

**Owlcotes Multi Academy Trust**  
**Annual Report and Financial Statements**  
**Period from 5 February 2018 to 31 August 2018**

**Company Registration Number:**  
**11188252 (England and Wales)**

# Owlcotes Multi Academy Trust

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## Owlcotes Multi Academy Trust

### Reference and Administrative Details

#### Members

C Waspe  
M Hainsworth  
J Robinson

#### Trustees

R Gibson (appointed 5 February 2018)  
G Grant (appointed 5 February 2018)  
S Hall (appointed 5 February 2018)  
J Norfolk (appointed 5 February 2018)  
M Smith (appointed 5 February 2018)  
(resigned 20 November 2018)  
L West (appointed 5 February 2018)  
J Woods (appointed 5 February 2018)

#### Senior Management Team:

CEO

L West

CFO

K Spence

School Improvement Leadership Group

K Spence  
L West  
J Parker  
K Dickson

Company Name:

Owlcotes Multi Academy Trust

Principal and Registered Office:

Pudsey Primrose Hill Primary School  
Primrose Hill  
Stanningley  
Pudsey LS28 6AB

Company registration number:

11188252 (England and Wales)

Independent Auditor:

Sagars Accountants Ltd  
Gresham House  
5-7 St Paul's Street  
Leeds  
LS1 2JG

Bankers:

Lloyds Bank  
Leeds City Centre Branch  
65-68 Briggate  
Leeds  
LS1 6LH

Solicitors

Stone King LLP  
1 Aire St  
Leeds  
LS1 4PR

## **Owlcotes Multi Academy Trust**

### **Chairman's Statement**

Our first six months of operation as a multi academy trust has focused on establishing systems and processes to ensure consistent operational models across the trust. Strong leadership and good communication are vital in ensuring we find the best ways to meet the needs of all the children in our trust. The CEO, CFO and trustees have been focusing on developing accountability frameworks and policies to support governance at both the trust and school level.

There has been continued collaboration between the two schools to ensure that staff are supported to ensure our provision has the maximum impact on children's outcomes. This has involved staff working together to share best practice.

We have been successful in our application to become a sponsoring MAT and have been chosen as the sponsor for Calverley Parkside Primary School. We are looking forward to welcoming them into the trust in the coming year. Although in our early stages, we are confident that we are building a resilient and successful trust.

## **Owlcotes Multi Academy Trust**

### **Trustees' Report for the period from 5 February 2018 to 31 August 2018**

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 5<sup>th</sup> February 2018 (the incorporation date) to 31<sup>st</sup> August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The academy trust operates two primary schools in the Pudsey district of Leeds. The schools have a combined pupil capacity of 930 FTE pupils and had a roll of 903 in the May 2018 census.

The two schools in the trust are:

- Pudsey Primrose Hill Primary school, LS28 6AB - Joined 1<sup>st</sup> March 2018
- Pudsey Waterloo Primary school, LS28 7SR – Joined 1<sup>st</sup> March 2018

### **Structure, Governance and Management**

#### **a) Constitution**

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 of Owlcotes Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Owlcotes Multi Academy Trust ('OMAT').

Trustees who served during the year are included in the Reference and Administrative Details on page 2.

#### **b) 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.

#### **c) Trustees indemnities**

The academy trust is a member of the DfE Academy Risk Protection scheme which provides cover to protect Trustees from claims arising against negligent acts, errors or omissions whilst on academy trust business.

#### **d) Method of Recruitment and appointment or election of Trustees**

The Articles of Association and Funding agreement are the primary documents that govern the appointment of Trustees. These allow for members to appoint up to nine trustees to the board of the academy trust. There are seven Trustees appointed.

The academy trust operates Local Governing Boards (LGBs) within its schools and each of these must have a minimum of two parent governors. Were the academy trust to amend its structure so that Local Governing Boards were no longer established in its schools, then article 53 requires that two parent Trustees shall be appointed to the trust board by way of an appropriate election process.

Article 58 permits the Trustees to co-opt further Trustees to the board subject to the eligibility criteria. In the period covered by these statements there were no co-opted Trustees appointed.

The term of office for any Trustee shall be four years. This time limit shall not apply to the CEO. Any Trustee may be re-appointed or re-elected in accordance with the Articles of Association.

The trust, on identifying a need to recruit an additional or replacement Trustee, will identify requirements based on a skills audit of the current trustees. Candidates will be sought from within local communities and through external support agencies including Academy Ambassadors.

Any new Trustee will be proposed by the Chief Executive Officer and Chair of Trustees following interview. The candidate will then be presented to the Board of Trustees who will vote on whether to accept them.

All new Trustees will be required to complete an Enhanced Disclosure (through the Disclosure Barring Service) before the selection is confirmed.

## Owlcotes Multi Academy Trust

### Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)

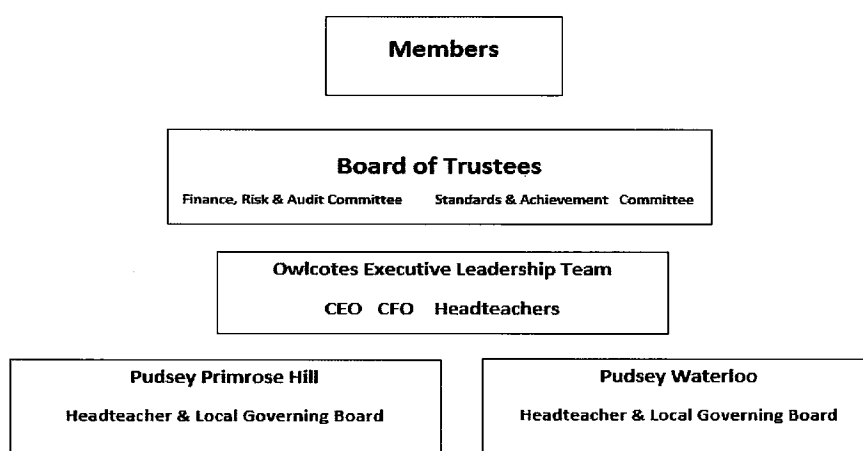
#### e) Policies and Procedures Adopted for the Induction and Training of Trustees

A bespoke induction programme will be provided to all new trustees. This will be informed by their existing experience. Where necessary, induction and training will be provided on educational, legal and financial matters.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets and other necessary documents that they will need to undertake their role as Trustees.

