

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

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

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

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017**

Members	Prof. Debra Myhill Ted Wragg Trust Exeter College University of Exeter
Trustees	Prof. Debra Myhill, Vice Chair Exeter Diocesan Education Network (Tatiana Wilson) (resigned 20 March 2017) Simon Gregory (resigned 31 July 2017) Richard Jacobs ¹ Saxon Spence Robert Bosworth, Chair ¹ Lewis Banfield, Principal Financial Officer (resigned 27 January 2017) ¹ Raymond Beale ¹ Lynda Jones (resigned 12 December 2016) Moira Marder, Chief Executive Officer Rebecca Mitchell ¹ Philip Bostock (appointed 20 July 2017) ¹ Elaine Hobson (appointed 20 July 2017) Alex Walmsley, Principal Financial Officer (appointed 7 February 2017) ¹ ¹ Audit, Finance and Resources Committee
Company registered number	08545109
Company name	The Ted Wragg Multi Academy Trust
Principal and registered office	Cranbrook Education Campus Tillhouse Road Cranbrook Exeter EX5 7EE
Company secretary	Foot Anstey LLP
Accounting Officer	Mrs M Marder
Senior management team	Moira Marder, Chief Executive Officer Josie Medforth, Chief Operating Officer Sue Pym, Director of Finance Jon Lunn, Director of Performance
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 2nd Floor Stratus House Emperor Way Exeter Business Park Exeter EX1 3QS

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

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2017. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates two secondary academies, one 2-16 academy and one primary academy in Exeter. The Trust's academies have a combined pupil capacity of 3,953 including Cranbrook Education Campus growth, and had a roll of 2,300 in the school census on 6 October 2016 including the nursery at Cranbrook Education Campus.

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 Education Campus 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 the Ted Wragg Multi Academy Trust
- the Chief Executive Officer who is treated for all purposes as being an ex officio Trustee.
- Additional co opted Trustees appointed by the board of Trustees

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

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

Policies and Procedures Adopted for the Induction and Training of Trustees

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 and Induction programme for new Trustees.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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, Finance 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 cross school issues and enable the group to report up to the Board and to report down to the Local Governing Body. It is also used as a platform for the Executive Team to consult on proposals and for Chairs to make recommendations and raise issues or concerns. The group does not have any decision making power under the Scheme of Delegation, however meeting minutes go to the Board of Trustees for review.

Academy Leaders Group

This group enables the Chief Executive Officer and Headteachers of the schools within the Trust to meet, discuss and recommend the strategic direction for the Trust in terms of School Improvement. The group does not have any decision making power under the Scheme of Delegation. Recommendations from the group are 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 along with, Central Services, Trust Budgets, Financial Governance, PFI and HR. The key actions are then raised in the one-to-one meetings between the Chief Executive Officer and the Chair of the Trust.

Local Governing Body Committee

The Local Governing 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 has a Link Trustee who attends meetings. Meeting minutes go to the relevant Board of Trustee Committee for approval.

The Chief Executive Officer is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider that the Board of Trustees and the senior executive team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year except for the Chief Executive Officer. The Chief Executive Officer's remuneration is set and agreed by the Trustees.

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

**THE TED WRAGG MULTI ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

The pay of key management personnel is reviewed annually by the Trustees. The Trustees benchmark against pay levels of other Trusts of a similar size and in accordance with the Trust Executive Team Pay Policy.

Connected Organisations, including Related Party Relationships

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

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 2016-17 were:

1. To successfully complete the academy conversion of Exwick Heights.
2. To identify other suitable schools to join the Multi Academy Trust in the future.
3. To establish a strong governance structure for Trust and Local Governing Bodies.
4. To revise the original Scheme of Delegation in light of Trust development.
5. To secure leadership of MAT finances by appointing a Finance Director.
6. To establish centralised finance and budget services so that as new schools join the Trust the finance systems are appropriate.

The key strategic priorities for 2017-18 are:

1. To continue to strengthen capacity in the central trust team with a focus on finance and school improvement
2. To successfully complete the full sponsorship and academy conversion of West Exe
3. To further revise the scheme of delegation to prioritise school improvement
4. To work towards the academisation of a further 2 schools
5. To develop further strategies to secure school finance for the next 5 years

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.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

STRATEGIC REPORT

Achievements and Performance

The Trust is in its fifth year of operation and has continued to make strong progress throughout the 2016/17 academic year. It has supported the rapid growth of the Cranbrook Education Campus and overseen the improvements in standards at Isca Academy, achieving a good Ofsted grade (October 2016). During the year Exwick Heights joined the Multi Academy Trust and the Trust received an academy order for the full sponsorship of West Exe, the largest secondary school in Exeter. The Trust is currently running the school through a partnership management agreement with the local authority (planned date for conversion January 2018). The Trust also won the sponsorship of an all through school due to open in 2021 and is in early discussions regarding further primary and secondary expansion across the city.

The Trust has increased its capacity during the year by appointing a Director of Finance and a HR Manager.

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 developed and embedded a Trust finance policy.

Key Performance Indicators

The total number of students at the October 2017 census was 2,582 and 127 in the nurseries (Exwick and Cranbrook).

Student numbers have increased beyond those forecast at St James and Isca Academy due to improved popularity. Cranbrook Education Campus numbers are increasing steadily and the Trust is in negotiations to increase primary numbers in relation to local need.

