

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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

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**THE TED WRAGG MULTI ACADEMY TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	Prof. Debra Myhill Ted Wragg Trust Exeter College University of Exeter
Trustees	Prof. Debra Myhill, Vice Chair ¹ Roger Fetherston (resigned 1 February 2016) Exeter Diocesan Education Network (Tatiana Wilson) Simon Gregory Richard Jacobs ¹ Saxon Spence Susan Baker (resigned 25 February 2016) Robert Bosworth, Chair ¹ Lewis Banfield, Principal Financial Officer ¹ Raymond Beale Lynda Jones Maira Marder, Executive Head Teacher Rebecca Mitchell (appointed 22 July 2016) ¹ Audit Committee
Company registered number	08545109
Company name	The Ted Wragg Multi Academy Trust
Principal and registered office	Graduate School of Education University of Exeter Heavitree Road Exeter EX1 2LU
Company secretary	Foot Anstey LLP
Accounting officer	Mrs M Marder (from 22 July 2016) Prof. D Myhill (until 22 July 2016)
Senior management team	Maira Marder, Executive Headteacher Josie Medforth, Chief Operating Officer Elizabeth Anderson, Chief Finance Officer
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
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

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

The Trust operates two secondary academies and one 0-16 academy in Exeter. The Trust's academies have a combined pupil capacity of 2,241 including Cranbrook growth, and had a roll of 1,772 in the school census on 6 October 2016 including the nursery at Cranbrook.

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 page 1.

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.

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. RPA insurance has been purchased at Cranbrook which provides unlimited cover on any one claim for Trustees.

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 Trust the Ted Wragg Multi Academy
- the Executive Head Teacher who is treated for all purposes as being an ex officio Governor.
- Additional co-opted Directors appointed by the board of Trustees

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. 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

There is a Trustees' Annual Review Day organised each year, which includes training sessions to keep the Trustees updated on relevant developments impacting on their roles and responsibilities. In addition, the Trust has a Trustee Information Pack for new Trustees.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

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 and an Audit and Resources Committee, which both meet on a half termly basis, to enable further scrutiny and challenge. The clerk to the Trustees is responsible for setting the meeting timetable for all governance meetings for the academic year. The clerks to the LGB are given a timeframe that a meeting must be arranged in. This enables the LGB Committees, the Board of Trustee Committees and the Board of Trustee meetings all to interlink, which facilitates 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 across school 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, however meeting minutes go to the Board of Trustees for review.

Academy Leaders Group

This group enables the Executive Head teacher and Head teachers 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 taken to the Performance and Standards Committee.

Executive Team Meetings

The Executive Team meet weekly on a formal basis to support the delivery of the Trust Strategy. The operational and strategic risk register is reviewed, the delivery of the Trust Growth Plan is also discussed alongwith, Central Services, Trust Budgets, Financial Governance and HR. The key actions are then raised in the 1-1 meetings between the Executive Head Teacher and the Chair of the Trust.

Local Governing Body Committee

The Local Governing Body is a Committee of the Board of Trustees and has delegated decision making powers in accordance with the Scheme of Delegation. Sub Committees have been removed from the structure because the delegated decision making powers do not go down to this level, which also negates the need for a Full Governing Body meeting. The structure is for each school to have a Local Governing Body Committee which meets twice every half term, alternatively focusing on Performance and Standards and Finance and Resources. Each Local Governing Body will have a Link Trustee who attends meetings. Meeting minutes go to the relevant Board of Trustee Committee for approval.

The Executive Head Teacher was the Accounting Officer from 22 July 2016.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider 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 Executive Headteacher. The Executive Head Teacher's remuneration is set and agreed by the Trustees.

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

The pay of key management personnel is reviewed annually by the Trustees. The Trustees benchmark against pay levels of other academies of a similar size.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of Ted Wragg Multi Academy Trust.

Company Secretarial Services to the value of £589 were purchased from Foot Anstey LLP, a firm of which one Trustee is a Partner.

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 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 2015-16 were to:

- Successfully open Cranbrook Education Campus.
- To successfully complete the academy conversion of St James school.
- To identify other suitable schools to join the Multi Academy Trust in the future
- Establish a strong governance structure for Trust and Local Governing Bodies and develop a clear model of governance for the Trust as an active Multi Academy Trust.
- Revise the original Scheme of Delegation in light of Trust development.
- Secure central business services by appointing a Chief Operating Officer
- Establish centralised finance and budget services so that as new systems join the Trust the finance systems are appropriate.

The key strategic priorities for 2016-17 are:

- Strengthen capacity in the central trust team
- To successfully complete academy conversion of Exwick Heights
- Plan for the opening of Exeter Creative School, enabling this through establishing a Project Steering Group and Project Manager
- Continue to determine a structure of central services for the Trust and develop a model structure for five years, planning for new central services as the Trust grows with a focus on finance to support a high risk sponsorship in the next year
- Embed central school improvement provision
- Establish centralised data management systems across the Trust

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**TRUSTEES' REPORT (continued)
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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 Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

STRATEGIC REPORT

Achievements and Performance

The Trust is in its fourth year of operation and has made good progress through the 2015/16 academic year. It has supported Isca Academy with the new Head Teacher who started in January 2016. The Trust has opened Cranbrook Education Campus in the new town in the East of Exeter. During the year St James school joined the Multi Academy Trust. The Trust has agreed to Exwick Heights, an outstanding primary school, joining the Multi Academy Trust and is supporting the Local Governing Body in the process of converting to Academy Status.

