Works were successfully completed in November 2015 enabling full operation from September 2016 of the new academic year.
- The trust has not engaged in any significant fundraising activities.
- There are no material investment performance matters to report.
- The trust continues to secure a high regard for its work in the immediate and extended community. This is reflected in the high number of applications and staying-on rates. Staff in the academies consider themselves valued, well-supported and recognised for their contribution to securing the objects of the Trust.
- The trust is in a strong position to continue its growth as a going concern built on the foundation of financial stability and high achievement.

##### **Going Concern**

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

##### **Financial review**

Funding sources: Most of the academy's income was obtained from the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received in the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The excess of expenditure over income for the period on GAG and unrestricted funds was £1,199K. The deficit was covered by reserves brought forward.

The deficit in the Local Government Pension Scheme (LGPS) of £6,233K is recognised in the balance sheet as per the requirements of FRS102. The pension deficit is not expected to have any material impact on the financial viability of the organisation.

##### **Reserves Policy**

The trust, in conjunction with the Executive Committee, aims to carry forward sufficient funds to meet the academy trust's long term objectives and to provide working capital, whilst ensuring that it does not affect its current operational activities. Prior to the increase in the number of academies in the trust, a reserve of £700k, being the calculated average of one month's school expenditure, was the target sum. The trustees have yet to calculate the revised target level of reserves following expansion.

At 31 August 2016 the net book value of fixed assets was £32,137K, including the value of fixed assets which were transferred as part of the academy conversions. The year end balances on GAG funds and unrestricted funds (free reserves) were £285K and £562K respectively, a total of £847K. This represents the funds freely available for general purposes.

##### **Investment Policy**

Investments must be made only in accordance with written procedures approved by the governing body. All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures may be required to ensure any income receivable from the investment is received.

**Torch Academy Gateway Trust**  
**Report of the Trustees**  
**For The Year Ended 31 August 2016**

**STRATEGIC REPORT**

**Principal risks and uncertainties**

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to teaching, provision of facilities, financial and other operational areas of the academy. Systems or procedures have been established to manage those risks and a Risk Register is maintained and regularly reviewed.

The school produces an annual Governance Statement. Internal control systems and exposure to risks are considered in relation to all activities and legislation discussed during weekly Leadership and termly trustees' meetings. Risk management is embedded into the day-to-day processes of the academy trust. Principal risk areas for the academy trust are the protection of students, employees and assets. Systems and procedures to minimise these are constantly being reviewed and updated.

The principal risks are:

- A drop in student income as a result of parents not sending their children to the academy because of perceived loss of effectiveness;
- Damage to the school as a result of fire, flood, condition issues and like events that result in academy closure;
- Buildings/plant e.g. boilers not functioning appropriately resulting in academy closure.
- Financial Risks: Under FRS102 it is necessary to charge the projected deficit on the Local Government Pension Scheme, which is provided to support staff, to restricted funds. It should be noted that this does not present the academy with any current liquidity problem. The employer contributions are increased to bring this deficit down in the future.
- Policy on Reserves: The policy of the academy is to carry forward a prudent level of reserves designed to meet the long term cyclical needs of renewal and any other unforeseen contingencies.

**Future plans**

We intend to develop more Free Schools in the locality as opportunities arise. We aim to merge with the NUSA Trust and NUAAT Trust during the period 2016-17.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Torch Academy Gateway Trust (the "academy trust") is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees for the charitable activities of The Torch Academy Gateway Trust are also the directors of the Charitable Company for the purposes of company law.

Details of the trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

**Members' Liability**

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

**Trustees' Indemnities**

In accordance with normal commercial practice the academy trust has purchased insurance underwritten by Zurich Municipal to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £2,000,000 on any one claim. There were no third party indemnity provisions during the year ended 31 August 2016.

**Method of Recruitment and Appointment or Election of Trustees (Directors)**

In accordance with the articles of association the directors were appointed as follows:

Type	Name	Number/Proportion	Appointed/ Elected By	Article
CEO	John Tomasevic	1		57
Directors	Mr B Thomas (resigned) Mr M Suthers (resigned) Mr J Mills Mrs J White Mr M Auty	Up to 5	Appointed by Members	50

## Torch Academy Gateway Trust

### Report of the Trustees For The Year Ended 31 August 2016

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Staff directors	Mr C James Mr A Rahman (Vice CEO)	No more than one third (including the CEO) of total, up to 3 (excluding the CEO), 2 as at 31/08/16	Appointed by Directors	50B
Academy Directors	Mrs S Macdougall (Toot Hill) Mr K Ghattaora (NFS) Mr A Goddard (appointed) (Meden)	Member of each LGB (cannot be CEO). One from each LGB (but maximum 5 if more than 5 Academies)	Appointed by Directors	51-52
Parent Directors	Mr R Flewitt (Each LGB has minimum of 2 parent members)	A least 2 parent governors, unless there are LGBs which include at least 2 parent members	Elected or appointed by LGB members (Para 54)	53-56
Co-opted Directors	Mr A Woods Mr J Taylor (resigned) (ex staff) Mr D Hooker (ex staff)	Up to 3 (may not be an employee if that takes total to over one third - see above)	Appointed by (non-co-opted) Directors	58

New trustees are recruited from a variety of backgrounds and have the necessary skills to support, enhance and develop the Academy Trust.