KS4 results were excellent again this year with both Isca Academy and St James performing above or significantly above the national average for key headline figures. West Exe has made significant improvement since 2016. See below

	Isca Academy	St James	West Exe
Progress 8	+0.38	+0.18	-0.04
Basics 4+ in English and Maths	65%	68%	60%
Ebacc	13%	35%	18%

Students with SEND remain above the national average for all schools. Prior attainment on entry is significantly below the national average in Isca Academy and Cranbrook Education Campus and in line with the national average at St James. Isca Academy and Cranbrook Education Campus have the highest percentage of disadvantaged students in Devon and above the national average.

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

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

We have had 1 full section 5 Ofsted inspection in October 2016. Isca Academy improved from a school requiring improvement prior to conversion to good. As a new school Cranbrook Education Campus is due a full section 5 inspection this academic year.

Attendance in all Trust schools is in line with the national average for 2016/2017.

Financial Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date (£97,037 at 31 August 2017). This level of reserves is less than our benchmark, but reflective of success and the application of Trust funds to support in-year growth (through managed pupil moves, social mobility etc.). Nb. that government funding is lagged (historically based) and therefore does not respond to in-year increases in pupil numbers, putting strain on school finances. Isca Academy alone, saw in-year pupil growth of 49 in 2016/17 including 8 managed moves.

It does remain a considerable challenge to work within the limited grant available as government funding fails to keep pace under the 'lagged funding model'. The ESFA are aware of the issues, and supportive of our growth, having now agreed to fund both Isca Academy and St James on pupil number estimates in 2017/18.

During 2016/17, the Trust has carried out detailed benchmarking across all schools to ensure its management structures and cost profile represent best practice. The Trust plans to do further work in this area utilising Dfe tools, and to benchmark with similar establishments.

- High premises costs (12% of total income). This is mainly due to the costs of PFI contracts within two secondaries. The Trust is working closely with the PFI contractor and Devon County Council manage this cost and the value obtained.
- Staff costs at 75% of total income. Figures vary across the Trust highlighting areas where the Trust needs to consider appointing to career grade positions where staff movements allow. Some structures are justifiably 'heavier' as the Trust positions itself for growth through its central team, and due to the early stage of e.g. Cranbrook's development with just a couple of years' student intake.
- Pupil contact ratios are in line with sector norms, but are increasing as the Trust grows in response to demand without immediate funding under the government's lagged funding model. At the start of 2017, there were 130 unfunded pupils within Trust Schools. An approach has been made to the ESFA to give extra funding support in the light of the exceptional growth and agreement secured (early November 2017) to the funding of Isca Academy and St James on pupil estimates.
- With high premises costs, other areas of spend are necessarily squeezed bringing financial challenge as reserves are becoming depleted.

Over the medium-term however, the position improves very significantly, as funds being to flow. National Fairer Funding also brings added recognition to deprivation factors, bringing in excess of 3% extra funding to our secondaries, all being equal.

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.

**THE TED WRAGG MULTI ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the ESFA 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 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the period ended 31 August 2017, (excluding restricted fixed asset funds and pension reserves), total expenditure of £12,084,353 was covered by recurrent grant funding from the DfE, together with other incoming resources of £11,826,016. The excess of expenditure over income for the year was £258,337.

At 31 August 2017 the net book value of fixed assets was £21,728,063 and movements in tangible fixed assets 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 Academy and St James were granted to the Trust upon conversion. Whilst land and buildings were professionally valued on conversion for Isca Academy 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 original cost and remaining useful lives.

The land, buildings and other assets at Cranbrook Education Campus 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.

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 and before and after school clubs.
- Payments for lettings.
- Earnings from consultancy services by IT and the Senior Leadership Team.

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 TED WRAGG MULTI ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

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 £600,000 based on income to 31 August 2017. 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 2017, total reserves of the Academy Trust amounted to £18,071,907 although £17,974,870 of this is invested in fixed assets or represents non GAG restricted funds. The remaining surplus of £97,037 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 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

The Trust intends to adopt and implemented a managed investment policy during the year ending 31 August 2017.

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

Principal Risks And Uncertainties

The Board of Trustees has 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 Committee meeting.

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

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.

**THE TED WRAGG MULTI ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017**

Financial - the Academies have considerable reliance on continued Government funding through the ESFA. 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.

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

Governance Structure - There is a risk that the governance structure for the Trust becomes not fit for purpose and ineffective as the Trust grows or due to the loss of key staff, such as the Chair, Vice Chair, Trustees or Senior Management. However the Trust undertakes an annual governance review and Exeter University and Exeter College are members, therefore playing an active role in succession planning.

Delivery of the Growth Plan - There is a risk that the Trust will not have the financial or other resource capacity to deliver the growth plan. However the Trust was successful in their application to the DfE Regional Capacity Growth Fund which has enabled them to appoint a full-time Director of Finance and HR Manager.

PFI in 2 secondary schools - funding pressures result in high premises costs not being affordable / detrimental to educational outcomes.

