

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST
2016

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditors' report on the financial statements	20 - 21
Independent auditors' assurance report on regularity	22 - 23
Statement of financial activities incorporating income and expenditure account	24
Balance sheet	25
Statement of cash flows	26
Notes to the financial statements	27 - 51

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016

Members

Andrew Child (appointed 1 June 2016)
Peter Leach (appointed 1 June 2016)
John Coleman (appointed 1 June 2016)
Paul Girling (appointed 1 June 2016)
Zanib Rasool (appointed 1 June 2016)

Trustees

Steven Booth (appointed 21 March 2016)
Tracey Brooke (appointed 21 March 2016, resigned 11 July 2016)
Susan Shelley (appointed 21 March 2016)
Alan Meloy (appointed 5 September 2016)
John Irwin (appointed 21 March 2016)
Catherine Hall (appointed 26 September 2016)
John Coleman (appointed 21 March 2016)
Warren Carratt (appointed 21 March 2016)
Peter Castleton (appointed 5 September 2016)
Andrew Child (appointed 21 March 2016)

Company registered number

10075893

Company name

Nexus Multi Academy Trust

Principal and registered office

Hilltop School Larch Road, Maltby, Rotherham, South Yorkshire, S66 8AZ

NEXUS MULTI ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE PERIOD ENDED 31 AUGUST 2016

Advisers (continued)

Chief financial officer

Tracey Brooke

Chief executive officer

Warren Carratt

Senior management team

Jacqueline Tattershall, Headteacher (Kelford School)
Sarah Mulhall, Senior Deputy Headteacher (Kelford School)
Catherine Bentley, Deputy Headteacher (Kelford School)
Lucille Windle, Headteacher (Abbey School)
Wayne Askham, Deputy Headteacher (Abbey School)
David Burdett, Headteacher (Hilltop School)
Rob Mulvey, Deputy Headteacher (Hilltop School)
Christine Hodgkinson, Deputy Headteacher (Hilltop School)

Independent auditors

BHP, Chartered Accountants, 2 Rutland Park, Sheffield, S10 2PD

Bankers

Lloyds Bank, 1 High Street, Sheffield, S1 2GA

Solicitors

Howes Percival, Bell House, First Floor, Seebeck Place, Knowlhill, Central Milton Keynes, Milton Keynes, MK5 8FR

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 21 March 2016 to 31 August 2016. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust currently operates 3 special academies in the Rotherham Metropolitan Borough area. Its academies have a combined pupil capacity of 275 and had a roll of 252 in the school census on 19 May 2016.

Structure, governance and management

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity. It was incorporated on 21 March 2016 and commenced operating as an academy on 1 June 2016. The charitable company is known as Nexus Multi Academy Trust.

The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust.

The Trustees of Nexus Multi Academy Trust are also the directors of the charitable company for the purpose of company law.

Details of the Trustees who served during the period are included in the reference and administrative details on page 1.

b. Members' liability

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

c. Method of recruitment and appointment or election of Trustees

As per the trust's Articles of Association, the Members may appoint, by ordinary resolution, up to 11 Trustees. The Members may appoint Staff Trustees through such process as they may determine necessary. Those who are employees of the Academy Trust shall not exceed one third of the total number of Trustees.

Nexus MAT has a published procedure for the nomination, assessment and appointment of trustees, which is outlined in Appendix F of the Nexus MAT Governance Handbook. No individual has an entitlement to nominate a Trustee for consideration by the Board and for recommendation to Members, though the Chief Executive Officer and Chair of Trustees act as gatekeepers for nominated individuals being progressed (or not) to selection by Trustees.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

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

The Nexus MAT Governance Handbook outlines the expectations on all holders of governance office (Members, Directors/Trustees and Local Governors) linked to the work of the trust. This also includes details of what expectations an individual governor can have on the trust to provide support and training.

The Trust has a Governor Welcome Pack which provides structure to the induction of new personnel.

The trust has a governance development programme which is refreshed annually and which is informed by a self-assessment of competency by individual trustees and governors, built around the core areas of work of their governing board.

Training provision is made available by the trust via internal workshops; via the local Teaching Schools Alliance (Learners First); or via a suitably qualified and experienced third party provider.

The Trust has a published procedure for responding to concerns about a Member, Director/Trustee or governor.

e. Organisational structure

Nexus has 5 appointed Members who are the original signatories for the company.

Two of these Members are also Directors/Trustees of the company, holding the office of Chair and Vice Chair of the Trust Board. The Trust has a published Scheme of Delegation which details the decision making prerogative reserved for Members, Directors/Trustees, the Trust Executive, Local Governing Boards and Headteachers. The trust also has a published procedure which outlines the delegation of financial powers.

The Chief Executive Officer of the trust is the Accounting Officer for Nexus and is also a named Director/Trustee of the Company. The Chief Executive Officer line manages Headteachers of the Trust's constituent academies and also line manages the Chief Finance Officer. The Chief Finance Officer attends all Trust Board meetings. Local Governing Body Chairs are named Directors/Trustees of the company, and provide the link between the work of the Trust and its constituent academies.

Board meetings are scheduled monthly and the Chief Executive Officer is responsible for the submission of reports to Directors/Trustees, with a requirement to also put recommendations for decisions to the Board. All reports also outline key risks and required mitigation to ensure these are effectively managed. The minutes of all Board meetings are published on the Trust website.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

f. Pay policy for key management personnel

The Board of Directors holds responsibility for setting the pay and remuneration for the Chief Executive Officer, Chief Finance Officer and Headteachers.

