

MERCIA LEARNING TRUST
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 AUGUST 2015

MERCIA LEARNING TRUST

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MERCIA LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 AUGUST 2015

Trustees	L.A. Bowes, Executive Headteacher & Accounting Officer J.F. Deal, Community Governor S.M. Hillier, Community Governor C.M.H. Newman, Vice Chair and Parent Governor P.D. Smith, Chair and Parent Governor M. Farmer (resigned 13 January 2015) C.A. Stewart (resigned 31 August 2015) E.A. Wydenbach (resigned 30 September 2015) S. Pearson (appointed 21 October 2014) H. Partington (appointed 13 May 2015) N. Wileman (appointed 1 September 2015)
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Members	J.F Deal S.M Hillier C.M.H Newman P.D Smith M. Farmer (resigned 13 January 2015) S. Pearson H. Partington (appointed 13 May 2015)
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Company registered number	08119703
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Principal and registered office	Mercia Learning Trust King Ecgbert School Totley Brook Road Sheffield South Yorkshire S17 3QU
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MERCIA LEARNING TRUST**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (continued)

Company secretary	C.F. Chance
Accounting officer	L.A. Bowes
Senior leadership team	<p>King Egbert School L.A Bowes, Headteacher J. Arundale, Associate Headteacher E. Anderson, Deputy Headteacher D. Willis, Deputy Headteacher M. Bailey, Assistant Headteacher P. Bristow, Assistant Headteacher R. McCairns, Assistant Headteacher J. Smith, Assistant Headteacher H. Yazdi, Assistant Headteacher C.F. Chance, Business Manager</p> <p>Newfield School L.A. Bowes, Executive Headteacher T. Eldridge, Headteacher D. Webster, Deputy Headteacher J. Stevenson, Assistant Headteacher C. Bowyer, Assistant Headteacher J. Green, Assistant Headteacher C. Birch, Assistant Headteacher</p> <p>Totley Primary School C. Stewart, Headteacher N. Wileman, Assistant Headteacher B. Paxman, Assistant Headteacher</p> <p>Valley Park Primary School M.A. Lynes, Executive Headteacher M. Nott, Head of School B. Stevenson, Assistant Headteacher V. Shaw, Assistant Headteacher E. Harlow, Learning Mentor S. Herring, Learning Mentor</p>
Independent auditor	<p>BHP, Chartered Accountants Chartered Accountants 2 Rutland Park Sheffield S10 2PD</p>

MERCIA LEARNING TRUST

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS MEMBERS/ TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2015**

Administrative details (continued)

Bankers

Yorkshire Bank
Fargate
S1 1LL

Virgin Money
Jubilee House
Gosforth
Newcastle upon Tyne
NE3 4PL

Natwest
997 Abbeydale Road
Sheffield
S7 2QE

Solicitors

Browne Jacobson LLP
44 Castle Gate
Nottingham
NG1 7BJ

MERCIA LEARNING TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2015

The Trustees (who are also the directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's reports of the Charitable Company, Mercia Learning Trust, for the year ended 31 August 2015.

Structure, governance and management

a. Constitution

The 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 trust became a multi academy trust on 10 January 2014, changing its name on that date from King Ecgbert School to the Mercia Learning Trust. On 1 February 2014 Totley Primary School joined King Ecgbert School in the trust. Newfield School and Valley Park Community Primary School joined the trust as sponsored academies on 1 May 2014 and 1 April 2015 respectively.

The trustees of the Mercia Learning Trust are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

b. Members' liability

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

c. Trustees' indemnities

Trustees and Governors are covered by the trusts insurer for liability arising from negligent acts, errors and omissions committed in good faith.

d. Method of recruitment and appointment or election of Trustees

As set out in the articles of association for the Mercia Learning Trust, the Members of the Company shall comprise:

- a. the signatories to the memorandum;
- b. the chairman of the Directors;
- c. the chairman of the local governing body of King Ecgbert School;
- d. the chairman of each of the Strategic Committees;
- e. the chairman of the local governing body of Totley Primary School;
- f. the vice chairman of the local governing body of Totley Primary School;
- g. any person appointed under Article 16 (special resolution in writing).

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

The Company shall have the following Directors:

- a. up to 5 Member Directors;
- b. the Principal Directors;
- c. up to 5 Academy Directors;
- d. the Primary Partnership Director;
- e. a minimum of 2 Parent Directors

The Company may also have any Co-opted Director.

When appointing new Directors/Governors, the Board will give consideration to the skills and experience mix of existing Directors/Governors in order to ensure that the Board has the necessary skills to contribute fully to the Mercia Learning Trust's development.

A Local Governing Body for each school undertakes the day to day running of the school in line with the agreed Scheme of Delegation.

e. Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents that they will need to undertake their role as Trustees. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

f. Organisational structure

A clear management structure exists to effectively govern the Trust. The structure consists of three levels; the Trustees, the Local Governing Bodies (LGBs) and the Senior Leadership Team (SLT). The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The Trust is responsible for strategic direction and planning, approving the academies budgets, monitoring individual academy performance and making major decisions about the direction of the Trust. The Local Governing Bodies are responsible for setting individual school policies, approving the school improvement plan, authorisation of spending within agreed budgets, including local capital expenditure, and staff appointments.

The Senior Leadership Teams comprise of the Headteacher, Deputy Headteachers, Assistant Headteachers and Business Manager. These managers control each academy at an executive level implementing the policies laid down by the Trust.

Objectives and Activities

a. Objects and aims

The Trust's object is specifically restricted to the following: to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b. Objectives, strategies and activities

Our mission is to provide an outstanding education for pupils from 0-19. We are passionate that all our pupils should see their time at school as happy and fulfilling, with their potential developed to the utmost. Our approach is founded on partnership working, binding together our school, parents and their communities.

As part of the Mercia Learning Trust, the schools will pool expertise and resources, operating strategically to provide collectively a higher quality of education than could be achieved individually.

Strategic objectives and priorities will be detailed in a Mercia Learning Trust Improvement Plan and Local Governing Bodies will be given the opportunity to work collaboratively to drive forward attainment and progress in our schools.

The continuing growth of the Trust will achieve further economies of scale and value for money. Opportunities for staff to work across a number of schools will secure high quality recruitment and retention. The Executive Headteacher will deploy staff across the Trust to provide best value in terms of curriculum management and specific academy needs. Succession planning will ensure that future leaders emerge from within the Trust and are developed with support from the teaching school alliance, providing capacity into the future for all educational phases.

Early years provision and curriculum development at KS1 and KS2 will also be a key priority.

Significant leadership and co-ordination will be needed to secure a seamless IT transition for staff as the two secondary schools end their ICT managed service contract and we seek to recruit a Trust IT Operations Manager.

KS1 and KS2 standards at Valley Park Community Primary School were substantially below national expectations at the end of 2014. The governors, supported by the Trust Board, will continue to recruit new staff as part of the leadership team and continue to work to establish highly quality staff who have high expectations of both the children and themselves. The school will work effectively with other schools in the Trust and within the wider community in order to build capacity for improvement.

