

Ambitions Academies Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2018

Company Registration Number:
07977940 (England and Wales)

Ambitions Academies Trust - Year ended 31 August 2018

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Ambitions Academies Trust - Year ended 31 August 2018

Reference and Administrative Details

Members

Mrs Pat Marchiori (resigned 01/05/18)
Mr Richard Smith (resigned 01/05/18)
Mrs Marilyn Bramford (resigned 01/05/18)
Mr Nigel Smith (appointed 01/05/18)
Ms Lesley Spain (appointed 01/05/18)
Mr Alan Connell (appointed 01/05/18)

Trustees

Mrs Pat Marchiori (Chair of Trustees) #
Mr Richard Smith #
Mrs Marilyn Bramford*
Mrs Caroline Sard #
Mrs Berni Catling #
Mr Jonathan Badger*
Miss Louise Parker *
Mr Ted Taylor*
Mrs Roz Scammell* (Appointed 24/09/2018)

*Membership of Finance Committee

Membership of Audit & Risk Management Committee

Company Secretary

Sherri Hawkins

Senior Management Team:

- | | |
|--|----------------|
| • Chief Executive Officer and Accounting Officer | Sian Thomas |
| • Director of Special Education | Nicki Morton |
| • Director of Primary Education | Alex Prout |
| • Director of Outcomes and Performance Improvement | Paul Holman |
| • Business Director | Sherri Hawkins |
| • Finance Director/Chief Financial Officer | Michael Reid |
| • Estates Director | Ian Hawkins |

Company Name

Ambitions Academies Trust

Principal and Registered Office

Evering Avenue
Parkstone
Poole
BH12 4JG

Company Registration Number

07977940 (England and Wales)

Ambitions Academies Trust - Year ended 31 August 2018

Reference and Administrative Details *(continued)*

Auditors	Filer Knapper LLP Chartered Accountants and Statutory Auditor 10 Bridge Street Christchurch Dorset BH23 1EF
Bankers	Lloyds Bank Plc PO Box 1000 Andover BX1 1LT
Solicitors	Michelmores LLP Woodwater House Pynes Hill Exeter EX2 5WR

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report

The Trustees present their annual report together with the Financial Statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Academy Trust operates 5 primary, 2 secondary, 1 studio school and 2 special academies within the Bournemouth and Poole area. It had a combined roll of 3,418. The Trust also operates Ambitions Teaching School and Ambers Group Ltd, a trading subsidiary that is wholly owned by the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a private company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Ambitions Academies Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Ambitions Academies Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 3.

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.

Trustees' Indemnities

In accordance with normal practice, the Trust insures its Trustees and Academy Advisory Committee members against errors, negligent acts or omissions relating to their work for the Trust, with no limit on any single claim.

Method of Recruitment and Appointment or Election of Trustees

The Trust has a total of eight Trustees. Trustees serve a term of office of four years. New Trustees are appointed by the Members and Academy Advisory Committee (AAC), members are appointed by the Board of Trustees. When new Trustees or AAC members are to be appointed, the Members or the Board approve at that time an appropriate process and criteria for recruitment, based on an analysis of the current skill and capability requirements of the Board or Academy Advisory Committee, the current needs of each of the Academies and governance good practice at Trust level.

Policies and Procedures Adopted for the Induction and Training of Trustees

When new Trustees or Academy Advisory Committee members are appointed, an analysis of the requirements of their role and their current skills determine their induction process. The induction process is set out in the Governance Handbook.

Organisational Structure

For the period of these financial statements, the Trust's decisions are taken on behalf of all Academies by the Board of Trustees, in respect of governance, financial control and procedure and staffing structure. Principals under the guidance of Directors of Education, and Academy Advisory Committees lead individual Academies, making decisions on the direction of teaching and learning and achievement. The CEO is the Accounting Officer of the Trust.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Arrangements for setting pay and remuneration of key management personnel

Arrangements for setting the pay and remuneration of the Trust's key management personnel are approved by the Remunerations & Nominations Committee. The Trust's teachers' pay policy is based on the national agreed pay scale as outlined in the School Teachers Pay and Conditions Document. The Trust adheres to Local Government pay arrangements for support staff and follows the Local Government pay spine.

Pay and remuneration for all personnel except the Chief Executive Officer is set by the Remunerations and Nominations Committee, which is a sub-committee of the Trustees. The Chief Executive Officer's pay and remuneration is set by an annual committee held solely for the appraisal and setting of pay and remuneration of the Chief Executive Officer.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
6	5

Percentage of time spent of facility time

Percentage of time	Number of employees
0%	4
1%-50%	2
51%-99%	
100%	

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£373.33
Provide the total pay bill	£14,472,718
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.0026%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours, calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	44.95%
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Related Parties and other Connected Charities and Organisations

The Trust seeks to avoid related party transactions. In this period, there are no related parties with which the Trust has transacted with, the exception of Ambers Group Ltd (the trading subsidiary) which began trading in September 2017 and has been consolidated within these accounts.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Objectives and Activities

Objects and Aims

The Ambitions Academies Trust objectives are set out in the Articles of Association. In summary it is to improve the level of education provision in Bournemouth and Poole whether directly through our own Academies or indirectly through working with other education providers in the region.

The aim of the Trust is to operate as a group of collaborating Academies for the benefit of young people. Academies are geographically close which offers the Trust the opportunity to develop a common ethos, share best practice and combine resources. Ambitions Academies Trust exists to provide outstanding education for pupils and young people, improving the life chances of all pupils and young people across the Trust. The Trust provides an outstanding education across all sectors, early years, primary, secondary and special, ensuring that pupils and young people are given a broad and balanced education which prepares them well for success in their future lives. The Trust provides strong challenge and support to Academies and ensures they deliver success for all.

Professional development, challenge and support are at the heart of ensuring that staff are some of the finest teachers so they can deliver outstanding teaching. The mainstream and special classes benefit greatly from working collaboratively across the Trust. Ambitions Academies Trust has been appointed as a Teaching School since 2014 which has enabled us to build on our successful outreach and teacher training work. This now enables us to provide extensive support to many schools and Academies across Dorset.

Objectives, Strategies and Activities

The aims of the Trust during the year ended 31 August 2018 are summarised below:

Early Years & Primary Sector

- Maintain outstanding outcomes - leaders robustly monitor, support and challenge outstanding teaching
- Strengthen leadership and widen the provision - introducing wrap around care through the Ambers Group and the retention of middle leaders
- Improve the inclusion systems - improving the provision for those with SEMH and improving successes of primary pupils as they move through to secondary school

Special Sector

- Pupil outcomes – staff will hold high expectations and develop clear shared understanding of what constitutes Outstanding and Good rates of progress.
- Leadership and Management – leadership knowledge and skills are developed at all levels to ensure best outcomes for students and to ensure succession planning for the future
- Teaching, Learning & Assessment – accurate assessment information informs SEMH plans/ pupil profile on entry.
- Personal development, behaviour and welfare – to develop and maintain a good level of positive engagement with families.

Secondary sector

- Pupil outcomes – progress to be positive in all year groups, progress and attainment to be above average in year 11 and 13
- Quality of teaching – to improve quality of teaching so 100% is at least consistently good.
- Promote students' spiritual, moral, social and cultural development – provide additional extra-curricular opportunities for students and implement the L4L curriculum and Jigsaw project.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Objectives and Activities *(continued)*

Objectives, Strategies and Activities *(continued)*

Business

- Review data protection – ensure the Trust is fully GDPR compliant
- Improved HR processes and practices – to review current HR processes and make improvements and ensure these are embedded fully across the Trust
- Introduction of Alcumus – implement the electronic handling of all personnel files

Estates

- Pro-active medium and long term maintenance program – to develop pro-active maintenance programmes for each academy which ensures all plant and equipment meets safety standards with planned replacement programme budgeted.
- Use of Alcumus to develop generic reporting – to develop generic reports across the Trust in all Academies to demonstrate levels of compliance.
- Identify possible capital bids – new opportunities to bid for plant, building and grounds improvements

Finance

- All Academies remain within budget – through monthly meetings with both the finance team and Finance Committee
- ParentPay in use throughout the Trust – convert all Academies onto the same ParentPay system to allow the Trust to go cashless
- Ensure all new Academies fully integrate into the Trust's financial procedures

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charitable Company's objective and aims and in planning activities for the period. The Trustees consider that the Nolan Principles and Charitable Company's aims are demonstrably to the benefit of the public. During the year the Trust has been working to support Kinson Academy and Wey Valley Academy.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report

Educational Achievements and Performance – Key Performance Indicators

In 2017-18 all educational sectors across the Trust have shown improvement in student outcomes in line with their setting and the length of the Academy tenure within the Trust.

With the embedding of the KS2 Primary Progress key performance indicators nationally, a true picture of comparative progress is now emerging and this shows positive growth for AAT within this sector.

For secondary schools, this is the first year where the vast majority of subjects join English and maths on the new 9-1 grading system. The 'Progress 8' key performance indicator is now becoming more widely understood alongside the more traditional 'Basic' attainment measure of English and maths at the legacy grade C and now the revised grade 4. All secondary academies have shown improvement which is reflective of their current school improvement journey.