The Trust has increased its capacity during the year by appointing a Chief Operating Officer and a Director of Performance.

The Trust has agreed a five year strategic plan. The Strategic aims are:

- To be a multi academy trust of 5-8 schools by 2019
- To have established an effective central service infrastructure
- To have developed strong governance at both board and local governing body levels
- To have secured a trajectory of school improvement in all Trust schools
- To have established co-operation and collaboration across Trust schools both in shared back-office services and school improvement
- To have closed the gap between Pupil Premium and non-Pupil Premium students in 2019 by 10% on 2014 results

Key Performance Indicators

The total number of students at the October 2016 census was 1,684 and 88 in the nursery. Student numbers have increased beyond those forecast at St James due to improved popularity. Isca and Cranbrook's roles are increasing steadily although we project rapid increase next year due to increased numbers of secondary aged students in Exeter, significantly improved KS4 outcomes and excellent Ofsted report (October 2016).

School	2015-16	2016-17	2017-18
Isca	675	669	684
St James	780	832	895
Cranbrook (excl. Nursery)	89	176	195

KS4 results were excellent this year with both schools achieving significantly above the national average for the headline Progress 8 figure. See below

	National average	Isca	St James
Progress 8	0	+0.26	+0.27
Attainment 8	49.9	49.6	53.3
English and Maths grade C or above	58.9	55	77
English Baccalaureate	24.5	22	43

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Students with SEND remain significantly above the national average for all schools. Prior attainment on entry is significantly below the national average in Isca and Cranbrook and in line with the national average at St James.

The MAT has managed to retain smaller class sizes in all its academies.

The MAT ensures there is rigorous school improvement programme involved regular quality assurance reviews and an annual challenge partner's review.

We have had 1 full section 5 Ofsted inspection in 2016. Isca improved from a school requiring improvement prior to conversion to good. As a new school Cranbrook is due a full section 5 inspection in the next academic year (2017-18).

Attendance figures

School	2015-16	2016-17 (to date)
Isca	95.4%	96.7%
St James	95.7%	95.6%
Cranbrook	95.8%	95.7%

Risks

- Uncertainty about the Fairer Funding Formula
- Historical falling role at Isca. Although this is now reversing the impact on funding with reduced numbers will continue
- Ability to grow capacity in a small Trust with schools that have very constrained budgets due to PFI
- Overall PFI commitments and future proofing potential significant increases (i.e. inflationary pressures)
- Taking on a high risk sponsorship
- Successful recruitment of high quality teachers in shortage areas
- The over resource needed to grow a small school in financially constrained times

Going Concern

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

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

Due to current needs being met by the provisions of the lease of the premises at Isca and St James and maintained under the terms of the current PFI service level agreement, Capital Funding of £88,771 for fixed assets was received during the period, as shown in the Statement of Financial Activities regarding the Fixed Asset fund. For those fixed assets that belong to the Trust, the fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period ended 31 August 2016, (excluding restricted fixed asset funds and pension reserves), total expenditure of £7,670,435 was covered by recurrent grant funding from the DfE, together with other incoming resources of £7,119,810. The excess of expenditure over income for the year was £550,625.

At 31 August 2016 the net book value of fixed assets was £13,574,386 and movements in tangible fixed assets

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are shown in note 14 of the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academies.

125 year leases of the land, buildings and other assets at both Isca and St James were granted to the Trust upon conversion. Whilst land and buildings were professionally valued on conversion for Isca and St James, this has not been recognised in the accounts due to the PFI agreement. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The land, buildings and other assets at Cranbrook are still to be transferred to the Multi Academy Trust. However as the Academy has the risks and rewards of ownership they have been included within the financial statements. Land and buildings have been valued at £13,300,000. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The balance of the St James' school's budget share £19,833 was transferred across on conversion and is shown as Unrestricted Funds.

Unrestricted income was derived from a variety of sources, including:

- Sales of uniform to parents
- Contributions and voluntary donations towards activities and events
- Payments from parents for nursery, before and after school clubs
- Payments for lettings
- Earnings from consultancy services by IT

Uniform sales to parents are made at cost value. Trips expenditure is in excess of trips income from contributions and voluntary donations.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 24 to the financial statements.

Reserves Policy

Reserves are that part of the Trust's unrestricted income that is freely available to spend on any of the Trust's purposes. The reserve fund specifically excludes restricted income funds, which were paid to the Trust during the period for specific purposes.

The Trustees have applied a systematic approach to developing management instruments taking into consideration the priorities of each Academy and their effective management. The Trustees review the reserve levels of the Academies annually as part of the budget setting process. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of its Academies, any uncertainty over future income streams and other key risks identified during the risk review.

The Trustees determined that the appropriate level of free reserves should not normally exceed 5% of annual funding. This equates to some £350,000 based on income to 31 August 2016. 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.

It is the intention of the Trustees to determine a level of reserves that is allocated on a per pupil basis from each Academy and that the use of such funds is managed to the overall benefit of all pupils.