Trustees are invited to any appropriate training provided by the trust and are encouraged to access training as and when required provided by external agencies.

#### f) Organisational Structure



The academy trust operates an organisational structure that consists of four levels. Founder Members; the board of Trustees and the associated individual committees (Finance Risk and Audit and Standards and Achievement); The Executive Leadership Team; the schools' LGB and Headteachers.

The Trustees are responsible for the overall strategic direction of the academy trust. They are required to ensure that the academy trust complies with: Company Law & Regulations; Charity Law & Regulations; Statutes and Regulations issued by National Government via the DfE, ESFA and other relevant agencies.

Trustees must ensure that the academy trust operates in a manner that delivers an appropriate and effective stewardship of public funds. Trustees achieve this by developing appropriate policies, procedures and practices which are implemented by the executives of the trust.

The executive team is led by the CEO, who is also the accounting officer. The executive team comprises of the CEO, the CFO; Headteachers and Associate Headteachers of schools in the academy trust.

The CEO and CFO have cross MAT responsibility for delivering on the strategic plans.

Local Governing Boards and Headteachers have a high level of delegated responsibilities and must ensure they meet the challenge of meeting their statutory duties and regulations and continuously improving children's outcomes. There are regular opportunities for communication between governors, leaders and trustees.

The Board of Trustees monitors the performance of the academy trust and its compliance with relevant laws and regulations through:

- Regular meetings of the Board of Trustees
- Regular written reports to the Trustees from the CEO
- The engagement of external third parties to undertake independent review and verification (e.g. external audit; external consultant)

## **Owlcotes Multi Academy Trust**

### **Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

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

Arrangements for setting pay and remuneration are in accordance with the academy trust pay policy which is agreed by the board of trustees. The academy trust follows the pay arrangements for maintained schools in England and Wales for teachers. The academy trust's pay is based on nationally agreed pay scales for teaching staff and Local Government pay arrangements for non-teaching staff.

Pay and remuneration for key management personnel is benchmarked against similar roles taking into account external advice from HR. Any changes to pay and remuneration takes place through the formal performance management process.

#### **h) Connected organisations, including related party relationships.**

Pudsey Primrose Hill Primary School is the lead school for initial teacher training in a consortium of schools in Leeds and Bradford. During the year, 23 graduates were trained through the School Direct programme. The HEI provider is Educate Teacher Training.

The Headteacher of Pudsey Primrose Hill Primary School is a strategic partner (but not the lead school) in the Noctua Teaching School Alliance which provides school improvement, continuing professional development, and leadership development to schools in Leeds and Bradford.

#### **i) Trade union facility time**

During the year, OMAT bought into the Leeds City Council Education Services Professional Association Facilities Arrangements.

### **Objectives and Activities**

#### **a) Objects and aims**

The Owlcotes Multi Academy Trust was formed on 5<sup>th</sup> February with two schools; Pudsey Primrose Hill Primary School and Pudsey Waterloo Primary School converting and joining the MAT on 1<sup>st</sup> March 2018.

Our mission at Owlcotes Multi Academy trust is to improve provision and outcomes for all our pupils by sharing expertise through collaborative practice. Our aims are as follows:

- To develop inclusive schools, sharing a common purpose to provide excellent education and improved outcomes for pupils.
- To provide high-quality education for all children within the local community by inspiring innovation, creativity and aspiration through an enriched curriculum.
- To ensure co-operation, collaboration and sharing best practice between schools with a strong focus on staff development.
- To preserve of the unique identity of all schools within the trust.

#### **b) Values**

To build a strong network of schools, working collaboratively to provide excellent teaching and learning and curriculum opportunities.

- To maintain and establish excellent schools in local communities so that all schools within the trust are good or better according to Ofsted criteria.
- To keep learning, attainment and progress at the heart of each school. Developing shared accountability for the outcomes of pupils within the trust.
- To focus on making teaching as good as it can be, sharing best practice through a range of CPD opportunities.
- To develop people by attracting and retaining excellent staff, offering promotion within the trusts so that quality staff are retained.
- To ensure good value for money, making the most effective use of resources and staffing.

#### **c) Objectives Strategies and Activities**

The key objectives for the first 6 months of operation were to:

- Embed robust structures policies and processes for operation of the multi academy trust.
- Successfully integrate the schools into the trust.
- Embed the strong, collaborative approach to school improvement; and establish consistent operational models across the trust.
- Develop governance systems and structures to meet the needs of the trust.

## **Owlcotes Multi Academy Trust Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

Both schools in the academy trust have a strong history of collaboration. The move to a multi academy trust has further strengthened this collaboration.

Our academy trust began supporting Calverley Parkside Primary School, a one form entry school in special measures, in May 2018 when Owlcotes MAT was named as the sponsor by the Regional Schools Commissioner. The official conversion date of Calverley Parkside to join Owlcotes MAT is 1<sup>st</sup> November 2018.

The Owlcotes Multi-Academy Trust has a transparent leadership structure, clear levels of accountability with three separate boards.

1. Local Governing Board (each school)
2. Board of Trustees
3. Board of Members

Every member of each board is recruited for the skills and expertise they bring to the academy trust and the difference they can make towards ensuring its success. The leadership structure ensures that there is an appropriate focus on school improvement and financial accountability.

The responsibilities for each board are clearly defined in the Owlcotes Multi Academy Trust's scheme of delegation. This scheme takes into account the requirements of the founder schools who are both 'convertor' academies and also the requirements of sponsored schools as the board recognise that the needs of schools joining later may differ depending on their position at the time of conversion.

### **d) Public benefit**

The academy trust's aims are set out in this report and are undertaken to further its charitable purposes for the public benefit. The trustees have referred to the guidance on public benefit provided by the Charities Commission when establishing the trust's key aims and objectives.

All the schools within the Academy Trust provide an inclusive curriculum for the pupils within their local community. Both schools work with other local primary schools, sharing collaborative approaches to school improvement within the wider community, and with their local secondary schools to ensure a smooth transition into secondary education for all pupils.

