

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 13
Governance Statement	14 - 19
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditors' Report on the Financial Statements	22 - 24
Independent Reporting Accountant's Assurance Report on Regularity	25 - 26
Statement of Financial Activities Incorporating Income and Expenditure Account	27
Balance Sheet	28
Statement of Cash Flows	29
Notes to the Financial Statements	30 - 58

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018**

Members	Prof. Debra Myhill (resigned 4 July 2018) Ted Wragg Trust (resigned 4 July 2018) Exeter College University of Exeter Chair of the Trust (appointed 4 July 2018) Vice Chair of the Trust (appointed 4 July 2018)
Trustees	Prof. Debra Myhill, Vice Chair (resigned 31 July 2018) ^{2,3} Richard Jacobs ¹ Saxon Spence ³ Robert Bosworth, Chair ^{1,2} Raymond Beale (resigned 27 November 2017) ¹ Moirra Marder, Chief Executive Officer ^{1,3} Rebecca Mitchell ¹ Philip Bostock ¹ Elaine Hobson ³ Alex Walmsley, Principal Financial Officer ^{1,2} Rosie Denham (appointed 28 March 2018) Linda Donellan (appointed 4 July 2018) David Hall (appointed 4 July 2018) ^{2,3}
	¹ Audit, Finance and Resources Committee ² Pay and Conditions Committee ³ Performance and Standards Committee

Company registered number	08545109
Company name	The Ted Wragg Multi Academy Trust
Principal and registered office	Cranbrook Education Campus Tillhouse Road Cranbrook Exeter EX5 7EE
Company secretary	Alison Layton-Hill
Accounting Officer	Moirra Marder
Senior management team	Moirra Marder, Chief Executive Officer Josie Medforth, Chief Operating Officer Sue Pym, Director of Finance Jon Lunn, Director of Performance Alison Layton-Hill, Company Secretary
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Solicitors Michelmores LLP
 Pynes Hill
 Exeter
 EX2 5WR

Bankers Lloyds Bank
 Exeter
 High Street
 Exeter
 EX4 3NL

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates three secondary academies, one 2-16 academy and one primary academy in Exeter. The Trust's academies have a combined pupil capacity of 4,870 including Cranbrook Education Campus growth, and had a roll of 3,416 in the school census on 6 October 2017. This includes West Exe School (962) which joined the Trust on 1 March 2018. In addition the Trust is working in other schools, which are potentially to join the Trust in due course.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 The Ted Wragg Multi Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Ted Wragg Multi Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

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 they ceased to be a member.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£ 1,877
Total pay bill	£ 10,756,192
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
---	-----

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

Trustees' Indemnities

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover on any one claim.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 11 Trustees who are appointed by members of the Ted Wragg Multi Academy Trust
- the Chief Executive Officer who is treated for all purposes as being an ex officio Trustee.
- Additional co opted Trustees appointed by the Board of Trustees

Trustees are appointed for a four-year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Multi Academy Trust's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational, legal and financial matters. All trustees are provided with access to policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. There is an annual conference, which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities.

Organisational Structure

The key elements of the Governance Structure are:

Board of Trustees & Committees

The Board of Trustees meet on a termly basis. The Board also has a Performance and Standards Committee (three meetings per year), a Pay and Conditions Committee (two meetings per year) and an Audit, Finance and Resources Committee (five meetings per year) to enable further scrutiny and challenge. The Company Secretary is responsible for setting the meeting timetable for all governance meetings for the academic year. The clerks to the Local Governing Bodies are given a time-frame that meetings must be arranged within. This enables the LGB Committees, the Board of Trustee Committees and the Board of Trustee meetings all to interlink, facilitating a reporting structure from bottom up and top down.

Chair of Local Governing Body Group

This group enables the Chairs of Local Governing Bodies and the Chair of the Trust to meet once a term to discuss the strategic direction of the Trust, enable the Chairs for all schools to meet and discuss cross-school issues and enable the group to report up to the Board and to report down to the Local Governing Body. It is also used as a platform for the Executive Team to consult on proposals and for Chairs to make recommendations and raise issues or concerns. The group does not have any decision making power under the Scheme of Delegation.

Education Leadership Group

This group enables the Chief Executive Officer and Headteachers of the schools within the Trust to meet, discuss and recommend the strategic direction for the Trust in terms of School Improvement. The group does not have any decision-making power under the Scheme of Delegation. Recommendations from the group are

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

taken to the Performance and Standards Committee.

Executive Team Meetings

The Executive Team meet fortnightly on a formal basis to support the delivery of the Trust Strategy. The operational and strategic risk register is reviewed, along with the delivery of the Trust's Growth Plan, School Improvement, Central Services, Trust Budgets, Governance, HR and major projects. The key actions are then raised in the one-to-one meetings between the Chief Executive Officer and the Chair of the Trust.

Local Governing Body Committee

The Local Governing Bodies are committees of the Board of Trustees and have delegated decision making powers in accordance with the Scheme of Delegation. The structure for each school is to have a Local Governing Body Committee which meets eight times per year, five meetings focusing on Performance and Standards and three meetings focusing on Finance and Resources. LGB meeting minutes are tabled at the relevant Board of Trustees Committee for approval.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider that the Board of Trustees and the senior executive team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year except for the Chief Executive Officer. The Chief Executive Officer's remuneration is set and agreed by the Trustees and is not paid in relation to their role as Trustee.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The Academy set all pay and remuneration for all other posts in line with an approved policy which has been consulted upon through the recognised Trade Unions and Professional Associations. These policies recognise the School Teachers Pay and Conditions and Burgundy Book for those in teaching positions and NJC terms and Conditions for those in non-teaching posts. The Multi Academy Trust recognise a job evaluation scheme under a collective agreement protected by TUPE, which was set by the local authority. Each Academy within the Multi Academy Trust has their own pay committee who will approve pay determinations at a local level. This is moderated by the Headteacher in discussions with the CEO.

The MAT Pay and Conditions Committee is responsible for determining the pay of all Key Management Personnel including each Headteacher. The Trustees benchmark against pay levels in other Academies of a similar size to ensure effective recruitment and retention.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of the Ted Wragg Multi Academy Trust. The Trust is developing strong collaborative links with two Plymouth-based Trusts and is supporting those schools on their improvement journey.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The purpose of the Ted Wragg Multi Academy Trust is to influence, challenge and nurture educational excellence to the benefit of all.

The aims of the Multi Academy Trust are summarised below:

- Work in genuine partnership to strengthen schools and their communities.
- Foster a culture of positive challenge and continual school improvement.
- Provide a common sense of purpose with a focus on outstanding teaching and learning.
- Offer an excellent educational experience so that every student fulfils their potential.
- Encourage a rich, dynamic and purposeful range of learning opportunities for all students.
- Develop life enhancing values so that students leave school with a sense of self-worth and

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

a determination to succeed.

The Ted Wragg Multi Academy Trust works with Exeter schools to raise the aspirations of young people and enable them to become fulfilled, confident and motivated citizens, able to contribute actively to a democratic society. The Trustees share Ted Wragg's passion for education and the difference it can make to social mobility, progression, self-esteem and ultimately success, in an increasingly competitive education and jobs market.

Objectives, Strategies and Activities

The key strategic priorities for 2017-18 are contained within our 2017-20 strategic plan. Improvement focusses identified for this year include:

1. To improve the life chances of pupils within our schools, through a priority on school improvement and 'narrowing the gap'.
2. To complete the full sponsorship and Academy conversion of West Exe School.
3. To strengthen corporate leadership with a focus on effective governance, sustainable growth and school improvement.
4. To support other schools and work towards academisation.
5. To develop further strategies to fund the Trust's strategic objectives on a sustainable basis.

The key strategic priorities for 2018-19 are:

1. To strengthen our school improvement capacity to support our continued growth as more schools join the Trust.
2. To continue supporting other schools within Greater Exeter and the wider environs, supporting the sustainability of the Trust through measured growth.
3. To make strides towards the improvement of all our schools, supporting academic achievement and 'narrowing the gap' further.
4. To manage the Exeter Schools' Private Finance Initiative to bring operational improvements and commercial benefits to participant schools.
5. To develop further strategies to ensure longer-term sustainability, integrating curriculum-led financial planning and measuring success to ensure the delivery of high-quality education.