Our Offer:

At all Mercia Learning Trust schools our pupils will benefit from:

A fully inclusive approach, maximising the attainment and achievement of every pupil

- A broad and balanced curriculum, with high quality teaching that responds to individual needs
- Promotion of resilience and self-reliance in our learners, thus enabling them to meet the challenges and opportunities of the changing world
- Support to develop and maintain positive well-being in all aspects of life
- High standards of orderly behaviour rooted in strong moral values
- Continual investment in the professional development of all our staff, as the foundation of our offer to pupils

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

c. Public benefit

The charitable company's aims are set out in this report. The Trustees have complied with their duty under section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission and Trustees have paid due regard to this guidance in deciding what activities the charitable company should undertake.

Strategic report

Achievements and performance

a. Review of activities

TOTLEY PRIMARY SCHOOL

Attainment at KS1 is again is well above national standards and is in line with the high standards of last year. Outcomes at Key Stage 2 remain significantly above national standards in all subjects and represented the best ever results for the school, featuring in the top 40 primary schools nationally. All pupils reached the national standard (Level 4) in the KS2 SATs while a significant number of pupils achieved higher. Progress was also well above average with a high number of pupils making 3 levels progress from their KS1 starting points (expected progress is 2 levels).

Totley Primary School was inspected by OFSTED in July 2015. The overall Ofsted judgement was OUTSTANDING.

Year 2 SATS results 2015 (No. children in brackets - Cohort size is 31)

Reading

APS	Previous Years				2015 Target	2015 SATS
	2011 National in brackets	2012 National in brackets	2013	2014		
13 APS (L2) +	93% (85)%	97% (86%) (30)	100% (30)	97% (29)	100% (31)	100% (31)
15 APS (L2b) +	70% (74%)	87% (76%) (27)	93% (28)	97% (29)	97% (30)	97% (30)
17APS (L2A) +	(50%)	61% (53%) (19)	67% (20)	83% (25)	80% (24)	81% (25)
19 APS (L3) +	13% (26%)	29% (27%) (9)	33% (10)	40% (12)	37% (11)	39% (12)

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 AUGUST 2015

Writing

APS	Previous Years				2015 Target	2015 SATS
	2011 National in brackets	2012 National in brackets	2013	2014		
13 APS (L2) +	87% (81%)	94% (84%) (29)	97% (29)	100% (30)	100% (31)	100% (31)
15 APS (L2b) +	60% (61%)	74% (69%) (23)	83% (25)	87% (26)	90% (28)	97% (30)
17APS (L2A) +	(33%)	45% (41%) (14)	50% (15)	57% (17)	68% (21)	58% (18)
19 APS (L3) +	13% (13%)	16% (14%) (5)	20% (6)	23% (7)	23% (7)	23% (7)

Maths

APS	Previous Years				2015 Target	2015 SATS
	2011 National in brackets	2012	2013	2014		
13 APS (L2) +	87% (90%)	97% (91%) (30)	100% (30)	100% (30)	100% (31)	100% (31)
15 APS (L2b) +	77% (74%)	90% (76%) (28)	93% (28)	90% (27)	97% (30)	97% (30)
17APS (L2A) +	(47%)	65% (49%) (20)	73% (22)	73% (22)	74% (23)	74% (23)
19 APS (L3) +	13% (20%)	26% (22%) (8)	30% (9)	33% (10)	39% (12)	32% (10)

End of Key Stage 2 2015 Actual

English SPAG

APS	2014	2015
25 APS (L4c) +	89% (24)	100% (30)
31APS (L5c) +	63% (17)	97% (29)
37APS (L6c) +	11% (3)	23% (7)

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Reading

APS	Previous Years				2015
	2011	2012	2013	2014	
2 Levels progress since KS1	100% (30)	100% (26)	100% (27)	100% (26)	100% (30)
3 levels progress since KS1	-	43% (11)	48% (13)	81% (21)	77% (23)
4 levels progress since KS1	-	-	4% (1)	27% (7)	7% (2)
25 APS (L4c) +	100% (30)	100% (30)	100% (28)	100% (27)	100% (30)
31APS (L5c) +	90% (27)	77% (20)	75% (21)	85% (23)	90% (27)
37APS (L6c) +		-		4% (1)	7% (2)

Writing

APS	Previous Years School (Sheffield/National)				2015
	2011	2012	2013	2014	
2 Levels progress since KS1	100% (30)	100% (26)	100% (27)	100% (26)	100% (30)
3 levels progress since KS1		35% (9)	78% (21)	65% (17)	77% (23)
4 levels progress since KS1	-	-	-	4% (1)	-
25 APS (L4c) +	97% (29)	100% (26)	100% (28)	96% (26)	100% (30)
31APS (L5c) +	33% (10)	54% (14)	71% (20)	52% (13)	70% (21)
37APS (L6c) +	-	19% (5)	7% (2)	4% (1)	10% (3)

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Maths

APS	Previous Years				2015
	2011	2012	2013	2014	
2 Levels progress since KS1	100%	100% (26)	100% (27)	100% (26)	100% (30)
3 levels progress since KS1	-	85% (22)	81% (22)	38% (10)	97% (29)
4 levels progress since KS1	-	-	15% (4)	12% (3)	23% (7)
25 APS (L4c) +	100% (30)	100% (26)	100% (28)	100% (27)	100% (30)
31APS (L5c) +	70% (21)	88% (23)	79% (22)	41% (11)	90% (27)
37APS (L6c) +		19% (5)	25% (7)	22% (6)	27% (8)

English and Maths Combined

	2010	2011	2012	2013	2014	2015
25 APS (L4c) +	97%	100% (30)	100% (26)	100% (28)	100% (27)	100% (30)
31APS (L5c) +	51%	50% (15)	65% (17)	50% (14)	37% (10)	63% (19)

Attendance

2011-12	2012-13	2013-14	2014-15	Trend
96.2%	95.9%	97.2%	97.6%	Positive

Numbers on Roll

FS2	29
Y1	30
Y2	31
Y3	29
Y4	32
Y5	31
Y6	30

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

VALLEY PARK COMMUNITY PRIMARY SCHOOL

Valley Park Community Primary School joined Mercia Learning Trust in April 2015 following a period of turbulence caused by the departure of the long standing head teacher and the governors' inability to attract a substantive head teacher to take on the role. At the end of 2014 standards at the end of KS1 and KS 2 were substantially below national expectations.

Whilst results at the end of July 2015 remain below floor targets, there was a substantial increase in overall attainment in KS2. All staff are united in their desire to further improve outcomes at all key stages so that children can move on to the next stage of education well equipped to meet its requirements.