The Trust has a published pay policy and a published appraisal and capability policy which guides how pay is determined and when progression through individual salary ranges can be considered and awarded.

Headteacher pay is set using the School Teacher Pay and Conditions Document (2016) and the formulas included therein.

In setting pay for the Chief Executive Officer and Chief Financial Officer, Directors will always draw on relative contextual information, such as national and regional pay data for trusts of a comparable size and function. Services for Schools provide all relevant information at the request of trustees.

g. Connected organisations, including related party relationships

There are currently no related parties and/or other connected charities or organisations to Nexus Multi Academy Trust.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Strategic report

Objectives and Activities

a. Objects and aims

As per the Nexus Multi Academy Trust Articles of Association, the objects of the Trust are:

- a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and
- b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

In fulfilling these objects, the Trust has published its 5 year strategic plan which details the 7 key business aims of Nexus Multi Academy Trust:

1. Increasing quality of provision from all our schools;
2. Sponsoring and improving schools in need of help and support;
3. Developing new partnerships;
4. Creating new school provision to meet emergent need;
5. Enhancing pathways for 19+ provision;
6. Establishing residential provision for our most complex pupils; and
7. Ensuring a financially viable and sustainable Multi Academy Trust.

These strategic aims in turn inform the business planning of the Trust and its constituent academies.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

b. Objectives, strategies and activities

For the period 1 June 2016 to 31 August 2016, trustees focused primarily on strategic aims 1 and 7 of the strategic plan, namely "Increasing quality of provision from all our schools" and "Ensuring a financially viable and sustainable Multi Academy Trust".

With the introduction of a new leadership structure (with the creation of the Chief Executive Officer post) and governance model (with a Trust Board delegating powers to local governing boards) following conversion, the focus of the trustees in this 3 month period has been to "normalise" the academies in the new company with minimal disruption to the leadership of the constituent academies and therefore minimal negative impact on the quality of provision for children and young people. This was seen as an important risk to mitigate in the early stages of the Trust's existence, with prevention of disruption being the first measure of success in the pursuit of the trust objects.

Having established the company, a Chief Finance Officer was appointed in July 2016 to ensure that the Trust has a suitably qualified and competent person occupying this statutory role, and they commenced in post from mid-August 2016.

Trustees also appointed a 3rd party to provide the responsible officer function on their behalf and also appointed external auditors to work with the trust for the publication of its annual accounts.

A baseline assessment of the quality of teaching and learning was commissioned by the Trust Board in this period from two independent education professionals specialising in special educational needs, so that trustees were provided with an informed and objective assessment of the provision in each school and setting, which in turn could be used to inform priority actions in the developing MAT school improvement strategy.

Throughout the period 1 June 2016 to 31 August 2016, trustees agreed a wide range of policies and procedures to allow for a clear and transparent operational framework to be in place, against which compliance can be measured.

c. Public benefit

In developing a 5 year strategic plan and commissioning activity (including performance management of the Chief Executive Officer) in line with this, trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Achievements and performance

a. Key financial performance indicators

In the period 1 June 2016 to 31 August 2016, trustees oversaw the continued improvement in performance of the 3 constituent academies in the Trust, as was reflected in the performance data for all constituent academies in the 2015/16 academic year.

The Trust re-negotiated commissioning arrangements for all 3 academies with the Local Authority to increase the available revenue to support children and young people with the most complex needs.

Trustees also sanctioned the Chief Executive Officer to enter into negotiations with another local authority in the region to provide interim support for an LA maintained school - following an inadequate Ofsted judgement - whilst parallel planning for the potential sponsorship of this school and incorporation into the trust. This has subsequently been agreed by the Regional School Commissioner and the school is in the process of being incorporated into the company.

Given the shortness of the time period of reporting, the Trust has limited opportunities to report on analysis against key financial performance indicators.

During this period the trust has significantly reduced expenditure at one of its academies to ensure that it has a financially viable 3 year budget plan in place, bringing expenditure in line with the other academies within the Trust. This was achieved through natural wastage of the school workforce and reduction in non-essential expenditure.

In the 2015/16 academic year, at least 75% of pupils made at least expected progress in core curriculum areas across all key stages in all of Nexus academies and every pupil eligible for pupil premium funding had a costed package of support in place linked to their individual learning needs.

The academies in the Trust were all graded as "Good" in their most recent Ofsted inspections, and self-assessment continues to reflect ongoing improvement of provision.

b. Going concern

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

Financial review

a. Review of financial performance and position

Total income for the period ended 31 August 2016 was £7,282,874 (£5,642,912 income transferred on conversion and £1,639,962 operating income). Total operating expenditure was £1,612,636. This resulted in net income of £5,670,238. After an actuarial loss on the defined benefit pension scheme of £1,917,000 net movement in funds was £3,753,238.

Total funds at 31 August 2016 were £3,753,238 of which £71,932 were unrestricted, £8,898,474 were restricted fixed asset funds, £294,832 were restricted general funds and £5,512,000 was a negative pension reserve.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

b. Principal funding

The academies in the Trust are funded in part by the General Annual Grant (via the Education Funding Agency) and in part by SEND funding via the home Local Authority which has responsibility for the individual children on roll, in line with a child's assessed needs as per their statement of special educational need or their Education, Health & Care Plan. The majority of places across all 3 academies are commissioned by Rotherham Metropolitan Borough Council, with a small number of places commissioned by neighbouring local authorities. Approximately 37% of funding comes from the Education Funding Agency and 63% from Local Authorities.