For the period ending 31 August 2016, total reserves of the Academy Trust amounted to £11,865,958 although £11,583,553 of this is invested in fixed assets or represents non GAG restricted funds. The remaining surplus of £282,405 is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the

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**TRUSTEES' REPORT (continued)
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pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust

Investment Policy

Another matter that is scheduled for attention during the year ending 31 August 2017 is the adoption and implementation of a managed Investment Policy.

It is the Trustees' intention that all funds surplus to immediate requirements are invested to optimal effect. On a daily basis, this is likely to be achieved by automatic transfer of surplus funds to overnight deposit. Where cashflow allows, sums in excess of £100,000 may be invested on deposit for extended periods.

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees plan to authorise the opening of additional short term bank investment accounts to take advantage of higher interest rates. No other form of investment is authorised.

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 Executive Headteacher and Chief Finance Officer within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major 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 Trust has a Risk Register which is reviewed at each Audit, Finance & Resources meeting.

The principal risks and uncertainties facing the Multi Academy Trust are as follows:

Financial - the Academies have considerable reliance on continued Government funding through the EFA. In the last year almost 100% of the Academies' incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academies' finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational – the Trust was invited to sponsor Isca Academy at a time when its educational achievements were in question, however this has improved since conversion. The continuing success of the Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Trustees examine the financial health formally every term. They review performance against budgets and

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overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 24 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The priority of the Multi Academy Trust is to provide the best standard of education and improve the levels of performance at all times.

The Multi academy Trust will continue to work with its partner schools in Exeter and beyond to improve educational opportunities for all students.

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 Isca and St James, the Ted Wragg Multi Academy Trust has been asked to sponsor the new Exeter Creative School (due to open September 2019), West Exe and Exwick Heights, an outstanding primary school.

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, approved by order of the board of trustees, as company directors, on 20 December 2016 and signed on the board's behalf by:

**Robert Bosworth
Chair of Trustees**

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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 Chair of the Trust, 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Prof. Debra Myhill, Vice Chair	5	5
Roger Fetherston	2	2
Exeter Diocesan Education Network (Tatiana Wilson)	4	5
Simon Gregory	2	5
Richard Jacobs	5	5
Saxon Spence	5	5
Susan Baker	0	2
Robert Bosworth, Chair	5	5
Lewis Banfield, Principal Financial Officer	4	5
Raymond Beale	2	5
Lynda Jones	2	5
Moira Marder, Executive Head Teacher	5	5
Rebecca Mitchell	0	0

In the third year of the Ted Wragg Multi Academy Trust's operation, there have been no major changes to the composition of the Trust.

Sue Baker and Roger Fetherston resigned from the Trust in March 2016. Ray Beale was absent for part of the year due to a serious illness.

The Board have faced the challenge of opening a new all through school at the new town in Cranbrook and taking in St James school in May 2016 as an academy converter, along with implementing processes and procedures for operating as a Multi academy Trust with multiple schools, by expanding from 1 to 3 schools in one financial year.

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. We have 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 three year forecast budget and periodic financial reports which are reviewed and agreed by the Local Governing Body;
- tri annual 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 Directors);

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GOVERNANCE STATEMENT (continued)

- 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, 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.

The Audit Committee is also a sub-committee of the main board of trustees. Its Terms of Reference are set out below:

Membership

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

Attendance at Meetings

The Chair of the Trust, Accounting Officer, PFO, CEO, CFO, 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 3 times a year to coincide with key dates in the financial reporting cycle. Additional meetings may be requested by the Chair of the Audit Committee.

Authority

The Committee is authorised by the Board of Directors to:

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

Duties

Financial Reporting

To review and where necessary to challenge the actions and judgments of Trust and School Governance and Management in relation to financial reporting, accounting policies and practices, budgets, unusual transactions, disclosures, adjustments resulting from audits and compliance with Statutory Duties.

Internal Control and Risk Management

To monitor and review the integrity of the Trust's internal financial controls, including procedures to detect and prevent fraud and impropriety and those to identify, assess and manage risk

Internal Audit

To direct the Responsible Officer(s) in conducting internal audits within each of the Trust's Schools three times per year and to receive reports based upon these exercises; to ensure findings are shared with appropriate Trustees, Governors and Staff and to review and monitor Governance and Management's response to findings.

External Audit

1. To recommend the appointment, re-appointment or removal of the external auditor and oversee the Trust's relations with them; to approve the terms of engagement and remuneration to be paid to the external auditor.
2. To discuss with the external auditor, before the audit commences, the nature and scope of the audit
3. To review with the external auditor the findings of their work, including any major issues arising and their resolution, key accounting judgments and levels of errors identified during the audit.
4. To assess the effectiveness of the audit process at the end of its cycle
5. To oversee the Trust's need for impartiality by the external auditor with reference to their non-audit services, to ensure objectivity is not impaired through their delivery

Reporting

The Committee is required by the Board of Directors to report:

- Minutes of its meetings regularly
- Evaluation of its own effectiveness annually

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GOVERNANCE STATEMENT (continued)

- Summary of its role and responsibilities and actions taken to discharge them, for inclusion in the Annual Report

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	
Prof Debra Myhill	3	4
Robert Bosworth	3	4
Richard Jacobs	4	4
Lewis Banfield, Principal Financial Officer	4	4

Governance Review

The Governance Framework was set up when the TWMAT was formed in 2013 with one school. The Trust has since grown, with new schools joining, meaning that the framework was no longer fit for purpose. Therefore, a Governance Review was undertaken in the spring term 2016, which was led by the Chief Operating Officer.