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

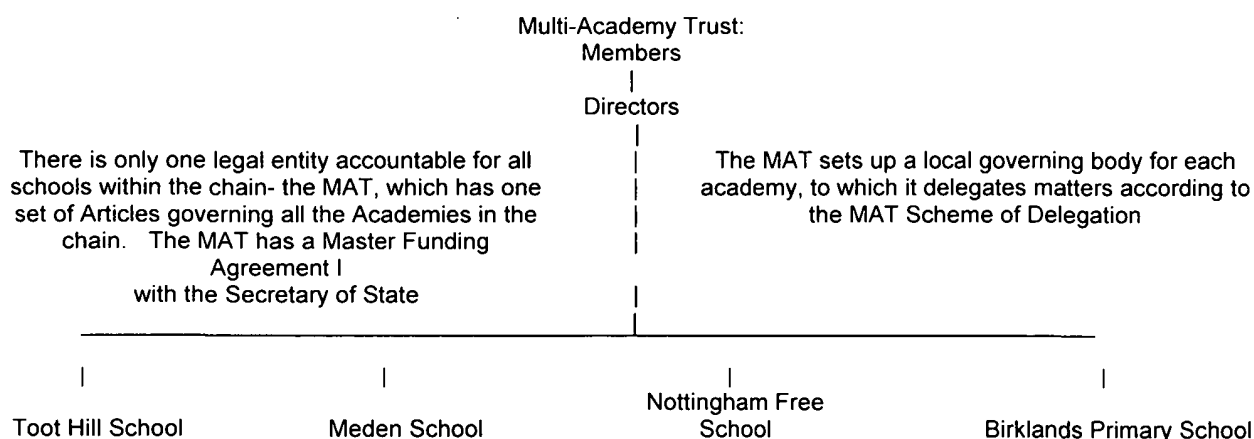
New trustees are allocated a mentor from the existing governing body and provided with information in accordance with the Trustees' Induction Policy & Skills Audit.

#### Organisational Structure

The Members comprise three members of the governing body of Toot Hill School, as at the time the decision to convert to an academy was taken, and the Chair of the trustees. With the exception of the Chair of the trustees, the Members are not directors of the trust and are members of the Toot Hill School Local Governing Body.

Mr Ponniah Chandrakumar  
Mr Peter Waterland  
Mr Barrie Thomas (Chair of the trustees) (resigned September 2015)  
Mr J Mills (Chair of trustees) (appointed September 2015)

The Torch Academy Gateway Trust is established as a standard multi-academy trust according to DfE models, with standard MAT Master Funding Agreement and Objects/Articles of Association and the following governance structure:



#### Governance Structure: Roles & Responsibilities

The academy trust is a charitable company limited by guarantee (the liability of the members is set at £10 in the model Articles of Association). The trust has three layers of governance:

##### **The Members:**

The functions of the members of the academy trust include:

- Overseeing the achievement of the objectives of the company.
- Taking part in Annual and Extraordinary General Meetings.
- Appointing some of the directors.



**Torch Academy Gateway Trust**

**Report of the Trustees**  
**For The Year Ended 31 August 2016**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

- Power to amend the Articles of the company and, ultimately, to remove the directors.

**The Trustees (The directors):**

- Ensure the quality of educational provision.
- Challenge and monitor the performance of the trust academies.
- Oversee the trust's finances and property.
- Exercise reasonable skill and care in carrying out their duties.
- Ensure that the trust complies with charity and company law.
- Operate the trust academies in accordance with the funding agreement that has been signed with the Secretary of State.

**The Executive Committee:**

Most day-to-day management decisions will be made collectively through the Executive Committee including:

- Management of the staff.
- Setting and monitoring the budgets of each academy.
- Overseeing the quality of teaching and learning.
- Ensuring the safety and welfare of the pupils.
- Minutes of formal Executive Committee meetings are circulated to the trustees.
- All strategic and financial decisions delegated to the Executive Committee are ratified by the trustees.

**Arrangements for Setting Pay and Remuneration of Key Management Personnel**

Performance Management of the Executive Committee is conducted by the CEO and proposals for pay increases and bonuses payable to the Executive Committee staff are subject to approval of the board. The Performance Management of the CEO is conducted by a delegated sub-committee of the Trustees, their recommendations for pay increase and bonus subject to the approval of the full board.

**Related Parties and Other Connected Charities and Organisations**

The multi-academy trust has an excellent transition programme and holds termly meetings with feeder primary schools. The multi-academy trust offers in-house training and CPD programmes to Local Authority schools and has an established Teaching School Alliance in collaboration with local Universities. The multi-academy trust has successfully established a SCITT. 25 graduates successfully completed the first year and have secured teaching positions in schools, with 18 employed in TAG academies.

**EMPLOYEES AND DISABLED PERSONS**

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry.