The central MAT is funded via a financial contribution from the constituent academies (5% of each academy's total budget), and covers the costs of statutory management positions, ICT strategy, Human Resources and reserves.

c. Reserves policy

Nexus Multi Academy Trust has established a reserves policy to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement. The policy also provides the framework for future strategic planning and decision-making. The development of an effective reserves policy will restrict the impact of any risk upon the continuing operations of the trust.

The reserves policy and the establishment of ranges is based upon an annual risk assessment of the internal and external operating environment, as well as having a due regard for the nature of activities undertaken by the Trust for its beneficiaries. The Trust policy outlines the different types of reserves as defined by trustees:

1. Unrestricted reserves
2. Restricted reserves
3. Designated reserves
4. Pension reserves

The cumulative target range for unrestricted and restricted general reserves for Nexus has been established at between 2% and 5% of income for each financial year of the combined General Annual Grant (GAG) and Top-Up funding of constituent schools in the Trust.

Reserves held in excess of the target percentage will be reviewed by trustees at least annually and an appropriate range of options will be considered which might include releasing the funds into the revenue budget in furtherance of the objectives; assigning funds to appropriate designated reserves as may be determined by the trustees; or investing the funds to generate further income to allow expansion of the Multi Academy Trust's work.

At 31 August 2016 the balance of the trusts unrestricted funds was £71,932 and the balance of its restricted general funds was £294,832 (before allowing for pension liabilities of £5,512,000).

For the period 1 June 2016 to 31 August 2016, no reserves have been ring-fenced by trustees as the reserves policy was set in September 2016. However, generation of reserves is a priority for 2016/17 via the central Trust budget generated from the academies top-slice.

For the period 1 September 2017 – 31 August 2018 target reserves equates to between £169,273 (2%) and £423,184 (5%). This includes an assumption that Pennine View will be incorporated into the Nexus MAT on 1 April 2017.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

d. Material Investments policy

As priority has been given to the generating of reserves in the first full year of the Trust's existence, no investment policy has been developed in this reporting period. This will be reviewed by trustees towards the end of the 2016/17 business year and will align with a review of the trust's reserves policy.

e. Principal risks and uncertainties

The Education Funding Agency (EFA) has a requirement for each Single and Multi Academy Trust to exercise robust risk management. Identifying and managing the possible and probable risks that an organisation may face over its working life is a key part of effective governance for Multi Academy Trusts of all sizes and complexity. The responsibility for the management and control of Nexus Multi Academy Trust rests with the Trust Board and the Chief Executive Officer and therefore their involvement in the key aspects of the risk management process is essential, particularly in setting the parameters of the process and reviewing and considering the results.

By managing risk effectively, trustees can help ensure that:

- significant risks are known and monitored, enabling Directors and governors to make informed decisions and take timely action;
- the Trust makes the most of opportunities and develops them with the confidence that any risks will be managed;
- forward and strategic planning are improved
- the Trust's aims are achieved more successfully.

A detailed Trust-wide risk register is in place which outlines the Trust's principal risks and uncertainties. It uses the values and methods which the Charity Commission recommends organisations should use to calculate risk. Risks are categorised into:

- Governance & Strategic
- Operational
- Financial
- Environmental & External
- Law & Regulation

The impact and likelihood of risk is assessed and a risk 'Heat map' is produced which summarises the types and level of risk the Trust are managing at any given point.

Ongoing monitoring and assessment of the risk register will be delegated by the Trust Board to the Audit and Risk Committee. This Committee, in turn, may delegate some duties to a school Local Governing Body. A summary of key risk is shown in the table below:

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

NEXUS TRUST: TOP FOUR RISKS		
Risk Type	Risk	Steps to mitigate
Governance & Strategic	Failure to monitor and react to the raising bar of organisational leadership & governance	<ul style="list-style-type: none"> ▪ Effective corporate governance ▪ Effective partnership with Regional Schools Commissioner ▪ Strategic plan which sets out the key objectives and policies ▪ Effective networking with Business and Community ▪ Chair of MAT a national leader in Governance.
Financial	Changes to EFA funding, including a reduction in pupil placement funding and Education Services Grant. Changes to the Local Authority commissioning arrangements for children with special educational needs.	<ul style="list-style-type: none"> ▪ EFA updates ▪ Contribute to National Funding consultations/reviews ▪ Monitor LA sufficiency analysis to predict potential changes to commissioning arrangements ▪ Regular meetings with LA ▪ Schools to develop sufficient surplus to reduce the impact to delivery to pupils ▪ Trust to build reserves to help mitigate the risk of funding changes.
	Failure to ensure that an adequate disaster recovery plan in place regarding financial systems & Monthly management accounts	<ul style="list-style-type: none"> ▪ Individual School Disaster recovery plans ▪ Trust wide Business Continuity & Contingency plan in place ▪ Back- ups off site ▪ Budget monitoring reports ▪ Reports to LGB ▪ Awareness of financial regulations ▪ Support of Audit & Finance Committee ▪ Internal and external audit ▪ 3 year financial forecasts
Environmental & External	Failure to monitor effect of risks re economic or natural disaster	<ul style="list-style-type: none"> ▪ Academy Insurance (buildings/employers liability/public liability) with RPA in place ▪ Vehicle insurance in place where required

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Plans for future periods

a. Future developments

The Trust will continue to deliver the key strategic aims as published in the strategic plan.