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
- Is in line with the Articles of Association and the Academies Financial Handbook

A new Governance Framework was proposed, which incorporated the following:

- The Board creating two Trust Committees, Audit and Resources and performance and Standards, in order to enable more scrutiny and challenge at Trust level
- The reconstitution of the LGBs, with the removal of the sub committees. A smaller LGB was formed, which all meet twice every half term with an alternate focus on finance and resources and performance and standards
- A structured meeting schedule for all Board, committees and LGB meetings which ensures that LGB meet and then feed up to the Trust and then back down to the LGBs
- A formation of a Chairs of Governors Group, which meet once a term with the Chair of the Trust, to enable effective communication
- Implementation of common systems, procedures and documentation
- A shared area using O365 Sharepoint
- A complete revamp of the Scheme of Delegation to ensure it is compliant and user friendly for the reader.

A consultation on the proposal was taken to the Board of Trustees, LGBs and Head teachers. The results were tabled and the Board of Trustees approved the proposal. New documentation, including terms of reference, cycles of business and minute templates were produced as well as the new Scheme of Delegation. The draft set were approved by the Board of Trustees at the start of September 2016 and have been piloted during the Autumn term. Feedback has been gathered during the term and a final update of documentation will be undertaken in time for the Board meeting in January, where the final set will be approved, ready for implementation in the spring term 2017.

A self-evaluation will be undertaken at the end of the spring term, ready for changes and updates to be ready for the new academic year 2017.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chair of the Trust 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:

Deploying staff effectively:

In support of the Trust's Strategic goal of 'establishing an effective central service infrastructure', a review of the IT support currently being provided at all the schools was undertaken. The outcome was to propose and subsequently implement a centralised IT Support Infrastructure for the Trust going forward, which was also future proofed to meet the needs of the growth plan of being a Multi-Academy Trust of 5-8 schools by 2019.

Reviewing Controls and Managing Risk

The Trust improved their risk management Framework by improving the risk register and implementing a risk management policy, ensuring they comply with the Charities and Risk Management Guidance. The new register is split by strategic risks which are reviewed by the Trust Audit and Resources Committee and operational risks, which are reviewed and monitored by the Executive Leadership Team. From this, the same risk register template has also been completed by each trust school, which then interconnects to the Trust register. These registers are then reviewed at each LGB meeting and updated by the school's SLT. This has ensured risks are identified, managed and mitigated at all levels of the Trust.

Outlining procedures for accepting best value quotes

A new Trust Competitive Tendering policy has been drafted and implemented 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 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. We have 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 three year forecast budget and periodic financial reports which are reviewed and agreed by the Local Governing Body;
- tri annual 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 Directors);
- 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, 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.

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

GOVERNANCE STATEMENT (continued)

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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

THE RISK AND CONTROL FRAMEWORK

The 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:

- regular communication between members of the Finance Team, which includes:
- Appropriate Leadership, Finance and Administrative staff of the Academy and Trust
- Members of the Local Governing Body with Financial Portfolios
- Members of the Board of Trustees with Financial Portfolios
- 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 forecasts of income and expenditure programmes;
- setting targets to measure performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees considered the need for a specific internal audit function and decided not to appoint an internal auditor. The Trustees appointed Ian Rogers, a member of the Local Governing Body, as Responsible Officer (RO) for Isca.

A RO is yet to be appointed for Cranbrook Education Campus or St James. The appointment will be made once operating systems and procedures have been embedded. The Trust's Chief Finance Officer has and will continue to monitor controls and processes until a RO is appointed. Going forward, the RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The RO reports to the Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. 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 recognised that the role of RO is not fit for purpose now that the Trust has expanded to include more schools, therefore it is currently undertaking a quotation process to award a contract for an internal audit service, to start from January 2017.

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chair of the Trust 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 20 December 2016 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 Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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.

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

Moira Marder
Accounting Officer

Date: 20 December 2016

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of The Ted Wragg Multi Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education 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 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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: 20 December 2016

**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

We have audited the financial statements of The Ted Wragg Multi Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the 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.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

22 December 2016

**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 FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 May 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Ted Wragg Multi Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Ted Wragg Multi Academy Trust and EFA 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 EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Ted Wragg Multi Academy Trust and EFA, 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 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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

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 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 2015 to 31 August 2016 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

22 December 2016

**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 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	12,438	148,762	13,388,771	13,549,971	1,038,332
Charitable activities	5	127,982	6,812,198	-	6,940,180	4,223,002
Other trading activities	3	17,241	-	-	17,241	-
Investments	4	1,189	-	-	1,189	1,152
TOTAL INCOME		158,850	6,960,960	13,388,771	20,508,581	5,262,486
EXPENDITURE ON:						
Charitable activities		372,528	7,508,740	498,595	8,379,863	4,716,966
Transfer from Local Authority on Conversion	23	(19,833)	627,000	-	607,167	-
TOTAL EXPENDITURE	6	352,695	8,135,740	498,595	8,987,030	4,716,966
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	(193,845) 37,454	(1,174,780) 294,674	12,890,176 (332,128)	11,521,551 -	545,520 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
Actuarial losses on defined benefit pension schemes	24	-	(1,791,000)	-	(1,791,000)	(33,000)
NET MOVEMENT IN FUNDS		(156,391)	(2,671,106)	12,558,048	9,730,551	512,520
RECONCILIATION OF FUNDS:						
Total funds brought forward		438,796	(1,617,894)	1,017,505	(161,593)	(674,113)
TOTAL FUNDS CARRIED FORWARD		282,405	(4,289,000)	13,575,553	9,568,958	(161,593)