Trust School Improvement - risk that the Trust is not implementing or demonstrating effective school improvement across all schools. However, Isca Academy received a 'good' in the recent OfSTED, moving from 'requires improvement'. Isca Academy was a sponsored academy conversion in 2013.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Audit, Finance and Resources 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 Trust 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 23 to the financial statements, represents a significant potential liability. However, as the Trustees consider that the Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

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 demonstrating school improvement at St James and Isca Academy, the DfE agreed to the academy conversion of Exwick Heights, a large outstanding primary school in Exeter which joined the Trust on the 1st April 2017. It also has a management agreement in place with the local authority for West Exe School, due to convert on the 1st January 2018 and was successful in being awarded a free school, Exeter Creative, due to open in September 2021.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Staff Consultation and Disability for Employees

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

Disability

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

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

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

AUDITORS

In so far as the Trustees are aware:

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

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

Trustees' Report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 13 December 2017 and signed on the board's behalf by:

**Robert Bosworth
Chair of Trustees**

**THE TED WRAGG MULTI ACADEMY TRUST
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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 Chief Executive Officer, as Executive Finance Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Ted Wragg Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

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

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year. 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	1	3
Alex Walmsley, Principal Finance Officer (from 7 February 2017)	2	2
Exeter Diocesan Education Network (Tatiana Wilson)	1	1
Simon Gregory	1	2
Richard Jacobs	2	3
Saxon Spence	3	3
Robert Bosworth, Chair	3	3
Lewis Banfield, Principal Financial Officer (until 27 January 2017)	1	1
Raymond Beale	3	3
Moira Marder, Chief Executive Officer	3	3
Rebecca Mitchell	3	3

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

- Moira Marder, the Accounting Officer has widened her role from Executive Headteacher to Chief Executive Officer.
- The Principal Finance Officer, Lewis Banfield resigned from the Trust in February 2017 and Alex Walmsley has taken over in this role.
- The Exeter Diocesan Network resigned in March 2017.
- Simon Gregory resigned in July 2017.

The Board has faced the challenge of growing by a large 3 form-entry primary in April 2017, along with operating a management agreement with Devon County Council for West Exe School, which is due to convert and join the Trust in January 2018. This is combined with:

- continuing to strengthen and expand the central services function of the Trust
- managing the growing numbers in the secondary schools, which are part of a PFI contract
- managing the all through school at Cranbrook, with the complexities of operating a new school with growing numbers.

GOVERNANCE STATEMENT (continued)

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. We have endeavoured to ensure appropriate internal controls of financial arrangements are achieved through:

- delegation of authority and segregation of duties;
- comprehensive budgeting and monitoring systems supported with a five-year financial plan for each school.
- review and agreement of budgets and budget monitoring reports by the Local Governing Body;
- 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 Trustees);
- clearly defined procurement (asset purchase or capital investment) and expenditure guidelines for the Local Governing Body and Ted Wragg Multi Academy Trust.
- Identification and management of financial, business and operational risks.

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

Attendance at Meetings

The Chair of the Trust, Accounting Officer, Principal Finance Officer, Chief Executive Officer, Director of Finance, Chief Operating Officer, 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 Trustees to:

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

Duties

To review the minutes from the LGB meetings, with the Finance & Resources Focus and follow up on any issues, recommendations or queries.

To recommend the appointment, re-appointment or removal of the external auditor and oversee the Trust's relations with them, including the approval of the terms of engagement and remuneration to be paid and the assessment of their effectiveness

To review with the external auditor the findings of their work, including any major issues arising and their resolution, key accounting judgements and levels of errors identified during the audit.

To recommend, appoint or remove the internal audit service and oversee the Trust's relations with them, including the approval of the terms of engagement and the assessment of their effectiveness.

To review with the internal auditor, the findings of their work, including any major issues arising and their resolution, key accounting judgements and levels of errors identified during the audit.

To review The Trust Risk register and adopt and implement the Trust Business Continuity Plan.

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

GOVERNANCE STATEMENT (continued)

To oversee and monitor growth plan projects, academy conversions and new school build projects.

To adopt, implement and monitor Trust Policies in accordance with the Policy Review Report

To ensure Information Governance is implemented effectively in accordance with Trust policy.

To ensure all statutory requirements for reporting and publishing information are met and website content is fully compliant and presented in an accessible way

Receive updates on publicity issues and report to the Board of Trustees any matters that may affect the reputation of the Trust.

To ensure the Trust Complaint's policy is adopted and implemented and any complaints that arise are dealt with correctly.

To review the Trust Budgets and submit a recommendation to the Board of Trustees regarding approval.

To manage and monitor the Trust central fund, proposing changes to the level of contribution, which is then approved by the Board of Trustees

To monitor budgets for all funds, including school financial monitoring reports from the LGB.

To consider and approve non-routine expenditure in accordance with the Trust Finance Policy.

To ensure the establishment and maintenance of an up to date 3-year financial plan, using current data and the Trust reporting format and software.

To ensure H&S audit reports and Fire Risk Assessments for Schools are completed and actions undertaken.

To ensure all matters relating to the maintenance and development of premises and grounds, including Health and Safety and Fire Management are being effectively managed in all schools

To determine the scope of centralised services and monitor and review the effectiveness of Trust central services that are already in place.

To determine the contracts and SLAs which are procured at Trust level, ensuring they are procured correctly and provide value for money. Ongoing, monitoring the effectiveness of the delivery of these contracts.

PFI Contract management – to ensure PFI is effectively managed across the schools

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Lewis Banfield, Principal Financial Officer (until 27 January 2017)	2	3
Robert Bosworth	6	6
Richard Jacobs	5	6
Raymond Beale	6	6
Alex Walmsley, Principal Financial Officer (from 7 February 2017)	3	3
Rebecca Mitchell	5	6
Moira Marder, Chief Executive Officer	6	6
Simon Gregory	2	6

GOVERNANCE STATEMENT (continued)

Governance Review

A governance review was undertaken in the spring term 2016, which was implemented in September 2016. Therefore, the 2016/17 academic year has been about operating and embedding the new Governance Framework, which incorporated the following:

- The Board creating two Trust Committees; Audit, Finance and Resources and Performance and Standards, in order to enable more scrutiny and challenge at trust level.
- The reconstitution of the LGBs and the removal of sub-committees.
- 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 complete revamp of the Scheme of Delegation to ensure it is compliant and user friendly for the reader.

