

NEXUS MULTI ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

Members

Andrew Child
Peter Leach
John Coleman
Paul Girling
Zanib Rasool

Trustees

Steven Booth
Susan Shelley
Alan Meloy
Catherine Hall
John Coleman
Warren Carratt
Peter Castleton
Andrew Child, Chair
Jayne Anne Fitzgerald (appointed 30 January 2017, resigned 25 August 2017)
John Irwin (resigned 17 March 2017)

Company registered number

10075893

Company name

Nexus Multi Academy Trust

Principal and registered office

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

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

Advisers (continued)

Chief financial officer

Tracey Brooke

Chief executive officer

Warren Carratt

Senior management team

Jacqueline Tattershall, Headteacher (Kelford School)
Viki Drew, 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)
Robert Mulvey, Deputy Headteacher (Hilltop School)
Christine Hodgkinson, Deputy Headteacher (Hilltop School)
Sarah Mulhall, Headteacher (Pennine View School)
Christopher Evans, Deputy Headteacher (Pennine View School)

Independent auditor

BHP LLP, 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

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The trust currently operates 4 special academies in the Rotherham Metropolitan Borough and Doncaster Metropolitan Borough areas. 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 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.

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.

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

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 as an advisor. The Trust Board has established a Headteacher/Local Governing Body Chairs Advisory Committee to ensure there is a direct connection between academies/LGB chairs and the Board.

Board meetings are scheduled monthly with alternating bi-monthly focuses: one on core business, and one on "challenge" of a strategic objective, 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.

f. Pay policy for key management personnel

The Board of Trustees 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 (2017) and the formulas included therein.

In setting pay for the Chief Executive Officer and Chief Financial Officer, trustees will always draw on relative contextual information, such as national and regional pay data for trusts of a comparable size and function. Services4Schools provide all relevant information at the request of trustees.

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

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.

b. Objectives, strategies and activities

For the period 1 September 2016 to 31 August 2017, trustees have overseen the work of the accounting officer in realising the ambitions outlined in the Nexus MAT Strategic Plan.

On 3rd December 2016 the Trust was formally appointed "sponsor" for Pennine View School, a special school in Doncaster for children and young people with moderate learning difficulties. The school had been placed into special measures by Ofsted in June 2016. The school converted to become a Nexus academy on 1st April 2017.

Throughout this period, the Trust appointed permanently to 3 Headteacher vacancies (which had been inherited from the previous LA maintained period) and strengthened leadership at two of the 4 academies through the creation of additional senior leadership roles linked to school improvement needs of each school.

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

The Trust secured Condition Improvement Funding totalling £869,651, of which £449,876 was drawn down and spent in 2016/17 to improve urgent areas of concern in the trust estate. Work commenced in earnest before the end of August 2017 to submit applications for funding for the next round of Condition Improvement.

The Trust created and appointed to a School Improvement Lead role and published its MAT schools improvement strategy, which outlines the work the Trust will undertake with all its academies to constantly improve the quality of provision.

The Trust was awarded a 3 year contract by Rotherham Council to deliver extended service provision to children and young people with complex needs and disabilities.

Trustees continued with the appointment of 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.

Throughout the period 1 September 2016 to 31 August 2017, trustees reviewed and refreshed a range of policies and procedures to maintain that a clear and transparent operational framework is in place, against which compliance can be measured.

c. Public benefit

Through the growth of provision in all our academies to meet the commissioning needs of local authorities and through the realisation of year 1 of the 5 year strategic plan, 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.

Achievements and performance

a. Key performance indicators

In the period 1 September 2016 to 31 August 2017, trustees oversaw the continued improvement in performance of the 4 constituent academies in the Trust, as was reflected in the performance data for all constituent academies in the 2016/17 academic year.

The chief executive officer has overseen the re-negotiation of commissioning arrangements for all 4 academies with Local Authorities to increase the available revenue to support children and young people with the most complex needs.

All academies within the Trust reported surplus outturn budgets at the end of 2016-2017, remarkable achievements given in this same period the Trust established year 1 reserves of £400,000 – reflective of 4.3% of total income (against a reserves policy target of 2-5%).

Key performance indicators have been established by trustees that are used to inform performance management, budget monitoring and budget setting processes. All schools are required to spend <85% of their budget on staffing and where there are outliers this is challenged and appropriate action taken. Financial reporting to local governing bodies and the Trust Board is underpinned by robust systems. From 1 September 2016 to 31 August 2017 the chief finance officer reviewed all commercial contracts held by academies and has put a work programme in place to review future arrangements, prioritised by each contracts value (high to low).