## **Strategic Report**

### **Achievement and Performance**

#### **a) Key performance indicators**

##### **Context**

Both schools in the academy trust are larger than average and pupil numbers are stable. Attendance is above the national average. There are fewer pupils eligible for free school meals or for pupil premium funding than the national average. Although below the national average, there is an increasing number of pupils who have English as an additional language.

##### **Performance**

##### **Early Years Foundation Stage**

Children typically enter the EYFS below levels of children of similar age. They are given a good start in the Foundation Stage in our schools. Outcomes at the end of EYFS are reported as a 'Good Level of Development' (GLD). Over the last three years there has been an improving picture of attainment at the end of EYFS and by the end of 2018, attainment in both schools was above or in line with National averages

**Owlcotes Multi Academy Trust**  
**Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

**Performance at school level**

EARLY YEARS FOUNDATION STAGE	% GLD			Average Point Score		
	2016	2017	2018	2016	2017	2018
<b>Pudsey Primrose Hill</b>						
All Pupils	76	76	78	39	34.9	36.9
Disadvantaged	33	60	63	32	32.7	32.2
<b>Pudsey Waterloo</b>						
All Pupils	63	59	72	36.1	34	35.6
Disadvantaged	57	36	71	33.1	29.8	35
<b>National All</b>	70	71	72	34.4	34.4	34.5

**Year 1 Phonics**

Outcomes for phonics at the end of Year 1 is a strength of the academy trust. Over the last two years attainment has been above or in line with national in both schools.

YEAR 1 PHONICS	% Achieving the Standard		
	2016	2017	2018
<b>Pudsey Primrose Hill</b>			
All Pupils	97	90	93
Disadvantaged	83	67	100
<b>Pudsey Waterloo</b>			
All Pupils	64	88	83
Disadvantaged	47	63	67
<b>National All</b>	81	82	83

**Owlcotes Multi Academy Trust**

**Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

**Attainment at the end of Key Stage 1**

KEY STAGE 1	Percentage of pupils <u>MEETING</u> the expected standard											
	Reading			Writing			Maths			RWM Combined		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>Primrose Hill</b>												
All Pupils	84	82	82	83	75	77	83	80	85	75	72	75
Disadvantaged	60	75	67	70	50	50	60	88	50	40	50	50
<b>Waterloo</b>												
All Pupils	76	77	78	61	65	72	68	75	83	58	58	68
Disadvantaged	50	73	57	25	60	50	38	67	57	13	60	42
<b>National All</b>	74	76	76	66	68	70	73	75	76	60	64	65

KEY STAGE 1	Percentage of pupils <u>EXCEEDING</u> the expected standard											
	Reading			Writing			Maths			RWM Combined		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>Primrose Hill</b>												
All Pupils	25	27	28	11	17	17	25	25	23	5	13	15
Disadvantaged	10	0	0	10	0	0	0	0	0	0	0	0
<b>Waterloo</b>												
All Pupils	15	22	25	3	15	15	8	17	22	3	12	12
Disadvantaged	0	13	7	0	7	8	0	13	25	0	7	8
<b>National All</b>	24	25	26	13	16	16	18	21	22	9	11	12

## Owlcotes Multi Academy Trust

### Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)

Attainment at the end of KS1 in both schools is strong. The percentage of pupils meeting the expected standard in all subjects in both schools was above national in 2018. Attainment of pupils exceeding the expected standard is above or in line with national in all subjects in both schools.

#### Outcomes at the end of Key Stage 2

KEY STAGE 2	Percentage of pupils <u>MEETING</u> the expected standard														
	Reading			Writing			Maths			RWM Combined			GPaS		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>Primrose Hill</b>															
All Pupils	71	80	73	88	89	90	79	82	69	65	73	63	77	82	67
Disadvantaged	67	72	70	78	91	80	44	82	60	44	72	60	67	82	70
<b>Waterloo</b>															
All Pupils	65	66	84	80	69	70	67	57	77	57	48	67	73	78	74
Disadvantaged	61	37	78	65	47	52	57	32	61	43	16	48	57	64	57
<b>National All</b>	66	72	75	74	76	78	70	75	75	53	61	64	72	77	77

KEY STAGE 2	Percentage of pupils <u>EXCEEDING</u> the expected standard														
	Reading			Writing			Maths			RWM Combined			GPaS		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
<b>Primrose Hill</b>															
All Pupils	6	29	25	8	18	23	6	27	23	0	11	17	6	22	25
Disadvantaged	0	17	10	0	8	10	0	8	20	0	0	10	0	0	20
<b>Waterloo</b>															
All Pupils	20	22	31	2	12	11	16	10	28	2	7	8	29	28	21
Disadvantaged	13	11	23	0	0	5	4	5	9	0	0	5	26	21	9
<b>National All</b>	19	25	28	15	18	20	17	23	24	5	9	10	22	31	34

## **Owlcotes Multi Academy Trust Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

Outcomes at the end of KS2 are more 'mixed' than at the end of other statutory reporting stages. At Primrose Hill attainment of pupils meeting the expected standard is lower than in all previous years with the exception of reading which still remains above the 2016 results, and writing which has shown a year on year improvement.

At Pudsey Waterloo, outcomes for pupils meeting the expected standard have shown strong improvements in all subjects except writing which has remained below 2016 results for the last two years.

Attainment of pupils who are exceeding the expected standard is again mixed. At Primrose Hill, there have been successes relating to the percentage of pupils who achieved higher levels in writing and in Reading, Writing and Maths (RWM) combined. Both of which demonstrate an improving trend with attainment also above National.

At Waterloo there has been a significant improvement in the percentage of pupils exceeding the standard in Reading and in Maths, both of which are above National. Attainment at higher levels in writing and in RWM combined however, although remaining stable compared to 2017 are below national.

The main challenge for trustees in the coming year is to continue to improve the progress of pupils across all subjects so that pupils are making consistently good progress relative to their starting points.

### **Going Concern**

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

### **Financial Review**

The majority of the Trust's income is obtained from the Education Funding Agency (ESFA) in the form of recurrent grants. The use of which is restricted to particular purposes. The grants received during the period ended 31st August 2018 and the associated expenditure are shown under restricted funds in the Statement of Financial Activities.

In this first period of operation, the Trust also received £773,843 from the Local Authority representing the surplus balances transferred on conversion. This has been included in unrestricted funds in the Statement of Financial Activities.