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 self evaluation was undertaken during the summer term 2017. The outcome has confirmed

- The Overall Governance Model has improved, however there is an opportunity to further refine the meeting schedule to make it more fit for purpose and efficient.
- The LGB's time and resources has been heavily focused on Finance, this needs shifting to School Improvement.
- Whilst the scheme of delegation is a model of best practice – more work needs to be done on embedding the new governance framework.
- The current LGB Cycle of Business is prescriptive and onerous and does not allow sufficient autonomy or creativity.
- The agendas for the Trust Audit, Finance and Resources Committee are too long and operational.
- With new schools joining and new governors starting across the Trust there is a need to prioritise the planned cross Trust training programme.
- Further work is needed around cross school working.

A proposal for change went to the Audit, Finance and Resources Committee in October 2017, is about to be released for consultation and due to be implemented in January 2018.

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

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

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

- The introduction of the Trust wide IT network, centralising systems and services, improving connectivity and delivering a year on year saving.
- Reviewing IT contracts and re-negotiating as a Trust, which delivered savings and provided contract management efficiencies
- Implementing a managed print service across the Trust, with the introduction of MFDs and papercut, making savings in cost, efficiency and providing improved data security
- Providing IT support to schools outside the Trust which provides an income that is then re-invested
- Re-tendering the individual cleaning contracts for Exwick Heights and Cranbrook Education Campus and procured one overall contract, which has delivered efficiencies in terms of price and efficiencies in contract management, which should support better service delivery
- Setting up a preferred supplier for paper and stationery, with discounted pricing. This should deliver savings in purchasing and efficiencies in the administration and ordering process, negating the need for individuals to seek the cheapest price each time an order is raised

Reviewing Controls and Managing Risk

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

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

Outlining procedures for accepting best value quotes

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

GOVERNANCE STATEMENT (continued)

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The Trust has endeavoured to ensure appropriate internal control of financial arrangements are achieved through:

- delegation of authority and segregation of duties;
- comprehensive budgeting and monitoring systems with an annual and 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 Trustees);
- clearly defined procurement (asset purchase or capital investment) investment and expenditure guidelines for the Local Governing Body and Ted Wragg Multi Academy Trust.
- identification and management of financial, business and operational risks.

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

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Team of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

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

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

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

GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2017 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 and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Unfortunately in 2016/17 a member of staff in one academy engaged in fraudulent activity, contrary to the Trust Financial Handbook. The Education Funding Agency, Board of Trustees and Police have been informed and procedures and protocols have been tightened up to minimise the risk of this in the future. Police investigations are ongoing.

Moira Marder
Accounting Officer

Date: 13 December 2017

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017**

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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- 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 ESFA/DfE have been applied for the purposes intended.

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

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

**Robert Bosworth
Chair of Trustees**

Date: 13 December 2017

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

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

OPINION

We have audited the financial statements of The Ted Wragg Multi Academy Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2017 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 2016 to 2017 issued by the Education and Skills Funding Agency.

BASIS OF OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

**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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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
15 December 2017

**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 AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 May 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The Executive Finance Officer is responsible, under the requirements of The Ted Wragg Multi Academy Trust's funding agreement with the Secretary of State for Education dated 19 September 2013, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

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

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

CONCLUSION

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year a member of staff in one academy engaged in fraudulent activity, contrary to the Trust Financial Handbook. The Education Funding Agency, Board of Trustees and Police have been informed. Police investigations are ongoing.

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

15 December 2017

**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 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
INCOME FROM:						
Donations & capital grants:						
Assets transferred on conversion	2	89,104	(1,074,000)	8,500,000	7,515,104	-
Other donations and capital grants	2	10,022	298,288	159,949	468,259	13,549,971
Charitable activities	5	618,826	10,821,529	-	11,440,355	6,940,180
Other trading activities	3	76,813	-	-	76,813	17,241
Investments	4	538	-	-	538	1,189
TOTAL INCOME		795,303	10,045,817	8,659,949	19,501,069	20,508,581
EXPENDITURE ON:						
Charitable activities		1,235,318	11,502,035	512,767	13,250,120	8,379,863
Transfer from Local Authority on Conversion		-	-	-	-	607,167
TOTAL EXPENDITURE	6	1,235,318	11,502,035	512,767	13,250,120	8,987,030
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	18	(440,015) (11,486)	(1,456,218) (4,649)	8,147,182 16,135	6,250,949 -	11,521,551 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		(451,501)	(1,460,867)	8,163,317	6,250,949	11,521,551
Actuarial gains/(losses) on defined benefit pension schemes	23	-	2,252,000	-	2,252,000	(1,791,000)
NET MOVEMENT IN FUNDS		(451,501)	791,133	8,163,317	8,502,949	9,730,551
RECONCILIATION OF FUNDS:						
Total funds brought forward		282,405	(4,289,000)	13,575,553	9,568,958	(161,593)
TOTAL FUNDS CARRIED FORWARD		(169,096)	(3,497,867)	21,738,870	18,071,907	9,568,958

The notes on pages 28 to 52 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 2017