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

Over 75% of pupils at 3 of the 4 academies made expected progress or above, with the sponsored academy making good progress against the school improvement plan.

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 year was £12,637,907 (2016: £7,282,874). Total operating expenditure was £8,594,614 (2016: £1,612,636). This resulted in net income of £4,043,293 (2016: £5,670,238). After an actuarial gain on the defined benefit pension scheme of £689,000 (2016: Loss of £1,917,000) net movement in funds was £4,732,293 (2016: £3,753,238).

Total funds at 31 August 2017 were £8,485,531 (2016: £3,753,238) of which £392,954 (2016: £71,932) were unrestricted, £14,192,714 (2016: £8,898,474) were restricted fixed asset funds, £567,863 (2016: £294,832) were restricted general funds and £6,668,000 (£5,512,000) was a negative pension reserve.

b. Principal funding

The academies in the Trust are funded in part by the General Annual Grant (via the Education and Skills 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 4 academies are commissioned by Rotherham Borough Council or Doncaster Metropolitan Borough Council. Approximately 37% of funding comes from the Education and Skills 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, less any grant funding such as pupil premium, sports premium etc), and covers the costs of statutory management positions, strategic development, 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.

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

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 under taken 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 free reserves (unrestricted and restricted GAG 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 2017 the balance of the trust's unrestricted funds was £392,954 and the balance of its restricted GAG funds was £507,645 i.e. free reserves of £900,599. The reserves can be further categorised into the following: Trust Restricted reserves of £400,000; Trust surplus reserves of £189,000; and the remainder consisting of School surplus reserves which are retained in the schools to mitigate against any variation in Element 3 funding; and School Fund Reserves, which are voluntary funds raised by parents/carers through donations/fund raising e.g. at school fairs.

This compares to target reserves of between £169,723 (2%) and £423,184 (5%).

d. Material investments policy

As priority was 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 during 2017/18.

e. Principal risks and uncertainties

The Education and Skills Funding Agency (ESFA) 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.

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

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 Finance Committee. This Committee, in turn, may delegate some duties to a school Local Governing Body. A summary of key risks are shown in the table below:

Risk	Potential impact	Steps to mitigate
<p>Law and regulation</p> <p>Breach of funding agreement with Secretary of State</p>	<ul style="list-style-type: none"> ▪ Intervention by ESFA and re-brokering of academies or closure of Trust; ▪ Financial risk; ▪ Reputational risk; ▪ Litigation risk; ▪ Risk grants are not used for intended purposes. 	<ul style="list-style-type: none"> ▪ Academies Financial Handbook outlines the legal duties on Trusts and is designed to ensure Academies do not breach their funding agreement; ▪ Academies Financial Handbook (including any changes) shared with Directors, Headteachers, and SBMs; ▪ Trust’s Internal Control Framework has been developed to ensure adherence including; ▪ Delegated Financial Powers policy; ▪ Scheme of Delegation; ▪ Tendering & Procurement policy; ▪ Register of People with significant control; ▪ Audits provide assurance that expenditure is; ▪ Annual accounts prep and Internal Audits (2 per year per Academy) provide assurance to CEO on probity in the management of public funds, particularly Value for money, Regularity and Propriety.