As a Trust with 3 special educational needs academies, trustees are acutely aware of the difficulties in benchmarking against other settings and the added risk of not having associated floor targets to act as proxy for performance, as per mainstream, schools.

By appointing a Head of School Improvement, trustees have invested in a resource to be both inward and outward looking, connecting the work of the academies and other special schools both locally and nationally to ensure that provision is continually measured against emergent good and outstanding practice elsewhere. Trustees have also commissioned the development of a performance scorecard to provide more effective high level performance reporting and review. The standards committee of the trust board has delegated powers to oversee this work in more detail, accountable to trustees.

As the responsible company for 3 special schools, the Trust will continue to work closely with local authorities to ensure there are strategic commissioning arrangements in place and to also create new and innovative service offers for children and young people with learning difficulties so that there is sufficient supply of provision in the local area.

By listening to children and families, trustees are aware that the current local offer is insufficient, and the local authority are keen to work in partnership with the Trust to develop services further around the personal needs of individuals.

The 5 year strategic plan will be the road map trustees use to steer the Trust on this journey.

In July 2016, the accounting officer was approached by the Department for Education to explore the possibility of Nexus MAT sponsoring an LA maintained special school in the Doncaster Metropolitan Borough. The school had recently been placed into special measures following an "inadequate" Ofsted judgement. Following due diligence, Nexus MAT has agreed to sponsor Pennine View school and is in the process of incorporating the school into the Trust with an initial deadline set of 1 April 2017. The Trust is also in the process of bidding to open "free" school in the Rotherham area for children with SEND with a primary diagnosis of autism. Work is ongoing with Rotherham MBC to progress this.

Funds held as custodian

There are no arrangements in place where Nexus Multi Academy trust or its trustees are acting as custodian trustee.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Disclosure of information to auditors

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

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

Auditors

The auditors, BHP, Chartered Accountants, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report, incorporating a strategic report, was approved by order of the board of trustees as the company directors, on 9 February 2017 and signed on its behalf by:


John Coleman
Trustee and Vice-Chair

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as 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 Nexus Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

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 2 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Steven Booth	2	2
Tracey Brooke	2	2
Susan Shelley	2	2
Alan Meloy	0	0
John Irwin	0	2
Catherine Hall	0	0
John Coleman	2	2
Warren Carratt	2	2
Peter Castleton	0	0
Andrew Child	2	2

As the company was formed on 1 June 2016, the first order of business for the Board was to agree a scheme of delegation and set a forward plan to ensure trustees are able to meet their statutory requirements through the structure of board business. Strengthening the Board was identified as a matter of urgent business by the trustees, and since 31 August 2016, 3 more trustees have been recruited and an associate has also been appointed to advise trustees, with further recruitment planned. New trustees have been targeted to fill specific skills gaps identified by trustees, linked to the 5 year strategic plan.

Trustees have agreed a monthly meeting schedule for the first 6 months of the trust's existence (with a planned gap during the summer holidays), to ensure they have capacity to review, scrutinise and approve key documentation, policies, procedures and plans and hold the trust executive to account.

Governors undertook a gap analysis of knowledge and skills as part of the conversion process from LA maintained to academy to ensure that the appointment of trustees placed the new Trust in the strongest position possible, and as a consequence a new chair certified as a National Leader in Governance (Mr Child) was appointed to oversee the transition and assume the role of Chair once the Multi Academy Trust was established on 1 June 2016. Additionally, a former SEND Commissioner and Dfe National Strategies Lead was appointed by Governors to assume the role of Vice-Chair for the trust board, to add more experience and knowledge to the emergent trust board.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

As part of forward planning, trustees agreed to undertake a self-evaluation at the start of the 2016/17 academic year based on a template developed by the Charity Commission, which will then inform a development programme for all trustees. This development programme will include the offer of internally developed workshops facilitated by senior officers of the trust; workshops offered by the trust's local Teaching School Alliance partner; and workshops delivered by any other independent providers with the relative expertise required, where the trust or the local teaching schools alliance are unable to offer have a suitable solution.

The Chair will undertake a 360° review in the summer of 2016/17, and an external review of the Board will be undertaken in the summer term of 2017 to inform a refreshed trustee development plan.

The Audit and Finance Committee is a sub-committee of the main board of trustees. The role of the committee is to advise the Board on matters relating to the Trust's finance and audit arrangements, systems of internal control and to advise and aid the Board's responsibility to ensure sound management of the trust's finances and resources, including proper planning, monitoring and probity. The Audit & Finance Committee is responsible to the Trust Board and the Committee's Terms of Reference are adopted by the Board and may only be amended with the approval of the Board.

The Audit & Finance Committee did not meet during the 3 months to 31 August 2016 but periodic meetings have been timetabled for 2016/17.

Review of Value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the 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 trust has delivered improved value for money during the year by:

- Establishing and enforcing new procurement processes which provide a systematic and transparent means of assessing providers with a broad definition of best value taking account of – but not solely focusing on – unit cost;
- Reviewing ICT provision across the schools of the Trust and re-commissioning aspects of provision (i.e. SIMS support) to reduce cost and improve the quality of support, in turn freeing up ICT budgets to invest in new and emergent technologies which support improved learning;
- Joint procurement of Human Resource consultancy at reduced cost secured through collective bargaining, improving the quality of advice provided and allowing Headteachers to provide rigorous human resource management with confidence, reducing the risk of repeated underperformance;
- Re-negotiating the allocation of "top up" funding from the commissioning local authority for specific children where changed need has increased the cost of placement. This re-negotiation was carried out for a cohort of pupils to secure a larger financial settlement and increase the financial resource to plan and deliver packages of education and care around the most vulnerable pupils on roll.