The Trust considers all application forms from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The Trust works with employee trade unions and professional associations across all our academies and engages in consultation with work-based representatives, as required, to ensure that all aspects of the company affecting its employees, including financial and economic factors, is discussed, conveyed and consulted on with them.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy trust's auditors are aware of that information.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 24.11.2016 and signed on the board's behalf by:

  
.....  
J Mills Chair

**Torch Academy Gateway Trust**  
**Governance Statement**  
**For The Year Ended 31 August 2016**

**Scope of Responsibility**

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

The board of trustees have delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Torch Academy Gateway Trust and the Secretary of State for Education. The Accounting Officer 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 Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr J Tomasevic	6	6
Mr J Mills	5	6
Mr R Flewitt	4	6
Mr M Suthers - resigned 21/05/2016	3	4
Mrs S Macdougall	5	6
Mrs J White	5	6
Mr A Rahman	2	6
Mr D Hooker	4	6
Mr J Taylor - resigned 07/09/2015	-	1
Mr A Woods	5	6
Mr K Ghattaora	4	6
Mr C James	5	6
Mr A Goddard - appointed 08/09/2015	4	6
Mr M Auty - appointed 01/12/2015	4	4

During the year three trustees have resigned.

Governor self-evaluation is an annual agenda item for local governing bodies in the spring term and a skills profile of all governors is maintained by the clerk. Governor self-audits are conducted by the Governor Training Co-ordinator. Skills and competency self-evaluation sheets are completed and submitted by each governor. Training needs are extrapolated by the Training Co-ordinator and addressed via a rolling programme of governor training conducted for all members across the Trust and partnership. The resulting report from the Training Co-ordinator are available for inspection on request. A Governor Development Plan for each local governing body is constructed by the Head of School in consultation with the Chair of Governors and Executive Head Teacher.

The Executive Committee is a sub-committee of the main governing body. Attendance during the year at meetings was as follows.

<b>Trustee</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr J Tomasevic	8	8
Mr A Rahman	8	8
Mr D Hooker	8	8
Mr C James	8	8

The purpose of the Executive Committee is described below:

In consultation with the CEO and the school's finance manager, approve and monitor the annual budget and establish a three year financial plan, ensuring that the academies operate in accordance with the appropriate Financial Regulations. Review budget situation termly and report in detail to the Board. To consider, and make decisions, on expenditure following recommendations from Heads of School ensuring best value and reporting to the full trust board.

To advise the trust board on priorities, including Health and Safety for the maintenance and development of the schools premises and to receive and consider the proposed annual capital spending programme.

To consider as required any issues related consultations in respect of asset ownership eg. asset management, asbestos surveys etc.

To keep under review key documents related to Buildings and Site i.e. Building Development Plan, Health & Safety Audit and action plan, an Annual Fire Risk Assessment and an Emergency Plan and to ensure as far as is practical that Health and Safety issues and policies are appropriately addressed prioritised.

**Torch Academy Gateway Trust**  
**Governance Statement**  
**For The Year Ended 31 August 2016**

To monitor the staffing structures of each academy and the centralised service and to make appointments as necessary.

To oversee HR policies and ensure legal compliance.

**Review of Value for Money**

As accounting officer the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers in consultation with the Executive Committee how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Reviewing the organisational structure for Central Resources so as to address capacity for growth.
- Implementing the Progress Board system across the Trust and partnership academies.
- Conducting a trust-wide review of all policies and leadership structures with a view to decreasing bureaucracy and disseminating good practice and communications across the trust, thereby reducing workloads for key management personnel.

As Accounting Officer for the Torch Academy Gateway Trust there is an on-going focus in ensuring that the Trust provides value for money in respect of funds received. This scrutiny has been undertaken by the trust board and executive leaders of the trust.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Torch Academy Gateway Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

The multi-academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- Regular reviews by the Finance, Resources & HR 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 Trust carried out some internal checking of systems and controls during the period but did not have any independent internal audit work. Going forward the Trust will commission a programme of independent internal audit work.

No material failings or weaknesses in the internal control systems were reported to the board of trustees.

**Review of Effectiveness**

As Accounting Officer, the CEO 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 external auditor;

**Torch Academy Gateway Trust**  
**Governance Statement**  
**For The Year Ended 31 August 2016**

**Review of Effectiveness**

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Site and Buildings Committees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 29.11.2016 and signed on its behalf by:



J Mills - Chair



Mr J. Tomasevic - Accounting Officer

**Torch Academy Gateway Trust**

**Statement on Regularity, Propriety and Compliance**  
**For The Year Ended 31 August 2016**

As accounting officer of Torch Academy Gateway Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

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 2015.

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 EFA.



Mr J Tomasevic - Accounting Officer

Date: 29.11.2016

**Torch Academy Gateway Trust**

**Statement of Trustees Responsibilities**  
**For The Year Ended 31 August 2016**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the academy trust's transactions and disclose with reasonable accuracy at any time the financial position of the academy trust and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the academy trust 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 academy trust 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 EFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the academy trust'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 board of trustees on 29.11.2016 and signed on it's behalf by:

  
.....  
J Mills - Chair

**Report of the Independent Auditors to the Members of  
Torch Academy Gateway Trust**

We have audited the financial statements of Torch Academy Gateway Trust for the year ended 31 August 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

**Respective responsibilities of trustees and auditors**

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

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

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

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- 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.