The notes on pages 25 to 47 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 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		13,574,386		459,711
CURRENT ASSETS					
Stocks		10,028		29,578	
Debtors	15	464,388		713,293	
Cash at bank and in hand		794,694		850,589	
			<u>1,269,110</u>	<u>1,593,460</u>	
CREDITORS: amounts falling due within one year	16	(985,538)		(527,264)	
NET CURRENT ASSETS			<u>283,572</u>		<u>1,066,196</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,857,958</u>		<u>1,525,907</u>
CREDITORS: amounts falling due after more than one year	17		<u>-</u>		<u>(7,500)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>13,857,958</u>		<u>1,518,407</u>
Defined benefit pension scheme liability	24		<u>(4,289,000)</u>		<u>(1,680,000)</u>
NET ASSETS/(LIABILITIES) INCLUDING PENSION SCHEME LIABILITIES			<u><u>9,568,958</u></u>		<u><u>(161,593)</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted income funds:					
General funds	19	-		62,106	
Fixed asset funds	19	13,575,553		1,017,505	
			<u>13,575,553</u>	<u>1,079,611</u>	
Restricted income funds excluding pension liability					
Pension reserve		(4,289,000)		(1,680,000)	
			<u>9,286,553</u>		<u>(600,389)</u>
Total restricted income funds					
Unrestricted income funds	19		<u>282,405</u>		<u>438,796</u>
TOTAL FUNDS/(DEFICIT)			<u><u>9,568,958</u></u>		<u><u>(161,593)</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 20 December 2016 and are signed on their behalf, by:

Robert Bosworth
Chair of Trustees

The notes on pages 25 to 47 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 2016**

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	<u>147,582</u>	<u>(534,917)</u>
Cash flows from investing activities:			
Interest		1,189	1,152
Purchase of tangible fixed assets		(313,270)	(214,699)
Capital grants from DfE/EFA		88,771	937,178
Net cash (used in)/provided by investing activities		<u>(223,310)</u>	<u>723,631</u>
Cash transferred on conversion to an academy trust			
Cash transferred		<u>19,833</u>	-
Net cash provided by financing activities		<u>19,833</u>	-
Change in cash and cash equivalents in the year		<u>(55,895)</u>	188,714
Cash and cash equivalents brought forward		<u>850,589</u>	<u>661,875</u>
Cash and cash equivalents carried forward	22	<u><u>794,694</u></u>	<u><u>850,589</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

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

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 2015 to 2016 issued by EFA, 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.

First time adoption of FRS 102

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

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. [The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS']

Reconciliations to previous UK GAAP for the comparative figures are included in note 29.

1.2 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 and include grants from the Department for Education.

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

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity.

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 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..

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised.

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

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

On the opening of Cranbrook Educational campus the Trust was granted a 125 year lease from the Local Authority for the land and buildings. The long term leasehold property was recognised as a donation from the Local Authority and was valued based on the costs incurred by the developer of the site before the developer transferred it to the local authority.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Computer equipment	-	33% straight line

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

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.

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

1.13 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.14 PENSIONS

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

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 24, 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

The Academy Trust 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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Donations	12,438	148,762	-	161,200	101,154
Capital grants	-	-	88,771	88,771	937,178
Donated asset	-	-	13,300,000	13,300,000	-
	<u>12,438</u>	<u>148,762</u>	<u>13,388,771</u>	<u>13,549,971</u>	<u>1,038,332</u>
Total donations and capital grants	<u>12,438</u>	<u>148,762</u>	<u>13,388,771</u>	<u>13,549,971</u>	<u>1,038,332</u>

In 2015, of the total income from donations and capital grants, £101,154 was to restricted funds and £937,178 was to restricted fixed asset funds.

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	17,241	-	17,241	-
	<u>17,241</u>	<u>-</u>	<u>17,241</u>	<u>-</u>

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	1,189	-	1,189	1,152
	<u>1,189</u>	<u>-</u>	<u>1,189</u>	<u>1,152</u>

In 2015, of the total investment income, £1,152 was to unrestricted funds.

