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**INCLUSIVE MULTI ACADEMY TRUST**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**INCLUSIVE MULTI ACADEMY TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**Members**

Rebecca Blackstaffe  
Carly Holliman  
Jonathan Hartley  
Jill Steward  
Roger Gibbs (deceased 6 May 2018)

**Trustees**

Roger Gibbs, Chair (deceased 6 May 2018)  
Jessie Bruce (appointed 20 September 2017)  
William Grimwood (resigned 20 September 2017)  
Richard Jones, (resigned as Vice Chair 24 May 2018, appointed as Chair 24 May 2018)  
Elizabeth Leeman, (appointed as Vice Chair 24 May 2018)  
Becky Blackstaffe  
Andrew Chappell (appointed 20 September 2017)  
James Roach

**Company registered number**

10411381

**Company name**

Inclusive Multi Academy Trust

**Principal and registered office**

Laurance Haines School, Vicarage Road, Watford, Hertfordshire, WD18 0DD

**Chief executive officer**

James Roach

**Senior Leadership  
Team**

James Roach, Chief Executive Officer  
Sharon Carlyon, Chief Operating Officer  
Sebastian Grey, Deputy Head Teacher - LHS  
Elizabeth Somerset-Butler, SENCO - LHS  
Nuno Regufe, Deputy Head Teacher - BFS  
Michelle Connell, Deputy Head Teacher - BFS  
Laura Empsall, Assistant Headteacher - BFS  
Tanya Mortlock, Assistant Headteacher - BFS  
Jessie Bruce, Head Teacher - CTS  
Gillian Jackson, Deputy Head Teacher - CTS  
Jo Brassett, Key Stage leader - CTS  
Alex Green, Senior teacher - CTS

LHS - Laurance Haines School  
BFS - Beechfield Primary School  
CTS - Cherry Tree School

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2018**

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**Advisers (continued)**

**Independent auditor**

Hillier Hopkins LLP, Radius House, 51 Clarendon Road, Watford, Herts, WD17 1HP

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**TRUSTEES' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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

The Trust consists of three Primary Academies – Beechfield School, Cherry Tree School and Laurance Haines School. It has a pupil capacity of 1,380 pupils from 1 September 2018, in addition to this two of the schools offer 30 hours Early Years provision. Laurance Haines School was the initial Primary Academy in the Trust. Beechfield School and Cherry Tree School joined the Trust within the Spring Term 2018.

### **Structure, governance and management**

#### **a. Constitution**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

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

The charitable company is known as Inclusive Multi Academy Trust (IMAT).

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. Trustees' indemnities**

Trustees benefit from indemnity insurance to cover the liability of the Trustees by which virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Inclusive Multi Academy Trust.

#### **d. Method of recruitment and appointment or election of Trustees**

The Inclusive Multi Academy Trust shall have a minimum of three and shall not be subject to any maximum as detailed in our articles of association. Trustees shall include the Chief Executive Officer and Trustees with relevant skills including (without limitation) Finance, Human Resources, Health and Safety and School Improvement. Initially Trustees were drawn from the Laurance Haines School Governing Body. Over time Members have sought to recruit from the wider community. Trustees complete an annual skills audit to ensure a broad range of skills are represented on the board. A priority for the Trust Members is to recruit new Trustees to strengthen the capacity of the board. Safer recruitment processes are followed for all appointments.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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

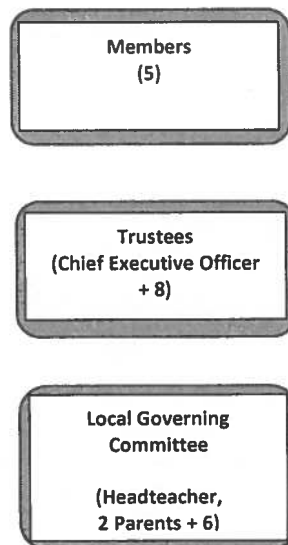
It is expected that Trustees undertake training as appropriate to their role on the Trust Board. The Trust Board has a contract with Herts for Learning and the National Governance Association to provide guidance, documentation and training to support the induction and development of Trustees. A log is maintained by the Clerk to Trustees of all Trustee training. This log is reviewed on a regular basis by Trustees. External training needs are identified via the annual skills audit.

**f. Organisational structure**

The Members of the Inclusive Multi Academy Trust have ultimate responsibility for the Trust achieving its charitable objectives. They sign of the articles of association and have power to appoint and remove Trustees ensuring an appropriate balance of skills and effectiveness.

The Trustees of the Inclusive Multi Academy Trust constitute the Trust Board, which determines the general policy across the Trust and establish a plan for growth and development.

The structure is illustrated below:



The structure has changed over the last twelve months and recruitment of Members and Trustees is a priority. There is currently a vacancy for one member and three Trustees. The Trust is recruiting through the local community and the Academy Ambassador's website.