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

<p>Governance and Strategic</p> <p>The Trust fails to ensure Information Governance standards are adhered to.</p>	<ul style="list-style-type: none"> ▪ Non-compliance with Information Governance legislation leading to loss of data and intervention from ICO; ▪ Trust is liable for fines of up to £500K per piece of information which is released inappropriately; ▪ Business continuity undermined/impered due to loss of data integrity. ransomware attack; ▪ Financial risk if fines imposed by ICO ▪ Intervention by ESFA and re-brokering of academies or closure of Trust. 	<ul style="list-style-type: none"> ▪ Robust ICT and information governance systems in place to in line with legal requirements; ▪ Regular audit/review of systems and practice across all academies to assure Trustees of compliance; ▪ Clear plan in place to meet the new Information Governance Standards in May 2018; ▪ ICT Strategy in place to guide ongoing strategic developments with associated annual action plan.
<p>Operational</p> <p>Inadequate safeguarding practices in academies and settings</p>	<ul style="list-style-type: none"> ▪ Child death(s) or significant injury which could otherwise be avoided through effective school management; ▪ Child abuse occurring in one or more academy, perpetrated by staff, volunteers or visitors in school; ▪ Children exposed to sexualised materials or behaviours (e.g. via the internet); ▪ Child subject to abuse/exploitation outside of school which isn't recognised by staff and/or reported to social care; ▪ Children and/or staff meeting the threshold for Prevent but not referred in for response; ▪ Reduce pupil roll; ▪ Intervention by ESFA and re-brokering of academies or closure of Trust. 	<ul style="list-style-type: none"> ▪ Trust has a clear safeguarding policy and all academies have a supplemental policy and a child protection policy, reviewed annually; ▪ Trust has a named Director for Safeguarding who undertakes an annual work programme; ▪ All academies have a designated safeguarding lead and deputy, who attend regular training and are competent to fulfil the role; ▪ All staff undertake safeguarding training and understand the signs, symptoms and escalation routes where concerns arise; ▪ All academies use CPOMS as the safeguarding MIS and report on performance regularly to the LGB and Standards Committee; ▪ All academies have an up to date Single Central Record; ▪ Trust has routine peer and external "audit" of safeguarding practices and responds to any recommendations quickly; ▪ Trust responds swiftly and effectively to any safeguarding concerns raised.

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

<p>Financial</p> <p>Failure to ensure Academies maintain overall financial control in relation to budget</p>	<ul style="list-style-type: none"> ▪ Risk budget will be in deficit; ▪ Risk actual financial performance not measured on regular basis; ▪ Risk budget not prepared in accordance with DfE/ESFA timetable; ▪ Risk budget headings manipulated to ensure targets met; ▪ Risk expenditure not authorised; ▪ Risk that expenditure is allocated incorrectly between budget headings; ▪ Risk that fraudulent invoices are submitted and payments made ▪ Financial risk; ▪ Risk that discounts or reductions not obtained; ▪ Risk that expenditure not accounted in correct period. 	<ul style="list-style-type: none"> ▪ Monthly individual and consolidated management accounts produced; ▪ Budget monitoring reports; ▪ Regular meetings with SBMs; ▪ Monthly variance reports produced; ▪ Actions taken to address variances.
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TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 AUGUST 2017

Plans for future periods

a. Future developments

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

As the responsible company for 4 special academies, 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. The Trust opened multilateral dialogue in 2016-2017 with the four South Yorkshire Local Authorities to instigate a joint commissioning approach in the region which meets the sufficiency needs of commissioners and also allows Nexus to occupy a role as a "strategic provider".

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

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

As the Trust enters the 2017-18 academic year; the chief executive officer has been approached by a local mainstream primary school to explore the potential for them to join Nexus MAT. Running parallel to these discussions, the chief executive officer has also been invited to speak to a number of other school leaders and governing boards in the region about growth and development. Two South Yorkshire local authorities – Sheffield & Doncaster – have been granted permission by the Secretary of State to tender for a provider to open a Free Special School in their respective areas and Nexus MAT has expressed an interest in both of these ventures. Advice is being taken from the New Schools Network.

Funds held as custodian

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

Disclosure of information to auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 20 December 2017 and signed on its behalf by:

Andrew Child
Chair of Trustees



NEXUS MULTI ACADEMY TRUST

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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 11 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Steven Booth	10	11
Susan Shelley	11	11
Alan Meloy	10	11
Catherine Hall	10	10
John Coleman	10	11
Warren Carratt	11	11
Peter Castleton	9	11
Andrew Child	8	11
Jayne Anne Fitzgerald	0	7
John Irwin	4	5

Having published the Trust's 5 year strategic plan in the autumn of 2016, trustees have focused their energies on monitoring the implementation of this through regular reports from the chief executive officer and chief finance officer. In 2016-17 John Irwin left the Board and resigned as a Trustee due to relocation and Jayne Fitzgerald resigned after finding it incredibly difficult to attend the schedule of meetings. Trustees have retained 3 of the 11 trustee positions vacant as part of growth planning for 2017-18, with converter academies being given the option to recommend a trustee.

Trustees have adopted monthly meeting schedule with two alternating focuses: on a bi-monthly basis the Trust Board will either hold a full "business" meeting or a "challenge" meeting. The former is where standing reports are presented and scrutinised, and the latter is a reduced formal agenda which allows trustees to focus specifically on one of the Trust's strategic priorities. Trustees have reserved the right to adopt business items onto the "challenge" meeting agendas where this will expedite a decision being made.