Mark Garrison BCom FCA DChA (Senior Statutory Auditor)  
for and on behalf of Allotts Business Services Ltd, Statutory Auditor  
Chartered Accountants  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

Date: 15/12/2016

**Independent Reporting Accountant's Assurance Report on Regularity to  
Torch Academy Gateway Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 20 August 2014 and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Torch Academy Gateway Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Torch Academy Gateway Trust's accounting officer and the reporting accountant**

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

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

**Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of officers of the academy
- Review and testing of income and expenditure for compliance with the funding and other agreements, the Academies Financial Handbook and the academy's system of controls
- Examination of relevant documents
- Review of the activities carried out by the academy
- Review of the delegated authorities set out in the Academies Financial Handbook

**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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Allotts Business Services Ltd*

Allotts Business Services Ltd  
Chartered Accountants  
The Old Grammar School  
13 Moorgate Road  
Rotherham  
South Yorkshire  
S60 2EN

Date: 15/12/2016



**Torch Academy Gateway Trust**

**Statement of Financial Activities**  
**(Incorporating an Income and Expenditure Account)**  
**For The Year Ended 31 August 2016**

		Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total 2016 funds £'000	Total 2015 funds £'000
	Note					
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	3	-	-	2,126	2,126	6,003
<b>Charitable activities</b>						
Funding for the academy's educational operations	4	-	15,703	-	15,703	15,521
Other trading activities	5	1,308	779	-	2,087	1,626
Investment income	6	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>7</u>
<b>Total</b>		<b>1,314</b>	<b>16,482</b>	<b>2,126</b>	<b>19,922</b>	<b>23,157</b>
<b>EXPENDITURE ON</b>						
Raising funds	8	1,221	-	-	1,221	910
<b>Charitable activities</b>						
Academy's educational operations		<u>-</u>	<u>17,870</u>	<u>1,103</u>	<u>18,973</u>	<u>17,293</u>
<b>Total</b>	7	<b>1,221</b>	<b>17,870</b>	<b>1,103</b>	<b>20,194</b>	<b>18,203</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>93</b>	<b>(1,388)</b>	<b>1,023</b>	<b>(272)</b>	<b>4,954</b>
Transfers between funds	23	(51)	(179)	230	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/losses on defined benefit schemes		<u>-</u>	<u>(2,245)</u>	<u>-</u>	<u>(2,245)</u>	<u>17</u>
<b>Net movement in funds</b>		<b>42</b>	<b>(3,812)</b>	<b>1,253</b>	<b>(2,517)</b>	<b>4,971</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		<u>520</u>	<u>(2,125)</u>	<u>30,884</u>	<u>29,279</u>	<u>24,308</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b><u>562</u></b>	<b><u>(5,937)</u></b>	<b><u>32,137</u></b>	<b><u>26,762</u></b>	<b><u>29,279</u></b>

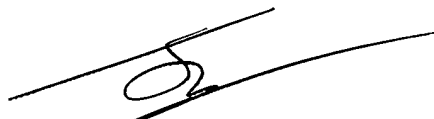
The notes form part of these financial statements

**Torch Academy Gateway Trust (Registered number: 07635510)**

**Balance Sheet**  
**At 31 August 2016**

	Notes	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Tangible assets	15	<u>32,137</u>	<u>30,884</u>
<b>CURRENT ASSETS</b>			
Stocks	16	88	53
Debtors	17	916	2,608
Cash at bank and in hand		<u>549</u>	<u>1,965</u>
		1,553	4,626
<b>CREDITORS</b>			
Amounts falling due within one year	18	(695)	(2,562)
<b>NET CURRENT ASSETS</b>		<u>858</u>	<u>2,064</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		32,995	32,948
<b>CREDITORS</b>			
Amounts falling due after more than one year	19	-	(9)
<b>PENSION LIABILITY</b>	24	(6,233)	(3,660)
<b>NET ASSETS</b>		<u>26,762</u>	<u>29,279</u>
<b>FUNDS</b>	23		
Unrestricted funds:			
General fund		562	520
Restricted funds:			
General fund		296	1,535
Pension reserve		(6,233)	(3,660)
Fixed Asset fund		<u>32,137</u>	<u>30,884</u>
		<u>26,200</u>	<u>28,759</u>
<b>TOTAL FUNDS</b>		<u>26,762</u>	<u>29,279</u>

The financial statements were approved by the Board of Trustees on 29.11.2016 and were signed on its behalf by:

  
.....  
J Mills -Chair

The notes form part of these financial statements

**Torch Academy Gateway Trust**  
**Statement of Cash Flows**  
**For The Year Ended 31 August 2016**

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	(1,189)	(190)
Interest paid		<u>(3)</u>	<u>(1)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>(1,192)</u>	<u>(191)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(2,356)	(6,388)
Capital grants from DfE/EFA		2,126	6,002
Interest received		<u>6</u>	<u>7</u>
<b>Net cash provided by (used in) investing activities</b>		<u>(224)</u>	<u>(379)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		(1,416)	(570)
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>1,965</u>	<u>2,535</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>549</u></u>	<u><u>1,965</u></u>