	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Tangible assets	14		21,728,063		13,574,387
CURRENT ASSETS					
Stocks		20,870		10,027	
Debtors	15	519,463		464,388	
Cash at bank and in hand		691,677		794,694	
			<u>1,232,010</u>	<u>1,269,109</u>	
CREDITORS: amounts falling due within one year	16	(1,124,166)		(985,538)	
NET CURRENT ASSETS			<u>107,844</u>		<u>283,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,835,907</u>		<u>13,857,958</u>
Defined benefit pension scheme liability	23		<u>(3,764,000)</u>		<u>(4,289,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>18,071,907</u></u>		<u><u>9,568,958</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	18	266,133		-	
Restricted fixed asset funds	18	21,738,870		13,575,553	
Restricted income funds excluding pension liability		22,005,003		13,575,553	
Pension reserve		(3,764,000)		(4,289,000)	
Total restricted income funds			<u>18,241,003</u>		<u>9,286,553</u>
Unrestricted income funds	18		<u>(169,096)</u>		<u>282,405</u>
TOTAL FUNDS			<u><u>18,071,907</u></u>		<u><u>9,568,958</u></u>

The financial statements on pages 25 to 52 were approved by the Trustees, and authorised for issue, on 13 December 2017 and are signed on their behalf, by:

Robert Bosworth
Chair of Trustees

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	<u>(186,165)</u>	<u>147,582</u>
Cash flows from investing activities:			
Interest		538	1,189
Purchase of tangible fixed assets		(166,443)	(313,270)
Capital grants from DfE/ESFA		159,949	88,771
Net cash used in investing activities		<u>(5,956)</u>	<u>(223,310)</u>
Cash transferred on conversion to an academy trust			
Cash transferred		<u>89,104</u>	<u>19,833</u>
Net cash provided by financing activities		<u>89,104</u>	<u>19,833</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents brought forward		<u>794,694</u>	<u>850,589</u>
Cash and cash equivalents carried forward	21	<u><u>691,677</u></u>	<u><u>794,694</u></u>

The notes on pages 28 to 52 form part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 GOING CONCERN

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

1.3 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder 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)

1.4 INCOME

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

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

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

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

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

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

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

1.5 EXPENDITURE

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

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

All expenditure is inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

1.7 OPERATING LEASES

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

1.8 STOCKS

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

1.9 TAXATION

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

1.10 DEBTORS

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

1. ACCOUNTING POLICIES (continued)

1.11 CASH AT BANK AND IN HAND

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

1.12 LIABILITIES AND PROVISIONS

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

1.13 FINANCIAL INSTRUMENTS

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

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

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

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to net income/expenditure are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

1.15 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Exwick Heights Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Fixed assets have been included at amounts valued by the trustees.

Further details of the transaction are set out in note 22.

1. ACCOUNTING POLICIES (continued)

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

**THE TED WRAGG MULTI ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2017**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Assets transferred on conversion	89,104	(1,074,000)	8,500,000	7,515,104	-
Grants and donations	10,022	298,288	-	308,310	161,200
Donated asset	-	-	-	-	13,300,000
Capital grants	-	-	159,949	159,949	88,771
Subtotal	10,022	298,288	159,949	468,259	13,549,971
	99,126	(775,712)	8,659,949	7,983,363	13,549,971
<i>Total 2016</i>	12,438	148,762	13,388,771	13,549,971	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Lettings	76,813	-	76,813	17,241
	76,813	-	76,813	17,241
<i>Total 2016</i>	17,241	-	17,241	

4. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Bank interest	538	-	538	1,189
<i>Total 2016</i>	1,189	-	1,189	

**THE TED WRAGG MULTI ACADEMY TRUST
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5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Education	325,350	10,821,529	11,146,879	6,841,461
Nursery	293,476	-	293,476	98,719
	<u>618,826</u>	<u>10,821,529</u>	<u>11,440,355</u>	<u>6,940,180</u>
<i>Total 2016</i>	<u>226,701</u>	<u>6,713,479</u>	<u>6,940,180</u>	

FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant	-	9,183,633	9,183,633	5,470,653
Start up Grants	-	175,000	175,000	103,000
Other DfE/ESFA grants	-	700,688	700,688	439,901
	<u>-</u>	<u>10,059,321</u>	<u>10,059,321</u>	<u>6,013,554</u>
Other Government grants				
High Needs	-	235,426	235,426	163,063
Other government grants non capital	-	497,782	497,782	525,195
	<u>-</u>	<u>733,208</u>	<u>733,208</u>	<u>688,258</u>
Other funding				
Internal catering income	62,012	-	62,012	3,472
Sales to students	47,267	-	47,267	26,194
Other	216,071	29,000	245,071	109,983
	<u>325,350</u>	<u>29,000</u>	<u>354,350</u>	<u>139,649</u>
	<u>325,350</u>	<u>10,821,529</u>	<u>11,146,879</u>	<u>6,841,461</u>
<i>Total 2016</i>	<u>127,982</u>	<u>6,713,479</u>	<u>6,841,461</u>	

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

6. EXPENDITURE

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Activities:					
Direct costs	7,907,708	266,000	804,465	8,978,173	5,475,695
Support costs	1,791,384	1,405,132	1,075,431	4,271,947	2,904,168
	<u>9,699,092</u>	<u>1,671,132</u>	<u>1,879,896</u>	<u>13,250,120</u>	<u>8,379,863</u>
<i>Total 2016</i>	<u><u>5,399,642</u></u>	<u><u>935,258</u></u>	<u><u>2,044,963</u></u>	<u><u>8,379,863</u></u>	