GOVERNANCE STATEMENT (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Nexus Multi Academy Trust for the period 21 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the trust's significant risks, that has been in place for the period 21 March 2016 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 Audit and 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 appointed BHP as internal auditor for the 16/17 year. During this period, the Trustees have appointed Tracey Brooke, the Chief Financial Officer of the multi academy trust to perform peer reviews.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On a regular basis, the reviewer reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The checks carried out in the period included:

- completion of the financial management and governance self-assessment process; and
- the work of the executive managers within the multi academy trust who have responsibility for the development and maintenance of the internal control framework

Where any improvements to financial procedures and controls were identified they were subsequently implemented and included in the financial procedures manual.

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

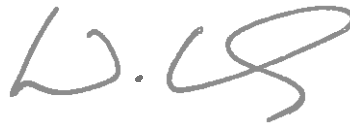
- the work of the peer reviewer;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 9 February 2017 and signed on their behalf, by:



John Coleman
Vice Chair and Trustee



Warren Carratt
Accounting Officer

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Nexus Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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



Warren Carratt
Accounting Officer

Date: 9 February 2017

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE PERIOD ENDED 31 AUGUST 2016

The Trustees (who act as governors of Nexus Multi Academy 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 issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

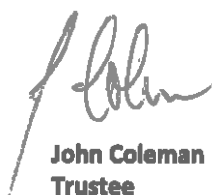
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 9 February 2017 and signed on its behalf by:



John Coleman
Trustee

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

We have audited the financial statements of Nexus Multi Academy Trust for the period ended 31 August 2016 which comprise the Statement of Financial Activities Incorporating Income and Expenditure account, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Matters on which we are required to report by exception

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

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



Philip Allsop (Senior statutory auditor)

for and on behalf of

BHP, Chartered Accountants

Statutory Auditors

2 Rutland Park
Sheffield
S10 2PD

Date: 9 February 2017

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO NEXUS MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 8 November 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Nexus Multi Academy Trust during the period 21 March 2016 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Nexus Multi Academy Trust's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Nexus Multi Academy Trust's funding agreement with the Secretary of State for Education dated 26 May 2016, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 21 March 2016 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO NEXUS MULTI ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)

The work undertaken to draw to our conclusion includes:

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

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 21 March 2016 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Phillip Allsop (Senior statutory auditor)

for and on behalf of

BHP, Chartered Accountants

Statutory Auditors

2 Rutland Park
Sheffield
S10 2PD

Date: 9 February 2017

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Income from:					
Donations & capital grants:					
Transfers from local authority on conversion	2	75,265	(3,342,873)	8,910,527	5,642,919
Other donations and capital grants	2	7,607	7,600	12,000	27,207
Charitable activities	3	-	1,607,068	-	1,607,068
Other trading activities		5,546	-	-	5,546
Investments	4	134	-	-	134
Total income		88,552	(1,728,205)	8,922,527	7,282,874
Expenditure on:					
Charitable activities		-	1,571,963	40,673	1,612,636
Total expenditure	5	-	1,571,963	40,673	1,612,636
Net income / (expenditure) before transfers		88,552	(3,300,168)	8,881,854	5,670,238
Transfers between Funds	16	(16,620)	-	16,620	-
Net income / (expenditure) before other recognised gains and losses		71,932	(3,300,168)	8,898,474	5,670,238
Actuarial losses on defined benefit pension schemes	21	-	(1,917,000)	-	(1,917,000)
Net movement in funds		71,932	(5,217,168)	8,898,474	3,753,238
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		71,932	(5,217,168)	8,898,474	3,753,238

All of the academy's activities derive from acquisitions in the current financial period.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10075893

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £
Fixed assets			
Tangible assets	13		8,898,474
Current assets			
Debtors	14	185,347	
Cash at bank and in hand		1,220,057	
		<u>1,405,404</u>	
Creditors: amounts falling due within one year	15	<u>(1,038,640)</u>	
Net current assets			<u>366,764</u>
Total assets less current liabilities			<u>9,265,238</u>
Defined benefit pension scheme liability	21		<u>(5,512,000)</u>
Net assets including pension scheme liabilities			<u><u>3,753,238</u></u>
Funds of the academy			
Restricted income funds:			
Restricted income funds	16	294,832	
Restricted fixed asset funds	16	8,898,474	
Restricted income funds excluding pension liability		<u>9,193,306</u>	
Pension reserve		<u>(5,512,000)</u>	
Total restricted income funds			<u>3,681,306</u>
Unrestricted income funds	16		<u>71,932</u>
Total funds			<u><u>3,753,238</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 9 February 2017 and are signed on their behalf, by:


Chair of Trustees

The notes on pages 27 to 51 form part of these financial statements.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2016

	Note	2016 £
Cash flows from operating activities		
Net cash provided by operating activities	18	1,236,543
Cash flows from investing activities:		
Dividends, interest and rents from investments		134
Purchase of tangible fixed assets		(28,620)
Capital grants from DfE/EFA		12,000
Net cash used in investing activities		(16,486)
Change in cash and cash equivalents in the period		1,220,057
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward		1,220,057

All of the cash flows are derived from acquisitions in the current financial period.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Nexus Multi Academy Trust meets the definition of a public benefit entity as defined by FRS 102.