The notes form part of these financial statements

**Torch Academy Gateway Trust**

**Notes to the Statement of Cash Flows**  
**For The Year Ended 31 August 2016**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2016 £'000	2015 £'000
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	(272)	4,954
<b>Adjustments for:</b>		
Depreciation	1,103	945
Capital grants from DfE/EFA	(2,126)	(6,002)
Interest received	(6)	(7)
Interest paid	3	1
Increase in stocks	(35)	-
Decrease/(increase) in debtors	1,692	(1,304)
(Decrease)/increase in creditors	(1,876)	979
Difference between pension charge and cash contributions	<u>328</u>	<u>244</u>
<b>Net cash provided by (used in) operating activities</b>	<u>(1,189)</u>	<u>(190)</u>

**Torch Academy Gateway Trust**  
**Notes to the Financial Statements**  
**For The Year Ended 31 August 2016**

**1. STATEMENT OF ACCOUNTING POLICIES**

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

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Torch Academy Gateway Trust meets the definition of a public benefit entity under FRS 102.

*First time adoption of FRS 102*

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

**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 income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

**Grants**

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

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

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

**Donations**

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

**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.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**2. ACCOUNTING POLICIES - continued**

**Expenditure**

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

All resources expended are inclusive of irrecoverable VAT.

**Raising funds**

Raising funds 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**

Costs of charitable activities are 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.

**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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Freehold and leasehold buildings	over 20 to 50 years
Leasehold land	over 125 years
Property improvements	over 25 years
Fixtures, fittings and equipment	over 10 years
ICT equipment	over 5 years
Motor Vehicles	over 10 years

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

The school premises at Meden and Birklands have been leased from the Local Authority on a 125 year lease at a peppercorn rent. In the opinion of the trustees, the terms of the leases transfer substantially all the risks and rewards of ownership of the assets to the academy trust and therefore the assets have been recognised on the balance sheet as fixed assets.

The premises at Nottingham Free School have been leased from a 3rd party on a 25 year lease. In the opinion of the trustees, the terms of the lease do not transfer substantially all the risks and rewards of ownership of the assets to the academy trust and therefore the assets have not been recognised on the balance sheet as fixed assets. Any improvements to these premises have been capitalised.

**Stocks**

Unsold uniforms, computer consumables and catering stocks are valued at the lower of cost or net realisable value.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

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

**Fund accounting**

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

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

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

**Pension costs and other post-retirement 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 quinquennial valuations using a prospective unit credit method. As stated in the Pension and Similar Obligations note, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**2. ACCOUNTING POLICIES - continued**

**Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

**Leased assets**

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

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

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

**3. DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Grants	<u>-</u>	<u>2,126</u>	<u>2,126</u>	<u>6,003</u>

Grants received, included in the above, are as follows:

	2016 £'000	2015 £'000
Capital grants	2,126	6,002
Other grants	<u>-</u>	<u>1</u>
	<u>2,126</u>	<u>6,003</u>



**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
<b>DfE/EFA revenue grant</b>				
General Annual Grant(GAG)	-	14,450	14,450	14,295
Other DfE/EFA grants	-	895	895	869
	-	15,345	15,345	15,164
<b>Other government grant</b>				
Local authority grants	-	303	303	357
Other grants	-	55	55	-
	-	358	358	357
	-	15,703	15,703	15,521

**5. OTHER TRADING ACTIVITIES**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Catering income	17	291	308	262
Rental income	49	-	49	21
Trips	-	290	290	322
Other events and activities	51	1	52	62
Books, uniforms etc	104	106	210	148
Placements	-	-	-	18
Consultancy	739	-	739	601
Other services	34	-	34	41
Sundry income	314	91	405	151
	1,308	779	2,087	1,626

**6. INVESTMENT INCOME**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Interest	6	-	6	7

**7. EXPENDITURE**

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	2016 Total £'000	2015 Total £'000
<b>Raising funds</b>					
Costs incurred by trading for a fundraising purpose	1,034	-	187	1,221	910
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	10,534	502	1,956	12,992	11,578
Allocated support costs	2,803	1,898	1,280	5,981	5,715
	14,371	2,400	3,423	20,194	18,203

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**7. EXPENDITURE - continued**

Net income/(expenditure) is stated after charging/(crediting):

	2016 £'000	2015 £'000
Auditors' remuneration	34	41
Other non-audit services	4	12
Depreciation - owned assets	1,103	945
Operating leases - Others	40	43
Operating leases - Land & buildings	<u>132</u>	<u>133</u>

**8. RAISING FUNDS**

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Staff costs	1,034	-	1,034	682
Other costs	<u>187</u>	<u>-</u>	<u>187</u>	<u>228</u>
	<u>1,221</u>	<u>-</u>	<u>1,221</u>	<u>910</u>