All Trustees and local governors undertook a skills self-assessment, in the autumn, which was analysed by the chief executive officer so that a development programme could be put in place in response.

The Chair undertook a 360° review in the summer of 2016/17, and an external review of the Board will be undertaken in the autumn term of 2017-2018 to inform a refreshed trustee development plan.

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GOVERNANCE STATEMENT (continued)

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.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
Alan Meloy	4	4
Steve Booth	4	4
Warren Carratt	4	4
Sue Shelley	3	4
Catherine Hall	2	2

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:

- 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;
- Procurement of ICT provision across the schools (broadband and infrastructure) of the Trust and 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;
- Continued 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.

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 year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

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

The Risk and Control Framework

The 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 continued to be advised by Tracey Brooke, the Chief Financial Officer of the multi academy trust. Trustees have also received reports from BHP in their capacity as internal auditor.

The role of internal auditor includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On a periodic basis, the internal auditors report 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:

- Testing purchase controls
- Testing credit card and debit card procedures
- Testing controls for school trips

Work was delivered as planned and where any improvements to financial procedures and controls were identified they were subsequently implemented and included in the financial procedures manual.

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the 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 20 December 2017 and signed on their behalf, by:



Andrew Child
Chair of Trustees



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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



Warren Carratt
Accounting Officer

Date: 20 December 2017

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

The Trustees of Nexus Multi Academy Trust (who 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 and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 20 December 2017 and signed on its behalf by:



Andrew Child
Chair of Trustees

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

Opinion

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

Responsibilities of trustees

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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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



Philip Allsop (Senior statutory auditor)

for and on behalf of

BHP LLP

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

Date: 20 December 2017

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 26 September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Nexus Multi Academy Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)


**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NEXUS MULTI ACADEMY TRUST
AND THE EDUCATION AND SKILLS 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 trusts's internal financial procedures to ensure that controls are in place to prevent or identify regularity issues;
- Ensure that ESFA approval has been obtained for relevant transactions;
- Discussions with Trustees, 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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Philip Allsop

BHP LLP

Chartered Accountants
Statutory Auditor

2 Rutland Park
Sheffield
S10 2PD

Date: 21 December 2017

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations & capital grants:						
Transfers from local authority on conversion	2	289,318	(1,386,964)	5,033,000	3,935,354	5,642,919
Other donations and capital grants	2	19,225	31,680	478,182	529,087	27,207
Charitable activities	3	64,036	8,074,662	-	8,138,698	1,607,068
Other trading activities	4	33,973	-	-	33,973	5,546
Investments	5	795	-	-	795	134
Total income		407,347	6,719,378	5,511,182	12,637,907	7,282,874
Expenditure on:						
Charitable activities		86,325	8,291,347	216,942	8,594,614	1,612,636
Total expenditure	6	86,325	8,291,347	216,942	8,594,614	1,612,636
Net income / (expenditure) before other recognised gains and losses						
		321,022	(1,571,969)	5,294,240	4,043,293	5,670,238
Actuarial gains/(losses) on defined benefit pension schemes	22	-	689,000	-	689,000	(1,917,000)
Net movement in funds		321,022	(882,969)	5,294,240	4,732,293	3,753,238
Reconciliation of funds:						
Total funds brought forward		71,932	(5,217,168)	8,898,474	3,753,238	-
Total funds carried forward		392,954	(6,100,137)	14,192,714	8,485,531	3,753,238

The 2016 results are for a three month period only.

NEXUS MULTI ACADEMY TRUST

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REGISTERED NUMBER: 10075893

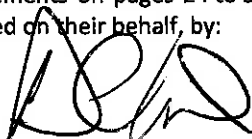
BALANCE SHEET

AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	14		13,930,314		8,898,474
Current assets					
Debtors	15	352,859		185,347	
Cash at bank and in hand		1,320,446		1,220,057	
		1,673,305		1,405,404	
Creditors: amounts falling due within one year	16	(450,088)		(1,038,640)	
Net current assets			1,223,217		366,764
Total assets less current liabilities			15,153,531		9,265,238
Defined benefit pension scheme liability	22		(6,668,000)		(5,512,000)
Net assets including pension scheme liabilities			8,485,531		3,753,238
Funds of the academy					
Restricted income funds:					
Restricted income funds	17	567,863		294,832	
Restricted fixed asset funds	17	14,192,714		8,898,474	
Restricted income funds excluding pension liability		14,760,577		9,193,306	
Pension reserve		(6,668,000)		(5,512,000)	
Total restricted income funds			8,092,577		3,681,306
Unrestricted income funds	17		392,954		71,932
Total funds			8,485,531		3,753,238