The Special Sector academies within AAT continue to offer an outstanding educational provision for their vulnerable learners within their bespoke setting.

Key Performance Indicators

The key financial performance indicators during the year were as follows:

Key Financial Performance Indicator 2017-18		Ambitions Academies Trust	Primary Academies	Secondary Academies	Special Academies
Year End Reserves: (excluding long term liabilities)	Target	8 - 12%	8 - 12%	8 - 12%	8 - 12%
	Actual	(2%)	36%	(46%)	(1%)
Number of months' reserves:		(0.2)	5.4	(-5.6)	(0.2)
Direct Staff cost as % of Income:	Target	60-70%	60-70%	60-70%	60-70%
	Actual	57%	58%	61%	66%
Total Staff cost as % of Income:	Target	70-75%	70-75%	70-75%	70-75%
	Actual	78%	77%	82%	87%

Summary of Primary Academy Results

Bayside officially joined AAT with a term of the 2017-18 academic year remaining. Staff were working with the Academy prior to this date and supported the significant improvement in progress for reading, writing and maths. Expected attainment in writing and maths also showed year on year improvement in this short space of time.

Elm Academy, now in its second full year within the Trust, showed significant improvement in progress of writing and maths. The attainment of reading, writing and maths is now broadly in line or above national average at both expected and exceeding.

King's Park Academy achieved positive progress scores across all three disciplines. The Academy focus on reading, resulting in a significant progress increase of 0.9. Attainment levels are also pleasing and broadly in line with national average at expected and exceeding benchmarks given the low starting point of the cohort. King's Park Academy was also graded 'Good' by Ofsted in April 2018.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Summary of Primary Academy Results *(continued)*

The progress of Year 6 students at Manorside Academy in 2018 was similar to the previous year for writing and maths. The progress of reading however dipped and is now a key focus for this coming year. Attainment is broadly in line with national average and the previous year's results. Manorside Academy was graded 'Outstanding' by Ofsted in February 2018.

The progress and attainment outcomes at Queen's Park Academy are all above national average and show the impact of the AAT primary system over time. It is particularly impressive to note that 37% of students reached the exceeding benchmark for reading compared to the national average of 28%.

Please note that all 2018 KS2 data is currently unvalidated, awaiting national confirmation.

Progress

Academy	Date Joined AAT	Subject	Progress 2016	Progress 2017	Progress 2018*
BA	1 st April 2018	Reading			-6.95
		Writing			-0.23
		Maths			-3.98
EA	1 st September 2017	Reading			-0.72
		Writing			0.87
		Maths			1.18
KPA	1 st March 2015	Reading	1.9	-0.6	+0.3
		Writing	4.2	3.7	+2.4
		Maths	3.6	1.3	+0.5
MA	1 st April 2015	Reading	-3.04	2.1	-1.3
		Writing	-1.34	0.2	0.0
		Maths	-1.01	1.7	+1.4
QPA	1 st October 2012	Reading	0.8	0.0	+0.7
		Writing	3.6	2.3	+1.8
		Maths	2.9	1.4	+0.2

*Unvalidated

Attainment - Expected

Academy	Date Joined AAT	Subject	Attainment 2016	National Ave. 2016	Attainment 2017	National Ave. 2017	Attainment 2018*	National Ave 2018*
BA	1 st April 2018	Reading					32	75
		Writing					70	78
		Maths					46	76
EA	1 st September 2017	Reading					73	75
		Writing					82	78
		Maths					77	76
KPA	1 st March 2015	Reading	55	66	59	71	70	75
		Writing	81	74	79	76	81	78
		Maths	76	70	73	75	71	76
MA	1 st April 2015	Reading	42	66	64	71	72	75
		Writing	61	74	64	76	62	78
		Maths	62	70	65	75	79	76
QPA	1 st October 2012	Reading	68	66	81	72	81	75
		Writing	94	74	95	76	90	78
		Maths	87	70	92	75	80	76

*Unvalidated

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Summary of Primary Academy Results *(continued)*

Attainment - Exceeding

Academy	Date Joined AAT	Subject	Attainment 2016	National Ave. 2016	Attainment 2017	National Ave. 2017	Attainment 2018*	National Ave 2018*
BA	1 st April 2018	Reading					8	28
		Writing					14	20
		Maths					2	24
EA	1 st September 2017	Reading					27	28
		Writing					19	20
		Maths					24	24
KPA	1 st March 2015	Reading	9	19	10	25	24	28
		Writing	17	15	17	18	27	20
		Maths	15	17	15	23	19	24
MA	1 st April 2015	Reading	16	19	18	25	10	28
		Writing	13	15	5	18	21	20
		Maths	16	17	10	23	19	24
QPA	1 st October 2012	Reading	19	19	28	25	37	28
		Writing	21	15	28	18	34	20
		Maths	19	17	33	23	28	24

*Unvalidated

Summary of Secondary Academy Results

LEAF Studio had a small cohort of just 56 students in the 2017-18 academic year. The Progress 8 score of -0.52 reflects legacy of a narrow curriculum on offer and quality of teaching. Under AAT's tenure this has been rectified and improved results are expected next year. Attainment outcomes for English was an impressive 82% for grade 4+ however maths remain an area of focus.

Oak Academy again suffered from a narrow curriculum with only half the cohort following a Progress 8 compliant curriculum. Hence the Progress 8 score was low at -0.67. This have been remedied for future cohorts. Encouragingly the attainment for English and maths at both grade 4 and 5 improved year on year for a second year running and demonstrates the sustained capacity for improvement.

St Aldhelm's Academy has now been in the Trust for 3 complete academic years and the school improvement journey continues to go from strength to strength. This year they improved their Progress 8 score further to 0.38, considerably above national average. The lower attainment levels on entry mean that despite the impressive progress the levels of attainment are below average for this cohort.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Summary of Primary Academy Results *(continued)*

Progress

Academy	Date Joined	Subject	Progress 2016	Progress 2017	Progress 2018*
LeAF Studio	1 st September 2017	Overall P8			-0.52
		English			-0.37
		Maths			-0.55
		EBacc			-0.59
		Open			-0.48
Oak Academy	1 st September 2017	Overall P8			-0.67
		English			-0.73
		Maths			-0.26
		EBacc			-0.37
		Open			-1.16
St Aldhelm's Academy	1 st June 2015	Overall	-0.51	+0.22	+0.38
		English	-0.36	+0.21	+0.17
		Maths	-0.42	+0.14	+0.13
		EBacc	-0.93	-0.13	+0.4
		Open	-0.21	+0.62	+0.81

*Unvalidated

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Summary of Primary Academy Results *(continued)*

Attainment

Academy	Date Joined	Subject	School 2016	National Ave 2016	School 2017	National Ave 2017	School 2018*	National Ave 2018*
LeAF Studio	1 st Sept 2017	English 4+	89	74	73	67	82	67
		Maths 4+	59	68	68	69	63	60
		English & Maths 4+	57	62	56	63	54	65
		English 5+	N/A	N/A	53	51	61	51
		Maths 5+	N/A	N/A	36	48	32	40
		English & Maths 5+	N/A	N/A	29	42	27	43
Oak Academy	1 st Sept 2017	English 4+	47	74	44	67	49	67
		Maths 4+	45	68	54	69	63	60
		English & Maths 4+	35	62	39	63	49	65
		English 5+	N/A	N/A	25	51	39	51
		Maths 5+	N/A	N/A	25	48	33	40
		English & Maths 5+	N/A	N/A	20	42	24	43
St Aldhelm's Academy	1 st June 2015	English 4+	47	74	57	67	54	67
		Maths 4+	43	68	57	69	42	60
		English & Maths 4+	32	62	48	63	35	65
		English 5+	N/A	N/A	39	51	38	51
		Maths 5+	N/A	N/A	48	48	19	40
		English & Maths 5+	N/A	N/A	30	42	18	43

*Unvalidated

Summary of Special Sector Results

The two Academies within the Special Sector of education, Longspee Academy and Tregonwell Academy offer tailored learning opportunities to support the individual needs of their learners. A bespoke academic and enriching curriculum is taught to ensure students are provided with the best possible chances of engaging with and fulfilling a purposeful role in society. Within this sector, student targets and achievements are set in relation to the individual needs of each child.

Both schools are currently judged as Outstanding by Ofsted, with Tregonwell Academy retaining its grading in December 2017.

Longspee Academy

KS3	Students Entered	On Target	% met or exceeded targets
Maths	48	44	92
English	48	41	85
Science	48	40	54

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Summary of Primary Academy Results *(continued)*

Tregonwell Academy

KS3	Students Entered	On Target	% met or exceeded targets
Reading	37	36	97%
Writing	37	34	92%
Maths	37	35	96%

KS4	Students Entered	On Target	% met or exceeded targets	GCSE Pass	GCSE Grade 4+
English	22	22	100%	14	3
Maths	22	22	100%	12	2
Science	22	22	100%	4	0
Art	7	7	100%	0	0
Construction	6	6	100%	4	4
Cooking	16	16	100%	12	12
Hair & Beauty	5	5	100%	1	1
IT	2	2	100%	3	3
Sport	7	7	100%	5	5

Tregonwell Academy ensured that 84% of their year 11 students progressed on to either full time education, apprenticeship or employment at Post 16.