7. DIRECT COSTS

	Total 2017 £	Total 2016 £
Pension finance costs	101,000	72,000
Educational supplies	367,290	407,323
Staff development	25,517	54,981
School trips	133,045	158,600
Supply, seconded and specialist teachers	104,739	412,196
Uniform costs	14,777	50,542
Wages and salaries	5,976,406	3,077,975
National insurance	603,355	265,635
Pension cost	1,223,208	508,022
Depreciation	428,836	468,421
	<u>8,978,173</u>	<u>5,475,695</u>
<i>Total 2016</i>	<u><u>5,475,695</u></u>	

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8. SUPPORT COSTS

	Total 2017 £	Total 2016 £
Examination fees	123,002	74,689
Other costs	90,424	25,409
Recruitment and other staff costs	67,800	59,153
Maintenance of premises and equipment	75,562	168,125
Cleaning	52,251	13,797
Rates and leasing costs	150,566	107,610
Energy costs	257,430	140,872
Insurance	105,137	60,504
Security and transport	32,259	14,934
Catering	209,129	93,559
Technology costs	160,733	193,609
Office overheads	64,394	88,966
Legal and professional	36,098	41,575
Bank interest and charges	1,776	344
PFI agreement costs	894,813	615,339
Governance	75,258	39,695
Wages and salaries	1,246,771	875,460
National insurance	73,758	61,816
Pension cost	470,855	198,538
Depreciation	83,931	30,174
	<u>4,271,947</u>	<u>2,904,168</u>
<i>Total 2016</i>	<u>2,904,158</u>	

9. NET INCOME/ (EXPENDITURE) FOR THE PERIOD

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	512,767	498,595
Auditors' remuneration - audit	9,275	6,250
Auditors' remuneration - other services	7,200	4,818
Operating lease rentals	23,322	19,095
PFI agreement costs	894,813	615,339
	<u>1,457,377</u>	<u>1,248,097</u>

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	7,124,356	3,931,615
Social security costs	677,113	327,451
Operating costs of defined benefit pension schemes	1,694,063	706,560
	<u>9,495,532</u>	<u>4,965,626</u>
Supply, seconded and specialist teacher costs	104,739	412,196
Apprenticeship levy	10,580	-
Staff restructuring costs	88,241	21,820
	<u>9,699,092</u>	<u>5,399,642</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £34,320 (2016: £21,820). Individually, the payments were £13,234, £6,325, £5,020, £4,741, £2,500 and £2,500.

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

	2017 No.	2016 No.
Teachers	146	100
Administration and support	149	66
Management	4	4
	<u>299</u>	<u>170</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	2	3
In the band £70,001 - £80,000	2	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	0

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £316,209 (2016: £110,281). The key management personnel remuneration has increased this year to reflect the fact that some roles have become full time this year and the Senior Management Team has been expanded for one additional individual.

**THE TED WRAGG MULTI ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2017**

11. CENTRAL SERVICES

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

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

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

Based on a 5% contribution of SBS.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
ISCA Academy	125,591	172,634
St James Academy	139,437	39,018
Cranbrook Educational Campus	55,367	22,709
Exwick Heights Primary	22,593	-
Total	<u>342,988</u>	<u>234,361</u>

12. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year ended 31 August 2017, expenses totalling £681 (2016: £NIL) were reimbursed to 1 Trustee (2016: 0).

The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. The value of trustees' remuneration and other benefits was as follows: M Marder: Remuneration £95,000 - £100,000 (2016: £25,000 - £30,000), Employer's pension contributions £15,000 - £20,000 (2016: £Nil - £5,000).

Other related party transactions involving the trustees are set out in note 25

13. TRUSTEES' AND OFFICERS' INSURANCE

The Academy Trust procure their Directors and Officers Liability Insurance from the commercial market, through their Brokers, Arthur J Gallagher. The cover indemnifies Directors or Officers against any claim first made against them during the policy period for any Wrongful Act in their capacity as a Director, officer or employee of the company up to £5,000,000 in the annual aggregate and for any one loss. The cost of the policy was £4,690.

**THE TED WRAGG MULTI ACADEMY TRUST
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14. TANGIBLE FIXED ASSETS

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
COST						
At 1 September 2016	13,300,000	-	33,512	291,886	584,125	14,209,523
Additions	24,744	8,500,000	-	104,312	37,387	8,666,443
At 31 August 2017	<u>13,324,744</u>	<u>8,500,000</u>	<u>33,512</u>	<u>396,198</u>	<u>621,512</u>	<u>22,875,966</u>
DEPRECIATION						
At 1 September 2016	266,000	-	13,440	52,984	302,712	635,136
Charge for the year	266,640	-	8,378	76,656	161,093	512,767
At 31 August 2017	<u>532,640</u>	<u>-</u>	<u>21,818</u>	<u>129,640</u>	<u>463,805</u>	<u>1,147,903</u>
NET BOOK VALUE						
At 31 August 2017	<u>12,792,104</u>	<u>8,500,000</u>	<u>11,694</u>	<u>266,558</u>	<u>157,707</u>	<u>21,728,063</u>
At 31 August 2016	<u>13,034,000</u>	<u>-</u>	<u>20,072</u>	<u>238,902</u>	<u>281,413</u>	<u>13,574,387</u>

15. DEBTORS

	2017 £	2016 £
Trade debtors	115,284	68,148
VAT Recoverable	87,238	167,457
Other debtors	944	9,268
Prepayments and accrued income	315,997	219,515
	<u>519,463</u>	<u>464,388</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	274,809	514,798
Other taxation and social security	187,297	141,110
Other creditors	167,686	158,281
Accruals and deferred income	494,374	171,349
	<u>1,124,166</u>	<u>985,538</u>

**THE TED WRAGG MULTI ACADEMY TRUST
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17. FINANCIAL INSTRUMENTS

	2017 £	2016 £
Financial assets measured at amortised cost	<u>970,406</u>	<u>987,551</u>
Financial liabilities measured at amortised cost	<u>712,741</u>	<u>844,428</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.