Key Stage 1 Attainment						
	READING		WRITING L2+		MATHS L2+	
	L2+	L2b+	L2+	L2b+	L2+	L2b+
ACTUAL 2015	70%	59%	68%	46%	81%	73%
	-1% from 2014	-1% from 2014	+2% from 2014	+1% from 2014	= to 2014	+15% from 2014
NATIONAL 2014	90%	81%	86%	70%	92%	80%

Closing the Gap between disadvantaged and other children - Key Stage 1 ACTUAL						
	READING		WRITING		MATHS	
	L2+	L2b+	L2+	L2b+	L2+	L2b+
Disadvantaged 22 children	68%	59%	66%	36%	82%	77%
	+4% from 2014		+5% from 2014		-1% from 2014	
Others 15 children	73%	63%	73%	60%	80% +8% from 2014	67%
	-9% from 2014		=% from 2014			

Key Stage 2 Attainment									
	English Grammar Punctuation Spelling L4+		READING L4+		WRITING L4+		MATHS L4+		L4+ combined
ACTUAL 2015	53%	38% 2014 + 15%	63%	53% 2014 - +10%	63%	64% 2014 -1%	67%	55% 2014 + 12%	56% 35% 2014 +20%
NATIONAL 2014	76%		89%		85%		86%		78%

Level 5+									
	English Grammar Punctuation Spelling L5+		READING L5+		WRITING L5+		MATHS L5+		MATHS L6
ACTUAL 2015	26%	15% 2014 + 11%	14%	8% 2014 +6%	5 %	6% 2014 -1%	21%	19% 2014 + 2%	9% 2% 2014 +7%
NATIONAL 2014	52%		50%		33%		42%		9%

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

Key Stage 2 - 2 Levels Progress						
	READING 2 levels progress		WRITING 2 levels progress		MATHS 2 levels progress	
ACTUAL 2015	67.4%	78% 2014 -10.6%	79%	96% 2014 -17%	72%	67% 2014 +5%
NATIONAL 2014	91%		93%		90%	

Closing the Gap between disadvantaged and other pupils - ATTAINMENT								
	English Grammar Punctuation Spelling L4+		READING L4+		WRITING L4+		MATHS L4+	
Disadvantaged 30 children (30 children on updated information- previously 18 children)includes 4 children working below L3	47%	33% 2014 +14%	60%	42% 2014 +18%	60%	58% 2014 +2%	60%	48% 2014 +12%
Others 13 children	69%	50% 2014 +19%	69%	79% 2014 -10%	77%	79% 2014 -2%	85%	71% 2014 +14%

Attendance

2011 12	2012 13	2013 14	2014-15	Trend
92.1%	92.9%	93.0%	93.6%	Positive

Numbers on Roll

2 Year FEL	23
FS1	78
FS2	55
Y1	54
Y2	36
Y3	55
Y4	56
Y5	45
Y6	43

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

NEWFIELD SCHOOL

Between 2012 and 2014 there was significant improvement in both attainment and progress measures. Progress in English improved to the extent that students were significantly above national average, and in maths students were at national average (from a 3LOP figure of 39% in 2012). This trend did not continue and the 2015 results were disappointing.

It is the view of the school that the 2015 outcomes will be seen as an outlier in the school's improvement story. Progress in current year groups is much stronger, and predictions for the 2016 cohort are much more positive. However, these are being closely scrutinised for validity and reliability by middle and senior leaders in light of the difference between final predictions and actual grades for the 2015 cohort. 2016 leavers sat the English Literature GCSE a year early and despite the significantly low prior attainment of this cohort the results show a significant improvement from the 2015 results: A*-C grade 68.3% (+14.2ppts), expected progress 70.8% (+9.7ppts) and above expected progress 38.3% (+8.1ppts).

Newfield was inspected in November 2012, with an overall judgement of 'Requires Improvement'. It is the view of the Leaders of the school and the School Improvement Partner that despite the significant dip in outcomes in 2015 the school remains requiring improvement.

Examination Results

GCSE	2014	2015
5 A* C (E/M)	57%	41.6%
5 A* G	89%	91.6%
1 A* G	99%	98.9%

NB: Changes to exams and the way the statistics are calculated for GCSE mean there can be no direct comparison between 2014 results and previous years.

Admissions

The standard admission number is 210. The School has historically been undersubscribed, largely due to lack of confidence in the school amongst significant elements of the local community. As the school has been under capacity, this has resulted in a large number of in year admissions (93 in 2013 14 and 63 in 2014-2015).

	Sept 2012	Sept 2013	Sept 2014	Sept 2015
Year 7	171	153	203	197
Total School roll	924	905	930	914

Attendance

	2012 2013	2013 2014	2014-2015	Trend
2011 2012	92.6%	94.5%	95.2%	Positive
90.9%				

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

KING EGBERT SCHOOL

King Egbert School was inspected by OFSTED in May 2013. The Ofsted judgement was OUTSTANDING for Overall Effectiveness along with Leadership and Management, Teaching and Achievement. Our in-school quality assurance validated by our school improvement partner (SIP) supports that this judgement continues to be accurate. Hence the school remains outstanding.

In April 2014 King Egbert School was designated as a Teaching School and has formed Escafeld Teaching School Alliance (ETSA) with Tapton School, also a Teaching School, and a number of other strategic partners from MLT and TSAT. Nationally, there are around 500 teaching schools which are central to the agenda of a self-improving school led system. As part of our TSA work we are developing a range of courses to support leadership development across schools in Sheffield, leading research into effective practice, training Specialist Leaders in Education (SLE) to work in other schools, providing school to school support and training over 60 new teachers linking with the University of Sheffield and SHU. This work will continue to grow and develop as ETSA becomes established. As part of the Teaching School designation, Lesley Bowes has been recognised for her work in supporting other leaders and schools and has become a National Leader of Education (NLE), making Lesley one of only a handful of headteachers in the city to hold this status. This work continues to evolve and expand as the school works to support other schools with a range of CPD options and more personalised support when requested.

King Egbert students made excellent progress to achieve very highly related to their starting points in the 2015 exam season. The results placed the school at the 11th percentile when compared to all other schools nationally. Performance in mathematics was at the 2nd percentile, science 13th and humanities 10th. English language results were disappointing and much lower than anticipated due to an issue in the way the assessment was conducted by the board. We are in the process of making an official complaint to Ofqual. However this means that the overall headline figure, that is used for the last time this year, is down on previous years despite the magnificent performance of the year group in all other areas.

Students in the sixth form achieved excellent results, recovering from the dip at A2 in 2014. AS results were very good, indicating some excellent prospects for current Y13 in terms of competitive university applications and having a choice about their next steps. BTEC students also performed well in all disciplines offered.

Examination Results

GCSE	2014	2015
5 A* C EM	65.5%	55.4%
5 A*-C	70.9%	73.3%
5 A* G	90.8%	97.9%
1 A* G	97.1%	100%

NB: Changes to exams and the way the statistics are calculated for GCSE mean there can be no direct comparison between 2014 results and previous years.

AS	2013	2014	2015
A – C	54.7%	63.8%	70.9%
A – E	86.1%	89.3%	91.3%

A2	2010	2011	2012	2013	2014	2015
A*	9.4%	10.3%	10.1%	14.0%	7.8%	10.2%
A B	51.5%	52.2%	58.8%	68.4%	48.4%	54.4%
A C	74.4%	77.7%	83.4%	90.8%	77.0%	81.8%
A E	99.3%	99.4%	99.7%	100.0%	99.2%	98.9%

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Admissions

The School continues to be oversubscribed; the standard admission number is 193 mainstream +4 students admitted to the integrated resource. This year there were over 240 first choice preferences from parents who wanted a place for their child.

Attendance remains high and is well above the national average, despite the distance many students travel to school and continuing issues with public transport.

Attendance

2010 –11	2011-12	2012- 13	2013-14	2014- 15
94.5%	95.0%	95.32%	95.9%	95.4%

b. Going concern

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

c. Key financial performance indicators

The board of Trustees uses both financial and non-financial key performance indicators to manage the Trust. The Trust maintains a strong management information function which is focused on regular and accurate reporting including the issue of timely financial information to the Trust inclusive of a financial commentary. Financial KPI's are measured continuously.