Assets transferred from the Local authority on conversion include land and buildings at £7,780,000 for Pudsey Waterloo Primary School and £4,725,000 for Pudsey Primrose Hill Primary School.

OMAT took on the local government pension scheme liability for its non-teaching employees. Details are in note 20.

The deficit on the Local Government pension scheme is recognised on the balance sheet.

Net movement in funds were £12,299,000, with net assets at 31 August 2018 of £12,299,000.

The reserves position at 31 August 2018 is as follows: Restricted funds excluding pension reserve £12,414,000 unrestricted funds (General fund) £918,000.

## **Owlcotes Multi Academy Trust**

### **Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

#### **a) Reserves Policy**

The trustees will review the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income and commitments and the nature of the reserves. The Trustees will take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review.

Trustees will set an overall target for levels of reserves held in each school and centrally and a policy which outlines the restrictions on the use of the reserves to enable any investment decisions to be made across the trust as a whole. This will be developed once the trust has been in operation for a full year. Trustees are aware that it will be necessary to ensure that the level of free reserves should provide 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 or building plans.

The level of free reserves at 31st August 2018 was £918,000.

#### **b) Investments Policy**

The academy trusts funds are held in low risk bank accounts. Trustees have agreed an Investments Policy which has the following key objectives:

- To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- To only invest funds surplus to operational need based on all financial commitments being met without the academy trust or individual school banks account becoming overdrawn.
- To ensure that all investment decisions are exercised with care and skill and consequently in the best interests of the academy trust, commanding broad public support.

#### **c) Principal Risks and Uncertainties**

The trustees have established a robust risk management process across the Trust. This has highlighted 3 major risks at this point:

##### **i. Future funding levels**

The main risk to the trust going forward is uncertainty about funding levels, with rising costs and pay increases for staff and pupil numbers on roll. Additionally, pressure within Leeds on high needs funding has meant that the costs of supporting pupils with additional needs is significantly higher than the funding received. This underfunding is set to continue, with some additional clawback from Leeds City Council to offset the council over-spend on high needs. This contributes to the pressure on the school budgets, particularly at Waterloo which has a higher proportion of SEND pupils with funding. Measures in place to control this risk include:

- Scenario budget planning for 1; 3 and 5 years.
- Marketing school places via open events and publicity.
- Reducing costs by implementing some shared staff across the academy trust.
- Review of costings on renewal of key contracts for services.

##### **ii. Failure to meet legal and statutory obligations**

The trustees have also identified the risk from legal action if the trust fails to meet its legal obligations. This is mitigated by the following:

- Establishment and implementation of appropriate policies.
- Training on GDPR legislation.
- Support from specialists including health & safety, finance, legal and HR via appropriate service level agreements
- Working with a consultant from an established academy trust to provide support on statutory financial and legal obligations.

## **Owlcotes Multi Academy Trust Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

### **iii. Decline in results**

A decline in results over a period of time could impact Ofsted ratings, the reputation of the Trust and its capacity to grow. Mitigating actions include:

- Focus of the Executive Leadership Team on continuous improvement in teaching and learning
- Use of a School Improvement Adviser to support accurate self-assessment and validate school improvement interventions.
- Prioritisation on key areas for development in each school in the academy trust with appropriate funding.

### **Plans for Future Periods**

The academy trust is committed to the development of inclusive schools which provide a broad, balanced and relevant curriculum. The academy trust aspires to ensure equality of opportunity for all pupils and staff.

Our plans for the next year include a focus on five key objectives which are:

1. For our schools demonstrate excellence in teaching and learning with strong outcomes for children.
2. To develop leadership at all levels across OMAT
3. For all our schools provide safe, stimulating and aspirational environments where children access the best resources and technologies.
4. For staff and pupils to belong to a wider community of schools where they feel valued and supported and able to access opportunities across OMAT.
5. For Trustees and Governors to have confidence in our decision-making, accountability and policy frameworks.

To improve pupil outcomes, key priorities have been agreed at the school level and are being implemented through the school development /improvement plans. This includes developments to teaching strategies and curriculum planning in light of Ofsted's new focus on a broad, knowledge based curriculum.

Our employees are key to the success of the trust and we are committed to developing people within the trust. We have made some key senior leadership appointments which will support our drive to develop leadership at all levels. CPD is given a high priority for all staff in school through a planned programme of external courses, in-school training, coaching, mentoring and peer support.

We are at the early stages of developing shared opportunities and experiences for children across the academy trust, however, our Owlcotes Cup events in the summer was the start of this. We have plans to extend our offer to pupils within the academy trust this year.

Staff within the academy trust are working collaboratively to raise standards and improve provision through the Local Learning Alliance.

We are planning to grow the academy trust this year through the sponsorship of another school. Work is also ongoing to further strengthen governance at all levels including embedding new processes and training.

### **Funds held as a Custodian Trustee on Behalf of Others.**

The Financial Statements do not include any balances on funds that the trust is holding as a custodian on behalf of others.

### **Fundraising**

The Academy does not use any professional fundraiser or commercial participator to carry out activities on the Academy's behalf. Due to the low level of fundraising the Academy undertakes, the Academy is not a participator of any voluntary scheme for regulating fundraising, or any voluntary standard of fundraising for the activities carried out on behalf of the Academy.

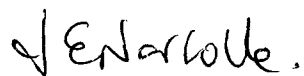
**Owlcotes Multi Academy Trust**  
**Trustees' Report for the period from 5 February 2018 to 31 August 2018 (continued)**

**Auditor**

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 3rd December 2018 and signed on the board's behalf by:



Judith Norfolk  
Chair of Trustees

## **Owlcotes Multi Academy Trust Governance Statement**

### **Scope of responsibility**

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

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

### **Leadership and management of schools within the academy trust**

This is undertaken on a day to day basis by the Headteachers and senior staff in each school. The Headteachers, led by the CEO, determine the strategic issues in each school which are identified through the school improvement priorities. The Headteachers are subject to annual appraisal as is the CEO.

### **The role of school staff**

Middle leaders and all staff contribute to the school improvement process. Different groups of staff meet both within and across the schools in the academy trust to ensure that each school's improvement priorities are identified and to ensure that appropriate CPD is in place.

There is a clear line management structure which is linked to the appraisal process with accountability at all levels. Teachers and support staff are subject to annual appraisal which is in line with the agreed policy. Individual objectives are linked to the wider school improvement agenda.