1.2 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

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

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.3 Income

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities incorporating income and expenditure account in the period in which it is receivable (where there are no performance conditions), where there is certainty of receipt and it is measurable.

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

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

1.4 Expenditure

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

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

1. Accounting Policies (continued)

1.5 Going concern

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

1.6 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	2% straight line
Short-term leasehold property	2% straight line
Fixtures and fittings	25-50% straight line
Office equipment	13-33% straight line

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Operating leases

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

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.9 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.

1.10 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.

1.11 Liabilities and provisions

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 academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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

1.12 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.13 Taxation

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

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

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.14 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 21, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.15 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from predecessor schools to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

1. Accounting Policies (continued)

1.16 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Transfers from local authority on conversion	75,265	(3,342,873)	8,910,527	5,642,919
Donations	7,607	-	-	7,607
Capital grants	-	-	12,000	12,000
Government grants	-	7,600	-	7,600
Subtotal	7,607	7,600	12,000	27,207
Total donations and capital grants	82,872	(3,335,273)	8,922,527	5,670,126

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

3. Funding for Academy's educational operations

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
DfE/EFA grants			
General Annual Grant	-	669,091	669,091
Pupil Premium	-	17,255	17,255
	<u>-</u>	<u>686,346</u>	<u>686,346</u>
Other government grants			
Pupil Premium - LA	-	51,549	51,549
Special Education Needs	-	861,812	861,812
	<u>-</u>	<u>913,361</u>	<u>913,361</u>
Other funding			
School fund income	-	7,361	7,361
	<u>-</u>	<u>7,361</u>	<u>7,361</u>
	<u>-</u>	<u>1,607,068</u>	<u>1,607,068</u>

4. Investment Income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Investment income	134	-	134
	<u>134</u>	<u>-</u>	<u>134</u>

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

5. Expenditure

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £
Education:				
Direct costs	1,214,421	-	91,050	1,305,471
Support costs	135,426	73,813	97,926	307,165
	<u>1,349,847</u>	<u>73,813</u>	<u>188,976</u>	<u>1,612,636</u>

6. Net incoming resources/(resources expended)

This is stated after charging:

	2016 £
Depreciation of tangible fixed assets: - owned by the charity	40,673
Auditors' remuneration - audit	7,600
Operating lease rentals	888
	<u>49,161</u>

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

7. Charitable activities

	2016
	£
Direct costs - educational operations	1,305,471
Support costs - educational operations	307,165
	<hr/>
Total	1,612,636
	<hr/> <hr/>

Analysis of support costs

	Educational	2016
	operations	£
	£	
Support staff costs	135,426	135,426
Depreciation	40,673	40,673
Technology costs	-	-
Premises costs	73,813	73,813
Other support costs	49,653	49,653
Governance costs - audit fees	7,600	7,600
	<hr/>	<hr/>
Total	307,165	307,165
	<hr/> <hr/>	<hr/> <hr/>

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

8. Staff costs

Staff costs were as follows:

	2016
	£
Wages and salaries	1,072,750
Social security costs	76,245
Operating costs of defined benefit pension schemes	188,429
	<hr/>
Supply teacher costs	1,337,424
	12,423
	<hr/> 1,349,847 <hr/>

The average number of persons employed by the academy during the period was as follows:

	2016
	No.
Teachers	34
Admin and support	233
Management	13
	<hr/>
	280 <hr/>

Average headcount expressed as a full time equivalent:

	2016
	No.
Teachers	23
Admin and support	161
Management	10
	<hr/>
	194 <hr/>

No employee received remuneration amounting to more than £60,000 in the period.

The key management personnel of the academy trust comprise the trustees and senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £153,953.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

9. Central services

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

- Chief Executive Officer support
- Chief Finance Officer support
- HR services
- Legal and professional services

The academy charges for these services on the following basis:

- Flat percentage of GAG income - 5%

The actual amounts charged during the period were as follows:

	2016
	£
Kelford School	33,192
Hilltop School	32,457
Abbey School	16,480
Total	82,129

10. Trustees' remuneration and expenses

Two Trustees has been paid remuneration and had received other benefits from an employment with the academy trust. The Trustees only received remuneration in respect of services they provide undertaking their roles under their contract of employment, and not in respect of their role as Trustees, The value of Trustees' remuneration and other benefits was as follows:

		2016
		£
Warren Carratt	Remuneration	18,750
	Pension contributions paid	2,438
Tracey Brooke	Remuneration	1,600
	Pension contributions paid	208

During the period, no Trustees received any reimbursement of expenses.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

11. Trustees' and Officers' Insurance

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

12. Other finance expenditure

	2016 £
Interest income on pension scheme assets	25,000
Interest on pension scheme liabilities	(54,000)
	<u>(29,000)</u>

13. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
Additions	-	22,362	6,258	28,620
Assets inherited on conversion	8,872,000	5,368	33,159	8,910,527
At 31 August 2016	<u>8,872,000</u>	<u>27,730</u>	<u>39,417</u>	<u>8,939,147</u>
Depreciation				
Charge for the period	35,085	2,385	3,203	40,673
At 31 August 2016	<u>35,085</u>	<u>2,385</u>	<u>3,203</u>	<u>40,673</u>
Net book value				
At 31 August 2016	<u>8,836,915</u>	<u>25,345</u>	<u>36,214</u>	<u>8,898,474</u>

Included in land and buildings is freehold land at valuation of £1,855,000 which is not depreciated.