Financial review

a. Financial and risk management objectives and policies

The Trust board's main source of income is funding from the EFA that is paid monthly to the school throughout the year. Given this and the planned reserves at each school the Trust board do not consider they have a cash flow or liquidity risk.

b. Principal risks and uncertainties

The Trust board has considered and agreed an on-going risk register. The Trust board considers the principle risks and uncertainties to be:

- changes in funding levels - all schools aim to maximise the recruitment and retention of students and the Trust board seeks to ensure maximum funding is received.
- increasing expenditure associated with staffing costs for instance the progression within salary scales and also the rise in employers pensions and national insurance contributions.
- the uncertainty around how the additional school places, which are required from September 2016 due to the population growth, will be managed across the city by the local authority and the impact this will have on Mercia Learning Trust schools and their catchment.

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

c. Reserves policy

The level of reserves should:

- Ensure fluctuations in income (eg. Reduction in core funding due to 'minimum per pupil funding guarantees' ending in 2015 or unexpected expenditure (eg. Curriculum changes) are managed effectively.
- Enable a robust programme for the renewal and replacement of school assets, particularly ICT to be developed and maintained

In achieving this, the Trustees will be mindful that existing students are not disadvantaged through the retention of excessive reserves.

d. Results for the year

Valley Park Community Primary School premises and equipment were transferred by Sheffield City Council (SCC) to the Academy Trust on 1st April 2015. They are now included in its balance sheet as valuations which are shown in note 19 to the accounts.

Most of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. These grants received from the EFA during the year ended 31 August 2015 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2015, total expenditure of £16,103,796 was more than covered by recurrent grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset and pension funds, i.e. the unrestricted and general restricted funds) was £176,730.

At 31 August 2015, the net book value of fixed assets was £42,797,648 and movements in tangible fixed assets are shown in Note 19 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

In accordance with FRS17, the Trust received an actuarial assessment of pension scheme deficit. The deficit balance is included within the balance sheet as at 31 August 2015 and supporting notes to the accounts (see note 28).

e. Investments policy

During this period, the Trust has held all its funds in either interest bearing current or deposit accounts.

MERCIA LEARNING TRUST

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2015

Plans for future periods

a. Plans for future periods

The legal objects of the Mercia Learning Trust are to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad range of curriculum for pupils of different abilities.

The Mercia Learning Trust will continue to have raising of standards, through improvements in progress and learning, as top priority. This will ensure progression routes for our students at 16+ and 18+, whether into employment or into further/higher education, and the avoidance of young people becoming classed NEET (not in education, employment or training). The Mercia Learning Trust has ambitions to support even more young people and communities by establishing new academies. Nether Edge Primary School (OFSTED judgement February 2015: OUTSTANDING) converted to academy status on 1 September 2015 and joined the Mercia Learning Trust. The majority of the youngsters in our primary schools continue their secondary education in Mercia schools. This partnership working will enable us to shape the education of children from 3 to 18 and provide a consistent approach.

Disclosure of information to auditor

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This report, incorporating the Strategic report, was approved by order of the board of trustees, as the company directors, on 16.12.15 and signed on the board's behalf by:



.....
P.D. Smith
Chair of Trustees

MERCIA LEARNING TRUST

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Mercia Learning 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 Executive Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Mercia Learning 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.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Trustees' responsibilities statement. The board of trustees has formally met 4 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
L.A. Bowes	4	4
J.F. Deal	4	4
S.M. Hillier	3	4
C.M.H. Newman	3	4
P.D. Smith	4	4
M. Farmer	1	2
C.A. Stewart	4	4
E.A. Wydenbach	4	4
S. Pearson	4	4
H. Partington	2	2
N. Wileman	1	1

Governance reviews:

It is scheduled that the impact and effectiveness of the board of trustees will be reviewed annually during the Spring Term by an external School Improvement Partner.

The Audit and Finance Committee is a sub-committee of the main board of trustees. Its purpose is to provide assurance over the suitability of, and compliance with, its financial systems and controls.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J.F. Deal	2	2
S.M. Hillier	2	2
P.D. Smith	2	2

Review of Value for Money

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

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

- The recruitment and retention of high quality staff, due to the enhanced development and leadership opportunities offered across a multi-academy trust, with deployment across the schools to achieve best value in terms of curriculum management and specific academy's needs.
- Providing additional central services to member schools, including systems for monitoring child protection and safeguarding concerns, safeguarding training for all staff and access to legal support. Additional benefits are provided from further economies of scale being achieved through re-negotiation of contracts.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Mercia Learning Trust for the year 1 September 2014 to 31 August 2015 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 trust's significant risks, that has been in place for the year 1 September 2014 to 31 August 2015 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 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 committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint BHP, Chartered Accountants as internal auditor.

MERCIA LEARNING TRUST

GOVERNANCE STATEMENT (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. In particular the checks carried out in the current period included:

- testing of purchase systems
- testing of petty cash controls
- testing of employee expense claim controls
- testing of credit card expense systems

On a termly basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The appointee has delivered their schedule of work as planned. No material control issues arose as a result of the appointee's work.

Review of Effectiveness

As accounting officer, the Executive Headteacher 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 internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance 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 16.12.15 and signed on its behalf, by:


.....
P.D. Smith
Chair of Trustees


.....
L.A. Bowes
Accounting Officer

MERCIA LEARNING TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Mercia Learning Trust I have considered my responsibility to notify the trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2014).

I confirm that I and the trust board of trustees are able to identify any material, irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the trust's funding agreement and the Academies Financial Handbook (2014).

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



.....
L.A. Bowes
Accounting Officer

Date: 17th Dec 2015

MERCIA LEARNING TRUST

TRUSTEES' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2015

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

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

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

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

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

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

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


.....
P.D. Smith
Chair of Trustees

Date: 17th Dec 2015

MERCIA LEARNING TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA LEARNING TRUST

We have audited the financial statements of Mercia Learning Trust for the year ended 31 August 2015 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

This report is made solely to the academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditor

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2015 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 and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

Opinion on other matter prescribed by the Companies Act 2006

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

MERCIA LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERCIA LEARNING TRUST

Matters on which we are required to report by exception

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

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



Philip Allsop (Senior statutory auditor)

for and on behalf of

BHP, Chartered Accountants

Chartered Accountants
Statutory Auditors

2 Rutland Park
Sheffield
S10 2PD

Date: 17 December 2015

MERCIA LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA LEARNING TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 23 July 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Mercia Learning Trust during the year 1 September 2014 to 31 August 2015 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 Mercia Learning Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Mercia Learning Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mercia Learning Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Mercia Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Mercia Learning Trust's funding agreement with the Secretary of State for Education dated 20 February 2012, and the Academies Financial Handbook extant from 1 September 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- Detailed testing on a sample basis to assess the nature of expenditure and whether funds have been used appropriately;
- Review of the academy's internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;
- Ensure that EFA approval has been obtained for relevant transactions;
- Discussions with Governors, Senior Leadership Team and the Accounting Officer throughout the audit process to ensure that all regularity threats have been addressed.