**9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	2016 Total funds £'000	2015 Total funds £'000
Direct costs	-	12,992	12,992	11,578
Support costs	<u>-</u>	<u>5,981</u>	<u>5,981</u>	<u>5,715</u>
	<u>-</u>	<u>18,973</u>	<u>18,973</u>	<u>17,293</u>

	2016 Total £'000	2015 Total £'000
<b>Analysis of support costs</b>		
Support staff costs	2,803	2,551
Technology costs	186	180
Premises costs	1,898	1,778
Other support costs	1,055	1,072
Governance costs	<u>39</u>	<u>134</u>
<b>Total support costs</b>	<u>5,981</u>	<u>5,715</u>

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**10. TRUSTEES' REMUNERATION AND BENEFITS**

The CEO and staff trustees only receive remuneration in respect of services they provide undertaking the roles of 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 in respect of their role as trustees. The value of trustees' remuneration was as follows:

J Tomasevic (CEO and trustee)

Remuneration £260,000 - £265,000 (2015: £270,000 - £275,000)

Employer's pension contributions £nil (2015: £nil)

A Rahman (staff trustee)

Remuneration £115,000 - £120,000 (2015: £115,000 - £120,000)

Employer's pension contributions £15,000 - £20,000 (2015: £15,000 - £20,000)

D Hooker (staff trustee)

Remuneration £nil (2015: £10,000 - £15,000)

Employer's pension contributions £nil (2015: £nil)

C James (staff trustee)

Remuneration £95,000 - £100,000 (2015: £nil)

Employer's pension contributions £15,000 - £20,000 (2015: £nil)

**Trustees' expenses**

During the year ended 31 August 2016, travel and subsistence expenses totalling £5,646 (2015 - £5,769) were reimbursed or paid directly to 2 trustees (2015 - 2).

**Other transactions**

Other related party transactions involving the trustees are set out in the Related Party Disclosures note.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**11. STAFF COSTS**

	2016	2015
	£'000	£'000
Wages and salaries	10,925	9,775
Social security costs	927	731
Other pension costs	<u>2,077</u>	<u>1,588</u>
	13,929	12,094
Supply teacher costs	424	434
Staff restructuring costs	<u>18</u>	<u>56</u>
	<u><u>14,371</u></u>	<u><u>12,584</u></u>

	2016	2015
	£'000	£'000
Staff restructuring costs comprise:		
Redundancy payments	-	46
Severance payments	18	10
Other restructuring costs	<u>-</u>	<u>-</u>
	<u>18</u>	<u>56</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,717 (2015:£55,833). Individually the payments were: £17,717 (2015: £20,047, £15,723, £10,063 and £10,000).

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2016	2015
Teachers	246	208
Administration and support	196	190
Management	<u>29</u>	<u>25</u>
	<u><u>471</u></u>	<u><u>423</u></u>

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

	2016	2015
£60,001 - £70,000	4	4
£70,001 - £80,000	1	2
£90,001 - £100,000	2	-
£110,001 - £120,000	1	1
£260,001 - £270,000	1	-
£270,000 - £280,000	<u>-</u>	<u>1</u>
	<u><u>9</u></u>	<u><u>8</u></u>

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £517,563 (2015: £422,920).

**12. TRUSTEES' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover of £2,000,000 on any one claim and the cost for the period ended 31 August 2016 was £2,050 (2015: £2,950). The cost of this insurance is included in the total insurance cost.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	Total funds £'000
<b>INCOME AND ENDOWMENTS</b>				
<b>FROM</b>				
Donations and capital grants	-	-	6,002	6,002
<b>Charitable activities</b>				
Funding for the academy's educational operations	-	15,521	-	15,521
Other trading activities	920	707	-	1,627
Investment income	<u>7</u>	<u>-</u>	<u>-</u>	<u>7</u>
<b>Total</b>	927	16,228	6,002	23,157
<b>EXPENDITURE ON</b>				
Raising funds	910	-	-	910
<b>Charitable activities</b>				
Academy's educational operations	<u>-</u>	<u>16,348</u>	<u>945</u>	<u>17,293</u>
<b>Total</b>	910	16,348	945	18,203
<b>NET INCOME/(EXPENDITURE)</b>	17	(120)	5,057	4,954
<b>Transfers between funds</b>	(45)	(341)	386	-
<b>Other recognised gains/(losses)</b>				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>17</u>	<u>-</u>	<u>17</u>
<b>Net movement in funds</b>	(28)	(444)	5,443	4,971
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	548	(1,681)	25,441	24,308
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>520</u>	<u>(2,125)</u>	<u>30,884</u>	<u>29,279</u>

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**14. CENTRAL SERVICES**

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

- Human Resources
- Financial Resources
- Legal services
- Educational support services
- Marketing
- IT/Data services
- Insurance
- External audit

The trust charges for these services at a flat rate designed to cover the cost of the services. Actual charges in the year were as follows:

	2016 £000	2015 £000
Toot Hill School	-	-
Meden Comprehensive School	201	160
Birklands Primary School	30	15
Nottingham Free School	<u>37</u>	<u>12</u>
	<u>268</u>	<u>187</u>