### **Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the period from 5 February to 31<sup>st</sup> August. There have been no changes to the composition of the board of trustees. 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>
Guy Gibson	3	3
Gordon Grant	3	3
Shayne Hall	3	3
Judith Norfolk (chair)	3	3
Caley Smith	3	3
Lesley West (CEO)	3	3
John Woods	3	3

### **Review of Governance**

The Owlcotes Multi-Academy Trust was established on 5<sup>th</sup> February 2018 with the core purpose of development of providing excellent education and improved outcomes for pupils in the local community. At the outset, founder members and trustees with relevant experience of education, finance, business and the local community were selected. Trustees, the CEO and Headteachers at each school are committed to the core purpose of the academy trust and are continuing to develop and implement plans to deliver the aims and objectives.

## **Owlcotes Multi Academy Trust Governance Statement (continued)**

### **Trust Board Effectiveness**

Since the formation of Owlcotes Multi-Academy Trust in February 2018, the trustees have faced a number of key challenges which have included delays in implementation of banking systems and an earlier than expected decision to apply to sponsor a local school which had received an academy order from the RSC.

Significant and positive steps during this period have included; establishing a fully functioning accounting system across the trust; a positive ESFA audit which took place in April 2018; the implementation of trust wide procedures and policies including financial policies and a comprehensive risk register; a successful sponsorship application and being named as the approved sponsor of a local school; good progress towards conversion of the additional school within the timescales agreed by the DfE.

All trustees have completed an online financial management training package and as a result have a good understanding of their financial roles and responsibilities. The CFO has reported on all financial aspects and budget monitoring to the full trust board. As a result, the full trust board has reviewed the academy trust revenue budget, received periodic budget monitoring reports; set and agreed the accounting and financial policies; ensured compliance with the Academies Financial Handbook; advised and agreed the appointment of external auditors; approved and monitored the risk assessment policy and risk register.

CEO reports to the board of trustees keep all trustees informed of developments within each school and across the trust, including key priorities, standards and achievement and staffing and recruitment issues.

Regular 'keep in touch' meetings between the CEO, Chair and vice chair of trustees have been beneficial in planning the work of the board of trustees and in ensuring trustee meetings have addressed issues of compliance during this first period of operation.

### **Future review of effectiveness of the trust board**

For the period 1<sup>st</sup> September 2018 to 31<sup>st</sup> August 2019 the Trustees will undertake a comprehensive review of the effectiveness of governance, including making use of external advisers where appropriate.

The scheme of delegation identifies that a system of sub-committees with delegated responsibilities will operate (Finance, Risk & Audit and Standards & Achievement). Each committee membership has been confirmed including the election of chairs of each committee. For the initial period (February to August 2018) trustees have met as a full board and not as sub-committees, but there are future plans, beyond the initial stage to implement the sub-committee structure as and when appropriate.

### **Review of Value for Money**

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

The accounting officer considers how the 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:

- Working to maximize areas of expertise across the academy trust so as to reduce inefficiencies.
- Adapting staffing structures in each school as appropriate to reflect trust wide developments.
- Using expertise from established MATs to develop the efficiency and expertise of staff within the central team.
- Tight budgetary control to ensure that all purchases are approved by Headteachers.

## **Owlcotes Multi Academy Trust Governance Statement (continued)**

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the Owlcotes Academy Trust for the period from 5 February to 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 5<sup>th</sup> February 2018 to 31<sup>st</sup> August 2018 up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Finance, Resources, Audit and Risk 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 appointed Leeds City Council to fulfil the internal audit function. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial and commercial systems.

Due to the short financial period (February 2018 to July 2018) there were no checks made in this period, however, internal audit is scheduled to take place during the period from November 28<sup>th</sup> to November 30<sup>th</sup> 2018 and will include:

- testing of financial planning, monitoring and reporting
- testing of financial health and cash flow
- testing of proper and regular use of funds

The internal auditor will report to the board of trustees annually on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

## Owlcotes Multi Academy Trust

### Governance Statement (continued)

#### Review of Effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period 5 February 2018 to 31<sup>st</sup> August 2018 the review has been informed by:

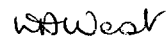
- The financial management and governance- self assessment process including outcomes from the early review carried out by the ESFA auditor.
- Advice from the consultant CFO who has been appointed to advise the academy trust and support the academy trust's CFO in her role.
- The work of the executive managers within the academy trust who have responsibility for the 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 board of trustees and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 3<sup>rd</sup> December 2018 and signed on its behalf by:



Judith Norfolk  
Chair of Trustees



Lesley West  
Accounting Officer

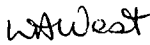
## **Owlcotes Multi Academy Trust**

### **Statement of Regularity, Propriety and Compliance**

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

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

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

  
Lesley West  
Accounting Officer  
3<sup>rd</sup> December 2018

## Owlcotes Multi Academy Trust

### Statement of Trustees' Responsibilities

The trustees (who act as governors of Owlcotes Multi-Academy Trust and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report including the Strategic Report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction published by the Education Funding Agency.

Company law requires the trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the 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 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 charitable company will continue in operation

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education 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 3<sup>rd</sup> December 2018 and signed on their behalf by:



Judith Norfolk  
Chair of Trustees

**Owlcotes Multi Academy Trust**  
**Independent Auditor's Report to the Members of Owlcotes Multi Academy Trust for the period ended 31<sup>st</sup> August 2018**

**Opinion**

We have audited the financial statements of Owlcotes Multi Academy Trust (the 'academy trust') for the period ended 31 August 2018 which comprise the statement of financial activities, balance sheet, 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 & Skills Funding Agency.

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

**Other information**

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual 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.

## **Owlcotes Multi Academy Trust**

### **Independent Auditor's Report to the Members of Owlcotes Multi Academy Trust for the period ended 31<sup>st</sup> August 2018 (continued)**

#### **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 directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 20, 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.

#### **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.

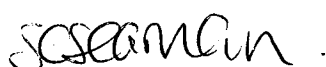
**Owlcotes Multi Academy Trust**  
**Independent Auditor's Report to the Members of Owlcotes Multi Academy Trust for the**  
**period ended 31<sup>st</sup> August 2018 (continued)**

- 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.