MERCIA LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MERCIA LEARNING TRUST AND THE EDUCATION FUNDING AGENCY (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2014 to 31 August 2015 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Philip Allsop (Senior statutory auditor)

BHP, Chartered Accountants

Chartered Accountants
Statutory Auditors

2 Rutland Park
Sheffield
S10 2PD

Date: 17 December 2015

MERCIA LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)
FOR THE YEAR ENDED 31 AUGUST 2015

		Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
	Note					
Incoming resources						
Incoming resources from generated funds:						
Transfers from local authority on conversion	2	114,796	(1,271,263)	4,620,000	3,463,533	17,869,409
Other voluntary income	2	20,549	255,412	-	275,961	161,528
Activities for generating funds	3	203,809	-	-	203,809	140,409
Investment income	4	15,809	-	-	15,809	21,908
Incoming resources from charitable activities	5	22,368	14,648,903	190,049	14,861,320	9,687,475
Total incoming resources		377,331	13,633,052	4,810,049	18,820,432	27,880,729
Resources expended						
Costs of generating funds:						
Costs of generating voluntary income	6	-	259,717	-	259,717	172,378
Fundraising expenses and other costs	7	192,198	-	-	192,198	146,937
Charitable activities	8,9	20,793	14,653,804	877,144	15,551,741	9,903,429
Governance costs	10	11	100,129	-	100,140	97,061
Total resources expended	11	213,002	15,013,650	877,144	16,103,796	10,319,805
Net incoming / (outgoing) resources before other gains and losses, carried forward						
		164,329	(1,380,598)	3,932,905	2,716,636	17,560,924

MERCIA LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (continued)
FOR THE YEAR ENDED 31 AUGUST 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Net incoming / (outgoing) resources before other gains and losses, brought forward		164,329	(1,380,598)	3,932,905	2,716,636	17,560,924
Transfers between funds	22	-	29,999	(29,999)	-	-
Net income for the year		164,329	(1,350,599)	3,902,906	2,716,636	17,560,924
Actuarial gains and losses on defined benefit pension schemes		-	105,000	-	105,000	(256,000)
Net movement in funds for the year		164,329	(1,245,599)	3,902,906	2,821,636	17,304,924
Total funds at 1 September 2014		664,703	(2,678,633)	38,913,962	36,900,032	19,595,108
Total funds at 31 August 2015		829,032	(3,924,232)	42,816,868	39,721,668	36,900,032

All activities relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 31 to 57 form part of these financial statements.

MERCIA LEARNING TRUST
REGISTERED NUMBER: 08119703

BALANCE SHEET
AS AT 31 AUGUST 2015

	Note	£	2015 £	2014 £
Fixed assets				
Tangible assets	19		42,797,648	38,913,962
Current assets				
Debtors	20	444,436	352,585	
Cash at bank and in hand		1,986,834	1,799,200	
		2,431,270	2,151,785	
Creditors: amounts falling due within one year	21	(716,250)	(632,715)	
Net current assets			1,715,020	1,519,070
Total assets less current liabilities			44,512,668	40,433,032
Defined benefit pension scheme liability	28	(4,791,000)		(3,533,000)
Net assets including pension scheme liability			39,721,668	36,900,032
Funds of the academy				
Restricted funds :				
Restricted funds	22	866,768	854,367	
Restricted fixed asset funds	22	42,816,868	38,913,962	
Restricted funds excluding pension liability		43,683,636	39,768,329	
Pension reserve		(4,791,000)	(3,533,000)	
Total restricted funds			38,892,636	36,235,329
Unrestricted funds	22		829,032	664,703
Total funds			39,721,668	36,900,032

The financial statements were approved by the Trustees, and authorised for issue, on 16th Dec 2015 and are signed on their behalf, by:


.....
P.D. Smith
Chair of Trustees

The notes on pages 31 to 57 form part of these financial statements.

MERCIA LEARNING TRUST**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	24	194,121	371,673
Returns on investments and servicing of finance	25	15,809	21,908
Capital expenditure and financial investment	25	(140,829)	(27,514)
Cash transferred on conversion to an academy trust	27	118,533	160,893
Increase in cash in the year		187,634	526,960

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 AUGUST 2015**

	2015 £	2014 £
Increase in cash in the year	187,634	526,960
Movement in net funds in the year	187,634	526,960
Net funds at 1 September 2014	1,799,200	1,272,240
Net funds at 31 August 2015	1,986,834	1,799,200

The notes on pages 31 to 57 form part of these financial statements.

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2014 to 2015 issued by EFA, applicable accounting standards and the Companies Act 2006.

1.2 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy 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 and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.

1.3 Incoming resources

All incoming resources are included in the Statement of financial activities when the academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the academy being notified of an impending distribution or the legacy being received.

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

The value of donated services and gifts in kind provided to the academy are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy's policies.

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

1. Accounting Policies (continued)

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

1.4 Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities are costs incurred in the academy's educational operations.

Governance costs include the costs attributable to the academy's compliance with constitutional and statutory requirements, including audit, strategic management and Trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

1.6 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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. Accounting Policies (continued)

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Long term leasehold property	⇒	Straight line over 60 years
Motor vehicles	⇒	Straight line over 35 months
Fixtures and fittings	⇒	Straight line over 35 months
Computer equipment	⇒	Straight line over 35-36 months

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 Taxation

The academy 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 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. Accounting Policies (continued)

1.9 Pensions

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

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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 28, the TPS is a multi-employer scheme and the academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the academy 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 method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

1.10 Agency arrangements

The trust acts as agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

2. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Transfers from local authority on conversion	114,796	3,348,737	3,463,533	17,869,409
Donations	20,549	900	21,449	6,328
School Fund income	-	254,512	254,512	155,200
Subtotal	20,549	255,412	275,961	161,528
Voluntary income	135,345	3,604,149	3,739,494	18,030,937

3. Activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Lettings	1,866	-	1,866	4,025
School to school support	51,976	-	51,976	107,582
Other	149,967	-	149,967	28,802
	203,809	-	203,809	140,409

4. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Investment income	15,809	-	15,809	21,908

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

5. Incoming resources from charitable activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Education	22,368	14,838,952	14,861,320	9,687,475
Funding for Academy's educational operations				
	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
DfE/EFA revenue grants				
General Annual Grant	-	13,160,639	13,160,639	8,994,189
Pupil premium	-	793,020	793,020	335,509
Devolved formula capital	-	61,549	61,549	56,505
Roof repairs grant	-	153,395	153,395	-
Conversion grant	-	135,000	135,000	-
Other	353	122,020	122,373	163,785
	353	14,425,623	14,425,976	9,549,988
Other government grants				
Local authority grants	6,011	264,829	270,840	93,717
Local Choice capital grant	-	128,500	128,500	20,962
	6,011	393,329	399,340	114,679
Other funding				
Non-DfE funding	16,004	20,000	36,004	22,808
	16,004	20,000	36,004	22,808
	22,368	14,838,952	14,861,320	9,687,475

MERCIA LEARNING TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

6. Costs of generating voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
School fund expenditure	-	259,717	259,717	168,831
Other costs	-	-	-	3,547
	<u>-</u>	<u>259,717</u>	<u>259,717</u>	<u>172,378</u>

7. Costs of activities for generating funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Wages and salaries	137,272	-	137,272	104,259
Other expenses	54,926	-	54,926	42,678
	<u>192,198</u>	<u>-</u>	<u>192,198</u>	<u>146,937</u>