As the central costs are held in Toot Hill School, no charges were made to that school.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**15. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Improvements to property £'000
<b>COST</b>			
At 1 September 2015	17,090	9,450	5,044
Additions	<u>49</u>	<u>-</u>	<u>1,681</u>
At 31 August 2016	<u>17,139</u>	<u>9,450</u>	<u>6,725</u>
<b>DEPRECIATION</b>			
At 1 September 2015	959	537	202
Charge for year	<u>283</u>	<u>220</u>	<u>269</u>
At 31 August 2016	<u>1,242</u>	<u>757</u>	<u>471</u>
<b>NET BOOK VALUE</b>			
At 31 August 2016	<u>15,897</u>	<u>8,693</u>	<u>6,254</u>
At 31 August 2015	<u>16,131</u>	<u>8,913</u>	<u>4,842</u>

	Furniture and equipment £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
<b>COST</b>				
At 1 September 2015	823	6	783	33,196
Additions	<u>306</u>	<u>24</u>	<u>296</u>	<u>2,356</u>
At 31 August 2016	<u>1,129</u>	<u>30</u>	<u>1,079</u>	<u>35,552</u>
<b>DEPRECIATION</b>				
At 1 September 2015	213	2	399	2,312
Charge for year	<u>113</u>	<u>3</u>	<u>215</u>	<u>1,103</u>
At 31 August 2016	<u>326</u>	<u>5</u>	<u>614</u>	<u>3,415</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>803</u>	<u>25</u>	<u>465</u>	<u>32,137</u>
At 31 August 2015	<u>610</u>	<u>4</u>	<u>384</u>	<u>30,884</u>

Included in cost or valuation of land and buildings is freehold land of £2,982,365 (2015 - £2,982,365)

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on the premises used by Nottingham Free School for a term of 25 years during which the rental payments are £133,333 per annum for the first 15 years followed by £200,000 per annum thereafter. The development of the property has been funded by the EFA. The development costs have been capitalised and included as Improvements to property and the associated grant has been included in income in the year under the heading of capital grants.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**16. STOCKS**

	2016 £'000	2015 £'000
Books and planners	9	3
Clothing	<u>79</u>	<u>50</u>
	<u>88</u>	<u>53</u>

**17. DEBTORS**

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Trade debtors	425	225
VAT recoverable	100	598
Prepayments and accrued income	<u>276</u>	<u>1,650</u>
	<u>801</u>	<u>2,473</u>

Amounts falling due after more than one year:		
Trade debtors	<u>115</u>	<u>135</u>

Aggregate amounts	<u>916</u>	<u>2,608</u>
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**18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 £'000	2015 £'000
Trade creditors	74	258
Other creditors	12	20
Accruals and deferred income	<u>609</u>	<u>2,284</u>
	<u>695</u>	<u>2,562</u>

	2016 £'000	2015 £'000
<b>Deferred income</b>		
Deferred Income at 1 September 2015	305	147
Resources deferred in the year	117	305
Amounts released from previous years	<u>(305)</u>	<u>(147)</u>
Deferred Income at 31 August 2016	<u>117</u>	<u>305</u>

Deferred income represents grants received in advance of entitlement arising and monies received in advance for school trips which took place after year end.

Included within other creditors is a loan of £10,370 (2015 - £28976) on which interest of 0.5% per annum is charged. The loan was taken out pre-conversion and is unsecured.

**19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2016 £'000	2015 £'000
Other creditors	<u>-</u>	<u>9</u>



**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**20. OPERATING LEASE COMMITMENTS**

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

	2016	2015
	£'000	£'000
Amounts due within one year	167	167
Amounts due between one and five years	593	593
Amounts due after five years	<u>3,067</u>	<u>3,200</u>
	<u>3,827</u>	<u>3,960</u>

**21. 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.

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

	Unrestricted fund £'000	Restricted funds £'000	Fixed Asset Fund £'000	2016 Total funds £'000	2015 Total funds £'000
Fixed assets	-	-	32,137	32,137	30,884
Current assets	562	991	-	1,553	4,626
Current liabilities	-	(695)	-	(695)	(2,562)
Long term liabilities	-	-	-	-	(9)
Pension liability	-	<u>(6,233)</u>	-	<u>(6,233)</u>	<u>(3,660)</u>
	<u>562</u>	<u>(5,937)</u>	<u>32,137</u>	<u>26,762</u>	<u>29,279</u>