Going Concern

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

In order to maintain the financial stability of the Trust budget monitoring process has been reviewed and adjusted, cashflow is monitored on a daily basis and the budgets now are reworked 3 times a year to ensure all budgeted income and expenditure remain relevant.

The Trustees recognise that St Aldhelm's Academy has significant legacy issues dating back to December 2012, resulting in a current deficit of £3.6m, of which £1.2m represents cash drawn down from the Education & Skills Funding Agency (ESFA) as per the Financial Notice to Improve issued in April 2012, the £1.2m represents the underlying deficit financial performance. The Trust continues to work closely with the ESFA on its financial recovery plan, with quarterly reviews and detailed financial submissions to both the ESFA and Trustees.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Financial Review

In the main, the Trust's income comes from the Education and Skills Funding Agency (ESFA). The income comes in the form of recurrent grants for specific purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated Statement of Financial Activities. The Trust also receives specific grants and a high level of non-recurrent income for special educational needs provision from Local Authorities.

The Trust also received recurrent grants for fixed assets from the ESFA. These grants are shown in the consolidated Statement of Financial Activities as restricted income and represented in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets.

This year saw the transfer on conversion of a local authority school and an existing Academy Trust, this has resulted in a large transfer in. The transfer has been split on the Statement of Financial Activities between the relevant funds.

The deficit attributable to St Aldhelm's Academy is largely covered by an agreed repayment programme with the ESFA, covering £1,200,000 of the £3,629,642 deficit. The Trust accounts for the ESFA loan as a concessionary loan. The £1,200,000 loan is interest free. Concessionary loans are made to a public benefit entity at below market interest rates to advance the charitable purposes of the charity to which it is made and are not for commercial purposes. The loan is recognised on initial measurement at the amount advanced and subsequently at the balance due. The Trust expects St Aldhelm's Academy to make an in-year surplus from September 2020. All expenditure in the period was used for direct provision of education to our pupils and for the support services necessary to enable this provision.

At 31 August 2018 the net book value of tangible fixed assets was £61,948,785 (2017 - £38,754,253). These assets were used exclusively for providing education to the Trust's pupils and related support services.

The trading subsidiary company, Ambers Group Ltd, operates two nurseries at King's Park and Manorside, along with operating wrap around care including breakfast, afterschool and holiday clubs across the primary academies of the Trust. The facilities based at Oak and LeAF Studio are also let out to third parties. The year end reserves were £149,815.

Reserves Policy

The Trust held balance at 31 August 2018, including St Aldhelm's Academy's deficit, was £48,986,751 (2017 - £27,625,167), comprising of a deficit of £1,730,418 (2017 - deficit of £2,693,313) of restricted funds, a pension reserve deficit of £13,743,000 (2017 - £9,390,000), fixed asset reserves of £63,033,909 (2017 - £39,196,795) and unrestricted reserves of £1,426,260 (2017 - £511,685).

Total revenue reserves, which exclude the fixed asset fund of £63,033,909 (2017 - £39,196,795) and the pension reserve deficit of £13,743,000 (2017 - £9,390,000), as at 31 August 2018 were a deficit of £304,158 (2017 - deficit of £2,181,628) again including St Aldhelm's Academy's legacy deficit. Excluding St Aldhelm's Academy's legacy deficit, total revenue reserves were a surplus of £3,325,484 (2017 - £826,916). The fixed asset fund includes capital grants of £1,076,290 for ongoing projects.

The Trust aims to hold between 8% and 10% of total revenue income in reserves. Currently the reserves held are 2%, this is mostly due to the legacy deficit held at St Aldhelm's.

The Trustees consider that the underlying reserves levels excluding the long term liabilities of St Aldhelm's Academy and the cash reserves across the academies are sufficient for the working capital and operational needs of the Trust, based on historic levels of activity. The reserves meet our need for ongoing investment in our properties. Given the current expansion of the Trust, these requirements are not fixed. The Trustees will keep the level of reserves under review.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Strategic Report *(continued)*

Investment Policy

For the period covered by these Financial Statements, all cash balances have been held in current accounts in UK banks. Where the balance permits, the Trust intends to hold any surplus cash in low risk high interest deposit accounts using the services of a bank which specialises in charity clients.

Principal Risks and Uncertainties

The Trustees have assessed, through a Risk Register and through the robust scrutiny and challenge of the Audit & Risk Management Committee, the major risks to which the Trust is exposed. In particular, assessment has been made of the risks relating to specific teaching, provision of facilities and other operational areas of the Trust and its finances. Risks are assessed through a number of systems, and procedures are implemented to mitigate these risks. Some of these mitigating procedures include internal financial controls, trend and sensitivity analysis, vetting of new staff, health and safety policies and data protection procedures. The Trust has ensured that adequate insurance cover is in place to mitigate risk through membership of the ESFA's Risk Pooling Arrangement.

The principle risks have been identified as:

Reputational – the continued success of attracting sufficient numbers of pupils to the Academies by maintaining and improving educational standards.

Government funding – the Trust has considerable reliance on the continued government funding through the ESFA/ DfE and there is no assurance that government policy or practice will remain the same and funding will remain at the same levels or on the same basis.

Staffing – the ability to retain, recruit and train quality staff and leaders by ensuring continual personal development and clear succession planning.

Safety, safeguarding and regulations – the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

Buildings and Facilities – ensuring the estate under the control of the Trust remains safe, secure and compliant.

Pension Liability – this may fluctuate over time based on economic and Local Authority investment policy. This is a long term liability where it is hoped that it will reduce in the future by employer contributions and additional lump sum payments.

In respect of St Aldhelm's Academy's financial recovery, the Trustees have implemented an ongoing process of monitoring through the Finance Committee to quantify and mitigate the risks. While this is still relatively early days for St Aldhelm's Academy as part of the Trust, there are indications of strong improvement. Pupil numbers have risen steadily throughout the period with new pupils joining in every year group. The specialist leadership recruited to the Academy is having a transformative impact on the quality of teaching and learning and pupil outcomes, validated by the Ofsted rating of Good.

Post Balance Sheet Event

The Trust is currently working with and carrying out due diligence for Kinson Academy and Wey Valley School with the view to them joining the Trust during 2018-19.

During October 2018 a small fire occurred at St Aldhelm's Academy. Quotes have been received between £20,000 and £30,000. Whilst there was disruption on the day of the fire the site was quickly secured and reopened to the pupils the following day.

Ambitions Academies Trust - Year ended 31 August 2018

Trustees' Report *(continued)*

Principal Risks and Uncertainties *(continued)*

Plans for Future Periods

The future plans of the Trust are as follows:

- The first priority of the Trust is to continue to consolidate its achievement of high standards by ensuring development of outstanding practice across the Trust, securing the best educational outcomes for pupils
- The Trust intends to consolidate its financial position to ensure financial stability for the future
- The Trust is committed to working closely with schools and academies in the area where best use can be made of its National Leaders of Education for local pupils. The Trust will consider growth within the near future, provided it is of benefit to the Trust and its pupils, as well as new academies.

Employment of Disabled People

Ambitions Academy Trust's recruitment policy ensures that no candidate is discriminated against or unfairly treated because of a protected characteristic. Practical steps are taken to ensure reasonable adjustments are made at each stage of the recruitment process to allow disabled candidates to pursue a job vacancy and anonymous equality and diversity information is collected during the application process to ensure Ambitions Academy Trust's ability to monitor and improve its processes.

For staff members who become disabled during their employment with Ambitions Academy Trust, consideration is given to reasonable adjustments which will help to retain staff members whilst meeting the needs of the organisation in delivering its service.

Employment Involvement

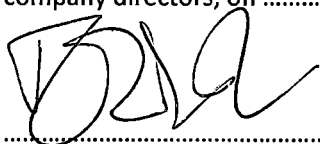
Ambitions Academy Trust works positively with Unions in all matters concerning its employees from joint consultation in relation to policy development, TUPE processes, disciplinary and grievance situations, issues relating to attendance at work and other employee relationship matters.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company directors, on 20/12/18 and signed on the Board's behalf by:



Mrs P Marchiori
Chair of Trustees

Date: 20/12/18

Ambitions Academies Trust - Year ended 31 August 2018

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Ambitions Academies 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 Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs P Marchiori (Chair of Trustees)	5	5
Mrs C Sard (Vice Chair of Trustees)	3	5
Mr R Smith	5	5
Mrs M Bramford	5	5
Mrs L Parker	5	5
Mrs B Catling	4	5
Mr T Taylor	5	5
Mr J Badger	3	5

During the year a Trust wide dashboard has been developed covering relevant KPIs for educational outcomes, business & HR, finance and estates. This allows the Trustees to have an overview of each academy's performance in one place. The Trustees have also undertaken a strategy review focusing on the vision and the 3-5 year growth strategy of the Trust. A full governance review has been planned for early 2019.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to monitor the Trust's finances over the year, including projected and actual levels of funding and review budgets. The Finance Committee is required to report back to the Board of Trustees and make recommendations as required for the Trustees' approval.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mrs L Parker	9	9
Mrs M Bramford	9	9
Mr J Badger	2	3
Mr T Taylor	7	9

The Audit and Risk Management Committee is a sub-committee of the main Board of Trustees. Its main purpose is to review the effectiveness of financial controls and risk management, and also to appoint and oversee the work of the internal and external auditors.