8. Direct costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Wages and salaries	1,042	7,637,178	7,638,220	5,103,802
National insurance	-	578,855	578,855	395,595
Pension costs	-	1,106,792	1,106,792	729,546
Supply teachers	-	133,182	133,182	16,938
Depreciation	-	745,572	745,572	516,180
Educational supplies	13,386	482,548	495,934	262,811
Examination fees	-	207,389	207,389	132,381
Staff development	-	37,554	37,554	23,006
Pension finance costs (note 18)	-	144,000	144,000	88,000
Other costs	-	116,214	116,214	9,729
Technology costs	-	110,454	110,454	-
	<u>14,428</u>	<u>11,299,738</u>	<u>11,314,166</u>	<u>7,277,988</u>

MERCIA LEARNING TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015**

9. Support costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Wages and salaries	510	690,431	690,941	428,808
National insurance	-	44,431	44,431	28,717
Pension costs	-	150,657	150,657	80,209
Depreciation	-	131,572	131,572	91,091
Recruitment and other staff costs	-	42,236	42,236	30,975
PFI property costs	-	1,777,779	1,777,779	1,122,445
Maintenance of premises and equipment	2,500	234,959	237,459	64,760
Cleaning	400	15,865	16,265	7,582
Rent and rates	-	94,931	94,931	59,342
Heat and light	2,600	26,829	29,429	11,541
Insurance	-	164,704	164,704	79,201
Catering	353	10,520	10,873	6,921
Technology costs	-	313,350	313,350	219,214
Bank interest and charges	-	1,046	1,046	912
Other costs	2	465,050	465,052	353,277
Other agency costs	-	66,850	66,850	40,446
Total	6,365	4,231,210	4,237,575	2,625,441

10. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Internal audit costs	-	500	500	500
Auditors' remuneration	-	15,900	15,900	12,500
Auditors' non audit costs	-	1,700	1,700	1,700
Legal and professional	-	16,535	16,535	27,434
Other costs	11	2,365	2,376	806
Wages and salaries	-	63,129	63,129	54,121
Total	11	100,129	100,140	97,061

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

11. Resources expended

	Staff costs	Non Pay Expenditure		Total	Total
	2015	Premises	Other costs	2015	2014
	£	£	£	£	£
Costs of generating voluntary income	-	-	259,717	259,717	172,378
Costs of activities for generating funds	137,272	2,531	52,395	192,198	146,937
Costs of generating funds	137,272	2,531	312,112	451,915	319,315
Direct costs	9,457,049	527,553	1,329,564	11,314,166	7,277,988
Support costs	952,879	2,108,336	1,176,360	4,237,575	2,625,441
Charitable activities	10,409,928	2,635,889	2,505,924	15,551,741	9,903,429
Governance	63,129	-	37,011	100,140	97,061
	10,610,329	2,638,420	2,855,047	16,103,796	10,319,805

12. Net incoming / (outgoing) resources

This is stated after charging:

	2015	2014
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	877,143	607,272
Operating lease rentals:		
- other operating leases	20,236	12,773

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

13. Auditors' remuneration

	2015 £	2014 £
Fees payable to the academy's auditor and its associates for the audit of the academy's annual accounts	15,900	12,500
Fees payable to the academy's auditor and its associates in respect of:		
Audit-related assurance services	1,300	500
Taxation compliance services	700	700
Internal audit services	600	500
All other non-audit services not included above	500	-
	2015 £	2014 £
Fees payable to the academy's auditor and its associates in connection with the academy's pension scheme(s) in respect of:		
All assurance services not included above	750	500

14. Staff

a. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	8,440,576	5,681,709
Social security costs	623,286	424,312
Other pension costs (Note 28)	1,257,449	809,755
	10,321,311	6,915,776
Agency costs	200,032	57,384
Staff restructuring costs	88,986	9,281
	10,610,329	6,982,441

b. Staff severance payments

Included in staff restructuring costs is a non-statutory severance payment made by Mercia Learning Trust totalling £4,319 individually.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

14. Staff (continued)

c. Staff numbers

The average number of persons employed by the trust during the year expressed as full time equivalents was as follows:

	2015 No.	2014 No.
Teachers	157	130
Management	25	19
Admin and support	182	102
	<u>364</u>	<u>251</u>

d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2015 No.	2014 No.
In the band £ 60,001 - £ 70,000	3	2
In the band £ 70,001 - £ 80,000	2	1
In the band £130,001 - £140,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2014, pension contributions for these staff amounted to £58,758 (2014: £41,584).

15. Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

L.A. Bowes:

Remuneration £135,000 - £140,000 (2014: £135,000 - £140,000)

Pension £15,000 - £20,000 (2014: £15,000 - £20,000)

C. Stewart

Remuneration £55,000 - £60,000 (2014: £30,000 - £35,000)

Pension £5,000 - £10,000 (2014: £0 - £5,000)

During the year, no trustees received any reimbursement of expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

16. Central services

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

- Accounting Officer support
- Chief Finance Officer support
- Human Resources/Occupational Health services
- Health and Safety support
- Safeguarding Training
- Legal Services support

The trust charges for these services on the following basis:

- Flat percentage of GAG income – 2.5%
 - 1.7% for services (£221,968)
 - 0.8% for contingency (£104,456)

The actual amounts charged during the year were as follows:

	2015 £
Newfield School	121,175
Totley School	20,571
Valley Park	17,392
King Ecgbert School	167,286
	<hr/>
Total	326,424 <hr/>

17. Trustees' and officers' insurance

In accordance with normal commercial practice the trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 per school on any one claim and the cost for the year ended 31 August 2015 was £694 (2014 - £573). The cost of this insurance is included in the total insurance cost.

18. Other finance costs

	2015 £	2014 £
Expected return on pension scheme assets	63,000	36,000
Interest on pension scheme liabilities	(207,000)	(124,000)
	<hr/>	<hr/>
	(144,000)	(88,000) <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

19. Tangible fixed assets

	Long term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2014	39,230,000	19,904	252,002	428,945	39,930,851
Additions	-	-	7,504	133,325	140,829
Assets inherited on conversion	4,620,000	-	-	-	4,620,000
At 31 August 2015	43,850,000	19,904	259,506	562,270	44,691,680
Depreciation					
At 1 September 2014	659,872	11,498	138,166	207,353	1,016,889
Charge for the year	620,651	7,117	90,598	158,777	877,143
At 31 August 2015	1,280,523	18,615	228,764	366,130	1,894,032
Net book value					
At 31 August 2015	42,569,477	1,289	30,742	196,140	42,797,648
At 31 August 2014	38,570,128	8,406	113,836	221,592	38,913,962

Included in land and buildings is freehold land at valuation of £7,725,000 which is not depreciated.

On conversion of Valley Park Primary School, Rotherham MBC's Land and Property Team were appointed to carry out a valuation of the land and buildings transferred to the trust.