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Education	83,746	6,713,479	6,797,225	4,213,002
Nursery	44,236	98,719	142,955	10,000
	<u>127,982</u>	<u>6,812,198</u>	<u>6,940,180</u>	<u>4,223,002</u>

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	5,470,509	5,470,509	3,461,914
Start up Grants	-	103,000	103,000	103,000
Other DfE/EFA grants	-	440,045	440,045	353,789
	<u>-</u>	<u>6,013,554</u>	<u>6,013,554</u>	<u>3,918,703</u>
Other government grants				
High Needs	-	163,063	163,063	140,492
Other government grants non capital	-	525,195	525,195	28,205
	<u>-</u>	<u>688,258</u>	<u>688,258</u>	<u>168,697</u>
Other funding				
Internal catering income	3,472	-	3,472	-
Income for hosting trainee teachers	-	-	-	22,376
Sales to students	26,194	-	26,194	32,907
Other	54,080	11,667	65,747	70,319
	<u>83,746</u>	<u>11,667</u>	<u>95,413</u>	<u>125,602</u>
	<u>83,746</u>	<u>6,713,479</u>	<u>6,797,225</u>	<u>4,213,002</u>

In 2015, of the total income from charitable activities, £88,595 was to unrestricted funds and £4,124,407 was to restricted funds.

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	4,263,828	-	1,211,867	5,475,695	3,410,896
Support costs	1,135,814	935,258	833,096	2,904,168	1,306,070
	5,399,642	935,258	2,044,963	8,379,863	4,716,966

In 2016, of the total expenditure, £372,528 (2015: £34,288) was to unrestricted funds, £7,492,740 (2015: £4,591,703) was to restricted funds and £498,595 (2015: £76,975) was to restricted fixed asset funds.

7. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	72,000	62,000
Educational supplies	407,323	157,997
Staff development	54,981	78,533
School trips	158,600	92,242
Supply, seconded and specialist teachers	412,196	59,195
Uniform costs	50,542	32,836
Other costs	-	22,095
Wages and salaries	3,077,975	2,374,850
National insurance	265,635	169,393
Pension cost	508,022	295,768
Depreciation	468,421	65,987
	5,475,695	3,410,896

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

8. SUPPORT COSTS

	Total 2015 £	Total 2015 £
Examination fees	74,689	-
Other costs	25,409	7,938
Recruitment and support	59,153	12,698
Maintenance of premises and equipment	168,125	3,983
Cleaning	13,797	-
Rates and leasing costs	107,610	52,978
Energy costs	140,872	83,873
Insurance	60,504	68,885
Security and transport	14,934	27,972
Catering	93,559	51,892
Technology costs	193,609	38,698
Office overheads	88,966	103,882
Legal and professional	41,575	14,150
Bank interest and charges	344	94
PFI agreement costs	615,339	388,300
Governance	39,695	27,574
Wages and salaries	875,460	299,044
National insurance	61,816	19,275
Pension cost	198,538	96,102
Depreciation	30,174	8,732
	2,904,168	1,306,070

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets: - owned by the charity	498,595	74,719
Auditors' remuneration - audit	6,250	7,025
Auditors' remuneration - other services	4,818	3,065
Operating lease rentals	19,095	19,095
PFI agreement costs	615,339	422,000

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

10. STAFF COSTS

Staff costs were as follows:

	2016	2015
	£	£
Wages and salaries	3,931,615	2,673,894
Social security costs	327,451	188,668
Operating costs of defined benefit pension schemes	706,560	391,870
	4,965,626	3,254,432
Supply, seconded and specialist teacher costs	412,196	-
Staff restructuring costs	21,820	-
Other costs	-	58,269
	5,399,642	3,312,701

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

	2016	2015
	No.	No.
Teachers	146	46
Administration and support	67	38
Management	9	6
	222	90

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

	2016	2015
	No.	No.
In the band £60,001 - £70,000	3	0
In the band £70,001 - £80,000	1	0
In the band £80,001 - £90,000	1	1

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £21,820 (2015: £Nil). Individually, the payments were £12,000 and £9,820.

Key management personnel

The key management personnel of the Academy Trust comprise the Senior Management Team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £101,581 (2015: £32,103).

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

11. CENTRAL SERVICES

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

- Financial services

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

Based on a 3% contribution of SBS.

The actual amounts charged during the year were as follows:

	2016 £
ISCA Academy	172,634
St James Academy	39,018
Cranbrook Educational Campus	22,709
	<hr/>
Total	234,361 <hr/> <hr/>

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year, no Trustees received any reimbursement of expenses (2015: £286).

The Headteacher 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 £25,000 - £30,000 (2015: £Nil - £5,000), Employer's pension contributions £Nil - £5,000 (2015: £Nil).

Other related party transactions involving the trustees are set out in note 26

13. TRUSTEES' AND OFFICERS' INSURANCE

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

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. TANGIBLE FIXED ASSETS

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	-	20,250	155,533	420,470	596,253
Additions	13,300,000	13,262	136,353	163,655	13,613,270
At 31 August 2016	<u>13,300,000</u>	<u>33,512</u>	<u>291,886</u>	<u>584,125</u>	<u>14,209,523</u>
DEPRECIATION					
At 1 September 2015	-	5,063	263	131,216	136,542
Charge for the year	266,000	8,377	52,722	171,496	498,595
At 31 August 2016	<u>266,000</u>	<u>13,440</u>	<u>52,985</u>	<u>302,712</u>	<u>635,137</u>
NET BOOK VALUE					
At 31 August 2016	<u>13,034,000</u>	<u>20,072</u>	<u>238,901</u>	<u>281,413</u>	<u>13,574,386</u>
At 31 August 2015	<u>-</u>	<u>15,187</u>	<u>155,270</u>	<u>289,254</u>	<u>459,711</u>

The land, buildings and other assets at Cranbrook are yet to be transferred to the Multi Academy Trust. However, as the Academy has the risks and rewards of ownership they have been included within the financial statements.