**Use of our report**

This report is made solely to the academy trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's members those matters we are required to state to them in an 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.



Susan Seaman BA FCA CIOT (Senior Statutory Auditor)  
For and on behalf of  
Sagars Accountants Ltd  
Chartered accountant & statutory auditor  
Gresham House  
5-7 St Paul's Street  
Leeds  
LS1 2JG

3 December 2018

## **Owlcotes Multi Academy Trust**

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

In accordance with the terms of our engagement letter dated 18 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Owlcotes Multi Academy Trust during the period 5 February 2018 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 Owlcotes Multi Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Owlcotes Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Owlcotes Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Owlcotes Multi Academy Trust's funding agreement with the Secretary of State for Education dated 27 February 2018 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 5 February 2018 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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.

The work undertaken to draw our conclusions includes:

- Review of the systems and assessment of the design and operational effectiveness of the internal controls
- Detailed testing based on our assessment of risk of income and expenditure
- Making appropriate enquires of the Accounting Officer

**Owlcotes Multi Academy Trust**

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 5 February 2018 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.

SAGARS ACCOUNTANTS LIMITED  
Chartered Accountants & Statutory Auditor

Gresham House  
5-7 St Paul's Street  
Leeds  
LS1 2 JG

3 December 2018

**Owlcotes Multi Academy Trust**

**Statement of Financial Activities**

**For the period ended 5 February 2018 to 31 August 2018**

**(including Income and Expenditure Account)**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	<b>Total 2018</b>
	Note	£000	£000	£000	<b>£000</b>
<b>Income and endowments from:</b>					
Donations and capital grants	2	144	-	18	162
Transfer from local authority on conversion	23	774	(1,133)	12,505	12,146
Charitable activities:					
Funding for the academy trust's educational operations	3	156	1,942	-	2,098
<b>Total</b>		<b>1,074</b>	<b>809</b>	<b>12,523</b>	<b>14,406</b>
<b>Expenditure on:</b>					
Charitable activities:					
Academy trust educational operations	4	156	2,041	109	2,306
<b>Total</b>		<b>156</b>	<b>2,041</b>	<b>109</b>	<b>2,306</b>
<b>Net income / (expenditure)</b>		<b>918</b>	<b>(1,232)</b>	<b>12,414</b>	<b>12,100</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other recognised gains / (losses):</b>					
Actuarial (losses) / gains on defined benefit pension schemes	13,20	-	199	-	199
<b>Net movement in funds</b>		<b>918</b>	<b>(1,033)</b>	<b>12,414</b>	<b>12,299</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		-	-	-	-
<b>Total funds carried forward</b>		<b>918</b>	<b>(1,033)</b>	<b>12,414</b>	<b>12,299</b>

# Owlcotes Multi Academy Trust

## Balance Sheet

as at 31 August 2018

Company Number 11188252

	Notes	2018 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	10		12,413
<b>Current assets</b>			
Debtors	11	410	
Cash at bank and in hand		<u>1,045</u>	
		1,455	
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	12	<u>(536)</u>	
<b>Net current assets</b>			<u>919</u>
<b>Total assets less current liabilities</b>			13,332
Creditors: Amounts falling due after more than one year			-
<b>Net assets excluding pension liability</b>			<u>13,332</u>
Defined benefit pension scheme liability	20		<u>(1,033)</u>
<b>Total assets</b>			<u>12,299</u>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
Fixed asset fund	13	12,414	
Restricted income fund	13	-	
Pension reserve	13	<u>(1,033)</u>	
<b>Total restricted funds</b>			11,381
<b>Unrestricted income funds</b>	13		<u>918</u>
<b>Total funds</b>			<u>12,299</u>

The financial statements on pages 26 to 50 were approved by the trustees and authorised for issue on 3 December 2018 and are signed on their behalf by



Judith Norfolk

Chair of Trustees

**Owlcotes Multi Academy Trust**  
**Statement of Cash Flows**  
**for the period from 5 February 2018 to 31 August 2018**

	Notes	<b>2018</b>
		<b>£000</b>
<b>Cash flows from operating activities</b>		
Net cash provided by (used in) operating activities	16	1,044
<b>Cash flows from investing activities</b>	17	1
<b>Cash flows from financing activities</b>		-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>1,045</u>
<b>Cash and cash equivalents at 5 February 2018</b>		-
<b>Cash and cash equivalents at the 31 August 2018</b>	18	<u>1,045</u>

## **Owlcotes Multi Academy Trust**

### **Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018**

#### **1 Statement of accounting policies**

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

#### **Basis of Preparation**

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

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

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

- **Donations**

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

- **Other Income**

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

- **Donated goods, facilities and services**

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

- **Transfer on conversion**

Where assets are received by the trust on conversion to an academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- **Donated fixed assets**

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.

#### **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.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

##### Intangible Fixed Assets

Intangible assets costing £2,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 33.33%

##### Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- Long leasehold buildings 2%
- Furniture and equipment 20%

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

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

## **Owlcotes Multi Academy Trust**

### **Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)**

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

##### **Debtors**

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

##### **Liabilities**

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

##### **Provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **Leased Assets**

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

##### **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.

##### **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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

##### **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 20, 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.

##### **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.

##### **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.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

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 20, 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 2018 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.

#### Conversion to an Academy Trust

The conversion from a state-maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below. The assets and liabilities transferred on conversion from Pudsey Primrose Hill Primary School and Pudsey Waterloo Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent item. The amounts have been recognised under the appropriate balance sheet categories, with corresponding amounts recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed assets funds. Further details of the transaction are set out in note 23.