Ambitions Academies Trust - Year ended 31 August 2018

Governance Statement *(continued)*

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Smith (Committee Chair)	3	3
Mrs P Marchiori	3	3
Mrs C Sard	2	3
Mrs B Catling	1	3

Review of Value for Money

As Accounting Officer, the Chief Executive 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 appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by improving educational results and targeted improvement.

Education Reviews

On a termly basis each Academy's performance is reviewed through the Academy Termly Accountability Review that is chaired by the Director of Outcomes and Performance and attended by the sector Director of Education and the sector Principals. These reviews ensure that the academies are having a significant impact on the outcomes of the pupils.

These reviews are pulled together and are reported to the senior management team under the Strategy Termly Accountability Review. These reviews ensure that each sector is working towards the main aims of the Trust.

Cross Trust Forums

Throughout the year a number of cross Trust forums have been developed including an outcomes forum, a teaching and learning forum, both within the primary and secondary sectors, SEND forum and a Safeguarding forum. We believe that collaboration between these teams is the key driving force in establishing effective working practices across the Trust.

Financial Effectiveness

The Trust has also used central procurement and economies of scale to make the best use of resources in respect of areas such as HR support, IT provision, telephony and broadband and cleaning services throughout the year. For capital projects and general expenditure, the trust aims to make the best use of local suppliers where appropriate, supporting small and medium-sized local businesses while securing the best value for money.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. This has been achieved by commissioning an external review of internal controls. The system of internal control has been in place in Ambitions Academies Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and Financial Statements.

Four new Academies have joined the Trust during the year, in all instances the Trust has been working with these schools prior to joining the Trust. In all cases, each Academy has adopted on conversion/ transfer the same accounting system as the Trust along with the policies and procedures of the Trust.

Ambitions Academies Trust - Year ended 31 August 2018

Governance Statement *(continued)*

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance 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 not to appoint an internal Auditor. However, the Trustees have appointed Filer Knapper, the external Auditor, to perform additional checks. The internal Auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- testing of income systems
- testing of purchasing systems

As well as Filer Knapper carrying out additional checks a Trustee with an HR background has been having regular support and challenge meetings with the Business Director to review the HR systems the outcomes are then reported at the main Trustees meeting. This approach is going to be extended to the Chairs of the Audit & Risk and Finance Committees who will meet individually with the Finance Director on a regular basis.

Review of Effectiveness

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

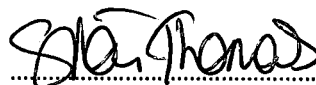
- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit and Risk Management Committee and ensure continuous improvement of the system is in place. The system has been deemed to be effective overall, however during the year issues have been identified that are being addressed in the form of internal audit reviews of processes and systems.

Approved by order of the members of the Board of Trustees on 20/12/18 and signed on its behalf by:



Mrs P Marchiori
Chair of Trustees



Ms S Thomas
Accounting Officer

Ambitions Academies Trust - Year ended 31 August 2018

Statement on Regularity, Propriety and Compliance

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

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all 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 2017.

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



Ms S Thomas
Accounting Officer

Date: 20/12/18

Ambitions Academies Trust - Year ended 31 August 2018

Statement of Trustees' Responsibilities

The Trustees (who act as governors of Ambitions Academies Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

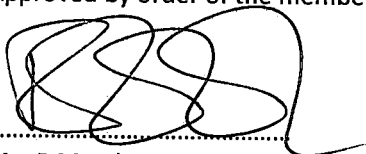
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the Financial Statements
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

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

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

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

Approved by order of the members of the Board of Trustees on 20/12/18 and signed on its behalf by:



Mrs P Marchiori
Chair of Trustees

Ambitions Academies Trust - Year ended 31 August 2018

Independent Auditor's Report to the Members of Ambitions Academies Trust

Opinion

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

In our opinion the Financial Statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Ambitions Academies Trust - Year ended 31 August 2018

Independent Auditor's Report to the Members of Ambitions Academies Trust *(continued)*

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 21, the Trustees (who are also the Directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Ambitions Academies Trust - Year ended 31 August 2018

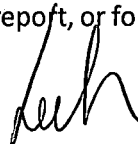
Independent Auditor's Report to the Members of Ambitions Academies Trust *(continued)*

Auditor's responsibilities for the audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

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



10 Bridge Street
Christchurch
Dorset
BH23 1EF

LUCY FILER
(Senior Statutory Auditor)
For and on behalf of
FILER KNAPPER LLP
Chartered Accountants
& Statutory Auditor

Date: 20 December 2018

Ambitions Academies Trust - Year ended 31 August 2018

Independent Reporting Accountant's Assurance Report on Regularity to Ambitions Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 21 November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Ambitions Academies Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Ambitions Academies Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Ambitions Academies Trust's funding agreement with the Secretary of State for Education dated 30 July 2014, subsequent funding agreements and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Reviewing the systems and procedures in place.
- Reviewing the results of the audit work which could have implications over the assurance conclusion.
- Reviewing the Trust's funding agreement and articles of association and whether these have been followed.
- Considering the requirements of the financial handbook and accounts directions issued by the ESFA and whether any material breaches have occurred.

Ambitions Academies Trust - Year ended 31 August 2018

Independent Reporting Accountant's Assurance Report on Regularity to Ambitions Academies Trust and the Education and Skills Funding Agency *(continued)*

Conclusion

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



10 Bridge Street
Christchurch
Dorset
BH23 1EF

FILER KNAPPER LLP
Chartered Accountants
& Statutory Auditor

Date: 20 December 2018

Ambitions Academies Trust - Year ended 31 August 2018

Consolidated Statement of Financial Activities (including Income and Expenditure Account)

	Notes	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£	£
Income and endowments from:						
Donations and capital grants	2	-	-	1,321,179	1,321,179	379,728
Transfer from local authority on conversion	28	104,551	(692,000)	3,860,387	3,272,938	-
Transfer from existing Academy Trust	28	233,764	(4,901,410)	20,525,003	15,857,357	-
Charitable activities:						
Funding for the Trust's educational operations	3	822,248	24,187,531	-	25,009,779	14,838,465
Teaching school	3	31,876	139,930	-	171,806	105,807
Other trading activities	4	753,515	-	-	753,515	62,752
Investments	5	990	-	-	990	741
Total		1,946,944	18,734,051	25,706,569	46,387,564	15,387,493
Expenditure on:						
Raising funds		414,589	-	-	414,589	-
Charitable activities:						
Trust education operations		592,836	25,133,883	1,894,399	27,621,118	17,308,565
Teaching school		-	95,273	-	95,273	107,418
Total	6	1,007,425	25,229,156	1,894,399	28,130,980	17,415,983
Net income / (expenditure)		939,519	(6,495,105)	23,812,170	18,256,584	(2,028,490)
Transfers between funds	17	(24,944)	-	24,944	-	-
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	17, 26	-	3,105,000	-	3,105,000	531,000
NET MOVEMENT IN FUNDS		914,575	(3,390,105)	23,837,114	21,361,584	(1,497,490)
RECONCILIATION OF FUNDS						
Funds brought forward at 1 September 2017		511,685	(12,083,313)	39,196,795	27,625,167	29,122,657
Funds carried forward at 31 August 2018		1,426,260	(15,473,418)	63,033,909	48,986,751	27,625,167

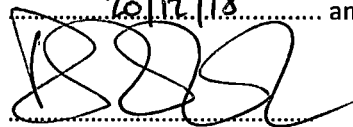
All of the Trust's activities derive from continuing operations and acquisitions during the above financial period.

Ambitions Academies Trust - Year ended 31 August 2018

Balance Sheet as at 31 August 2018 - Consolidated

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	12		8,834		15,748
Tangible assets	13		61,948,785		38,754,253
			<u>61,957,619</u>		<u>38,770,001</u>
Current assets					
Debtors	14	1,772,565		617,886	
Cash at bank and in hand		<u>1,914,267</u>		<u>79,650</u>	
		3,686,832		697,536	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,744,700)</u>		<u>(1,252,370)</u>	
Net current assets/(liabilities)			<u>1,942,132</u>		<u>(554,834)</u>
Total assets less current liabilities			63,899,751		38,215,167
Creditors: Amounts falling due after more than one year	16		<u>(1,170,000)</u>		<u>(1,200,000)</u>
Net assets excluding pension liability			<u>62,729,751</u>		<u>37,015,167</u>
Defined benefit pension scheme liability	26		<u>(13,743,000)</u>		<u>(9,390,000)</u>
Total assets			<u><u>48,986,751</u></u>		<u><u>27,625,167</u></u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	17	63,033,909		39,196,795	
Restricted income fund		<u>(1,730,418)</u>		<u>(2,693,313)</u>	
Pension reserve	17	<u>(13,743,000)</u>		<u>(9,390,000)</u>	
Total restricted funds			47,560,491		27,113,482
Unrestricted income funds	17		1,426,260		511,685
Total funds			<u><u>48,986,751</u></u>		<u><u>27,625,167</u></u>

The Financial Statements on pages 28 to 56 were approved by the Trustees and authorised for issue on 20/12/18 and are signed on their behalf by:



Mrs P Marchiori
Chair of Trustees

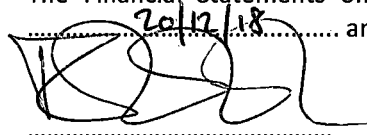
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Ambitions Academies Trust - Year ended 31 August 2018

Balance Sheet as at 31 August 2018 – Academy Trust

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	12		8,834		15,748
Tangible assets	13		61,948,785		38,754,253
			<u>61,657,619</u>		<u>38,770,001</u>
Current assets					
Debtors	14	1,791,226		617,886	
Cash at bank and in hand		<u>1,716,849</u>		<u>79,650</u>	
		3,508,075		697,536	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,715,760)</u>		<u>(1,252,370)</u>	
Net current assets/(liabilities)			<u>1,792,315</u>		<u>(554,834)</u>
Total assets less current liabilities			63,749,934		38,215,167
Creditors: Amounts falling due after more than one year	16		<u>(1,170,000)</u>		<u>(1,200,000)</u>
Net assets excluding pension liability			<u>62,579,934</u>		<u>37,015,167</u>
Defined benefit pension scheme liability	24		<u>(13,743,000)</u>		<u>(9,390,000)</u>
Total assets			<u><u>48,836,934</u></u>		<u><u>27,625,167</u></u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	17	63,033,909		39,196,795	
Restricted income fund		<u>(1,730,418)</u>		<u>(2,693,313)</u>	
Pension reserve	17	<u>(13,743,000)</u>		<u>(9,390,000)</u>	
Total restricted funds			47,560,491		27,113,482
Unrestricted income funds	17		1,276,443		511,685
Total funds			<u><u>48,836,934</u></u>		<u><u>27,625,167</u></u>

The Financial Statements on pages 28 to 56 were approved by the Trustees and authorised for issue on 20/12/18 and are signed on their behalf by:



Mrs P Marchiori
Chair of Trustees

Company Number 07977940

Ambitions Academies Trust - Year ended 31 August 2018

Statement of Cash Flows

	Notes	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	1,387,639	(963,902)
Cash flows from investing activities	23	446,978	(880,522)
Cash flows from financing activities	22	-	-
Change in cash and cash equivalents in the reporting period		<u>1,834,617</u>	<u>(1,844,424)</u>
Cash and cash equivalents at 1 September 2017		79,650	1,924,074
Cash and cash equivalents at 31 August 2018	24	<u>1,914,267</u>	<u>79,650</u>

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements

1 Statement of accounting policies

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

Basis of Preparation

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

Ambitions Academies Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the Financial Statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements. See note 17 for more details.

Group financial statements

These financial statements consolidate the results of Ambitions Academies Trust and its wholly owned subsidiary, Ambers Group Limited, on a line by line basis. A separate statement of financial activities for the charity itself is not presented. Ambers Group Ltd, was incorporated on 11 July 2017, trade began in the year ended 2018 when the nursery provision was transferred from the Trust, along with sundry smaller income streams. The subsidiary has the same registered office as the Trust.

Income

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

Grants

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

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

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

Sponsorship Income

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Donations

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

Other Income

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

Income from trading activities includes income earned from trading activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the Financial Statements until they are sold. The Trust does not currently hold any donated goods, facilities or services.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Transfer on conversion

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

Transfer of existing academies into the Academy Trust

Where assets and liabilities are received on the transfer of an existing academy into the Academy Trust, the transferred net assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer of an existing academy into the Academy Trust within donations and capital grant income to the net assets acquired.

Agency Arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA 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 Trust can use up to 10% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 31.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Costs of raising funds represents the operating costs of its subsidiary trading company.

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible fixed assets costing £10,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible fixed assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Purchased computer software - 3 years straight line

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Tangible fixed assets purchased out of unrestricted funds are transferred to the restricted fixed asset fund when the assets are to be used for the Trust's charitable purposes and it is deemed appropriate to designate them as restricted. Depreciation on these transferred assets is charged to the restricted fixed asset fund.

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

- | | |
|------------------------------------|--|
| • Long leasehold buildings | Buildings 50 and 15 years straight line/land 125 years straight line |
| • Fixtures, fittings and equipment | 25% reducing balance |
| • Computer hardware | 3 years straight line |
| • Motor vehicles | 5 years straight line |

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Tangible Fixed Assets *(continued)*

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.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities

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

Provisions

Provisions are recognised at when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

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

Concessionary Loan

The Trust accounts for the ESFA loan as a concessionary loan. Concessionary loans are made to a public benefit entity at below market interest rates to advance the charitable purposes of the charity to which it is made. The loan is recognised on initial measurement at the amount advanced.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/ Department for Education/ Local Authority.

There are no limits imposed on the amount of GAG that the Trust is permitted to carry forward from one year to the next.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

1 Statement of accounting policies *(continued)*

Critical accounting estimates and areas of judgement

Two Academies (St Aldhelm's and LeAF Studio) are currently funded by estimate funding rather than lagged funding. Pupil numbers for the following year are estimated and are submitted to the ESFA. The Academies are funded on this estimated pupil number. During the year actual pupil numbers are recorded during the October and January census. If the actual pupil numbers are above the estimated figure and meet the threshold for an adjustment, then the ESFA will top up the funding from May onwards. If the actual pupil numbers are below the estimate, then the ESFA will recover the overpayment in instalments from the following September.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
Capital grants	-	1,321,179	1,321,179	379,728
2017 total	-	379,728	379,728	

3 Funding for the Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total Funds 2018 £	Total Funds 2017 £
DfE/ESFA Revenue Grants				
General Annual Grant (GAG)	-	18,342,592	18,342,592	9,248,822
Start up grants	-	84,289	84,289	11,431
Other DfE/ESFA grants	-	1,886,689	1,886,689	1,120,289
	-	20,313,570	20,313,570	10,380,542
Other Government Grants				
Local authority grants	-	3,812,810	3,812,810	3,639,649
Other income from the Trust's educational operations	822,248	61,151	883,399	818,274
	822,248	24,187,531	25,009,779	14,838,465
Teaching School	31,876	139,930	171,806	105,807
	854,124	24,327,461	25,181,585	14,944,272
2017 total	665,412	14,278,860	14,944,272	

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

4 Other trading activities

	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£	£
Hire of facilities	95,989	-	95,989	-
Consultancy and leadership	83,637	-	83,637	-
Other income	9,485	-	9,485	62,752
Income from trading subsidiary	564,404	-	564,404	-
	<u>753,515</u>	<u>-</u>	<u>753,515</u>	<u>62,752</u>
2017 total	<u>54,777</u>	<u>7,975</u>	<u>62,752</u>	

5 Investment income

	Unrestricted Funds	Total Funds 2018	Total Funds 2017
	£	£	£
Short term deposits	990	990	741
2017 total	<u>741</u>	<u>741</u>	

6 Expenditure

	Staff Costs	Premises	Other Costs	Total 2018	Total 2017
	£	£	£	£	£
Expenditure on raising funds:					
Direct costs	362,377	-	33,952	396,329	-
Allocated support costs	3,012	10,858	4,390	18,260	-
Educational operations:					
Direct costs	15,113,374	443,166	2,241,845	17,798,385	11,610,881
Allocated support costs	5,574,493	2,131,046	2,117,194	9,822,733	5,697,684
Teaching school	54,388	-	40,885	95,273	107,418
	<u>21,107,644</u>	<u>2,585,070</u>	<u>4,438,266</u>	<u>28,130,980</u>	<u>17,415,983</u>
2017 total	<u>13,190,007</u>	<u>1,636,708</u>	<u>2,589,268</u>	<u>17,415,983</u>	

	2018 £	2017 £
Outgoing resources for the year include:		
Operating lease rentals	56,189	31,270
Depreciation	1,865,538	1,323,657
Amortisation	29,899	8,088
Fees payable to auditor for:		
- audit	40,000	30,000
- audit related assurance	7,380	4,900
- other services	8,064	4,820

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

7 Charitable Activities

	Total 2018	Total 2017
	£	£
Direct costs - educational operations	17,798,385	11,610,882
Support costs - educational operations	9,822,733	5,697,684
Teaching school	95,273	107,418
	27,716,391	17,415,984

Analysis of support costs	Educational Operations	Total 2018	Total 2017
	£	£	£
Support staff costs	5,574,493	5,574,493	2,553,022
Depreciation	1,174,528	1,174,528	998,809
Technology costs	445,727	445,727	264,629
Premises costs	1,407,985	1,407,985	851,648
Other support costs	1,162,920	1,162,920	989,146
Governance costs	57,080	57,080	40,430
Total support costs	9,822,733	9,822,733	5,697,684

8 Staff

a. Staff costs

	Total 2018	Total 2017
	£	£
Staff costs during the year were:		
Wages and salaries	14,788,703	9,505,185
Social security costs	1,393,332	893,631
Operating costs of defined benefit pension schemes	4,018,589	1,827,534
	20,200,624	12,226,350
Supply staff costs	807,784	877,206
Staff restructuring costs	96,225	86,451
	21,104,633	13,190,007
Staff restructuring costs comprise:		
Redundancy payments	83,745	-
Severance payments	12,480	86,451
	96,225	86,451

b. Staff severance payments

Included in staff restructuring costs is a non-statutory / non-contractual severance payment totalling £1,930. (2017 - £35,000). Individually the payment was £1,930, which was made in February 2018.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

8 Staff *(continued)*

c. Staff numbers

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

	2018 No.	2017 No.
Teachers	407	287
Administration and support	322	202
Management	20	7
	<u>749</u>	<u>496</u>

d. Higher paid staff

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

	2018 No.	2017 No.
£60,000 - £70,000	3	3
£70,001 - £80,000	5	2
£80,001 - £90,000	-	-
£90,001 - £100,000	3	4
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£140,001 - £150,000	<u>1</u>	<u>1</u>

Eight of the above employees participated in the Teachers' Pension Scheme and the rest in the Local Government Pension Scheme.