15. DEBTORS

	2016 £	2015 £
Trade debtors	68,148	4,800
VAT Recoverable	167,457	192,434
Other debtors	9,268	-
Prepayments and accrued income	219,515	516,059
	<u>464,388</u>	<u>713,293</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	514,798	113,853
Other taxation and social security	141,110	52,164
EFA creditor: abatement of GAG	-	12,010
Other creditors	158,281	53,684
Accruals	171,349	295,553
	<u>985,538</u>	<u>527,264</u>

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016	2015
	£	£
Other creditors	-	7,500
	<u>-</u>	<u>7,500</u>
	<u>-</u>	<u>7,500</u>

18. FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Financial assets measured at amortised cost	987,551	1,331,169
	<u>987,551</u>	<u>1,331,169</u>
Financial liabilities measured at amortised cost	844,428	482,600
	<u>844,428</u>	<u>482,600</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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
Unrestricted funds	438,796	158,850	(352,695)	37,454	-	282,405
RESTRICTED FUNDS						
	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General Annual Grant (GAG)	62,106	5,470,509	(5,827,289)	294,674	-	-
Start up grant	-	103,000	(103,000)	-	-	-
Pupil Premium	-	424,538	(424,538)	-	-	-
High Needs	-	163,063	(163,063)	-	-	-
Other LA	-	98,719	(98,719)	-	-	-
School trips	-	147,012	(147,012)	-	-	-
Maintained growth funding	-	525,195	(525,195)	-	-	-
UIFSM	-	14,113	(14,113)	-	-	-
Other EFA	-	3,144	(3,144)	-	-	-
Other	-	11,667	(11,667)	-	-	-
Pension reserve	(1,680,000)	-	(818,000)	-	(1,791,000)	(4,289,000)
	<u>(1,617,894)</u>	<u>6,960,960</u>	<u>(8,135,740)</u>	<u>294,674</u>	<u>(1,791,000)</u>	<u>(4,289,000)</u>

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
LA fixed asset funding for equipping	921,500	-	(143,023)	(377,509)	-	400,968
Fixed assets transferred on conversion	42,160	-	(42,160)	-	-	-
Donations for the purchase of fixed assets	4,500	-	(1,402)	-	-	3,098
Devolved formula capital	32,149	15,475	(14,837)	-	-	32,787
Devolved formula capital carried forward on conversion	17,196	-	(5,357)	-	-	11,839
Assets funded by GAG	-	-	(18,648)	82,835	-	64,187
LA fixed asset funding for nursery	-	73,296	(7,168)	(37,454)	-	28,674
Donated property	-	13,300,000	(266,000)	-	-	13,034,000
	<u>1,017,505</u>	<u>13,388,771</u>	<u>(498,595)</u>	<u>(332,128)</u>	<u>-</u>	<u>13,575,553</u>
Total restricted funds	<u>(600,389)</u>	<u>20,349,731</u>	<u>(8,634,335)</u>	<u>(37,454)</u>	<u>(1,791,000)</u>	<u>9,286,553</u>
Total of funds	<u><u>(161,593)</u></u>	<u><u>20,508,581</u></u>	<u><u>(8,987,030)</u></u>	<u><u>-</u></u>	<u><u>(1,791,000)</u></u>	<u><u>9,568,958</u></u>

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

RESTRICTED FUNDS

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs. There has been a transfer out of GAG of £82,835 for the purchase of fixed assets and a £377,509 transfer into GAG from the LA equipping grant for eligible non-capital expenditure.

Start up Grants - This represents one off funding received from the EFA to contribute to the cost of setting up a new academy.

Pupil Premium - Pupil premium represents funding received from the EFA 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.

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

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.

Maintained 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 EFA 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.

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

RESTRICTED FIXED ASSET FUNDS

Local Authority fixed asset funding for equipping - 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 EFA 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. £37,454 was transferred to the unrestricted Nursery fund for purchases of eligible items that were not capitalised.

Donated asset - This represents the donated building at Cranbrook.

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 2016.

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
ISCA	235,681	490,188
Cranbrook Educational Campus	40,125	10,000
St James Academy	6,599	-
Central	-	714
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	282,405	500,902
Restricted fixed asset fund	13,575,553	1,017,505
Pension reserve	(4,289,000)	(1,680,000)
	<hr/>	<hr/>
Total	<u>9,568,958</u>	<u>(161,593)</u>

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 2016 £	Total 2015 £
Isca	2,550,921	573,760	196,781	1,089,914	4,411,376	-
Cranbrook	390,887	571,343	157,219	394,564	1,514,013	-
St James	816,970	222,850	37,223	427,761	1,504,804	-
Central	-	121,544	6,425	132,106	260,075	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>3,758,778</u>	<u>1,489,497</u>	<u>397,648</u>	<u>2,044,345</u>	<u>7,690,268</u>	<u>-</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	13,574,386	13,574,386	459,711
Current assets	1,267,943	-	1,167	1,269,110	1,593,460
Creditors due within one year	(985,538)	-	-	(985,538)	(527,264)
Creditors due in more than one year	-	-	-	-	(7,500)
Pension scheme liability	-	(4,289,000)	-	(4,289,000)	(1,680,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>282,405</u>	<u>(4,289,000)</u>	<u>13,575,553</u>	<u>9,568,958</u>	<u>(161,593)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