#### 2 Donations and capital grants

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2018 £000</b>
Capital Grants	-	18	18
Donations	144	-	144
	<u>144</u>	<u>18</u>	<u>162</u>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000
<b>DfE / EFA grants</b>			
General Annual Grant (GAG)	-	1,446	1,446
Universal Free School Meals	-	61	61
Pupil Premium	-	100	100
Sports Grant	-	16	16
Other DfE/EFA grants	-	250	250
	<u>-</u>	<u>1,873</u>	<u>1,873</u>
<b>Other Government grants</b>			
Initial teacher training	-	57	57
Other local authority grants	-	12	12
	<u>-</u>	<u>69</u>	<u>69</u>
Other income from the academy trust's educational operations	156	-	156
	<u>156</u>	<u>1,942</u>	<u>2,098</u>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 4 Expenditure

	Staff Costs	Non-Pay Expenditure		Total
	£000	Premises £000	Other £000	2018 £000
Academy's educational operations:				
- Direct costs	1,554	-	238	1,792
- Allocated support costs	190	83	241	514
	<u>1,744</u>	<u>83</u>	<u>479</u>	<u>2,306</u>

Net income/(expenditure) for the period includes:

	2018 £000
Operating lease rentals	
Depreciation	2
(Gain)/loss on disposal of fixed assets	109
Fees payable to auditor for:	
- audit	10
- other services	-

#### 5 Charitable activities

	2018 £000
<b>Direct costs – educational operations</b>	<b>1,792</b>
<b>Support costs – educational operations</b>	<b>514</b>
	<u><b>2,306</b></u>

Analysis of support costs	Educational	Total
	operations £000	2018 £000
Support staff costs	190	190
Premises costs	82	82
Other support costs	232	232
Governance costs	10	10
<b>Total support costs</b>	<u>514</u>	<u>514</u>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 6 Staff

##### a. Staff costs

Staff costs during the period were:	Total 2018 £000
Wages and salaries	1,321
Social security costs	106
Operating costs of defined benefit pension schemes	317
	<hr/>
	1,744
	<hr/>
Supply staff costs	-
Staff restructuring costs	-
	<hr/>
	1,744
	<hr/>

##### a. Staff numbers

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

	2018 No.
Teachers	51
Administration and support	79
Management	11
	<hr/>
	141
	<hr/>

##### b. Higher paid staff

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

	2018 No.
£60,001 - £70,000	1
£80,001-£90,000	1
	<hr/>
	2
	<hr/>

##### c. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £75,582 for the period ending 31<sup>st</sup> August 2018.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018

(continued)

#### 7 Central Services

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

- Payroll
- HR Services
- CEO / CFO
- Audit fees
- Finance system

The trust charges for these services on the basis of 5% of GAG and Early Years Funding. The actual amounts charged during the year were as follows:

	2018 £000
Pudsey Primrose Hill Primary School	35
Pudsey Waterloo Primary School	35
	<hr/>
	70

#### 8 Related Party Transactions – Trustees’ remuneration and expenses

One trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees’ remuneration and other benefits during the period was as follows:

L West (Headteacher, trustee and CEO of Trust)  
Remuneration - £40-45,000  
Employers Pension contributions – £5,000 - £10,000

No Trustees received any expenses during the period.

#### 9 Trustees and officers insurance

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

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 10 Tangible fixed assets

	Leasehold Land and Buildings	Furniture and Equipment	Total
	£000	£000	£000
<b>Cost</b>			
At 5 February 2018	-	-	-
Transferred on conversion	12,505	-	12,505
Additions	-	17	17
Disposals	-	-	-
At 31 August 2018	<u>12,505</u>	<u>17</u>	<u>12,522</u>
<b>Depreciation</b>			
At 5 February 2018	-	-	-
Charged in year	108	1	109
Disposals	-	-	-
At 31 August 2018	<u>108</u>	<u>1</u>	<u>109</u>
<b>Net book values</b>			
At 5 February 2018	-	-	-
At 31 August 2018	<u>12,397</u>	<u>16</u>	<u>12,413</u>

**Owlcotes Multi Academy Trust**

**Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018  
(continued)**

**11 Debtors**

	<b>2018</b>
	<b>£000</b>
VAT recoverable	62
Prepayments and accrued income	348
	<hr/>
	<b>410</b> <hr/>

**12 Creditors: amounts falling due within one year**

	<b>2018</b>
	<b>£000</b>
Trade creditors	197
Other taxation and social security	92
Accruals and deferred income	247
	<hr/>
	<b>536</b> <hr/>

**Deferred income**

	<b>2018</b>
	<b>£000</b>
Deferred income at 5 February 2018	-
Released from previous years	-
Resources deferred in the year	149
	<hr/>
Deferred Income at 31 August 2018	<b>149</b> <hr/>

At the balance sheet date, the academy trust was holding funds received in advance for free school meals and a conversion grant in relation to Calverley Parkside Primary School that has been deferred to the next accounting period.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 13 Funds

	Balance at 5 February 2018	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	1,446	(1,446)	-	-
Pupil Premium	-	100	(100)	-	-
Sports Grant	-	16	(16)	-	-
Initial Teacher Training	-	57	(57)	-	-
Other grants	-	323	(323)	-	-
Pension reserve	-	(1,133)	(99)	199	(1,033)
	-	809	(2,041)	199	(1,033)
<b>Restricted fixed asset funds</b>					
Transfer on conversion	-	12,505	(108)	-	12,397
DfE/EFA capital grants	-	18	(1)	-	17
	-	12,523	(109)	-	12,414
<b>Total restricted funds</b>	-	13,332	(2,150)	199	11,381
<b>Total unrestricted funds</b>	-	1,074	(156)	-	918
<b>Total funds</b>	-	14,406	(2,306)	199	12,299

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

General Annual Grant (GAG) must be used for the normal running costs of the academies. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2018.

Restricted Fixed Asset funds are resources which are to be applied to specific capital purposes.

Included in unrestricted funds above are designated funds in relation to the school fund balance at each school. At 31<sup>st</sup> August 2018 the balance for Pudsey Primrose Hill was £107,917 and for Pudsey Waterloo £3,653.