Key activities and targets were influenced by the significant challenges and opportunities arising from national changes in education policy and funding, and the Trust's activities included:

- Supporting and integrating West Exe School, which formally academised on 1 March 2018.
- Undertaking wider school improvement work within Plymouth in support of national policy, delivering economies through collaboration.
- Strengthening governance structures as set out within the 'Governance review'.
- Unfolding plans to reduce levels of permanent exclusions and support pupils at disadvantage through the potential development of an inclusion hub.
- Agreement in principle, to the Trust undertaking the contract management of the Exeter Schools PFI Initiative for all schools, to secure operational and commercial improvement.
- Continued development of systems for tracking and monitoring pupil attainment, integrating curriculum and financial planning and benchmarking.
- The development of in-house leadership and CPD programmes through our teacher training arm.
- Developing HR processes including induction, training and performance management.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

STRATEGIC REPORT

Achievements and Performance

The Trust is now in its sixth year of operation and has continued to make strong progress throughout 2017/18 with exceptional growth at Isca Academy and St James, the admission of new cohorts at Cranbrook Education Campus and through the academisation of West Exe school. Since the year-end, the Trust has received Academy orders for Whipton Barton Infant and Junior Schools, and for Newtown primary which are both expected to academise in Spring 2019. The Trust is also the sponsor of an all-through school due to open in 2021 and is in discussion regarding further primary and secondary expansion both within our schools and through new academisations.

The Trust has consolidated its central services function during the year, as new central posts have become established supporting school improvement, governance, HR, IT, operations, and financial support.

Continuing professional development for staff has been very successful with:

- 37 teaching staff undertaking Leadership Development training. Of those 37, 19 have elected to continue to Phase 2 of the Programme.
- 16 Newly Qualified Teachers from the four Trust Secondary Schools participating in a joint, year-long training programme.
- All four Secondary Schools participating in a series of Joint Department Network meetings, with the aim of sharing good practice across the Trust.

Key Performance Indicators

The total number of students had increased to 3416 by the October 2017 census and now stands at approximately 3,675 (excluding the nurseries). Student numbers have increased beyond those forecast at St James and Isca Academy due to improved popularity. Cranbrook Education Campus numbers are increasing steadily, and the Trust is in negotiations to increase primary numbers in relation to local need.

KS4 results were excellent again this year with both St James and West Exe performing above the national average for key headline figures. EBacc remains a priority for curriculum development and plans have been put in place to address Isca & West Exe low scores. These will come into fruition in 2 years' time. KS2 results at Exwick Heights also remain significantly above national. See below:

KS4	Isca Academy	St James	West Exe
Progress 8 (provisional)	-0.05	+0.33	+0.25
Basics 5+ in English and Maths (2017 Nat. 43%)	25%	56%	45%
EBacc (2017 Nat. 21%)	10%	36%	9%

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

KS2	Exwick Heights
Reading progress (provisional)	+2.57
Writing progress (provisional)	+1.79
Maths progress (provisional)	+2.14
Expected standard for combined Reading, Writing & Maths (2017 Nat. 61%)	81%

Prior attainment on entry is significantly below the national average in Isca Academy, Cranbrook Education Campus and Exwick Heights and in line with the national average at St James and West Exe. Isca Academy and Cranbrook Education Campus have the highest percentage of disadvantaged students in Devon and above the national average.

The MAT ensures there is a rigorous school improvement programme through for example, governor training, regular quality assurance reviews, line management of Headteachers, use of subject leaders of education and support from teaching school alliances, as appropriate.

The MAT has had 1 full section 5 Ofsted inspection at Cranbrook and a section 8 at St James which were both judged to be solidly good.

Attendance in all Trust schools is in line with the national average for 2017/2018.

Financial Performance

The main financial performance indicator is the level of reserves held at the Balance Sheet date. These stood at £724,015 excluding fixed assets and the pension reserves, (2016/17: £97,037). Pupil numbers are also a key focus and have increased from 1,684 (October 2016) to 3,416 (October 2017). This number is continuing to rise with growth.

The Multi-Academy Trust is currently developing its approach to KPI monitoring and has identified the following indicators at corporate level, with the current position (end of year) as indicated:

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	National	Current (end of year)
Revenue reserves, excluding fixed assets and pension reserve	£716,000	£724,015
Cash balances at year-end	£1,782,000	£1,840,550
Net current assets / income ratio	0.15	0.07
Pupils on roll		3,713 (1 September)
% FSM Ever 6	13.6%	26.7% (reflective of our vision and values)
SEN / EHCP pupils	1.4%/1.6% (excl. special schools)	2.3%
Income per pupil	£5,961	£5,722 (current forecast for 18/19 reflecting the lagged funding issue within our schools)
Staff cost per pupil	£3,497 primary, £4459 secondary	£4,406
Cost per pupil	£5,931	£5,847
Pay as a % of income	77%	77%
Average teacher cost	£38,700	£39,221
Pupil to teacher ratio		
- Primary	20.9	20.6
- Secondary	16.0	16.0
Pupil to adult ratio	10.9	10.8
Class sizes – primary	27.1	26.5 (Cranbrook, as a new school has smaller class sizes)
Class sizes – secondary	21.2	23.3
Contact time	.78	.74 (resource deployed towards leadership and management, to support school improvement)
% spend on leadership and management		15.3%
Premises spend per pupil	£351	£589 (PFI schools – various initiatives identified to improve VFM)
Non-pay spend per pupil	£1,823	£1,441 (focus on digital technologies in the face of high premises costs, lean management of resources)

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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 Going concern policy.

FINANCIAL REVIEW

Financial Review

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also receives grants for fixed assets. In accordance with standard accounting practice, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2018, expenditure (not including depreciation and pensions fund expenditure) of £17,203,182 (2017: £12,084,353) was covered by recurrent grant funding together with other incoming resources of £17,973,798 (2017: £11,915,120). The excess of income over expenditure of the year (excluding restricted fixed asset funds and pension adjustments) was £770,616 (2017: £169,233).

At 31 August 2018, the net book value of tangible fixed assets was £21,347,127 and movements in fixed assets are shown in note 19 to the financial statements. The value of fixed assets includes the assets donated by Devon County Council as part of the transfer agreements.

Other than donated assets, the major items of expenditure on fixed assets during the year were a playground extension at Exwick Heights primary, classroom remodelling at St James to support increased pupil intake, investment in IT and much needed furniture and equipment at Cranbrook following confirmation of tranche funding by Devon County Council.

The deficits in the Local Government Pension Scheme (LGPS) are recognised on the balance sheet in accordance with the provisions of FRS102. It is noted that the pension liability deficit has increased from £3,764,000 to £4,739,000. This is primarily due to the additional staff transferred on conversion of West Exe.

Reserves Policy

The policy of the trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

Individual academies aim to break-even each year, although the Trust recognises that this is not feasible in some cases, for example at Cranbrook where the school has significant levels of educational need and low pupil numbers, or where schools are early in their school improvement journey. In these cases, the trust supports those academies in deficit and works with them to ensure longer-term sustainability. The adequacy of overall reserves is considered corporately and cash is pooled for the benefit of our schools as a whole. Corporately, we aim to produce a balanced budget annually.

The reserves of the Academy are broken down into Fixed Asset Reserves (restricted), Unrestricted Reserves (free reserves), and the Pensions reserve.

Restricted income funds are the restricted reserves used purely for the provision of education, or to help fund capital projects for the education of students and children. Whilst these have increased significantly this year, the Trust has several ongoing capital projects which will be funded from the balances held. Unrestricted income funds are those funds that the trust can spend how they believe appropriate.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

The Trustees determined that the appropriate level of free reserves should not normally exceed 5% of annual funding. This equates to some £920,000 based on income to 31 August 2018. The reason for this was to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies, together with financing the provision of centralised or corporate services as required, for example in legal, accounting and communication costs. The combined reserves of the Trust for restricted income funds and unrestricted funds excluding the fixed asset fund, the pension fund and South West Teacher Training fund are £709,054. This provides some security against unforeseen conditions, enabling continued and effective service delivery. The Trustees review reserve levels annually, mindful of the need to build capacity and invest as schools grow.