The financial statements on pages 24 to 52 were approved by the Trustees, and authorised for issue, on 20 December 2017 and are signed on their behalf, by:

Andrew Child
Chair of Trustees



NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	<u>(162,867)</u>	<u>1,236,543</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		854	134
Purchase of tangible fixed assets		(215,780)	(28,620)
Capital grants from DfE/ESFA		478,182	12,000
Net cash provided by/(used in) investing activities		<u>263,256</u>	<u>(16,486)</u>
Change in cash and cash equivalents in the year		100,389	1,220,057
Cash and cash equivalents brought forward		<u>1,220,057</u>	<u> </u>
Cash and cash equivalents carried forward		<u><u>1,320,446</u></u>	<u><u>1,220,057</u></u>

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Nexus Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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

NEXUS MULTI ACADEMY TRUST

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

1. Accounting Policies (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the academy trust 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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable 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.

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

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

1. Accounting Policies (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities 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.

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

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

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

1.6 Operating leases

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

1.7 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.

1.8 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.

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.9 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy 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.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

Accordingly, the academy 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 YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.12 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 22, 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.

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.13 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 Pennine View School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 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.

Land and buildings were subject to a professional valuation and other fixed assets inherited were included at fair value based on prices obtainable from an open market. The pension liability on conversion was valued by a qualified actuary.

Further details of the transaction are set out in note 21.

1.14 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.

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(A company limited by guarantee)

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

1. Accounting Policies (continued)

1.15 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The academy trust 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Transfers from local authority on conversion	289,318	(1,386,964)	5,033,000	3,935,354	5,642,919
Donations	19,225	251	-	19,476	7,607
Capital grants	-	-	478,182	478,182	12,000
Grants	-	28,029	-	28,029	-
Government grants	-	3,400	-	3,400	7,600
Subtotal	19,225	31,680	478,182	529,087	27,207
	308,543	(1,355,284)	5,511,182	4,464,441	5,670,126
Total 2016	82,872	(3,335,273)	8,922,527	5,670,126	

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

3. Funding for Academy Trust's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/ESFA grants				
General Annual Grant (including Y7 top up and sports grant)	-	3,418,179	3,418,179	669,091
Pupil Premium	-	137,185	137,185	17,255
Start Up Grants	-	70,000	70,000	-
	-	3,625,364	3,625,364	686,346
Other government grants				
Pupil Premium - LA	-	160,422	160,422	51,549
Special Education Needs	-	4,262,787	4,262,787	861,812
	-	4,423,209	4,423,209	913,361
Other funding				
School fund income	-	26,089	26,089	7,361
Teacher absense insurance	64,036	-	64,036	-
	64,036	26,089	90,125	7,361
	64,036	8,074,662	8,138,698	1,607,068
<i>Total 2016</i>	-	1,607,068	1,607,068	

4. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Catering income	3,684	-	3,684	3,568
Lettings income	19,276	-	19,276	1,113
Educational visits	11,013	-	11,013	865
	33,973	-	33,973	5,546
Net income from trading activities	33,973	-	33,973	5,546

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NOTES TO THE FINANCIAL STATEMENTS
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5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	795	-	795	134
<i>Total 2016</i>	134	-	134	

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Education:					
Direct costs	5,327,915	-	992,571	6,320,486	1,305,471
Support costs	1,508,423	459,548	306,157	2,274,128	307,165
	6,836,338	459,548	1,298,728	8,594,614	1,612,636
<i>Total 2016</i>	1,349,847	73,813	188,976	1,612,636	

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Education	6,320,486	2,274,128	8,594,614	1,612,636
<i>Total 2016</i>	<u>1,305,471</u>	<u>307,165</u>	<u>1,612,636</u>	

Analysis of support costs

	Education £	2017 £	2016 £
Support staff costs	1,196,423	1,196,423	135,426
Depreciation	216,942	216,942	40,673
Technology costs	7,765	7,765	-
Premises costs	400,104	400,104	73,813
Other support costs	443,344	443,344	49,653
Governance costs - audit fees	9,550	9,550	7,600
Total	<u>2,274,128</u>	<u>2,274,128</u>	<u>307,165</u>

8. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	216,940	40,673
Auditor's remuneration - audit	9,550	7,600
Auditor's remuneration - other services	2,895	-
Operating lease rentals	<u>17,631</u>	<u>888</u>

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

9. Staff costs

Staff costs were as follows:

	2017	2016
	£	£
Wages and salaries	5,004,308	1,072,750
Social security costs	415,681	76,245
Operating costs of defined benefit pension schemes	1,292,289	188,429
	6,712,278	1,337,424
Apprenticeship levy	486	-
Supply teacher costs	112,574	12,423
Staff restructuring costs	11,000	-
	6,836,338	1,349,847

Staff restructuring costs comprise:

	2017	2016
	£	£
Severance payments	11,000	-

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £11,000.