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 13 Funds (continued)

##### Total funds analysis by academy

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £000</b>
Pudsey Primrose Hill Primary School	528
Pudsey Waterloo Primary School	355
Central services	35
Total before fixed assets and pension reserve	918
Restricted fixed asset fund	12,414
Pension reserve	(1,033)
<b>Total</b>	<b>12,299</b>

##### Total cost analysis by academy

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

	<b>Teaching and Educational Support Staff Costs £000</b>	<b>Other Support Staff Costs £000</b>	<b>Educational Supplies £000</b>	<b>Other Costs (excluding Depreciation) £000</b>	<b>Total 2018 £000</b>
Pudsey Primrose Hill Primary School	489	319	52	210	1,070
Pudsey Waterloo Primary School	460	374	42	117	993
Central services	11	7	-	17	35
<b>Academy Trust</b>	<b>960</b>	<b>700</b>	<b>94</b>	<b>344</b>	<b>2,098</b>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 14 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	<b>Unrestricted Funds</b>	<b>Restricted General Funds</b>	<b>Restricted Fixed Asset Funds</b>	<b>2018 Total Funds</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible fixed assets	-	-	12,413	<b>12,413</b>
Current assets	1,454	-	1	<b>1,455</b>
Current liabilities	(536)	-	-	<b>(536)</b>
Pension scheme liability	-	(1,033)	-	<b>(1,033)</b>
<b>Total net assets</b>	<b>918</b>	<b>(1,033)</b>	<b>12,414</b>	<b>12,299</b>

#### 15 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:

	<b>2018 £000</b>
Amounts due within one year	<b>9</b>
Amounts due between one and five years	<b>33</b>
	<b>42</b>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

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

	2018 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	12,100
Adjusted for:	
Depreciation (note 10)	109
Transfer of fixed assets on conversion	(12,505)
Capital grants from DfE and other capital income	(18)
Defined benefit pension scheme obligation inherited	1,133
Defined benefit pension scheme cost less contributions payable (note 20)	84
Defined benefit pension scheme finance cost (note 20)	15
(Increase)/decrease in debtors	(410)
Increase/(decrease) in creditors	536
<b>Net cash provided by / (used in) Operating Activities</b>	<b>1,044</b>

#### 17 Cash flows from investing activities

	2018 £000
Purchase of tangible fixed assets	(17)
Capital grants from DfE/EFA	18
<b>Net cash provided by / (used in) investing activities</b>	<b>1</b>

#### 18 Analysis of cash and cash equivalents

	At 31 August 2018 £000
Cash in hand and at bank	1,045
<b>Total cash and cash equivalents</b>	<b>1,045</b>

#### 19 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.

## **Owlcotes Multi Academy Trust**

### **Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)**

#### **20 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 North Yorkshire Pension Fund. Both are multi-employer defined benefit schemes.

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

##### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

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

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

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

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 20 Pension and similar obligations (continued)

The employer's pension costs paid to TPS in the period amounted to £123,843.

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period from 5 February 2018 to 31 August 2018 was £97,000, of which employer's contributions totalled £83,000 and employees' contributions totalled £14,000. The agreed contribution rates for future years are 16.8% per cent for employers and 5.5 – 6.5% per cent for employees.

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

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2018</b>
Rate of increase in salaries	3.25%
Rate of increase for pensions in payment/inflation	2.00%
Discount rate for scheme liabilities	2.50%
Inflation assumption (CPI)	2.00%

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

	<b>At 31 August 2018</b>
<i>Retiring today</i>	
Males	22.1
Females	23.1
<i>Retiring in 20 years</i>	
Males	25.3
Females	27.1

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018 (continued)

#### 20 Pension and similar obligations (continued)

Sensitivity Analysis	At 31 August 2018
	£'000
Discount rate +0.1%	2.949
Discount rate -0.1%	3.101
Mortality assumption – 1-year increase	3.112
Mortality assumption – 1-year decrease	2.936
CPI rate +0.1%	3.071
CPI rate -0.1%	2.995

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

	Fair value at 31 August 2018 £000
Equity instruments	1,485
Government bonds	215
Corporate bonds	70
Cash	44
Other	93
Property	84
<b>Total market value of assets</b>	<b>1,991</b>

The actual return on scheme assets was £56,000.

#### Amounts recognised in the statement of financial activities

	2018 £000
Current service cost (net of employee contributions)	(167)
Net interest cost	(15)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-
<b>Total operating charge</b>	<b>(182)</b>

**Owlcotes Multi Academy Trust**

**Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018  
(continued)**

**20 Pension and similar obligations (continued)**

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

	2018 £'000
<b>At 1 September</b>	
Conversion of academy trusts	2,963
Current service cost	167
Interest cost	40
Employee contributions	24
Actuarial (gain)/loss	(168)
Benefits paid	(2)
Plan introductions, benefit changes, curtailments and settlements	
<b>At 31 August</b>	<u>3,024</u>

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

	2018 £'000
<b>At 1 September</b>	
Upon conversion	1,830
Interest income	25
Return on plan assets (excluding net interest on the net defined pension liability)	
Actuarial gain/(loss)	31
Employer contributions	83
Employee contributions	24
Benefits paid	(2)
Plan introductions, benefit changes, curtailments and settlements	
<b>At 31 August</b>	<u>1,991</u>

	2018 £'000
Defined benefit obligations	3,024
Fair value of academy's share of scheme assets	<u>(1,991)</u>
<b>Net defined benefit pension scheme liability</b>	<u>1,033</u>

## Owlcotes Multi Academy Trust

### Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018

(continued)

#### 21 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 8.

#### 22 Financial Instruments

	<b>2018</b> <b>£000</b>
Financial assets measured at amortised cost	1,455
Financial liabilities measured at amortised cost	444

#### 23 Conversion to an Academy Trust

On 1<sup>st</sup> March 2018 Pudsey Primrose Hill Primary School and Pudsey Waterloo Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Owlcotes Multi Academy Trust from West Yorkshire County Council for £nil consideration. The land and buildings transferred to Owlcotes Multi Academy Trust under a long lease of 125 years with a peppercorn rent of £nil.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA:

	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total £000</b>
Tangible fixed assets				
. Leasehold land and buildings Pudsey Primrose Hill Primary School	-	-	4,725	4,725
. Leasehold land and buildings Pudsey Waterloo Primary School	-	-	7,780	7,780
			12,505	12,505
Budget surplus on LA funds - Pudsey Primrose Hill Primary School	471	-	-	471
Budget surplus on LA funds - Pudsey Waterloo Primary School	303	-	-	303
LGPS pension surplus / (deficit)	-	(1,133)	-	(1,133)
<b>Net assets / (liabilities)</b>	<b>774</b>	<b>(1,133)</b>	<b>12,505</b>	<b>12,146</b>

**Owlcotes Multi Academy Trust**

**Notes to the Financial Statements for the period from 5 February 2018 to 31 August 2018  
(continued)**

**24 Events after the end of the reporting period**

On 1<sup>st</sup> November 2018 Calverley Parkside School converted to an academy and joined Owlcotes Multi Academy Trust.