The Trustees have reviewed the future plans of the Academy Trust and have set designated reserves as follows:

- £100,000 towards the legal costs attached to the review and challenge of PFI expenditure through benchmarking.
- £13,000 towards the expansion of IT infrastructure at St James School to support its growth and £50,000 for further classroom re-modelling
- £150,000 to recognise likely in-year funding deficiencies at West Exe due to the inadequacies of lagged funding as the school grows.
- £30,000 towards the development and integration of new HR and Payroll software to support financial control, and the efficient operation of Trust schools.

In conjunction with reserves, the trust is also mindful of the level of cash required to ensure the ongoing liquidity and success of the trust. The balance of the current cash (£1,840,550) is adequate and no cashflow problems are foreseen within twelve months.

Financial Position

The Trust held fund balances at 31 August 2018 of £17,665,483 comprising: £21,680,468 of restricted fixed asset funds, £581,291 of restricted funds (before including the pension deficit of £4,739,000) and a £142,724 of unrestricted general funds.

The Trust made an operating surplus before depreciation for the year of £714,703 after excluding the pension deficit, the donated assets and capital grants.

Investment Policy

The general policy objective is to invest surplus funds prudently. The investment priorities are security of the invested capital, liquidity and commensurate with these, securing a return.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Chief Executive Officer and Director of Finance within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities and other operational areas of the Trust, and its finances. The key risks have been determined as:

Capacity – the Trust is aware of the need to build capacity to support future academisations and secure school improvement. Risks surround our capacity to fund this through reserves and inward contributions. The Trust has been awarded MAT Development and Improvement Funding for 2018 and is utilising and growing school-based talent to support succession within the Trust and respond to growth.

Financial - the Academies have considerable reliance on continued Government funding and suffer shortfalls in funding year-on-year due to deficiencies within the lagged funding model. With the added constraint of PFI and high costs attached, the Trust has limited ability to manage this without additional funding. The Trust is managing this risk through dialogue with the Funding Agency, highlighting its position nationally, and through

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

contract management and procurement initiatives to ensure optimum deployment of non-staff resource.

Delivering outcomes to children in receipt of pupil premium and SEN funding – the trust has above national average figures for pupils with higher needs and also FSM entitlement. Nationally pressure on high needs is an issue, and the Trust is reviewing innovative arrangements to deliver effective education to students, including in-house alternative provision.

PFI – The trust has three PFI schools and consequentially high premises spend. The Trust is managing this by setting aside resource to challenge costs through benchmarking and assuming day to day management responsibility for operational performance.

School improvement outcomes – The Trust is at risk of not implementing or demonstrating effective improvement across all schools and/or a significant decline in outcomes. All schools currently have a good or outstanding rating, and performance is monitored continuously by the Director of Performance.

Governance Structure - There is a risk that the governance structure for the Trust becomes not fit for purpose and ineffective as the Trust grows or due to the loss of key staff, such as the Chair, Vice Chair, Trustees or Senior Management. This is mitigated through the annual governance review and the involvement of Exeter University and Exeter College as members, who support the Trust with active succession planning.

School place planning – there is significant pressure on spaces within Exeter, and limited remaining capacity within schools. Schools are consequently working with the LA place planning team to agree a protocol for handling oversubscription.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Trust can meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

The Trustees have implemented a number of systems to assess the risks that the Trust faces, especially in operational areas and financial controls. There are systems in place to minimise risks, including operational procedures (e.g. vetting of new staff and visitors, access control to school grounds) and internal financial controls. Where significant financial risk still remains, the trustees have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail on page 15.

FUNDRAISING

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure.

PLANS FOR FUTURE PERIODS

The priority of the Multi Academy Trust is to develop its academies in order to continue to support children, many of whom come from challenging backgrounds. We aim to provide a high standard of education and educational opportunity, as well as providing professional development for all teaching and support staff so that the Trust can continue to develop sustainably.

Capacity and growth are important to secure sustainability, and the Multi-Academy Trust will continue to work with its partner and supported schools in Exeter and beyond improving opportunities. Full details of our plans for the following academic year and beyond can be found on our website and through the links to our schools.

Due to our success in working with other schools, we have secured academy orders in relation to three local primaries and are supporting the Headteacher and Senior Leadership teams in their conversion to academies.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Staff Consultation and Disability for Employees

The Governing Board has worked tirelessly to ensure that staff of the Academy are always consulted on fundamental issues impacting upon their employment and condition of service. To this end the Board worked jointly with staff and their representatives to prepare a 'Statement of Intent' which cover all such aspects.

Disability

The governing board is committed to the elimination of discrimination and equal treatment in employment. This applies to all stages of employment including recruitment, selection, learning and training, pay, working relationships, carer development, redundancy and retirement. This commitment is clearly demonstrated and referred to in the many of the Academy Trust policies. No one will unlawfully be disadvantaged on the grounds of age, race or ethnicity, disability, gender and marital status, gender identity, sexual orientation, religion or belief under the operation of this policy.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, on 12 December 2018 and signed on the board's behalf by:



**Robert Bosworth
Chair of Trustees**

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that The Ted Wragg 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 Executive Finance 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 The Ted Wragg 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.

The Board of Trustees has delegated authority for the core governance responsibilities to the Local Governing Body, with appropriate controls in place to ensure the Board of Trustees is able to exercise its mandated responsibilities.

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 year, and is supported in its work by Board committees – Audit, Finance and Resources and Performance and Standards.

Trustee	Meetings attended	Out of a possible
Prof. Debra Myhill, Vice Chair (until 31 July 2018)	3	3
Richard Jacobs	3	3
Saxon Spence	3	3
Robert Bosworth, Chair	3	3
Raymond Beale (until 27 November 2017)	0	0
Moira Marder, Chief Executive Officer	3	3
Rebecca Mitchell	2	3
Philip Bostock	3	3
Elaine Hobson	3	3
Alex Walmsley, Chief Executive Officer	3	3
Rosie Denham (from 28 March 2018)	2	2

In the sixth year of the Ted Wragg Multi Academy Trust's operation, there have been the following changes to the composition of the Trust:

- Debra Myhill resigned in July 2018
- David Hall was appointed in July 2018 and has taken the role of Vice Chair of the Trust from 1 August 2018
- Raymond Beale resigned in November 2017
- Rosie Denham was appointed in March 2018
- Linda Donnellan was appointed in July 2018

The Board has faced the challenge of formally academising West Exe School on 1 March 2018 and entering into partnership management agreements with two inadequate Plymouth schools (All Saints Academy, Marine Academy). This is combined with:

- continuing to expand the central services function of the Trust, strengthening the finance and ICT teams, and bringing the HR function in house with the appointment of a Human Resources Manager.
- managing the growing numbers in the secondary schools, which are part of a PFI contract
- managing the all through school at Cranbrook, with the complexities of operating a new school with growing numbers.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (continued)

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 Board has endeavoured to ensure the appropriate internal controls of financial arrangements are achieved through:

- delegation of authority and segregation of duties;
- comprehensive budgeting and monitoring systems supported with a five-year financial plan for each school.
- review and agreement of budgets and budget monitoring reports by the Local Governing Body;
- routine monitoring by the Principal Finance Officer of financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes (reporting to the TWMAT Board of Trustees);
- clearly defined procurement (asset purchase or capital investment) and expenditure guidelines for the Local Governing Body and Ted Wragg Multi Academy Trust.
- Identification and management of financial, business and operational risks.

To achieve this, the Trust established an Internal Control Framework which identifies the areas of responsibility and the mechanism by which this responsibility is assured. The system of internal control has been in place in the Ted Wragg Multi Academy Trust from 7 May 2014.

The **Audit, Finance and Resources Committee** is a Committee of the main Board of Trustees.

Membership

The Board of Trustees shall appoint the Committee from the Non-Executive Trustees of the Trust. The Committee shall consist of not less than three Trustees. A quorum shall be three Trustees. One Trustee shall have recent and relevant financial experience.

Attendance at Meetings

The Chair of the Trust, Principal Finance Officer, Chief Executive Officer, Director of Finance, Director of Operations and selected trustees, ROs or other persons shall attend meetings at the invitation of the committee. The Committee shall invite the External Auditors to attend the November meeting each year.

Frequency of Meetings

Meetings shall be held not less than 5 times a year to coincide with key dates in the financial reporting cycle. Additional meetings may be requested by the Chair of the Audit, Finance and Resources Committee.