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

	2017	2016
	No.	No.
Teachers	51	34
Admin and support	250	233
Management	24	13
	325	280

Average headcount expressed as a full time equivalent:

	2017	2016
	No.	No.
Teachers	47	23
Admin and support	176	161
Management	20	10
	243	194

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

9. Staff costs (continued)

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

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

The above employees participated in the Teachers Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2017, pension contributions for the staff totalled £42,185.

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 and national insurance contributions) received by key management personnel for their services to the academy trust was £612,798 (2016: £153,953).

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

10. Central services

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

- Leadership & management functions to ensure compliance with statutory guidance (inc. salary costs of account officer and chief finance officer);
- Human Resources consultancy;
- Trades Unions Facilities time costs;
- Academy Broadband provision;
- Financial Internal & External Audit Costs;
- Governance recruitment, support and development;
- Clerking services;
- Health & Safety compliance (including "Competent Person" function);
- Legal services
- Extended Services;
- Safeguarding external audit and review;
- Clinical supervision for Designated Safeguarding Leads;
- Strategic negotiations and business case writing to secure growth and development of the academies;
- School improvement and support (including leadership intervention where required).

The academy trust charges for these services on the following basis:

- Flat percentage of GAG and SEN income - 5%

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Kelford School	132,768	33,192
Hilltop School	129,830	32,457
Abbey School	65,922	16,480
Pennine View School	68,198	-
	<hr/>	<hr/>
Total	396,718	82,129
	<hr/>	<hr/>

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

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
Warren Carratt	Remuneration	80,000-85,000	15,000-20,000
	Pension contributions paid	10,000-15,000	0-5,000
Tracey Brooke	Remuneration	-	0-5,000
	Pension contributions paid	-	0-5,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £Nil).

12. 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.

13. Other finance expenditure

	2017 £	2016 £
Interest income on pension scheme assets	79,000	25,000
Interest on pension scheme liabilities	(209,000)	(54,000)
	<u>(130,000)</u>	<u>(29,000)</u>

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NOTES TO THE FINANCIAL STATEMENTS
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14. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 September 2016	8,872,000	-	27,730	39,417	8,939,147
Additions	189,463	-	20,457	5,860	215,780
Assets inherited on conversion	5,010,000	13,000	-	10,000	5,033,000
At 31 August 2017	14,071,463	13,000	48,187	55,277	14,187,927
Depreciation					
At 1 September 2016	35,085	-	2,385	3,203	40,673
Charge for the year	195,208	3,250	4,321	14,161	216,940
At 31 August 2017	230,293	3,250	6,706	17,364	257,613
Net book value					
At 31 August 2017	13,841,170	9,750	41,481	37,913	13,930,314
At 31 August 2016	8,836,915	-	25,345	36,214	8,898,474

On conversion of Pennine View School to academy status with Nexus, RMBC were appointed to carry out a valuation of the land and buildings transferred to the trust.

Included in land and buildings is leasehold land at valuation of £2,740,000 (2016: £1,855,000) which is not depreciated.

15. Debtors

	2017 £	2016 £
Trade debtors	88,774	47,665
VAT repayable	93,467	31,210
Other debtors	1,480	69,208
Prepayments and accrued income	169,138	25,264
Grants receivable	-	12,000
	352,859	185,347

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

16. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	168,387	260,509
Other creditors	63,223	118,080
Accruals and deferred income	218,478	660,051
	<u>450,088</u>	<u>1,038,640</u>
	2017	2016
	£	£
<i>Deferred income</i>		
Deferred income at 1 September 2016	643,057	-
Resources deferred during the year	70,243	643,057
Amounts released from previous years	(643,057)	-
Deferred income at 31 August 2017	<u>70,243</u>	<u>643,057</u>