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £603,489 (2017 - £886,903).

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

9 Central Services

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

- Educational support services
- Financial services
- Human resources
- IT
- Legal services

The Trust charges for core services as a flat rate percentage of income (8%) and the education support allocated on an activity basis.

The actual amounts charged during the year were as follows:

	Total 2018 £	Total 2017 £
Tregonwell Academy	352,188	324,342
Longpsee Academy	146,508	120,315
Queen's Park Academy	219,714	177,970
King's Park Academy	276,156	245,327
Manorside Academy	171,144	113,247
St Aldhelm's Academy	168,958	193,643
LeAF Studio	133,081	-
Elm Academy	171,535	-
Oak Academy	337,642	-
Bayside Academy	-	-
	1,976,926	1,174,844

The Trust runs a system of amalgamating the GAG funding for all its academies to form one central fund, which is then used to meet the running costs of the academies within the trust, through a budgeting process.

10 Related Party Transactions - Trustees' remuneration and expenses

No Trustees were paid remuneration during the year.

During the year ended 31 August 2018, no travel and subsistence expenses were reimbursed or paid directly to any Trustee (2017 - £Nil). Other related party transactions are set out in note 27.

11 Trustees and officers insurance

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

12 Intangible fixed assets

Group

	Computer Software £	Total £
Cost		
At 1 September 2017	24,510	24,510
Transfer from existing Academy	22,985	22,985
At 31 August 2018	47,495	47,495
Amortisation		
At 1 September 2017	8,762	8,762
Charged in year	29,899	29,899
At 31 August 2018	38,661	38,661
Net Book Values		
At 31 August 2017	15,748	15,748
At 31 August 2018	8,834	8,834

The trading subsidiary does not hold any assets, therefore the group and charity position are the same.

13 Tangible fixed assets

Group

	Leasehold Land and Buildings £	Freehold Land and Buildings £	Fixtures, Fittings and Equipment £	IT and Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2017	40,701,543	-	754,535	1,280,484	80,276	42,816,838
Transfer from local authority on conversion	3,860,387	-	-	-	-	3,860,387
Transfer from existing Academy	-	19,667,562	546,675	53,275	56,981	20,324,493
Additions	451,668	331,391	42,513	49,618	-	875,190
At 31 August 2018	45,013,598	19,998,953	1,343,723	1,383,377	137,257	67,876,908
Depreciation						
At 1 September 2017	2,575,931	-	347,820	1,111,750	27,084	4,062,585
Charged in year	798,440	367,785	461,934	206,475	30,904	1,865,538
At 31 August 2018	3,374,371	367,785	809,754	1,318,225	57,988	5,928,123
Net Book Values						
At 31 August 2017	38,125,612	-	406,715	168,734	53,192	38,754,253
At 31 August 2018	41,835,043	19,435,352	533,969	65,152	79,269	61,948,785

The trading subsidiary does not hold any assets, therefore the group and charity position are the same.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

14 Debtors

	Group		Academy Trust	
	2018	2017	2018	2017
	£	£	£	£
Trade debtors	675,473	227,172	622,252	227,172
VAT recoverable	262,934	118,299	256,576	118,299
Other debtors	14,293	183	92,537	183
Prepayments and accrued income	819,865	272,232	819,861	272,232
	<u>1,772,565</u>	<u>617,886</u>	<u>1,791,226</u>	<u>618,886</u>

15 Creditors: amounts falling due within one year

	Group		Academy Trust	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	590,462	343,647	587,620	343,647
Taxation and Social Security	674,951	416,958	674,951	416,958
ESFA creditor	30,000	194,103	30,000	194,103
Other creditors	70,862	6,380	69,903	6,380
Accruals and deferred income	378,425	291,282	353,287	291,282
	<u>1,744,700</u>	<u>1,252,370</u>	<u>1,715,760</u>	<u>1,252,370</u>

	Group		Academy Trust	
	2018	2017	2018	2017
	£	£	£	£
Deferred income				
Deferred income at 1 September 2017	140,884	151,770	140,884	151,770
Released from previous years	(140,884)	(151,770)	(140,884)	(151,770)
Resources deferred in the year	222,143	140,884	222,143	140,884
Deferred income at 31 August 2018	<u>222,143</u>	<u>140,884</u>	<u>222,143</u>	<u>140,884</u>

Deferred income arises from grants paid in advance, covering the first 7 months of 2017/2018. These include Universal Infant Free School Meals, Devolved Formula Capital and rates.

Amounts falling due within one year include £30,000 (2017 - £50,000) due to the ESFA, relating to St Aldhelm's Academy, in respect of deficit funding which was provided. This is a concessionary loan from the ESFA, which is being repaid by monthly instalments from September 2017, ending in August 2021 and it is interest free.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

16 Creditors: amounts falling due in more than one year

	Group		Academy Trust	
	2018	2017	2018	2017
	£	£	£	£
Concessionary Loan and abatement of GAG	1,170,000	1,200,000	1,170,000	1,200,000

Amounts falling due after one year include £1,170,000 (2017 - £1,200,000) due to the ESFA, relating to St Aldhelm's Academy, in respect of deficit funding which was provided. This is a concessionary loan from the ESFA, which is being repaid by monthly instalments from September 2017, ending in August 2021 and it is interest free.

17 Funds

	Balance at 1 Sep 17 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 Aug 18 £
Restricted general funds					
General Annual Grant (GAG)	346,993	16,058,587	(14,675,132)	320,583	2,051,031
Start up grant	-	84,288	(75,223)	-	9,065
Other DfE/ESFA grants	1,362	1,886,690	(1,889,353)	-	(1,301)
Local authority grants	-	3,812,810	(3,812,810)	-	-
Other income from educational operations	-	61,151	(50,268)	-	10,883
Teaching school	77,336	139,930	(95,273)	(121,993)	-
Pension reserve (note 26)	(9,390,000)	(5,792,000)	(1,666,000)	3,105,000	(13,743,000)
Transfer on conversion	-	198,590	-	(198,590)	-
Sponsored Academy deficit					
- GAG	(1,869,004)	2,284,005	(2,965,097)	(50,000)	(2,600,096)
- Concessionary loan	(1,250,000)	-	-	50,000	(1,200,000)
	(12,083,313)	18,734,051	(25,229,156)	3,105,000	(15,473,418)
Restricted fixed asset funds					
Fixed Asset Fund	38,770,001	-	(1,894,399)	875,192	37,750,794
Transfer on conversion	-	24,385,390	-	(178,565)	24,206,825
DfE/ESFA capital grants	424,867	1,240,473	-	(593,091)	1,072,249
LA capital grants	1,927	80,706	-	(80,706)	1,927
Capital expenditure from GAG	-	-	-	2,114	2,114
	39,196,795	25,706,569	(1,894,399)	24,944	63,033,909
Total restricted funds	27,113,482	44,440,620	(27,123,555)	3,129,944	47,560,491
Total unrestricted funds	511,685	1,946,944	(1,007,425)	(24,944)	1,426,260
Total funds	27,625,167	46,387,564	(28,130,980)	3,105,000	48,986,751

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

Unrestricted Fund

This includes the trading subsidiary balance of £149,817. The trading subsidiary income and expenditure is all treated as unrestricted.

General Annual Grant (GAG) – The General Annual Grant funding from the Education and Skills Funding Agency has been used in line with the funding agreement for the running of the Trust, including salary costs, overheads, premises costs and curriculum costs. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Start Up Grant – This funding relates to St Aldhelm's and the conversion of Bayside Academy to the Trust. The remaining balance represents unspent funds in relation to the Bayside conversion and is due to be spent in 18/19.

Other DfE/ ESFA grants – Other Department for Education and Education Funding Agency Grants received have included Pupil Premium Grant, Year 7 catch up grant, universal infant free school meals and the PE grant, all of which were used for direct impact for the pupils targeted by these grants. The Trust also received grants for insurance, rates and St Aldhelm's joint use agreement.

Pupil Premium – Funding from the Education and Skills Funding Agency to contribute to the additional educational needs of children who qualify. The purpose of this grant is to close the educational achievement gap between pupils identified under pupil premium and other pupils. This grant was spent on additional curriculum support services. An annual statement of how each of our Academies has utilised their grant is published on our website.

Local Authority Grants – Funding from the local authority includes high needs top up payments for pupils in special schools, purchase of bespoke provision and pupil premium funding for looked after pupils. This funding was spent on the full range of education provision for these pupils.