On conversion to an academy trust, RMBC were appointed to carry out a valuation of the land and buildings transferred to the trust.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

14. Debtors

	2016 £
Trade debtors	47,665
VAT repayable	31,210
Other debtors	69,208
Prepayments and accrued income	25,264
Grants receivable	12,000
	<hr/>
	185,347 <hr/>

15. Creditors: Amounts falling due within one year

	2016 £
Trade creditors	260,509
Other creditors	118,080
Accruals and deferred income	660,051
	<hr/>
	1,038,640 <hr/>
	£
<i>Deferred income</i>	
Deferred income at 21 March 2016	-
Resources deferred during the year	643,057
	<hr/>

At the balance sheet date the trust was holding funds in advance for SEN and UIFSM funding.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

16. Statement of funds

	Brought Forward £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Carried Forward £
Unrestricted funds						
General Funds	-	88,552	-	(16,620)	-	71,932
Restricted funds						
General Annual Grant (GAG)	-	669,091	(530,954)	-	-	138,137
Pupil Premium EFA	-	17,255	(17,255)	-	-	-
Pupil Premium LA	-	51,550	(51,550)	-	-	-
SEN	-	861,812	(861,812)	-	-	-
Conversion Grant	-	133,523	(42,309)	-	-	91,214
School Fund	-	69,964	(4,483)	-	-	65,481
Other	-	7,600	(7,600)	-	-	-
Pension reserve	-	(3,539,000)	(56,000)	-	(1,917,000)	(5,512,000)
	-	(1,728,205)	(1,571,963)	-	(1,917,000)	(5,217,168)
Restricted fixed asset funds						
Assets Inherited on conversion	-	8,922,527	(40,673)	16,620	-	8,898,474
Total restricted funds	-	7,194,322	(1,612,636)	16,620	(1,917,000)	3,681,306
Total of funds	-	7,282,874	(1,612,636)	-	(1,917,000)	3,753,238

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

16. Statement of funds (continued)

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

Unrestricted funds

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

Restricted general funds

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

Pupil Premium EFA - All children eligible for Pupil Premium have a personalised pupil premium plan, linked to their individual learning needs to ensure that the grant funding is spent appropriately and that this can evidence improved outcomes for children and young people. Local Governing Bodies scrutinise the use of pupil premium in each Nexus Academy, in line with the grant conditions.

Pupil Premium LA - All children eligible for Pupil Premium have a personalised pupil premium plan, linked to their individual learning needs to ensure that the grant funding is spent appropriately and that this can evidence improved outcomes for children and young people. Local Governing Bodies scrutinise the use of pupil premium in each Nexus Academy, in line with the grant conditions.

SEN - SEN "top up" funding features as a significant element of all Nexus academies revenue, given the schools are all designated special educational needs settings. Each Local Authority uses different banding systems for SEN, with different funding packages provided dependent on a child's level of need as defined in their Education Health & Care Plan (or their Statement of special educational needs). SEN funding is largely used to cover human resource costs in Nexus academies for teaching and non-teaching staff, though other services are also funded where a child's personalised plan dictates e.g. Occupational Therapy, Physiotherapy etc.

Conversion Grant - As part of setting up Nexus MAT, the Department for Education provided the three founding schools – Abbey, Hilltop and Kelford - with £195,000 of grant funding, made up of the following: 3 x £25k for legal costs; 1 x £45k for sponsor capacity; 1 x £75k Primary Converter Grant. The Secretary of State recognised that smaller schools (such as special schools and primary schools) do not have the same budget capacity as larger secondary schools, and therefore additional grant funding to help facilitate conversion was made available for application.

In line with grant conditions, this funding has been used to ensure that all legal requirements have been met as part of registering the company and incorporating the schools and to enable the forming Trust to appoint key, statutory leadership personnel as per the Trust's Articles of Association and in line with the requirements stated in the Academies Financial Handbook. Other key, non-statutory functions such as school improvement have also been invested in with the grant funds to enable the Trust to fulfil its Objects.

School Fund - Each Nexus Academy – upon conversion – brought forward voluntary funds which had been raised for the schools through a variety of philanthropic routes e.g. fund raising, donations etc. Voluntary funds are the domain of each Academy (given they have been accumulated specifically for each academy) and expenditure is overseen by Local Governing Bodies.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

16. Statement of funds (continued)

Other - The EFA made available a grant of £11,000 to cover the cost of the audit fees for this reporting period. Nexus MAT ensure the grant is spent in line with the attached conditions.

Pension reserve - Upon conversion, Nexus MAT inherited the Local Government Pension Scheme deficit for each of the constituent academies. The amount of deficit was provided to each academy in the form of a lump sum payable annually, and this liability has been built into budget planning and human resource costings. The Trust has a reserves policy in operation to ensure that there are cash reserves available to meet any emergent budgets pressures from the re-assessment of the pension deficit at the triennial actuary review, and each academy will be required to ensure there are resources in place which are affordable and sustainable.

Restricted fixed asset funds

Assets donated to the academy trust from the local authority on conversion and subsequent capital expenditure.