20. Debtors

	2015 £	2014 £
Trade debtors	15,493	11,771
Other debtors	144,824	175,458
Prepayments and accrued income	284,119	165,356
	444,436	352,585

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

21. Creditors:
Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	179,690	90,415
Other taxation and social security	197,392	178,097
Other creditors	1,074	364
Accruals and deferred income	338,094	363,839
	<u>716,250</u>	<u>632,715</u>

Deferred income

	£
Deferred income at 1 September 2014	89,073
Resources deferred during the year	36,072
Amounts released from previous years	(89,073)
Deferred income at 31 August 2015	<u>36,072</u>

At the balance sheet date the academy was holding funds received in advance for grants which relate to 2015/16.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General funds	664,703	377,331	(213,002)	-	-	829,032
Restricted funds						
GAG	745,688	13,073,517	(13,265,350)	48,345	-	602,200
Rates funding	2,703	85,389	(94,931)	-	-	(6,839)
Insurance funding	-	1,733	(1,733)	-	-	-
Pupil premium - EFA	-	796,939	(701,019)	-	-	95,920
Pupil premium - LA	-	24,666	(24,666)	-	-	-
School fund	90,194	258,249	(259,717)	-	-	88,726
Conversion support	-	160,000	(82,626)	-	-	77,374
SEN grant	-	113,489	(113,489)	-	-	-
Sponsor capacity grant	15,782	-	-	(15,782)	-	-
PE grant	-	12,855	(12,855)	-	-	-
UIFSM grant	-	43,428	(45,260)	1,832	-	-
Roof grant	-	153,395	(148,999)	(4,396)	-	-
Gateway grant	-	11,056	(11,056)	-	-	-
Early years funding grant	-	81,699	(81,699)	-	-	-
Core maths grant	-	58,335	(58,335)	-	-	-
Other	-	33,302	(23,915)	-	-	9,387
Pension reserve	(3,533,000)	(1,275,000)	(88,000)	-	105,000	(4,791,000)
	<u>(2,678,633)</u>	<u>13,633,052</u>	<u>(15,013,650)</u>	<u>29,999</u>	<u>105,000</u>	<u>(3,924,232)</u>
Restricted fixed asset funds						
Assets inherited on conversion	38,893,439	4,620,000	(864,905)	-	-	42,648,534
Fixed assets purchased from GAG and other restricted funds	5,825	-	(2,536)	-	-	3,289
DfE/EFA Capital grants	-	61,549	(2,516)	(29,999)	-	29,034
Local Choice funding	14,698	128,500	(7,187)	-	-	136,011
	<u>38,913,962</u>	<u>4,810,049</u>	<u>(877,144)</u>	<u>(29,999)</u>	<u>-</u>	<u>42,816,868</u>
Total restricted funds	<u>36,235,329</u>	<u>18,443,101</u>	<u>(15,890,794)</u>	<u>-</u>	<u>105,000</u>	<u>38,892,636</u>
Total of funds	<u>36,900,032</u>	<u>18,820,432</u>	<u>(16,103,796)</u>	<u>-</u>	<u>105,000</u>	<u>39,721,668</u>

22. Statement of funds (continued)

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

Unrestricted funds

The unrestricted funds represent funds available to the governors to apply for the general purposes of the Academy.

Restricted general funds

General Annual Grant (GAG) - The Academy's principal funding stream received from the Education Funding Agency. This must be used to fund the normal running costs of the Academy for the benefit of existing students.

Rates funding - On an annual basis, the EFA refunds each school for the expenditure in relation to national non-domestic rates.

Insurance funding - The EFA pay top-up insurance funding for academies with specific and exceptional circumstances that may result in them being unable to meet the full cost of insurance premiums from their funding – this relates to Totley Primary School.

Pupil Premium (EFA) - DfE funding to address the current underlying inequalities between children eligible for free school meals (FSM) and their wealthier peers by ensuring that funding to tackle the disadvantage reaches the pupils who need it most.

Pupil Premium (LA) - The local authority is responsible for managing pupil premium for the remainder of the school term in which the maintained school converts to academy status. Children in local authority care also receive additional pupil premium funding which on-going continues to be managed by the local authority.

School Funds - Funds received for activities, trips and fundraising which will be paid to suppliers and charities.

Conversion support - A grant to cover costs incurred during conversion to multi academy trust status.

SEN grant - Funding is provided by the Local Authority, weighted according to the severity of need, for additional support needed in a mainstream school to meet a pupil's identified special educational needs. In each case, the particular needs of the individual child determine the nature and extent of the additional support that is required.

Sponsor capacity grant - King Egbert School is an innovative high quality sponsor, recognised by the local authority as having the expertise and ability to transform under-performing schools into successful academies. The EFA sponsor capacity funding was a grant to secure the expertise and vision of innovative Senior Leaders of the trust to implement distinctive values across a growing Multi Academy Trust, including schools below floor targets, articulating a clear educational vision to help turn round the schools and improve the life chances of its pupils.

PE grant - In 2014-15 the EFA provided Primary Schools with a PE and Sport Premium to improve the quality of the PE and sport activities they offer their pupils.

UFSM grant - The universal infant free school meals (UFSM) grant enables schools to provide free school meals to all pupils in reception, year 1 and year 2.

22. Statement of funds (continued)

Roof grant - The Condition Improvement Fund (CIF) is additional capital funding that academies can apply for each year. CIF's core priority is supporting condition projects. Keeping academy and sixth-form college buildings safe and in good working order is a key priority. Most CIF funding aims to address issues with significant consequences that revenue or Devolved Formula Capital (DFC) funding cannot meet. These include issues with poor building condition, building compliance, energy efficiency and health and safety. Funding was used to repair the roof on Totley Primary School.

Gateway grant - The Gateway Programme supports families who are resettled in Sheffield. The school receives funding towards Teaching Assistants who support the Gateway pupils in school.

Early years funding grant - Providers of Free Early Learning (FEL) for 2, 3 and 4 year olds are able to claim funding from the Early Years Block of Dedicated Schools Grant held by the Local Authority.

Core maths grant - The EFA provides funding for schools to become early adopters of the new Core Maths qualification. In addition to preparing students for Core Maths qualifications, early adopters will be expected to work with the Core Maths Support Programme (CMSP) to develop teaching approaches and materials, to support professional development and to generally lay the foundations for successful implementation when Core Maths becomes widely available. The CfBT Education Trust provides additional funding for the Core Maths Lead to support the continued implementation of Core Maths in their own and partner institutions.

Defined benefit pension liability - The deficit on the Local Government Pension Scheme has been recognised against restricted funds in order to match it against GAG as recommended by the EFA Accounts Direction.

Restricted fixed asset funds

Assets inherited on conversion - Assets donated to the Academy from the local authority on conversion.

Fixed assets purchased from GAG and other funds - For capital expenditure.

DfE/EFA Capital grants - For capital expenditure.

Local Choice funding - For ICT assets.

Transfers between funds

A transfer has been made from the sponsor capacity grant fund to GAG in respect of staff salary expenditure incurred to support Valley Park.

A transfer has been made from the roof grant and capital grants in respect of capital expenditure expensed to repairs.

Transfers are also made from GAG to any funds in deficit.