**23. MOVEMENT IN FUNDS**

	Balance 01.09.15 £000	Incoming Resources £000	Resourced Expended £000	Gains, losses and transfers £000	Balance 31.08.16 £000
<b>Restricted general funds</b>					
General annual grant (GAG)	1,526	14,451	(15,513)	(179)	285
Other EFA	-	895	(895)	-	-
Other grants	-	357	(357)	-	-
Activities for generating funds	9	779	(777)	-	11
Restricted pension reserve	<u>(3,660)</u>	-	<u>(328)</u>	<u>(2,245)</u>	<u>(6,233)</u>
	<u>(2,125)</u>	<u>16,482</u>	<u>(17,870)</u>	<u>(2,424)</u>	<u>(5,937)</u>
<b>Restricted fixed asset funds</b>					
Assets transferred on conversion	21,874	-	(519)	-	21,355
DfE grants	8,239	2,097	(471)	(35)	9,830
Capital expenditure from GAG	729	-	(103)	270	896
Unrestricted	36	-	(6)	-	30
Other grants	<u>6</u>	<u>29</u>	<u>(4)</u>	<u>(5)</u>	<u>26</u>
	<u>30,884</u>	<u>2,126</u>	<u>(1,103)</u>	<u>230</u>	<u>32,137</u>
<b>Total restricted funds</b>	<u>28,759</u>	<u>18,608</u>	<u>(18,973)</u>	<u>(2,194)</u>	<u>26,200</u>
<b>Unrestricted funds</b>	<u>520</u>	<u>1,314</u>	<u>(1,221)</u>	<u>(51)</u>	<u>562</u>
<b>Total funds</b>	<u>29,279</u>	<u>19,922</u>	<u>(20,194)</u>	<u>(2,245)</u>	<u>26,762</u>

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**23. MOVEMENT IN FUNDS - continued**

GAG may only be spent in compliance with the academy trust's funding agreement. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at the year end.

Significant other grants are:

- Pupil Premium, for disadvantaged pupils
- EFA grant to cover the cost of the lease for Nottingham Free School

The capital grants include funds received towards improvements to leased property and other fixed assets required to equip Nottingham Free School.

The transfer into the restricted fixed asset funds represents the net effect of fixed assets purchased out of GAG and the amount of capital grant used on items not capitalised.

The transfer from the unrestricted fund represents unrestricted money utilised in the running of the school.

Fund balances at 31 August 2016 were allocated as follows:

	2016 £000	2015 £000
Toot Hill School	356	1,091
Meden Comprehensive School	452	830
Birklands Primary School	-	51
Nottingham Free School	<u>50</u>	<u>83</u>
Total before fixed assets and pension reserve	858	2,055
Restricted fixed asset fund	32,137	30,884
Pension reserve	<u>(6,233)</u>	<u>(3,660)</u>
	<u><u>26,762</u></u>	<u><u>29,279</u></u>

Analysis of academies by cost

	Teaching & Educational Support Staff £000	Other Support staff £000	Educational Supplies £000	Other Costs (excluding) depreciation £000	Total £000
Toot Hill School	7,151	1,725	224	2,734	11,834
Meden Comprehensive School	2,998	774	175	842	4,789
Birklands Primary School	566	101	21	235	923
Nottingham Free School	<u>853</u>	<u>203</u>	<u>32</u>	<u>458</u>	<u>1,546</u>
Academy Trust	<u><u>11,568</u></u>	<u><u>2,803</u></u>	<u><u>452</u></u>	<u><u>4,269</u></u>	<u><u>19,092</u></u>

**24. PENSION AND SIMILAR OBLIGATIONS**

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

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

No contributions were outstanding at the current or previous year end.

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**24. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

**Teachers' pension scheme**

*Introduction*

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

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

*Valuation of the Teachers' Pension Scheme*

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,308,000 (2015: £936,000).

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

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

**Local government pension scheme**

The following disclosures relate to all academies in the multi-academy trust.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £591,000 (2015: £547,000), of which employer's contributions totalled £441,000 (2015: £408,000) and employees' contributions totalled £150,000 (2015: £139,000). The agreed contribution rates for future years are 18 per cent to 18.3 per cent for employers.

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

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**24. PENSION AND SIMILAR OBLIGATIONS**  
**- continued**

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2016	2015
	£'000	£'000
Asset gains/(losses)	454	(151)
Liability gains/ (losses)	(2,699)	168
	<u>(2,245)</u>	<u>17</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£'000	£'000
Equities	3,592	2,901
Property	196	512
Government Bonds	355	110
Other Bonds	632	284
Cash	222	142
Inflation linked pooled fund	140	118
Infrastructure	85	16
	<u>5,222</u>	<u>4,083</u>

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

	2016	2015
Discount rate	2.2%	4%
Pension increases	2.3%	2.7%
Salary increases	4.1%	4.5%

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males	22.1	22.1
Females	25.3	25.2
Retiring in 20 years		
Males	24.4	24.2
Females	27.7	27.6

Amounts for the current and previous period are as follows:

	2016	2015
	£'000	£'000
<b>Defined benefit pension plans</b>		
Present value of funded obligations	(11,455)	(7,743)
Fair value of plan assets	5,222	4,083
Deficit	(6,233)	(3,660)
Experience adjustments on scheme assets	-	(151)

The estimated value of employer contributions for the year ended 31 August 2017 is £430,000.

**25. RELATED PARTY DISCLOSURES**

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

**Torch Academy Gateway Trust**

**Notes to the Financial Statements - continued**  
**For The Year Ended 31 August 2016**

**26. FIRST YEAR ADOPTION**

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

The trustees have examined the changes to the accounting policies and have deemed that any adjustments to prior year figures in respect of outstanding employee benefits and LGPS interest costs are not material to the accounts and would have no impact on the understanding of the accounts. As a result, the comparative figures have not been restated."