18. STATEMENT OF FUNDS

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
UNRESTRICTED FUNDS						
Unrestricted funds	<u>282,405</u>	<u>795,303</u>	<u>(1,235,318)</u>	<u>(11,486)</u>	<u>-</u>	<u>(169,096)</u>
RESTRICTED FUNDS						
	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried forward £
GAG	-	9,183,634	(8,978,894)	(4,649)	-	200,091
Pupil Premium	-	519,588	(519,588)	-	-	-
Start Up	-	175,000	(129,191)	-	-	45,809
High Needs	-	235,426	(235,426)	-	-	-
School trips	-	134,299	(134,299)	-	-	-
Maintained growth funding	-	85,000	(85,000)	-	-	-
UIFSM	-	56,464	(56,464)	-	-	-
Sports grant	-	9,635	(9,635)	-	-	-
DASH	-	20,000	(20,000)	-	-	-
Syrian Refugees	-	9,000	(9,000)	-	-	-
Other donations and grants	-	163,989	(157,089)	-	-	6,900
Project Management Grant	-	30,000	(16,667)	-	-	13,333
DCC Academy Growth Fund	-	497,782	(497,782)	-	-	-
Pension reserve	(4,289,000)	(1,074,000)	(653,000)	-	2,252,000	(3,764,000)
	<u>(4,289,000)</u>	<u>10,045,817</u>	<u>(11,502,035)</u>	<u>(4,649)</u>	<u>2,252,000</u>	<u>(3,497,867)</u>

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18. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

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

STATEMENT OF FUNDS - PRIOR YEAR

	Brought forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
UNRESTRICTED FUNDS						
Unrestricted funds	438,796	158,850	(352,695)	37,454	-	282,405
	<u>438,796</u>	<u>158,850</u>	<u>(352,695)</u>	<u>37,454</u>	<u>-</u>	<u>282,405</u>

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18. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
GAG	62,106	5,470,509	(5,827,289)	294,674	-	-
Pupil Premium	-	424,538	(424,538)	-	-	-
Start Up	-	103,000	(103,000)	-	-	-
High Needs	-	163,063	(163,063)	-	-	-
School trips	-	147,012	(147,012)	-	-	-
Maintained growth funding	-	525,195	(525,195)	-	-	-
UIFSM	-	14,113	(14,113)	-	-	-
Sports grant	-	3,144	(3,144)	-	-	-
DASH	-	11,667	(11,667)	-	-	-
Pension reserve	(1,680,000)	-	(818,000)	-	(1,791,000)	(4,289,000)
	<u>(1,617,894)</u>	<u>6,862,241</u>	<u>(8,037,021)</u>	<u>294,674</u>	<u>(1,791,000)</u>	<u>(4,289,000)</u>

RESTRICTED FIXED ASSET FUNDS

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
LA fixed asset funding	921,500	73,296	(150,191)	(414,963)	-	429,642
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
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>20,251,012</u>	<u>(8,535,616)</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>20,409,862</u></u>	<u><u>(8,888,311)</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 ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

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

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18. STATEMENT OF FUNDS (continued)

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

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

Other 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 ESFA which is to be used in the provision of free school meals for all pupils in reception, year 1 and year 2.

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

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 ESFA to cover the maintenance and purchase of the academy's assets.

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

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

Donated asset - This represents the donated building at Cranbrook.

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 2017.

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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
ISCA Academy	(362,700)	235,681
Cranbrook Educational Campus	28,249	40,125
St James Academy	167,704	6,599
Exwick Heights Primary School	193,991	-
Central	69,793	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	97,037	282,405
Restricted fixed asset fund	21,738,870	13,575,553
Pension reserve	(3,764,000)	(4,289,000)
	<hr/>	<hr/>
Total	18,071,907	9,568,958
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
ISCA	(362,700)

Isca Academy has experienced an in-year deficit due to substantial growth (year-on-year), high levels of disadvantage and in-year pupil movements (49 children have been admitted into Years 8-11) including 8 children under managed moves and 12 international pupils. Other issues have also contributed to the financial challenges faced, notably that Isca Academy is a PFI school with high premises costs, and the demographic of staff with many on high pay scales. A new headteacher was recruited in 2016 and restructuring undertaken to move the school to a more sustainable footing.

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

The school has explained its circumstances to the ESFA, and since the year-end has heard that Isca (and also St James) will be funded on pupil number estimates in 2017/18 and potentially into 2018/19 in the light of the schools exceptional growth. ISCA Academy is also taking various other actions to return to a more sustainable footing notably around recruitment and procurement activity and cost containment.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2017 £	Total 2016 £
Isca	2,702,769	478,367	218,919	1,153,735	4,553,790	4,411,376
Cranbrook	1,233,916	232,015	(15,466)	461,478	1,911,943	1,514,013
St James	2,950,643	386,052	144,061	1,104,806	4,585,562	1,504,804
Exwick	655,225	93,041	19,334	112,139	879,739	-
Central	156,062	252,481	861	241,460	650,864	260,075
	<u>7,698,615</u>	<u>1,441,956</u>	<u>367,709</u>	<u>3,073,618</u>	<u>12,581,898</u>	<u>7,690,268</u>