Authority

The Committee is authorised by the Board of Trustees to:

- Investigate any activity within its terms of reference
- Seek any information that it requires from any Trustee, Governor or Employee of the Trust and its Schools
- Obtain outside legal or independent professional advice

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Richard Jacobs	5	5
Robert Bosworth	5	5
Raymond Beale	1	1
Alex Walmsley, Principal Financial Officer	5	5
Rebecca Mitchell	5	5
Philip Bostock	5	5
Moira Marder, Chief Executive Officer	5	5

GOVERNANCE STATEMENT (continued)

Governance Review

A governance review was undertaken in the Autumn term 2017, which was partly implemented in January 2018 with completion planned in the Autumn term 2018. The 2017/18 academic year has continued to focus on reviewing and embedding the Governance Framework across the Trust, which incorporated the following:

- The formation of a Clerks Network Group led by the Company Secretary, which meets once a term and provides a forum for support and sharing best practice and ensuring consistency in governance across the Trust.
- A focus on embedding the Scheme of Delegation across the Trust.
- To provide more capacity in the Local Governing Bodies to enable them to become more focused on School Improvement.
- Reviewing the Local Governing Body Cycle of Business to allow for some autonomy at a local level.
- Review the meeting schedule to ensure it is fit for purpose.
- Review the Audit, Finance and Resources Committee Cycle of Business and delegate selected functions to the Executive Team.
- The development of a Trustee training programme.
- Promote cross-Trust governance in terms of formulating a cross-Trust Exclusion Appeal Committee.
- To consider the implementation of governance software.

The Governance review had the following key principles:

- Ensure clarity of vision, ethos and strategic direction at both a Trust and Local Governance level.
- Enable everyone in the Trust to do the right thing, in the right way, for the right people, in a timely, open, honest and accountable way.
- Strong governance is developed which challenges and supports school leadership.
- Accountability and responsibility is clearly defined.
- Local Governance retains a sense of earned autonomy.
- Meeting flows and linkages provide for effective communication, participation and consultation.
- Roles and responsibilities are defined and duplication is avoided.
- Delegated decision making powers are defined and understood.
- Reporting structures bottom up and top down are defined and effective.
- Governance is in line with the Articles of Association and the Academies Financial Handbook.

A self evaluation skills review was undertaken during the summer term 2018. The outcome has confirmed

- The Governance Structure has improved and now facilitates effective communication channels across the Trust. However, with the new partnership management agreements in place with two Plymouth schools and with additional schools joining the Trust in the next academic year, it will be essential to review the governance structure of the Trust again to ensure it remains effective.
- Essential training in Finance, Governance and School Improvement was provided to LGB governors by the Executive Team, which was well received. Further sessions have been offered for September 2018 to ensure new governors are well trained as well as those that were unable to attend earlier sessions.
- LGBs understand their focus has shifted to School Improvement and must now ensure headteachers are appropriately scrutinised and challenged to drive improvement.
- The scheme of delegation continues to need further embedding across the Trust.
- In order to provide capacity to the Trust Audit, Finance and Resources Committee working groups are being created to provide strategic oversight for major projects. The effectiveness of these working groups will be reviewed during the next academic year.
- The cross-Trust exclusion appeal Committee has been formed and training will be provided in the Autumn term. It continues to be the intention to formulate cross-trust governor HR panels.
- There has been some churn in terms of LGB Chairs and therefore it will be important to support and guide those new Chairs in conjunction with the Clerks to the LGBs.

GOVERNANCE STATEMENT (continued)

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 Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Introducing and embedding the trust-wide IT network, centralising systems, services and procurement.
- Providing services to external schools, delivering affordable and professional expertise to supported schools and spreading central overheads.
- Re-tendering the catering service at Cranbrook Education Campus to meet the needs of the growing school and deliver a contribution towards overheads.
- Moving forward with plans to bring PFI contract management in-house, to achieve both operational improvements and commercial benefits.
- Benchmarking, correlating educational and financial outcomes and identifying areas for review and challenge.
- Developing in-house leadership development and training programmes.
- Growing talent through our teaching school and professional development opportunities.
- Advancing plans to bring the HR and payroll service in-house, bringing control efficiencies and reducing unnecessary manual processes.

Reviewing Controls and Managing Risk

The Trust has a risk management framework in place, which is operating effectively across the Trust. The Executive Leadership Team is responsible for producing and managing the Trust risk register, which is reviewed at the monthly management meetings and reported at each Audit, Finance and Resources Committee. At school level, the risk register is developed and managed by the Senior Leadership Team and then reported to the LGB.

In addition to the risk register, a compliance monitoring register is also submitted to every Audit, Finance and Resources Committee which provides an overview by school on areas such as fire, H&S, complaints, FOI requests, accident reporting and planned preventative maintenance checks.

Outlining procedures for accepting best value quotes

A competitive tendering policy is in place which clearly lays out the procurement of goods and services. It lays out the procedures for undertaking a procurement process in accordance to the value of goods/services being obtained, including how the evaluation of cost and quality is undertaken to enable the acceptance of tenders or quotes which are not necessarily the cheapest. It also clarifies the level of spend which can be purchased at school level and what must be reported back to, or approved by the trust Audit and Resources Committee, which ensures value for money is achieved across all schools.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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 Trust has endeavoured to ensure appropriate internal control of financial arrangements are achieved through:

- delegation of authority and segregation of duties;
- comprehensive budgeting and monitoring systems with an annual and five-year forecast budget and periodic financial reports which are reviewed and agreed by the Local Governing Body;
- routine monitoring by the Principal Finance Officer of financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes (reporting to the TWMAT Board of Trustees);
- clearly defined procurement (asset purchase or capital investment) investment and expenditure guidelines for the Local Governing Body and Ted Wragg Multi Academy Trust.
- identification and management of financial, business and operational risks.

To achieve this, the Trust established an Internal Control Framework which identifies the areas of responsibility and the mechanism by which this responsibility is assured. The system of internal control has been in place in the Ted Wragg Multi Academy Trust from 7 May 2014.

To achieve this, we have established an Internal Control Framework which identifies the areas of responsibility and the mechanism by which this responsibility is assured. The system of internal control has been in place in the Ted Wragg Multi Academy Trust from 7 May 2014.

CAPACITY TO HANDLE RISK

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

THE RISK AND CONTROL FRAMEWORK

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

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

There is also regular communication between members of the Finance Team and appropriate Leadership, Finance and Administrative staff of the Academy and Trust, Members of the Local Governing Body with Financial Portfolios, and Members of the Board of Trustees with Financial Portfolios.

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.

The Board of Trustees has awarded a contract for an internal audit service, which commenced during 2016/17 and ensures all areas of Trust activity are tested on an at least tri-annual basis.

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 year in question the review has been informed by:

- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 12 December 2018 and signed on their behalf, by:



**Robert Bosworth
Chair of Trustees**



**Moira Marder
Accounting Officer**

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Moira Marder
Accounting Officer

Date: 12 December 2018

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Robert Bosworth
Chair of Trustees**

Date: 12 December 2018

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE TED WRAGG MULTI ACADEMY TRUST

OPINION

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

In our opinion the financial statements:

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

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE TED WRAGG MULTI ACADEMY TRUST

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE TED WRAGG MULTI ACADEMY TRUST

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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



Tim Borton FCA DChA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date:

18 December 2018

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE TED WRAGG MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 May 2014 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 The Ted Wragg Multi Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

RESPECTIVE RESPONSIBILITIES OF THE TED WRAGG MULTI ACADEMY TRUST'S EXECUTIVE FINANCE OFFICER AND THE REPORTING ACCOUNTANT

The Executive Finance Officer is responsible, under the requirements of The Ted Wragg Multi Academy Trust's funding agreement with the Secretary of State for Education dated 19 September 2013, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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



Tim Borton FCA DChA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
2nd Floor Stratus House
Emperor Way
Exeter Business Park
Exeter
EX1 3QS

Date:

18 December 2018

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations & capital grants:						
Assets transferred on conversion	2	-	-	-	-	7,515,104
Other donations and capital grants	2	1,582	494,233	475,622	971,437	468,259
Charitable activities:						
Funding the Academy Trust's educational operations	5	1,285,565	15,965,795	-	17,251,360	11,440,355
Teaching schools	29	-	112,893	-	112,893	-
Other trading activities	3	112,953	-	-	112,953	76,813
Investments	4	777	-	-	777	538
TOTAL INCOME		1,400,877	16,572,921	475,622	18,449,420	19,501,069
EXPENDITURE ON:						
Charitable activities:						
Academy Trust educational operations	6	1,142,373	16,598,125	740,622	18,481,120	13,250,120
Teaching schools	29	-	114,959	-	114,959	-
Transfer from Local Authority on Conversion	23	168,174	1,383,551	(62,960)	1,488,765	-
TOTAL EXPENDITURE	6	1,310,547	18,096,635	677,662	20,084,844	13,250,120
NET BEFORE TRANSFERS		90,330	(1,523,714)	(202,040)	(1,635,424)	6,250,949
Transfers between Funds	19	221,490	(365,128)	143,638	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		311,820	(1,888,842)	(58,402)	(1,635,424)	6,250,949
Actuarial gains on defined benefit pension schemes	25	-	1,229,000	-	1,229,000	2,252,000
NET MOVEMENT IN FUNDS		311,820	(659,842)	(58,402)	(406,424)	8,502,949
RECONCILIATION OF FUNDS:						
Total funds brought forward		(169,096)	(3,497,867)	21,738,870	18,071,907	9,568,958
TOTAL FUNDS CARRIED FORWARD		142,724	(4,157,709)	21,680,468	17,665,483	18,071,907

The notes on pages 30 to 58 form part of these financial statements.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 08545109**

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	14		21,347,127		21,728,063
CURRENT ASSETS					
Stocks		22,258		20,870	
Debtors	15	1,114,141		519,463	
Cash at bank and in hand		1,840,550		691,677	
			<u>2,976,949</u>	<u>1,232,010</u>	
CREDITORS: amounts falling due within one year	16	(1,756,449)		(1,124,166)	
NET CURRENT ASSETS			<u>1,220,500</u>		<u>107,844</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>22,567,627</u>		<u>21,835,907</u>
CREDITORS: amounts falling due after more than one year	17		<u>(163,144)</u>		<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>22,404,483</u>		<u>21,835,907</u>
Defined benefit pension scheme liability	25		<u>(4,739,000)</u>		<u>(3,764,000)</u>
NET ASSETS			<u><u>17,665,483</u></u>		<u><u>18,071,907</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
General funds	19	581,291		266,133	
Fixed asset funds	19	21,680,468		21,738,870	
			<u></u>	<u></u>	
Restricted funds excluding pension reserves		22,261,759		22,005,003	
Pension reserve		(4,739,000)		(3,764,000)	
			<u></u>	<u></u>	
Total restricted funds			<u>17,522,759</u>		<u>18,241,003</u>
Unrestricted funds	19		<u>142,724</u>		<u>(169,096)</u>
TOTAL FUNDS			<u><u>17,665,483</u></u>		<u><u>18,071,907</u></u>

The financial statements on pages 27 to 58 were approved by the Trustees, and authorised for issue, on 12 December 2018 and are signed on their behalf, by:



**Robert Bosworth
Chair of Trustees**

The notes on pages 30 to 58 form part of these financial statements.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	<u>835,434</u>	<u>(186,165)</u>
Cash flows from investing activities:			
Interest		777	538
Purchase of tangible fixed assets		(359,685)	(166,443)
Capital grants from DfE Group		475,622	159,949
Net cash provided by/(used in) investing activities		<u>116,714</u>	<u>(5,956)</u>
Cash transferred on conversion to an Academy Trust			
Cash transferred		196,725	89,104
Net cash provided by financing activities		<u>196,725</u>	<u>89,104</u>
Change in cash and cash equivalents in the year		1,148,873	(103,017)
Cash and cash equivalents brought forward		<u>691,677</u>	<u>794,694</u>
Cash and cash equivalents carried forward	22	<u><u>1,840,550</u></u>	<u><u>691,677</u></u>

The notes on pages 30 to 58 form part of these financial statements.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The Ted Wragg Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 GOING CONCERN

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

1.3 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 Department for Education Group.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

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

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 an 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.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

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

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 and services.

1.5 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 on charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust apportioned to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	2% straight line
Furniture and fixtures	-	20% straight line
Motor vehicles	-	25% straight line
Computer equipment	-	33% straight line

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.

1.7 OPERATING LEASES

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

1.8 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.9 TAXATION

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

1.10 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1. ACCOUNTING POLICIES (continued)

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.13 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, 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.

1. ACCOUNTING POLICIES (continued)

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 net income/expenditure 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.

1.15 ACADEMY CONVERSION

The conversion of West Exe School from a state maintained school to part of the 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 West Exe School to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset fund.

Further details of the transaction are set out in note 23.

1.16 PRIVATE FINANCE INITIATIVE (PFI)

The Academy Trust has in place an agreement with Devon County Council (DCC) for West Exe School, Isca Academy and St. James School concerning a Private Finance Initiative (PFI) agreement for those academies dated 26 March 2004. The principal PFI agreement which includes an annual charge for rent and services is between DCC and the PFI provider. The duration of that agreement is 30 years. There is then a secondary agreement to which the Trust is a party and this arrangement is treated in these accounts as an operating lease, charged to the Statement of Financial Activities on a straight line basis over the lease term. The full liability over the life of the lease has been included in the operating lease commitment note 26, with the value based on the current annual charge without any inflationary adjustment.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Assets transferred on conversion	-	-	-	-	7,515,104
Grants and donations	1,582	494,233	-	495,815	308,310
Capital grants	-	-	475,622	475,622	159,949
Subtotal	1,582	494,233	475,622	971,437	468,259
	1,582	494,233	475,622	971,437	7,983,363
Total 2017	92,019	(768,605)	8,659,949	7,983,363	

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings	85,140	-	85,140	76,813
External Catering	27,813	-	27,813	-
	<u>112,953</u>	<u>-</u>	<u>112,953</u>	<u>76,813</u>
Total 2017	<u>76,813</u>	<u>-</u>	<u>76,813</u>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	777	-	777	538
	<u>538</u>	<u>-</u>	<u>538</u>	
Total 2017	<u>538</u>	<u>-</u>	<u>538</u>	

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Education	821,770	15,965,795	16,787,565	11,146,879
Nursery	463,795	-	463,795	293,476
	<u>1,285,565</u>	<u>15,965,795</u>	<u>17,251,360</u>	<u>11,440,355</u>
Total 2017	<u>618,826</u>	<u>10,821,529</u>	<u>11,440,355</u>	

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant	-	14,115,293	14,115,293	9,183,633
Start up Grants	-	167,500	167,500	175,000
Other DfE Group grants	-	1,143,610	1,143,610	700,688
	<u>-</u>	<u>15,426,403</u>	<u>15,426,403</u>	<u>10,059,321</u>
Other Government grants				
High Needs	-	308,648	308,648	235,426
Other government grants non capital	-	171,592	171,592	497,782
	<u>-</u>	<u>480,240</u>	<u>480,240</u>	<u>733,208</u>
Other funding				
Internal catering income	73,353	-	73,353	62,012
Sales to students	61,221	-	61,221	47,267
External Education Support*	609,348	-	609,348	-
Other	77,848	59,152	137,000	245,071
	<u>821,770</u>	<u>59,152</u>	<u>880,922</u>	<u>354,350</u>
	<u>821,770</u>	<u>15,965,795</u>	<u>16,787,565</u>	<u>11,146,879</u>
Total 2017	<u>325,350</u>	<u>10,821,529</u>	<u>11,146,879</u>	

* This income arises from support services provided to other schools under partnership management agreements.