Transfers between funds

A transfer has been made from unrestricted funds to restricted fixed asset funds to represent assets purchased during the year from unrestricted funds.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £
Kelford School	52,957
Hilltop School	54,815
Abbey School	85,649
Nexus Multi Academy Trust	173,343
Total before fixed asset fund and pension reserve	<u>366,764</u>
Restricted fixed asset fund	8,898,474
Pension reserve	(5,512,000)
Total	<u><u>3,753,238</u></u>

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

16. Statement of funds (continued)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £
Kelford School	472,270	58,900	9,780	73,559	614,509
Hilltop School	558,756	26,136	5,875	76,284	667,051
Abbey School	158,395	20,833	5,044	56,223	240,495
Nexus Multi Academy Trust	-	29,556	-	20,352	49,908
	1,189,421	135,425	20,699	226,418	1,571,963

17. Analysis of net assets between funds

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	8,898,474	8,898,474
Current assets	71,932	1,333,472	-	1,405,404
Creditors due within one year	-	(1,038,640)	-	(1,038,640)
Provisions for liabilities and charges	-	(5,512,000)	-	(5,512,000)
	71,932	(5,217,168)	8,898,474	3,753,238

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £
Net income for the year (as per Statement of financial activities)	5,670,238
Adjustment for:	
Depreciation charges	40,673
Dividends, interest and rents from investments	(134)
Increase in debtors	(185,347)
Increase in creditors	1,038,640
Capital grants from DfE and other capital income	(12,000)
Defined benefit pension scheme obligation inherited	3,539,000
Defined benefit pension scheme cost less contributions payable	27,000
Defined benefit pension scheme finance cost	29,000
Fixed assets inherited on conversion	(8,910,527)
<i>Net cash provided by operating activities</i>	1,236,543

19. Analysis of cash and cash equivalents

	2016 £
Cash in hand	1,220,057
Total	1,220,057

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

20. Conversion to an academy trust - Kelford School

On 1 June 2016 Kelford School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Nexus Multi Academy Trust from Rotherham Metropolitan Borough Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	3,513,000	3,513,000
- Other tangible fixed assets	-	-	15,184	15,184
Budget surplus/(deficit) on other school funds	-	26,844	-	26,844
LGPS pension surplus/(deficit)	-	(1,482,000)	-	(1,482,000)
Other identified assets and liabilities	4,120	-	-	4,120
Net assets/(liabilities)	<u>4,120</u>	<u>(1,455,156)</u>	<u>3,528,184</u>	<u>2,077,148</u>

The above net assets/liabilities include £26,844 that were transferred as cash.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

Conversion to an academy trust - Hilltop School

On 1 June 2016 Hilltop School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Nexus Multi Academy Trust from Rotherham Metropolitan Borough Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	2,659,000	2,659,000
- Other tangible fixed assets	-	-	11,368	11,368
Budget surplus/(deficit) on LA funds	63,761	133,523	-	197,284
Budget surplus/(deficit) on other school funds	-	6,036	-	6,036
LGPS pension surplus/(deficit)	-	(1,729,000)	-	(1,729,000)
Other identified assets and liabilities	3,711	-	-	3,711
	<u>67,472</u>	<u>(1,589,441)</u>	<u>2,670,368</u>	<u>1,148,399</u>
Net assets/(liabilities)				

The above net assets/liabilities include £nil that were transferred as cash.

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

Conversion to an academy trust - Abbey School

On 1 June 2016 Abbey School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Nexus Multi Academy Trust from Rotherham Metropolitan Borough Council for £NIL consideration.

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

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	2,700,000	2,700,000
- Other tangible fixed assets	-	-	11,975	11,975
Budget surplus/(deficit) on other school funds	-	29,724	-	29,724
LGPS pension surplus/(deficit)	-	(328,000)	-	(328,000)
Other identified assets and liabilities	3,673	-	-	3,673
Total	3,673	(298,276)	2,711,975	2,417,372

The above net assets/liabilities include £nil that were transferred as cash.

21. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by South Yorkshire Pensions Authority. Both are Multi-employer defined benefit pension schemes.

As described in note 20 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period to 31 August 2016.. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

21. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £70,683.

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

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

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension commitments (continued)

Information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2016 was £83,000, of which employer's contributions totalled £61,000, and employees' contributions totalled £22,000. The agreed contribution rates for future years are 13.7% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions:

	2016
Discount rate for scheme liabilities	2.20 %
Rate of increase in salaries	3.65 %
Rate of increase for pensions in payment / inflation	2.00 %
Inflation assumption (CPI)	1.90 %

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

	2016
Retiring today	
Males	23
Females	25.7
Retiring in 20 years	
Males	25.4
Females	28.5

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension commitments (continued)

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

	Fair value at 31 August 2016 £
Equities	1,904,000
Government bonds	489,000
Property	358,000
Cash/liquidity	55,000
Other bonds	203,000
Other	251,000
Total market value of assets	3,260,000

The actual return on scheme assets was £360,000.

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

	2016 £
Current service cost	(86,000)
Net interest cost	(29,000)
Administration fees	(2,000)
Total	(117,000)

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

	2016 £
Upon conversion	6,356,000
Current service cost	86,000
Interest cost	54,000
Contributions by employees	22,000
Actuarial losses	2,254,000
Closing defined benefit obligation	8,772,000

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2016

21. Pension commitments (continued)

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

	2016 £
Upon conversion	2,817,000
Return on plan assets (excluding net interest on the net defined pension liability)	25,000
Actuarial gains and (losses)	337,000
Contributions by employer	61,000
Contributions by employees	22,000
Administration expenses	(2,000)
	<hr/>
Closing fair value of scheme assets	3,260,000
	<hr/>

22. Operating lease commitments

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

	2016 £
<i>Amounts payable:</i>	
Within 1 year	13,041
Between 1 and 5 years	28,123
	<hr/>
Total	41,164
	<hr/>

23. 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.

24. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.