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	13,574,386	13,574,386
Current assets	1,267,943	-	1,167	1,269,110
Creditors due within one year	(985,538)	-	-	(985,538)
Provisions for liabilities and charges	-	(4,289,000)	-	(4,289,000)
	<u>282,405</u>	<u>(4,289,000)</u>	<u>13,575,553</u>	<u>9,568,958</u>

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	6,250,949	11,521,551
Adjustment for:		
Depreciation charges	512,767	498,595
Dividends, interest and rents from investments	(538)	(1,189)
(Increase)/decrease in stocks	(10,843)	19,550
(Increase)/decrease in debtors	(55,075)	248,905
Increase in creditors	138,628	450,774
Capital grants from DfE and other capital income	(159,949)	(88,771)
Defined benefit pension scheme obligation inherited	1,074,000	627,000
Defined benefit pension scheme cost less contributions payable	552,000	119,000
Net gain on assets and liabilities from local authority on conversion	101,000	72,000
Net (loss) on assets and liabilities from local authority on conversion	(89,104)	(19,833)
Donation of buildings	-	(13,300,000)
Assets transferred on conversion	(8,500,000)	-
Net cash (used in)/provided by operating activities	(186,165)	147,582

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	691,677	794,694
	691,677	794,694

**THE TED WRAGG MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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22. CONVERSION TO AN ACADEMY TRUST

On 01/04/17 Exwick Heights Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Ted Wragg Multi Academy Trust from Devon County Council for £NIL consideration.

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

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

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£	£	£	£
Freehold/leasehold land and buildings	-	-	8,500,000	8,500,000
Budget surplus/(deficit) on LA funds	89,103	-	-	89,103
LGPS pension surplus/(deficit)	-	(1,074,000)	-	(1,074,000)
	<u>89,103</u>	<u>(1,074,000)</u>	<u>8,500,000</u>	<u>7,515,103</u>
Net assets/(liabilities)	<u>89,103</u>	<u>(1,074,000)</u>	<u>8,500,000</u>	<u>7,515,103</u>

The above net liabilities include £89,103 that was transferred as cash.

23. PENSION COMMITMENTS

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

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

Contributions amounting to £152,894 were payable to the schemes at 31 August 2017 (2016: 123,264) 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.

23. PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £784,592 (2016: £391,794).

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 2017 was £452,000 (2016: £264,000), of which employer's contributions totalled £336,000 (2016: £199,000) and employees' contributions totalled £116,000 (2016: £65,000). The agreed contribution rates for future years are 15.4% 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:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	4.10 %
Rate of increase for pensions in payment / inflation	2.70 %	2.30 %
Inflation assumption (CPI)	2.70 %	2.30 %

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23. PENSION COMMITMENTS (continued)

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

	2017	2016
Retiring today		
Males	23.4	22.9
Females	25.5	26.2
Retiring in 20 years		
Males	25.7	25.2
Females	27.9	28.6

Sensitivity analysis	At 31 August 2017 £	At 31 August 2016 £
Discount rate +0.1%	155,000	167,000
Discount rate -0.1%	(159,000)	(172,000)
Mortality assumption - 1 year increase	(223,000)	(156,000)
Mortality assumption - 1 year decrease	216,000	152,000
CPI rate +0.1%	(133,000)	(139,000)
CPI rate -0.1%	129,000	135,000

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	1,857,000	1,052,000
Gilts and bonds	174,000	107,000
Property	274,000	177,000
Cash and other liquid assets	74,000	30,000
Target return portfolio	466,000	254,000
Infrastructure and alternative assets	291,000	175,000
Total market value of assets	3,136,000	1,795,000

The actual return on scheme assets was £272,000 (2016: £180,000).

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

	2017 £	2016 £
Current service cost	(908,000)	(318,000)
Interest income	50,000	44,000
Interest cost	(151,000)	(116,000)
Total	(1,009,000)	(390,000)

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23. PENSION COMMITMENTS (continued)

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

	2017 £	2016 £
Opening defined benefit obligation	6,084,000	2,494,000
Upon conversion	1,642,000	1,170,000
Current service cost	908,000	318,000
Interest cost	151,000	116,000
Employee contributions	117,000	65,000
Actuarial (gains)/losses	(2,082,000)	1,926,000
Benefits paid	80,000	(5,000)
	<u>6,900,000</u>	<u>6,084,000</u>
Closing defined benefit obligation	<u>6,900,000</u>	<u>6,084,000</u>

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

	2017 £	2016 £
Opening fair value of scheme assets	1,795,000	814,000
Upon conversion	568,000	543,000
Interest income	51,000	45,000
Actuarial losses	170,000	135,000
Employer contributions	356,000	199,000
Employee contributions	117,000	65,000
Benefits paid	80,000	(5,000)
Effect of non-routine settlements	(1,000)	(1,000)
	<u>3,136,000</u>	<u>1,795,000</u>
Closing fair value of scheme assets	<u>3,136,000</u>	<u>1,795,000</u>

24. OPERATING LEASE COMMITMENTS

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Land and buildings		2017 £	Other 2016 £
	2017 £	2016 £		
AMOUNTS PAYABLE:				
Within 1 year	867,888	867,888	27,181	2,220
Between 1 and 5 years	3,471,552	3,471,552	26,088	854
After more than 5 years	10,414,656	11,282,544	-	-
Total	<u>14,754,096</u>	<u>15,621,984</u>	<u>53,269</u>	<u>3,074</u>

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25. 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 2017:

Foot Anstey LLP, an LLP in which Simon Gregory (Trustee) is a designated member, charged The Ted Wragg Multi Academy Trust £Nil (2016: £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.

26. 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.

27. 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.