Other income from educational operations – This includes funding received from local authorities for provision of educational services either to pupils on the Trust's site or in their own schools for outreach services. This funding is spent on direct staff costs, equipment support staff and overheads. This also includes income for MAT development where AAT have supported another Trust throughout the year.

Teaching school – Funding for the teaching school originates both from a grant from the National College of Teaching and Learning and from income generated by the activities of the teaching school.

Transfer on conversion – This represents the split of restricted funds on conversion of LeAF Academy, this represents GAG funding and has therefore been transferred to GAG.

Sponsored Academy Deficit – This represents the carried forward and ongoing deficit within GAG and concessionary loan with the ESFA at St Aldhelm's Academy. See academies in deficit below.

DfE/ESFA capital grants – Grants for both devolved formula capital, condition improvement fund bids and school condition allocation are represented, with the balance at year end being the unspent proportion of the condition improvement fund bids and school condition allocation fund where work crosses the academic year.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

Transfers between funds – Transfers between funds represents the movement of capital grants and unrestricted funds into the restricted fixed asset fund for capital additions in the year.

Analysis of Academies by fund balance

	2018	2017
	£	£
Ambitions Academies Trust	357,014	-
Tregonwell Academy	(629,686)	(695,506)
Queen's Park Academy	978,552	798,464
Longspee Academy	571,908	352,941
King's Park Academy	800,395	512,727
Manorside Academy	(97,070)	(141,710)
St Aldhelm's Academy	(3,629,642)	(3,008,544)
LeAF Academy	(1,103,582)	-
Elm Academy	1,476,555	-
Oak Academy	607,421	-
Bayside Academy	214,160	-
Total before fixed assets and pension reserve	(453,975)	(2,181,628)
Trading subsidiary	149,817	-
Pension reserve	(13,743,000)	(9,390,000)
Restricted fixed asset fund	63,033,909	39,196,795
Total	48,986,751	27,625,167

Academies in Deficits

The Trust as a whole is carrying a net deficit of £304,158 on amalgamated unrestricted and restricted general funds (including the trading subsidiary contribution but excluding fixed assets and pension reserve) mainly because of the deficit and repayment plan associated with St Aldhelm's Academy. On a quarterly basis the CEO and Finance Director meet with the ESFA to discuss the financial position of the Trust reviewing current management, future budget forecasts and the impact these are having on cash flow. The Trust is taking the following action to return these funds to surplus:

St Aldhelm's Academy is carrying a net deficit of £3,629,642 on these funds. Of this deficit £1,200,000 relates to a specific arrangement between the Trust and the ESFA which has an agreed repayment plan to the ESFA with instalments to run from 2017/18 to 2020/21. The Trust will ensure there are sufficient free reserves to cover the repayment plan by rigorously matching income and resources on an on-going basis and limiting capital investment. Pupil numbers continue to increase and are forecast to reach a level at which the academy makes a surplus from 2020.

Tregonwell Academy is carrying a net deficit of £629,686 a reduction of £65k in the year. This is due the academy experiencing a disparity on the needs of the high needs pupils and the associated funding from the local authority. The Trust has addressed this issue with the Local Authority. The academy is now showing an in year surplus this will continue until the deficit is paid back.

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

Academies in Deficits *(continued)*

Manorside Academy is also carrying a deficit of £97,070, a reduction of £45k in the year. This is largely due to small numbers in some year groups with the decision being made that a two form entry would continue and this was to allow for rapid improvement in pupil learning. Due to the improvement in the Academy pupil numbers are on the increase, however this is bringing additional pressures on the budget. The Trust, as part of the quarterly meetings with the ESFA, are discussing options on how to alleviate this issue.

LeAF Studio is carrying a deficit of £1,103,582 this largely represents a historic deficit that was transferred into the Trust in September 2017. The rate of the deficit has reduced significantly and is going return a small surplus in 18/19.

Analysis of Academies by cost

	Teaching and Educational Support Staff Costs £	Other Support Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total 2018 £	Total 2017 £
Ambitions Academies Trust	1,498,650	202,420	876	268,687	1,970,633	1,432,666
Tregonwell Academy	3,453,472	101,582	172,817	176,127	3,903,998	3,914,567
Queen's Park Academy	1,646,192	108,453	109,774	74,718	1,939,137	2,004,468
Longspee Academy	1,235,025	43,095	37,408	45,330	1,360,857	1,312,103
King's Park Academy	2,233,057	155,628	155,575	140,176	2,684,435	2,559,239
Manorside Academy	1,105,579	100,160	68,245	104,390	1,378,374	1,399,857
St Aldhelm's Academy	2,784,148	114,661	236,149	374,326	3,509,283	3,461,338
LeAF Studio	1,170,678	58,659	481,649	146,310	1,857,297	-
Elm Academy	1,726,572	100,504	57,079	115,730	1,999,885	-
Oak Academy	3,402,983	175,318	592,724	423,655	4,594,679	-
Bayside Academy	485,900	43,326	52,843	41,346	623,415	-
The Trust	20,742,256	1,203,806	1,965,139	1,910,795	25,821,992	16,084,238

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

Comparative information in respect of the proceeding period is as follows:

	Balance at 1 Sep 2016 £	Prior year adjustment £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 Aug 2017 £
Restricted general funds						
General Annual Grant (GAG)	332,381	-	7,366,886	(7,352,274)	-	346,993
Other DfE/ESFA grants	-	-	920,874	(919,512)	-	1,362
Local authority grants	-	-	3,616,575	(3,616,575)	-	-
Outreach from other schools	-	-	159,039	(159,039)	-	-
Teaching school	77,336	-	90,000	(90,000)	-	77,336
Other income	-	-	9,630	(9,630)	-	-
Pension reserve	(9,617,000)	-	-	(304,000)	531,000	(9,390,000)
Sponsored Academy deficit						
- GAG	(1,200,234)	587,223	2,123,831	(3,379,824)	-	(1,869,004)
- Concessionary loan	(1,250,000)	-	-	-	-	(1,250,000)
	(11,657,517)	587,223	14,286,835	(15,830,854)	531,000	(12,083,313)
Restricted fixed asset funds						
Fixed asset fund	38,840,754	-	-	(1,331,745)	1,260,992	38,770,001
Dfe / ESFA capital grants	889,749	-	379,728	-	(844,610)	424,867
LA capital grants	1,927	-	-	-	-	1,927
	39,732,430	-	379,728	(1,331,745)	416,382	39,196,795
Total restricted funds	28,074,913	587,223	14,666,563	(17,162,599)	947,382	27,113,482
Total unrestricted funds	460,521	-	720,930	(253,384)	(416,382)	511,685
Total funds	28,535,434	587,223	15,387,493	(17,415,983)	531,000	27,625,167

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

17 Funds *(continued)*

A current year 12 month and prior year 12 months combined position is as follows:

	Balance at 1 Sep 2016 £	Prior year adjustment £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 Aug 2018 £
Restricted general funds						
General Annual Grant (GAG)	332,381	-	23,425,473	(22,027,406)	320,583	2,051,031
Start up grant	-	-	84,288	(75,223)	-	9,065
Other DfE/ESFA grants	-	-	2,807,564	(2,808,865)	-	(1,301)
Local authority grants	-	-	7,429,385	(7,429,385)	-	-
Other income from educational operations	-	-	61,151	(50,268)	-	10,883
Outreach from other schools	-	-	159,039	(159,039)	-	-
Teaching school	77,336	-	229,930	(185,273)	(121,993)	-
Other income	-	-	9,630	(9,630)	-	-
Pension reserve	(9,617,000)	-	(5,792,000)	(1,970,000)	3,636,000	(13,743,000)
Transfer on conversion	-	-	198,590	-	(198,590)	-
Sponsored Academy deficit						
- GAG	(1,200,234)	587,223	4,407,836	(6,344,921)	(50,000)	(2,600,096)
- Concessionary loan	(1,250,000)	-	-	-	50,000	(1,200,000)
	(11,657,517)	587,223	33,020,886	(41,060,010)	3,636,000	(15,473,418)
	Balance at 1 Sep 2016 £	Prior year adjustment £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 Aug 2018 £
Restricted fixed asset funds						
Fixed Asset Fund	38,840,754	-	-	(3,226,144)	2,136,184	37,750,794
Transfer on conversion	-	-	24,385,390	-	(178,565)	24,206,825
DfE/ESFA capital grants	889,749	-	1,620,201	-	(1,437,701)	1,072,249
LA capital grants	1,927	-	80,706	-	(80,706)	1,927
Capital expenditure from GAG	-	-	-	-	2,114	2,114
	39,732,430	-	26,086,297	(3,226,144)	441,326	63,033,909
Total restricted funds	28,074,913	587,223	59,107,183	(44,286,154)	4,077,326	47,560,491
Total unrestricted funds	460,521	-	2,667,874	(1,260,809)	(441,326)	1,426,260
Total funds	28,535,434	587,223	61,775,057	(45,546,963)	3,636,000	48,986,751

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2018 £
Intangible fixed assets	-	-	8,834	8,834
Tangible fixed assets	-	-	61,948,785	61,948,785
Current assets	1,426,260	1,184,282	1,076,290	3,686,832
Current liabilities	-	(1,744,700)	-	(1,744,700)
Non current liability	-	(1,170,000)	-	(1,170,000)
Pension scheme liability	-	(13,743,000)	-	(13,743,000)
Total net assets/(liabilities)	1,426,260	(15,473,418)	63,033,909	48,986,751