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

	2016 £	2015 £
Net income for the year (as per Statement of financial activities)	11,521,551	545,520
Adjustment for:		
Depreciation charges	498,595	76,975
Interest	(1,189)	(1,152)
Decrease in stocks	19,550	10,514
Decrease/(increase) in debtors	248,905	(472,674)
Increase in creditors	450,774	126,078
Capital grants from DfE and other capital income	(88,771)	(937,178)
Defined benefit pension scheme obligation inherited	627,000	-
Defined benefit pension scheme cost less contributions payable	119,000	55,000
Defined benefit pension scheme finance cost	72,000	62,000
Net gain on assets and liabilities from local authority on conversion	(19,833)	-
Donation of buildings	(13,300,000)	-
Net cash provided by/(used in) operating activities	147,582	(534,917)

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	794,694	850,589
Total	794,694	850,589

23. CONVERSION TO AN ACADEMY TRUST

On 1/5/16 St James 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 using the acquisition method. 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 net resources expended in the Statement of financial activities incorporating income and expenditure account as other resources expended.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Budget surplus/(deficit) on LA funds	19,833	-	-	19,833
LGPS pension surplus/(deficit)	-	(627,000)	-	(627,000)
Net assets/(liabilities)	19,833	(627,000)	-	(607,167)

**THE TED WRAGG MULTI ACADEMY TRUST
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The above net liabilities include £19,833 that was transferred as cash.

24. 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 2013.

Contributions amounting to £123,264 were payable to the schemes at 31 August 2016 (2015: £46,934) 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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £391,974 (2015: £238,541).

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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 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 2016 was £264,000 (2015: £106,000), of which employer's contributions totalled £199,000 (2015: £101,000) and employees' contributions totalled £65,000 (2015: £33,000). The agreed contribution rates for future years are 19.7% for employers and 5.5 - 7.5% 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:

	2016	2015
Discount rate for scheme liabilities	2.20 %	4.00 %
Rate of increase in salaries	4.10 %	4.50 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.30 %

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

	2016	2015
Retiring today		
Males	22.9	22.8
Females	26.2	26.1
Retiring in 20 years		
Males	25.2	25.1
Females	28.6	28.4

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**NOTES TO THE FINANCIAL STATEMENTS
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24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,052,000	466,000
Gilts and bonds	107,000	81,000
Property	177,000	87,000
Cash	30,000	19,000
Target return portfolio	254,000	122,000
Infrastructure and alternative assets	175,000	39,000
	<hr/>	<hr/>
Total market value of assets	1,795,000	814,000
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The actual return on scheme assets was £180,000 (2015: £(3,000)).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(318,000)	(156,000)
Net interest cost	(72,000)	(62,000)
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Total	(390,000)	(218,000)
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Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	2,494,000	2,202,000
Upon conversion	1,170,000	-
Current service cost	318,000	156,000
Interest cost	116,000	92,000
Contributions by employees	65,000	33,000
Actuarial losses	1,926,000	-
Benefits paid	(5,000)	11,000
	<hr/>	<hr/>
Closing defined benefit obligation	6,084,000	2,494,000
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**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

24. PENSION COMMITMENTS (continued)

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

	2016	2015
	£	£
Opening fair value of scheme assets	814,000	672,000
Upon conversion	543,000	-
Interest income	45,000	30,000
Actuarial gains and (losses)	135,000	(33,000)
Contributions by employer	199,000	101,000
Contributions by employees	65,000	33,000
Benefits paid	(5,000)	11,000
Administration expenses	(1,000)	-
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Closing fair value of scheme assets	1,795,000	814,000
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25. OPERATING LEASE COMMITMENTS

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

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
AMOUNTS PAYABLE:				
Within 1 year	867,888	422,000	2,220	21,826
Between 1 and 5 years	3,471,552	1,688,000	854	3,074
After more than 5 years	11,282,544	5,908,000	-	-
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Total	15,621,984	8,018,000	3,074	24,900
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26. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations 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 a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

The following related party transactions occurred in the year ending 31st August 2016:

Foot Anstey LLP, an LLP in which Simon Gregory (Trustee) is a designated member charged The Ted Wragg Multi Academy Trust £589 (2015: £650) for services completed in the year.

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
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**NOTES TO THE FINANCIAL STATEMENTS
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27. GENERAL INFORMATION

The Ted Wragg Multi Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Associate Dean for Research: SSIS, Graduate School of Education University of Exeter, Heavitree Road, Exeter, EX1 2LU.

28. 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.

29. FIRST TIME ADOPTION OF FRS 102

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

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP		(674,113)	(161,593)
Total funds reported under FRS 102		<u>(674,113)</u>	<u>(161,593)</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015 £
Net income previously reported under UK GAAP		559,520
Change in recognition of LGPS interest cost		(14,000)
Net movement in funds reported under FRS 102		<u>545,520</u>

Explanation of changes to previously reported funds and net income/expenditure:

Change in recognition of LGPS interest cost:

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in expenditure. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in expenditure. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to expenditure by £14,000 and increase the credit in other recognised gains and losses in the SoFA by an equivalent amount.