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

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NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General Funds	71,932	407,347	(86,325)	-	392,954
Restricted funds					
	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
General Annual Grant (GAG)	138,137	3,418,179	(3,048,671)	-	507,645
Pupil Premium ESFA	-	137,185	(137,185)	-	-
Pupil Premium LA	-	160,422	(160,422)	-	-
SEN	-	4,262,787	(4,262,787)	-	-
Conversion Grant	91,214	70,000	(161,214)	-	-
School Fund	65,481	26,089	(31,352)	-	60,218
Other LA	-	13,536	(13,536)	-	-
Non Govt Grants/Contributions	-	20,780	(20,780)	-	-
Other	-	3,400	(3,400)	-	-
Pension reserve	(5,512,000)	(1,393,000)	(452,000)	689,000	(6,668,000)
	(5,217,168)	6,719,378	(8,291,347)	689,000	(6,100,137)
Restricted fixed asset funds					
Restricted Fixed Asset Funds	8,898,474	5,511,182	(216,942)	-	14,192,714
Total restricted funds	3,681,306	12,230,560	(8,508,289)	689,000	8,092,577
Total of funds	3,753,238	12,637,907	(8,594,614)	689,000	8,485,531

Statement of funds - prior year

	Balance at 21 March 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds					
General Funds	-	88,552	-	(16,620)	71,932
	-	88,552	-	(16,620)	71,932

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

17. Statement of funds (continued)

Restricted funds

	Balance at 21 March 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
General Annual Grant (GAG)	-	669,091	(530,954)	-	138,137
Pupil Premium ESFA	-	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)	-	-
Other	-	(3,539,000)	(56,000)	(1,917,000)	(5,512,000)
	-	(1,728,205)	(1,571,963)	(1,917,000)	(5,217,168)
<i>Restricted fixed asset funds</i>					
Assets inherited on conversion	-	8,922,527	(40,673)	16,620	8,898,474
	-	8,922,527	(40,673)	16,620	8,898,474
Total restricted funds	-	7,194,322	(1,612,636)	(1,900,380)	3,681,306
Total of funds	-	7,282,874	(1,612,636)	(1,917,000)	3,753,238

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 funding stream received from the Education and Skills Funding Agency. This must be used to fund the normal running costs of the trust for the benefit of existing students.

Pupil Premium ESFA - 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.

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

17. Statement of funds (continued)

Pupil Premium LA - All out of authority 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. On conversion of Pennine View School a further £45,000 for sponsor capacity and £25,000 for legal costs was received. 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.

Other LA - Other grants received received from the Local Authority for specific purposes.

Other - The ESFA made available a grant of £11,000 to cover the cost of the audit fees for the prior reporting period. An amount of £3,400 has been recognised this year. Nexus MAT ensure the grant is spent in line with the attached conditions.

Non Govt Grants/Donations & Contributions - Non-government grants, donations and contributions have been received to support the running of the MAT as a whole.

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.

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17. Statement of funds (continued)

Restricted fixed asset funds

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

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 2017.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Kelford School	60,769	52,957
Hilltop School	63,624	54,815
Abbey School	152,309	85,649
Pennine View School	95,113	-
Nexus Multi Academy Trust	589,002	173,343
Total before fixed asset fund and pension reserve	<u>960,817</u>	<u>366,764</u>
Restricted fixed asset fund	14,192,714	8,898,474
Pension reserve	(6,668,000)	(5,512,000)
Total	<u><u>8,485,531</u></u>	<u><u>3,753,238</u></u>

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Kelford School	1,854,446	415,952	98,902	219,954	2,589,254	614,509
Hilltop School	1,961,962	266,527	36,885	337,907	2,603,281	667,051
Abbey School	1,046,049	129,676	62,395	244,883	1,483,003	240,495
Pennine View School	578,517	109,062	18,929	101,728	808,236	-
Nexus MAT	-	175,567	-	718,327	893,894	49,908
	<u><u>5,440,974</u></u>	<u><u>1,096,784</u></u>	<u><u>217,111</u></u>	<u><u>1,622,799</u></u>	<u><u>8,377,668</u></u>	<u><u>1,571,963</u></u>

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

18. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	13,930,314	13,930,314
Current assets	392,954	1,017,951	262,400	1,673,305
Creditors due within one year	-	(450,088)	-	(450,088)
Provisions for liabilities and charges	-	(6,668,000)	-	(6,668,000)
	<u>392,954</u>	<u>(6,100,137)</u>	<u>14,192,714</u>	<u>8,485,531</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	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)
	<u>71,932</u>	<u>(5,217,168)</u>	<u>8,898,474</u>	<u>3,753,238</u>