Comparative information in respect of the proceeding period is as follows:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2017 £
Intangible fixed assets	-	-	15,748	15,748
Tangible fixed assets	-	-	38,754,253	38,754,253
Current assets/(liabilities)	511,685	(240,943)	426,794	697,536
Current liabilities	-	(1,252,370)	-	(1,252,370)
Non current liability	-	(1,200,000)	-	(1,200,000)
Pension scheme liability	-	(9,390,000)	-	(9,390,000)
Total net assets/(liabilities)	511,685	(12,083,313)	39,196,795	27,625,167

19 Capital commitments

	2018 £	2017 £
Contracted for, but not provided in the Financial Statements	618,918	-

20 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	50,182	26,915
Amounts due between one and five years	94,003	23,105
Amounts due after five years	-	-
	144,185	50,020

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

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

	2018	2017
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	18,256,584	(2,028,492)
Adjusted for:		
Amortisation	29,899	8,088
Depreciation charges	1,865,538	1,323,657
Interest receivable	(990)	
Capital grants from DfE and other capital income	(1,321,179)	(379,728)
Capital income on transferred Academies	(24,385,390)	-
Unrestricted and restricted funds transferred on conversion	(536,905)	-
Pension liability transferred on conversion	5,792,000	-
Cash transferred on conversion to an Academy Trust	901,929	-
Defined benefit pension scheme cost	1,666,000	304,000
Debtors / creditors transferred on conversion	(187,499)	-
(Increase) / decrease in debtors	(1,232,920)	483,529
Increase / (Decrease) in creditors	570,572	(480,113)
Decrease in non-current creditors	(30,000)	(194,103)
Net cash used in Operating Activities	1,387,639	(963,902)

22 Cashflows from financing activities

	2018	2017
	£	£
Repayment of borrowings	-	-
Cash inflows from new borrowing	-	-
Net cash provided by/(used in) financing activities	-	-

23 Cashflows from investing activities

	2018	2017
	£	£
Dividends, interest and rents from investments	990	740
Purchase of intangible fixed assets	-	-
Purchase of tangible fixed assets	(875,191)	(1,260,990)
Capital grants from DfE/ESFA	1,321,179	379,728
Net cash inflow from returns on investment and servicing of finance	446,978	(880,522)

24 Analysis of cash and cash equivalents

	2018	2017
	£	£
Cash in hand and at bank	1,914,267	79,650
Total cash and cash equivalents	1,914,267	79,650

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

25 Members Liability

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

26 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Dorset County Pension Fund. Both are multi-employer defined benefit schemes.

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

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' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

26 Pension and similar obligations *(continued)*

Teachers' Pension Scheme *(continued)*

The employer's pension costs paid to TPS in the period amount to £1,399,116 (2017 - £883,424).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,287,000 (2017 - £859,000), of which employer's contributions totalled £982,000 (2017 - £647,000) and employees' contributions totalled £305,000. (2017 - £212,000). The agreed contribution rates for future years are 18.8% for employers and 5.5% to 8.5% for employees.

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

Principal actuarial assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	3.80%	4.2%
Rate of increase for pensions in payment/inflation	2.30%	2.7%
Discount rate for scheme liabilities	2.65%	2.6%
Inflation assumption (CPI)	2.30%	2.7%
Commutation of pensions to lump sums	<u>50.00%</u>	<u>50.00%</u>

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

	At 31 August 2018	At 31 August 2017
<i>Retiring today</i>		
Males	24.0	23.9
Females	<u>26.1</u>	<u>26.0</u>
<i>Retiring in 20 years</i>		
Males	26.3	26.2
Females	<u>28.5</u>	<u>28.3</u>

	2018	2017
	£	£
Sensitivity analysis		
Discount rate +0.1%	(646,000)	(399,000)
Discount rate -0.1%	665,000	411,000
Mortality assumption - 1 year increase	811,000	515,000
Mortality assumption - 1 year decrease	(786,000)	(499,000)
CPI rate +0.1%	593,000	346,000
CPI rate -0.1%	(576,000)	(334,000)

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

26 Pension and similar obligations *(continued)*

Local Government Pension Scheme *(continued)*

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

	Fair value at 31 August 2018	Fair value at 31 August 2017
	£	£
Equities	6,076,000	3,481,000
Liability driven investment	1,395,000	840,000
Cash	104,000	168,000
Other Bonds	769,000	715,000
Diversified Growth Fund	666,000	275,000
Property	1,129,000	554,000
Infrastructure	474,000	278,000
Multi Asset Credit	515,000	-
Total market value of assets	<u>11,128,000</u>	<u>6,311,000</u>

The actual return on scheme assets was £244,000 (2017 - £822,000)

Amount recognised in the statement of financial activities

	Total 2018 £	Total 2017 £
Current service cost (net of employee contributions)	2,254,000	1,439,000
Past service cost	-	-
Interest income	-	-
Net interest cost	373,000	204,000
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	7,000	3,000
Total amount recognised in the SOFA	<u>2,634,000</u>	<u>1,646,000</u>

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

	Total 2018 £	Total 2017 £
At 1 September 2017	15,701,000	15,013,000
Conversion of Academy Trusts		
Transferred in on existing academies joining the Academy Trust	7,981,000	-
Transferred in on local authority joining the Academy Trust	1,235,000	-
Current service cost	2,254,000	1,439,000
Interest cost	631,000	331,000
Employee contributions	305,000	212,000
Actuarial gain	(3,105,000)	(1,215,000)
Benefits paid	(128,000)	(79,000)
Losses or gains on curtailments	-	-
Past service cost	-	-
Unfunded pension payments	(3,000)	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August 2018	<u>24,871,000</u>	<u>15,701,000</u>

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

26 Pension and similar obligations *(continued)*

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

	Total 2018	Total 2017
	£	£
At 1 September 2017	6,311,000	5,396,000
Conversion of Academy Trusts		
Transferred in on existing academies joining the Academy Trust	2,881,000	-
Transferred in on local authority joining the Academy Trust	543,000	-
Interest income	258,000	127,000
Return on plan assets (excluding net interest on the net defined pension liability)	(14,000)	695,000
Actuarial gain/(loss)	-	(684,000)
Employer contributions	982,000	647,000
Employee contributions	305,000	212,000
Benefits paid	(131,000)	(79,000)
Admin fees	(7,000)	(3,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August 2018	<u>11,128,000</u>	<u>6,311,000</u>

27 Related party transactions

Owing to the nature of the Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year facilities and services were provided to the trading Subsidiary Ambers Group Limited at nil cost.

28 Transfer of existing Academies into the Academy Trust

On 1 April 2018 Turlin Moor Community School was converted into Ambitions Academies Trust under the Academies Act 2010 and all operations, assets and liabilities were transferred to the Trust from Poole Council at £104,551.

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

On 1 September 2017 LeAF Academy transferred, LeAF Studio, Elm Academy and Oak Academy to Ambitions Academy Trust. All operations, assets and liabilities were transferred into the Trust at fair value at that date.

Transfers have 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 a net gain in the Statement of Financial Activities as Donations - transfer from existing academy Trust on conversion.

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

Ambitions Academies Trust - Year ended 31 August 2018

Notes to the Financial Statements *(continued)*

28 Transfer of existing Academies into the Academy Trust *(continued)*

	Local Authority £	Existing Academy £	Fair Value Adjustment £	Transfer in recognised £
Intangible fixed assets	-	22,985	-	22,985
Tangible fixed assets				
Freehold land and buildings	-	19,471,746	195,816	19,667,562
Leasehold land and buildings	3,860,387	-	-	3,860,387
Furniture and equipment	-	546,675	-	546,675
Computer equipment	-	53,275	-	53,275
Motor vehicles	-	56,981	-	56,981
Current assets				
Stock	-	8,395	-	8,395
Debtors due in less than one year	-	430,389	-	430,389
Cash in hand and at bank	104,551	798,418	(1,040)	901,929
Liabilities				
Creditors due in less than one year	-	(614,520)	-	(614,520)
Creditors due in more than one year	-	(11,763)	-	(11,763)
Pensions				
Pensions - pension scheme assets	-	-	-	-
Pensions - pension scheme liabilities	(692,000)	(5,100,000)	-	(5,792,000)
Total net assets	<u>3,272,938</u>	<u>15,662,581</u>	<u>194,776</u>	<u>19,130,295</u>

29 Events after the end of the reporting period

Following the period of the accounts, the Trust is working with and carrying out due diligence for Kinson Academy and Wey Valley Academy with the view to them joining the Trust during 2018-19. During October 2018 a small fire occurred at St Aldhelm's Academy, quotes have been received for repairing the damage between £20,000 and £30,000. Whilst there was disruption on the day of the fire, the site was quickly secured and reopened to the pupils the following day.

30 Agency arrangements

The Trust distributed 16-19 bursary funds to students as an agent for the ESFA during the prior year. In the accounting period ending 31 August 2018 the Academy Trust received £48,033 and distributed £48,033 from the fund (2017 - £Nil). Unspent bursary funds will be returned to the ESFA in due course in consultation with them.