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Education:					
Direct costs	11,248,937	369,374	1,049,799	12,668,110	8,713,333
Support costs	1,866,136	2,000,579	1,586,463	5,453,178	4,249,685
Nursery:					
Direct costs	324,770	-	7,160	331,930	264,840
Support costs	-	-	27,902	27,902	22,262
Teaching schools	54,404	-	60,555	114,959	-
	<u>13,494,247</u>	<u>2,369,953</u>	<u>2,731,879</u>	<u>18,596,079</u>	<u>13,250,120</u>
Total 2017	<u>9,699,092</u>	<u>1,671,132</u>	<u>1,879,896</u>	<u>13,250,120</u>	

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

7. DIRECT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Pension finance costs	112,000	-	112,000	101,000
Educational supplies	392,475	3,980	396,455	367,290
Staff development	74,172	2,855	77,027	25,517
School trips	384,937	325	385,262	133,045
Supply, seconded and specialist teachers	201,004	-	201,004	104,739
Uniform costs	20,214	-	20,214	14,777
Wages and salaries	8,306,750	267,371	8,574,121	5,976,406
National insurance	805,942	16,281	822,223	603,355
Pension cost	1,745,070	41,118	1,786,188	1,223,208
Depreciation	625,546	-	625,546	428,836
	<u>12,668,110</u>	<u>331,930</u>	<u>13,000,040</u>	<u>8,978,173</u>
Total 2017	<u>8,713,333</u>	<u>264,840</u>	<u>8,978,173</u>	

8. SUPPORT COSTS

	Education £	Nursery £	Total 2018 £	Total 2017 £
Examination fees	139,090	-	139,090	123,002
Other costs	44,154	-	44,154	90,424
Recruitment and support	71,880	-	71,880	67,800
Maintenance of premises and equipment	96,150	-	96,150	75,562
Cleaning	96,759	-	96,759	52,251
Rates and leasing costs	211,609	-	211,609	150,566
Energy costs	267,485	25,107	292,592	257,430
Insurance	179,890	-	179,890	105,137
Security and transport	14,266	-	14,266	32,259
Catering	265,680	-	265,680	209,129
Technology costs	225,670	731	226,401	160,733
Office overheads	180,903	2,029	182,932	64,394
Legal and professional	159,100	-	159,100	36,098
Bank interest and charges	4,661	35	4,696	1,776
PFI agreement costs	1,283,862	-	1,283,862	894,813
Governance	40,636	-	40,636	75,258
Wages and salaries	1,495,783	-	1,495,783	1,246,771
National insurance	97,773	-	97,773	73,758
Pension cost	462,751	-	462,751	470,855
Depreciation	115,076	-	115,076	83,931
	<u>5,453,178</u>	<u>27,902</u>	<u>5,481,080</u>	<u>4,271,947</u>
Total 2017	<u>4,249,685</u>	<u>22,262</u>	<u>4,271,947</u>	

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets: - owned by the Academy Trust	740,621	512,767
Auditors' remuneration - audit	10,500	9,275
Auditors' remuneration - other services	9,400	7,200
Operating lease rentals	40,065	23,322
PFI agreement costs	1,283,862	894,813

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	10,000,560	7,124,356
Social security costs	924,200	677,113
Pension costs	2,255,930	1,694,063
	<u>13,180,690</u>	<u>9,495,532</u>
Apprenticeship levy	35,063	10,580
Staff restructuring costs	77,490	88,241
Supply, seconded and specialist teacher costs	201,004	104,739
	<u><u>13,494,247</u></u>	<u><u>9,699,092</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Redundancy payments	23,590	53,921
Severance payments	53,000	34,320
Other restructuring costs	900	-
	<u>77,490</u>	<u>88,241</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £53,000 (2017: £34,320). Individually, the payments were £10,000, £2,000, £4,000, £10,000, £5,000, £7,000, £15,000.

c. Staff numbers

The average number of persons employed by the Academy Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	192	146
Administration and support	197	149
Management	4	4
	<u>393</u>	<u>299</u>

The increases in staff costs and numbers are primarily the result of new academies operated by the Trust.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

10. STAFF COSTS (continued)

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	176	127
Administration and support	140	115
Management	4	3
	<u>320</u>	<u>245</u>

d. Higher paid staff

The number of employees whose employee benefits (excluding employer's National Insurance contributions and employer pension costs) exceeded £60,000 was:

	2018	2017
	No.	No.
In the band £60,001 - £70,000	4	2
In the band £70,001 - £80,000	2	2
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	1

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £405,245 (2017: £316,209). The key management personnel remuneration has increased this year to reflect the fact that some roles have become full time this year and the Senior Management Team has been expanded by one additional individual.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

11. CENTRAL SERVICES

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

- School improvement support (leadership, CPD, access to research, data and analytics)
- Financial management
- Funded apprentice training
- Operational support (policies, procurement, asset and premises management)
- Insurance and risk management services
- Central governance and governing body support
- Legal and professional services
- HR and Payroll
- IT Support

The Academy Trust charges for these services on the following basis:

Central recharges, with the exception of IT support, are based on a 5% contribution of SBS. IT support is allocated based on demand for IT resources and IT costs in the nature of overheads are apportioned approximately based on pupil and staff numbers.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
ISCA Academy	284,629	125,591
St James Academy	336,678	139,437
Cranbrook Educational Campus	96,598	55,367
Exwick Heights Primary	177,229	22,593
West Exe School	393,794	-
	<u>1,288,928</u>	<u>342,988</u>
Total		

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, expenses totalling £1,194 (2017: £681) were reimbursed to 1 Trustee (2017: 1).

The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. The value of trustees' remuneration and other benefits was as follows: M Marder: Remuneration £100,000 - £105,000 (2017: £95,000 - £100,000), Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000).

Other related party transactions involving the trustees are set out in note 27

13. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust procure their Directors and Officers Liability Insurance from the commercial market, through their Brokers, Arthur J Gallagher. The cover indemnifies Directors or Officers against any claim first made against them during the policy period for any Wrongful Act in their capacity as a Director, officer or employee of the company up to £5,000,000 in the annual aggregate and for any one loss. The cost of the policy was £5,634.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

14. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold property £	Furniture and fixtures £	Computer equipment £	Motor vehicles £	Total £
COST						
At 1 September 2017	13,324,744	8,500,000	396,198	621,512	33,512	22,875,966
Additions	-	59,536	144,157	143,698	12,294	359,685
Disposals	-	-	-	(208,185)	-	(208,185)
At 31 August 2018	<u>13,324,744</u>	<u>8,559,536</u>	<u>540,355</u>	<u>557,025</u>	<u>45,806</u>	<u>23,027,466</u>
DEPRECIATION						
At 1 September 2017	532,640	-	129,640	463,805	21,818	1,147,903
Charge for the year	267,273	170,052	110,040	181,805	11,451	740,621
On disposals	-	-	-	(208,185)	-	(208,185)
At 31 August 2018	<u>799,913</u>	<u>170,052</u>	<u>239,680</u>	<u>437,425</u>	<u>33,269</u>	<u>1,680,339</u>
NET BOOK VALUE						
At 31 August 2018	<u>12,524,831</u>	<u>8,389,484</u>	<u>300,675</u>	<u>119,600</u>	<u>12,537</u>	<u>21,347,127</u>
At 31 August 2017	<u>12,792,104</u>	<u>8,500,000</u>	<u>266,558</u>	<u>157,707</u>	<u>11,694</u>	<u>21,728,063</u>

15. DEBTORS

	2018 £	2017 £
Trade debtors	144,428	115,284
VAT Recoverable	204,947	87,238
Other debtors	10,644	944
Prepayments and accrued income	754,122	315,997
	<u>1,114,141</u>	<u>519,463</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other loans	58,346	-
Trade creditors	354,478	274,809
Other taxation and social security	270,021	187,297
Other creditors	271,365	167,686
Accruals and deferred income	802,239	494,374
	<u>1,756,449</u>	<u>1,124,166</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2018 £	2017 £
DEFERRED INCOME		
Deferred income at 1 September 2017	224,128	-
Resources deferred during the year	331,938	224,128
Amounts released from previous years	(224,128)	-
	<u>331,938</u>	<u>224,128</u>
Deferred income at 31 August 2018	<u>331,938</u>	<u>224,128</u>

At the balance sheet date the Academy Trust was holding funds received in advance for lettings booked for the autumn term 2018, trips paid for in advance and UIFSM income paid in advance.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other loans	163,144	-
	<u>163,144</u>	<u>-</u>

18. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets measured at amortised cost	<u>2,541,233</u>	<u>970,406</u>
Financial liabilities measured at amortised cost	<u>1,317,634</u>	<u>712,741</u>