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

	2017 £	2016 £
Net income for the year (as per Statement of Financial Activities)	4,043,293	5,670,238
Adjustment for:		
Depreciation charges	216,940	40,673
Dividends, interest and rents from investments	(854)	(134)
Increase in debtors	(167,512)	(185,347)
(Decrease)/increase in creditors	(588,552)	1,038,640
Capital grants from DfE and other capital income	(478,182)	(12,000)
Defined benefit pension scheme obligation inherited	1,393,000	3,539,000
Defined benefit pension scheme cost less contributions payable	452,000	27,000
Fixed assets inherited on conversion	-	29,000
Net (loss) on assets and liabilities from local authority on conversion	(5,033,000)	(8,910,527)
Net cash (used in)/provided by operating activities	<u>(162,867)</u>	<u>1,236,543</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	1,320,446	1,220,057
Total	1,320,446	1,220,057

21. Conversion to an academy trust

On 1 April 2017 Pennine View 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 Doncaster 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	-	-	5,010,000	5,010,000
- Other tangible fixed assets	-	-	23,000	23,000
Budget surplus/(deficit) on LA funds	259,023	-	-	259,023
Budget surplus/(deficit) on other school funds	-	6,036	-	6,036
LGPS pension surplus/(deficit)	-	-	(1,393,000)	(1,393,000)
Net assets/(liabilities)	259,023	6,036	3,640,000	3,905,059

The above net assets/liabilities include £265,059 that were transferred as cash.

Additional to the above, further income was received from the local authority in relation to Kelford School, Hilltop School and Abbey School which converted in the previous period of £23,120, £4,013 and £3,162 respectively (Total £30,295).

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

22. Pension commitments

The academy trusts 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.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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

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%.

The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £363,982 (2016 - £70,683).

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

22. Pension commitments (continued)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £696,000 (2016 - £83,000), of which employer's contributions totalled £553,000 (2016 - £61,000) and employees' contributions totalled £143,000 (2016 - £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:

	2017	2016
Discount rate for scheme liabilities	2.50 %	2.20 %
Rate of increase in salaries	3.45 %	3.65 %
Rate of increase for pensions in payment / inflation	2.20 %	2.00 %
Inflation assumption (CPI)	2.20 %	1.90 %

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

	2017	2016
Retiring today		
Males	22.9	23
Females	25.7	25.7
Retiring in 20 years		
Males	25.1	25.4
Females	28	28.5

NEXUS MULTI ACADEMY TRUST

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

22. Pension commitments (continued)

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

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	2,276,000	1,904,000
Government bonds	518,000	489,000
Corporate bonds	255,000	203,000
Property	342,000	358,000
Cash and other liquid assets	76,000	55,000
Other	282,000	251,000
	<u>3,749,000</u>	<u>3,260,000</u>

The actual return on scheme assets was £446,000 (2016 - £360,000).

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

	2017 £	2016 £
Current service cost	(865,000)	(86,000)
Interest income	79,000	25,000
Interest cost	(209,000)	(54,000)
Admin expenses	(10,000)	(2,000)
	<u>(1,005,000)</u>	<u>(117,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	8,772,000	-
Transferred in on additional schools joining the trust	1,564,000	6,356,000
Current service cost	865,000	86,000
Interest cost	209,000	54,000
Employee contributions	143,000	22,000
Actuarial (gains)/losses	(1,019,000)	2,254,000
Benefits paid	(117,000)	-
	<u>10,417,000</u>	<u>8,772,000</u>

NEXUS MULTI ACADEMY TRUST

(A company limited by guarantee)

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

22. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	3,260,000	-
Transferred in on existing academies joining the trust	171,000	2,817,000
Return on plan assets	79,000	25,000
Actuarial gains/(losses)	(330,000)	337,000
Employer contributions	553,000	61,000
Employee contributions	143,000	22,000
Administration expenses	(10,000)	(2,000)
Benefits/transfers paid	(117,000)	-
	<hr/>	<hr/>
Closing fair value of scheme assets	<u>3,749,000</u>	<u>3,260,000</u>

23. Operating lease commitments

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

	2017 £	2016 £
Amounts payable:		
Within 1 year	17,498	13,041
Between 1 and 5 years	25,587	28,123
	<hr/>	<hr/>
Total	<u>43,085</u>	<u>41,164</u>

24. 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.

25. 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 11.