Under the funding agreements with the Secretary of State, the academies were not subject to a limit on the amount of GAG that they could carry forward at 31 August 2015.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

22. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2015 were allocated as follows:

	Total £
King Egbert School	980,244
Newfield School	200,573
Totley School	149,607
Valley Park School	117,631
Mercia Learning Trust	217,746
Total before fixed asset fund and pension reserve	1,665,801
Restricted fixed asset fund	42,816,868
Pension reserve	(4,791,000)
Total	39,691,669

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
King Egbert School	4,996,825	365,998	225,961	1,942,876	7,531,660
Newfield School	3,176,262	346,401	151,358	1,562,442	5,236,463
Totley School	576,994	106,656	97,444	412,229	1,193,323
Valley Park School	542,312	159,557	34,823	116,056	852,748
Mercia Learning Trust	276,194	63,129	-	73,135	412,458
	9,568,587	1,041,741	509,586	4,106,738	15,226,652

Summary of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	664,703	377,331	(213,002)	-	-	829,032
Restricted funds	(2,678,633)	13,633,052	(15,013,650)	29,999	105,000	(3,924,232)
Restricted fixed asset funds	38,913,962	4,810,049	(877,144)	(29,999)	-	42,816,868
	36,900,032	18,820,432	(16,103,796)	-	105,000	39,721,668

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

23. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Restricted fixed asset funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	-	-	42,797,648	42,797,648	38,913,962
Current assets	1,545,282	866,768	19,220	2,431,270	2,151,785
Creditors due within one year	(716,250)	-	-	(716,250)	(632,715)
Provisions for liabilities and charges	-	(4,791,000)	-	(4,791,000)	(3,533,000)
	<u>829,032</u>	<u>(3,924,232)</u>	<u>42,816,868</u>	<u>39,721,668</u>	<u>36,900,032</u>

24. Net cash flow from operations

	2015 £	2014 £
Net incoming resources before revaluations	2,716,636	17,560,924
Returns on investments and servicing of finance	(15,809)	(21,908)
Depreciation of tangible fixed assets	877,143	607,272
Increase in debtors	(91,851)	(277,216)
Increase in creditors	83,535	315,012
Cash donated on conversion to an academy trust	(118,533)	(160,893)
Pension deficit inherited on conversion	1,275,000	1,854,000
FRS 17 adjustments	88,000	57,000
Fixed assets donated on conversion	(4,620,000)	(19,562,518)
Net cash inflow from operations	<u>194,121</u>	<u>371,673</u>

25. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	<u>15,809</u>	<u>21,908</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(140,829)</u>	<u>(27,514)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

26. Analysis of changes in net funds

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand:	1,799,200	187,634	-	1,986,834
Net funds	1,799,200	187,634	-	1,986,834

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

27. Conversion to a multi academy trust

On 1 April 2015 Valley Park Community Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Mercia Learning Trust from Sheffield City Council for £nil consideration.

This transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of financial activities as voluntary income.

The following tables set 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 £
Leasehold land and buildings	-	-	4,620,000	4,620,000
Budget surplus/(deficit) on LA funds	114,796	-	-	114,796
Budget surplus/(deficit) on other school funds	-	3,737	-	3,737
LGPS pension surplus/(deficit)	-	(1,275,000)	-	(1,275,000)
Net assets/(liabilities)	114,796	(1,271,263)	4,620,000	3,463,533

The above net assets include £118,533 that were transferred as cash.

28. Pension commitments

The 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 South Yorkshire Pensions Authority. Both are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. Pension commitments (continued)

The pension costs paid to TPS in the period amounted to £832,547 (2014: £555,000).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, 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 2015 was £328,000, of which employer's contributions totalled £255,000 and employees' contributions totalled £73,000. The agreed contribution rates for future years are 12% for employers and 5% to 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.

As described in note 27 the LGPS obligation relates to the employees of the trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the trust at the balance sheet date.

The trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2015 %	Fair value at 31 August 2015 £	Expected return at 31 August 2014 %	Fair value at 31 August 2014 £
Equities	6.50	1,115,000	7.00	493,000
Government Bonds	2.50	270,000	2.90	105,000
Other bonds	3.60	111,000	3.80	53,000
Property	6.10	215,000	6.20	87,000
Cash / liquidity	0.50	34,000	0.50	15,000
Other	6.50	134,000	7.00	52,000
Total market value of assets		1,879,000		805,000
Present value of scheme liabilities		(6,670,000)		(4,338,000)
(Deficit)/surplus in the scheme		(4,791,000)		(3,533,000)

The overall expected return on assets is derived from a weighted average of the expected return from each of the main asset classes (which is the best estimate of the future investment return for that asset class at the accounting date).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. Pension commitments (continued)

The amounts recognised in the Balance sheet are as follows:

	2015 £	2014 £
Present value of funded obligations	(6,670,000)	(4,338,000)
Fair value of scheme assets	1,879,000	805,000
Net liability	(4,791,000)	(3,533,000)

The amounts recognised in the Statement of financial activities are as follows:

	2015 £	2014 £
Current service cost	(415,000)	(224,000)
Interest on obligation	(207,000)	(124,000)
Expected return on scheme assets	63,000	36,000
Total	(559,000)	(312,000)
Actual return on scheme assets	-	72,000

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

	2015 £	2014 £
Opening defined benefit obligation	4,338,000	1,884,000
Current service cost	415,000	224,000
Interest cost	207,000	124,000
Contributions by scheme participants	122,000	73,000
Actuarial losses	(170,000)	181,000
Liabilities assumed in a business combination	1,778,000	1,873,000
Benefits paid	(20,000)	(21,000)
Closing defined benefit obligation	6,670,000	4,338,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. Pension commitments (continued)

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

	2015	2014
	£	£
Opening fair value of scheme assets	805,000	518,000
Expected return on assets	63,000	36,000
Actuarial gains and (losses)	(65,000)	(75,000)
Contributions by employer	471,000	255,000
Contributions by employees	122,000	73,000
Assets acquired in a business combination	503,000	19,000
Benefits paid	(20,000)	(21,000)
	<u>1,879,000</u>	<u>805,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £139,000 (2014 - £309,000).

The trust expects to contribute £553,000 to its Defined benefit pension scheme in 2016.

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

	2015	2014
Discount rate for scheme liabilities	4.00 %	4.00 %
Expected return on scheme assets at 31 August	5.56 %	6.01 %
Rate of increase in salaries	3.95 %	3.95 %
Rate of increase for pensions in payment / inflation	2.20 %	2.20 %
Inflation assumption (CPI)	2.20 %	2.20 %

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

	2015	2014
Retiring today		
Males	23	22.9
Females	25.6	25.5
Retiring in 20 years		
Males	25.3	25.2
Females	28.4	28.3

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

28. Pension commitments (continued)

Amounts for the current and previous period are as follows:

Defined benefit pension schemes

	2015 £	2014 £
Defined benefit obligation	(6,670,000)	(4,338,000)
Scheme assets	1,879,000	805,000
Deficit	(4,791,000)	(3,533,000)
Experience adjustments on scheme liabilities	170,000	(181,000)
Experience adjustments on scheme assets	(65,000)	(75,000)

29. Operating lease commitments

At 31 August 2015 the trust had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
<i>Expiry date:</i>		
Between 2 and 5 years	46,021	17,121

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2015

30. Financial commitments under PFI arrangements

At 31 August 2015 the trust had annual commitments under PFI arrangements as follows:

	2015 £	2014 £
Expiry date:		
Within one year	-	318,007
Within two and five years inclusive	-	-
In over five years	1,778,165	1,774,305
Total	1,778,165	2,092,312

31. Related party transactions

Owing to the nature of the 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 trust's financial regulations and normal procurement procedures.

The following related party transactions took place during the period:

C.A. Stewart acted as Executive Headteacher for Valley Park Primary School pre conversion. Income of £19,498 was received for these services.

32. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2015 the trust received £11,113 and disbursed £11,113 from the fund.