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

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

THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

19. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
Unrestricted funds	(169,096)	1,400,877	(1,089,057)	-	-	142,724
DCC Loan	-	-	(221,490)	221,490	-	-
	<u>(169,096)</u>	<u>1,400,877</u>	<u>(1,310,547)</u>	<u>221,490</u>	<u>-</u>	<u>142,724</u>
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
General Annual Grant	200,091	14,115,292	(13,534,444)	(636,965)	-	143,974
GAG designated for specific purposes	-	-	-	293,000	-	293,000
Pupil Premium	-	869,185	(869,185)	-	-	-
Other DfE	59,142	110,480	(123,813)	-	-	45,809
Start up grant	-	167,500	(167,500)	-	-	-
High Needs	-	308,647	(308,647)	-	-	-
Other LA	-	27,366	(27,366)	-	-	-
Other donations and grants	6,900	195,359	(118,712)	-	-	83,547
School trips	-	358,027	(358,027)	-	-	-
UIFSM	-	127,186	(127,186)	-	-	-
Sports grant	-	36,760	(15,597)	(21,163)	-	-
DCC Academy Growth Fund	-	142,643	(142,643)	-	-	-
Other	-	1,583	(1,583)	-	-	-
SWTT	-	112,893	(97,932)	-	-	14,961
Pension reserve	(3,764,000)	-	(2,204,000)	-	1,229,000	(4,739,000)
	<u>(3,497,867)</u>	<u>16,572,921</u>	<u>(18,096,635)</u>	<u>(365,128)</u>	<u>1,229,000</u>	<u>(4,157,709)</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
LA fixed asset funding	304,888	395,181	(163,842)	-	-	536,227
Devolved formula capital	42,995	71,201	(35,689)	-	-	78,507
Devolved formula capital transferred on conversion	-	-	61,297	-	-	61,297
Assets funded by GAG	122,987	-	(100,747)	122,475	-	144,715
Donated property	12,768,000	-	(266,000)	-	-	12,502,000
Assets transferred on conversion	8,500,000	-	(170,000)	-	-	8,330,000
Other DfE	-	9,240	(1,848)	-	-	7,392
Other ESFA	-	-	(833)	4,163	-	3,330
Sports grant	-	-	-	17,000	-	17,000
	<u>21,738,870</u>	<u>475,622</u>	<u>(677,662)</u>	<u>143,638</u>	<u>-</u>	<u>21,680,468</u>
Total restricted funds	<u>18,241,003</u>	<u>17,048,543</u>	<u>(18,774,297)</u>	<u>(221,490)</u>	<u>1,229,000</u>	<u>17,522,759</u>
Total of funds	<u>18,071,907</u>	<u>18,449,420</u>	<u>(20,084,844)</u>	<u>-</u>	<u>1,229,000</u>	<u>17,665,483</u>

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

RESTRICTED FUNDS

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

GAG designated for specific purposes - General Annual Grant designated in line with the Reserves Policy as described in the Trustees Report.

Start up Grant – This represents one off funding received from the ESFA to contribute to the cost of converting from a school to an academy.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Other DfE - Funding received from the DfE for specific purposes.

Other LA - These relate to other income received from the LA that is not included in an individual heading. The amounts are used for the normal running costs of the Academy, including education and support costs.

School Trips - These are amounts obtained for the purpose of school trips. Therefore this money will be used against the relevant school trip expenditure incurred by the school.

Sports grant – This represents funding received from the ESFA and must be used to fund improvements

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

19. STATEMENT OF FUNDS (continued)

to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Academy Growth Funding - Funding provided by the Local Authority to support schools which are required to provide extra places in order to meet a basic need within the authority.

UIFSM (Universal Infant Free School Meals) - Income from the ESFA which is to be used in the provision of free school meals for all pupils in reception, year 1 and year 2.

Other - restricted income to be used in the general running of the Academy, including education and support costs.

SWTT - Funds received in specific to the teaching school.

Pension reserve - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

TRANSFERS

£122,475 of GAG was used to purchase Fixed Assets as represented by a transfer between funds. Furthermore £21,163 of the Sports grant was used to purchase Fixed Assets and this was also represented by a transfer.

£221,490 of GAG has been transferred to the unrestricted fund against the £221,490 loan transferred in on conversion of West Exe School as this loan will be repaid out of future General Annual Grant.

RESTRICTED FIXED ASSET FUNDS

Local Authority fixed asset funding - This represents one off funding received from the Local Authority growth fund to contribute to the cost of setting up a new Academy.

Fixed assets transferred on conversion - This represents the buildings and equipment donated from the Local Authority on initial conversion to an academy less the depreciation charged to date.

Donations for the purchase of fixed assets - This represents donations made to the school for the purchase of fixed assets. The donation will be used to buy the relevant asset only.

Devolved formula capital - This represents funding from the ESFA to cover the maintenance and purchase of the academy's assets.

Devolved formula capital on conversion - This represents the devolved formula capital money that was left unspent upon transfer into the academy. Will be used to cover the maintenance and purchases of the academy's assets.

Local Authority fixed asset funding for nursery - This represents funding from the local authority to purchase equipment and items for the nursery at Cranbrook.

Donated asset - This represents the donated building at Cranbrook Educational Campus.

OTHER INFORMATION

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

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
ISCA Academy	(321,363)	(362,700)
Cranbrook Educational Campus	(58,036)	28,249
St James Academy	434,225	167,704
Exwick Heights Primary School	316,710	193,991
West Exe School	173,928	-
Central	178,551	69,793
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	724,015	97,037
Restricted fixed asset fund	21,680,468	21,738,870
Pension reserve	(4,739,000)	(3,764,000)
	<hr/>	<hr/>
Total	17,665,483	18,071,907
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £
ISCA Academy	(321,363)
Cranbrook Educational Campus	(58,036)

During the financial year, Cranbrook Education Campus incurred a deficit of £58,036. As a growing school, Cranbrook continues to suffer diseconomies attached to leadership costs, class sizes and premises, with approximately 300 children on roll only. Current ESFA funding fails to reflect levels of disadvantage due to the historic nature of the IDACI index which drives funding (Cranbrook being a new-town and a former green-field site), and having high levels of SEN/Pupil premium. Cranbrook ranks highest for deprivation in Devon with 36.5% receiving free school meals. The school is expected to be break-even in 2018/19 before moving into surplus.

Isca has a historic deficit, due to its rapid growth both year-on-year and within year. During 2018/19 the overall deficit was reduced by £40k. The school is benefiting from its membership of a larger MAT, and the Board is consciously working towards a medium-term recovery of Isca's position mindful of the potential detriment to pupils of more rapid action.

The Academy Trust is taking the following action to return the academies to surplus:

Cranbrook's position recovers naturally as growth allows leadership costs to be spread.

ISCA will return recurrent surpluses once the school is full.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Isca Academy	2,785,445	262,999	104,088	986,473	4,139,005	4,553,790
Cranbrook Educational Campus	1,442,336	190,704	55,799	439,236	2,128,075	1,911,943
St James Academy	2,816,326	328,182	139,229	1,022,680	4,306,417	4,585,562
Exwick Heights Primary	1,632,377	255,756	51,578	252,539	2,192,250	879,739
West Exe School	1,874,626	319,489	50,526	162,522	2,407,163	-
Central	219,823	657,308	-	1,065,426	1,942,557	650,864
	<u>10,770,933</u>	<u>2,014,438</u>	<u>401,220</u>	<u>3,928,876</u>	<u>17,115,467</u>	<u>12,581,898</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GENERAL FUNDS						
Unrestricted funds	282,405	795,303	(1,235,318)	(11,486)	-	(169,096)

THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GAG	-	9,183,634	(8,978,894)	(4,649)	-	200,091
Pupil Premium	-	519,588	(519,588)	-	-	-
Start Up	-	175,000	(129,191)	-	-	45,809
High Needs	-	235,426	(235,426)	-	-	-
School trips	-	134,299	(134,299)	-	-	-
Maintained growth funding	-	85,000	(85,000)	-	-	-
UIFSM	-	56,464	(56,464)	-	-	-
Sports grant	-	9,635	(9,635)	-	-	-
DASH	-	20,000	(20,000)	-	-	-
Syrian Refugees	-	9,000	(9,000)	-	-	-
Other donations and grants	-	163,989	(157,089)	-	-	6,900
Project Management Grant	-	30,000	(16,667)	-	-	13,333
DCC Academy Growth Fund	-	497,782	(497,782)	-	-	-
Pension reserve	(4,289,000)	(1,074,000)	(653,000)	-	2,252,000	(3,764,000)
	<u>(4,289,000)</u>	<u>10,045,817</u>	<u>(11,502,035)</u>	<u>(4,649)</u>	<u>2,252,000</u>	<u>(3,497,867)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
LA fixed asset funding	429,642	112,741	(179,441)	(58,054)	-	304,888
Donations for the purchase of fixed assets	3,098	-	(3,098)	-	-	-
Devolved formula capital	32,787	47,208	(36,718)	(8,095)	-	35,182
Devolved formula capital transferred on conversion	11,839	-	(4,026)	-	-	7,813
Assets funded by GAG	64,187	-	(23,484)	82,284	-	122,987
Donated property	13,034,000	-	(266,000)	-	-	12,768,000
Assets transferred on conversion	-	8,500,000	-	-	-	8,500,000
	<u>13,575,553</u>	<u>8,659,949</u>	<u>(512,767)</u>	<u>16,135</u>	<u>-</u>	<u>21,738,870</u>
Total restricted funds	<u>9,286,553</u>	<u>18,705,766</u>	<u>(12,014,802)</u>	<u>11,486</u>	<u>2,252,000</u>	<u>18,241,003</u>
Total of funds	<u><u>9,568,958</u></u>	<u><u>19,501,069</u></u>	<u><u>(13,250,120)</u></u>	<u><u>-</u></u>	<u><u>2,252,000</u></u>	<u><u>18,071,907</u></u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	21,347,127	21,347,127
Current assets	2,062,317	581,291	333,341	2,976,949
Creditors due within one year	(1,756,449)	-	-	(1,756,449)
Creditors due in more than one year	(163,144)	-	-	(163,144)
Pension scheme liability	-	(4,739,000)	-	(4,739,000)
	<u>142,724</u>	<u>(4,157,709)</u>	<u>21,680,468</u>	<u>17,665,483</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	21,728,063	21,728,063
Current assets	955,070	266,133	10,807	1,232,010
Creditors due within one year	(1,124,166)	-	-	(1,124,166)
Provisions for liabilities and charges	-	(3,764,000)	-	(3,764,000)
	<u>(169,096)</u>	<u>(3,497,867)</u>	<u>21,738,870</u>	<u>18,071,907</u>

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

	2018 £	2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(1,635,424)	6,250,949
Adjustment for:		
Depreciation charges	740,621	512,767
Dividends, interest and rents from investments	(777)	(538)
Increase in stocks	(1,388)	(10,843)
Increase in debtors	(594,678)	(55,075)
Increase in creditors	573,937	138,628
Capital grants from DfE and other capital income	(475,622)	(159,949)
Defined benefit pension scheme obligation inherited	1,464,000	1,074,000
Defined benefit pension scheme cost less contributions payable	628,000	552,000
Net gain on assets and liabilities from local authority on conversion	112,000	101,000
Net (gain)/loss on assets and liabilities from local authority on conversion	24,765	(89,104)
Assets transferred on conversion	-	(8,500,000)
Net cash provided by/(used in) operating activities	<u>835,434</u>	<u>(186,165)</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	1,840,550	691,677
	<u>1,840,550</u>	<u>691,677</u>

23. CONVERSION TO AN ACADEMY TRUST

On 01/03/2018 West Exe School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Ted Wragg Multi Academy Trust from Devon County Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Other assets	53,316	80,449	62,960	196,725
LGPS pension surplus/(deficit)	-	(1,464,000)	-	(1,464,000)
Borrowing obligations	(221,490)	-	-	(221,490)
Net assets/(liabilities)	<u>(168,174)</u>	<u>(1,383,551)</u>	<u>62,960</u>	<u>(1,488,765)</u>

The above net assets include £196,726 that was transferred as cash.

24. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>22,475</u>	<u>-</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

25. PENSION COMMITMENTS

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

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

Contributions amounting to £57,173 were payable to the schemes at 31 August 2018 (2017: 39,945) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,109,378 (2017: £784,592).

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

25. PENSION COMMITMENTS (continued)

accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £696,000 (2017: £452,000), of which employer's contributions totalled £528,000 (2017: £336,000) and employees' contributions totalled £168,000 (2017: £116,000). The agreed contribution rates for future years are 15.4% plus a monetary amount of £76,000 for employers and 5.5 - 12.5% 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	23.5	23.4
Females	25.6	25.5
Retiring in 20 years		
Males	25.8	25.7
Females	28	27.9

	At 31 August 2018	At 31 August 2017
	£	£
Sensitivity analysis		
Discount rate +0.1%	217,000	155,000
Discount rate -0.1%	(222,000)	(159,000)
Mortality assumption - 1 year increase	(312,000)	(223,000)
Mortality assumption - 1 year decrease	302,000	216,000
CPI rate +0.1%	(197,000)	(133,000)
CPI rate -0.1%	302,000	129,000

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

25. PENSION COMMITMENTS (continued)

The Academy Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	2,972,000	1,857,000
Gilts and bonds	251,000	174,000
Property	445,000	274,000
Cash and other liquid assets	76,000	74,000
Target return portfolio	703,000	466,000
Infrastructure and alternative assets	429,000	291,000
Private equity	50,000	-
	<u>4,926,000</u>	<u>3,136,000</u>

The actual return on scheme assets was £263,000 (2017: £272,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2018 £	2017 £
Current service cost	(1,156,000)	(908,000)
Interest income	99,000	50,000
Interest cost	(211,000)	(151,000)
	<u>(1,268,000)</u>	<u>(1,009,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	6,900,000	6,084,000
Upon conversion	2,343,000	1,642,000
Current service cost	1,156,000	908,000
Interest cost	211,000	151,000
Employee contributions	168,000	117,000
Actuarial gains	(1,067,000)	(2,082,000)
Benefits paid	(46,000)	80,000
	<u>9,665,000</u>	<u>6,900,000</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

25. PENSION COMMITMENTS (continued)

Movements in the fair value of the Academy Trust's share of scheme assets:

	2018	2017
	£	£
Opening fair value of scheme assets	3,136,000	1,795,000
Upon conversion	879,000	568,000
Interest income	101,000	51,000
Actuarial losses	162,000	170,000
Employer contributions	528,000	356,000
Employee contributions	168,000	117,000
Benefits paid	(46,000)	80,000
Effect of non-routine settlements	(2,000)	(1,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	4,926,000	3,136,000
	<hr/> <hr/>	<hr/> <hr/>

26. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
AMOUNTS PAYABLE:				
Within 1 year	1,561,187	867,888	33,584	27,181
Between 1 and 5 years	6,244,747	3,471,552	32,932	26,088
After more than 5 years	15,611,868	10,414,656	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	23,417,802	14,754,096	66,516	53,269
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions occurred in the year ending 31st August 2018:

Exeter College, which is a member of the Ted Wragg Multi Academy Trust, and of which Trustee Phillip Bostock served as Governor and Trustee Robert Bosworth served as member of the Senior Management Team during the year, charged The Ted Wragg Multi Academy Trust £15,872 for services rendered. The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations. In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2017. The element above £2,500 has been provided 'at no more than cost' and Exeter College has provided a statement of assurance confirming this.

With the exception of the above and those disclosed in note 12, there were no other related party transactions occurring in the period.

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

28. GENERAL INFORMATION

The Ted Wragg Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Cranbrook Education Campus, Tillhouse Road, Cranbrook, Exeter, EX5 7EE.

29. TEACHING SCHOOL TRADING ACCOUNT

	2018 £	2018 £	2017 £	2017 £
INCOME				
DIRECT INCOME				
Income	112,893		-	
OTHER INCOME				
Balance transferred on conversion to Academy Trust	17,027		-	
TOTAL INCOME		129,920		-
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	42,759		-	
Educational supplies	28,774		-	
Educational consultancy	10,392		-	
Staff development	6,209		-	
Non-educational supplies	4,169		-	
TOTAL DIRECT EXPENDITURE	92,303		-	
OTHER EXPENDITURE				
Other staff costs	11,645		-	
Rent & rates	5,000		-	
Office supplies	3,023		-	
Maintenance	2,988		-	
TOTAL OTHER EXPENDITURE	22,656		-	
TOTAL EXPENDITURE		114,959		-
SURPLUS FROM ALL SOURCES		14,961		-
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		-		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		<u>14,961</u>		<u>-</u>

**THE TED WRAGG MULTI ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

30. 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.