Currently, the Local Governing Committee structure and membership varies from school to school. The Trust is working towards the structure it deems as best practice detailed above. The day to day running of each Academy is delegated to the Local Governing Committee and in turn the Headteacher who is supported by the Senior Leadership Team.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**g. Pay policy for key management personnel**

Employees working at strategic level are paid on the same terms and conditions of employment as teaching and support staff, dependent on their role.

**h. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the period	1
Full-time equivalent employee number	0.4

**Percentage of time spent on facility time**

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

**Percentage of pay bill spent on facility time**

	£	
Total cost of facility time	-	
Total pay bill	4,052,816	
Percentage of total pay bill spent on facility time	-	%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	-	%
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**i. Connected organisations, including related party relationships**

The Chief Executive Officer was employed as Headteacher of Laurance Haines School (the initial school within the Inclusive Multi Academy Trust) and Beechfield School (who joined the Trust during the year).

**Objectives and Activities**

**a. Objects and aims**

Inspiring and nurturing our children and their community to be the very best that they can be.

The Inclusive Multi Academy Trust Schools will:

- Ensure that all of their children feel welcomed and valued
- Adopt an innovative and collaborative approach to learning with the emphasis on enjoyment
- Provide a supportive network and guidance for all staff
- Promote inclusivity and respect for all, thereby developing good citizenship
- Engage fully with and contribute substantially to their local communities
- Ensure that all of their children are fully equipped for futures in and beyond their further education

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**b. Objectives, strategies and activities**

The Inclusive Multi Academy Trust is child centered. We are committed to ensuring best value for money to ensure that our children experience fun, interesting and exciting learning, focused around a variety of practical activities with tangible outcomes. These experiences will prepare children for life in a rapidly developing world. The broad and balanced curriculum empowers the children to directly influence the direction of their learning, where experiences both inside and outside of the classroom create a buzz and an excitement around it. Our highly trained and supported teachers respond to the interests and ideas of the children whilst guiding them to ensure key skills from the wider areas of the curriculum are developed. We set highly aspirational targets and nurture our children to achieve these. The nurture of our children, parents and staff underpins all we do in the Trust. As a result our schools are a central hub for the wonderfully diverse community that we serve.

**c. Public benefit**

The Inclusive Multi Academy Trust is a charitable company which seeks to benefit the public through the pursuit of its stated aims.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

**Achievements and performance**

**Strategic report**

**a. Key performance indicators**

The Trust also use a number of non-financial Key Performance Indicators to monitor performance. These include:

- Pupil absence data
- Staff recruitment and retention
- Early Years Foundation Stage, Key Stage 1 and Key Stage 2 assessment data
- Ofsted inspection judgments
- School Self Assessment judgments

**Pupil Absence:**

Pupil absence across the Trust was 5.1%. This is higher than the national absence rate for 2016/17 of 4.0% average. A pupil is identified as a persistent absentee if they miss 10% or more of their possible session. Pupil persistent absence across the Trust was 14.6%. This is higher than the national persistent absence rate for 2016/17 of 8.7% average. The Trust maintains a contract with the Hertfordshire Attendance Team to support the reduction of these figures.

**Staff recruitment and retention:**

Recruitment and retention continues to be a priority for each of the schools. Adverts for teaching staff, support staff and admin staff have run across the year. We have been advertising as individual schools as well as running a centralised Trust advert but uptake, particularly for teaching posts, has been extremely poor. This is a regional issue across the South East, compounded by the fact that fewer people are entering the profession. The Trust is strengthening links with local teaching agencies and has successfully applied to act as a visa sponsor for overseas teachers. Further alternatives to the traditional recruitment methods are being considered.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

**Assessment data:**

**KS2 SATs**

% working at expected standard 2017/18						
	National	Herts	Watford	Beechfield	Cherry Tree	Laurance Haines
Reading All	75	79	78	63	80	82
Writing All	78	79	82	78	74	91
Maths All	76	77	81	68	84	92
SPAG All	78	80	82	73	79	86
R W M All	64	66	69	47	67	82
Reading PP	NA	65	66	71	73	84
Writing PP	NA	64	72	75	67	95
Maths PP	NA	60	69	54	73	100
SPAG PP	NA	65	71	67	60	90
R W M PP	NA	46	52	46	60	84

% working at higher standard 2017/18						
	National	Herts	Watford	Beechfield	Cherry Tree	Laurance Haines
Reading All	28	34	31	25	25	26
Writing All	20	24	25	18	21	24
Maths All	24	27	29	17	23	28
SPAG All	34	37	42	21	43	43
R W M All	10	13	13	13	8	6
Reading PP	NA	18	18	21	27	16
Writing PP	NA	11	11	13	13	11
Maths PP	NA	11	12	8	13	16
SPAG All	NA	21	23	13	27	21
R W M PP	NA	4	3	8	0	0

KS1 – KS2 progress 2017/18						
	National	Herts	Watford	Beechfield	Cherry Tree	Laurance Haines
Reading All	0	0.07	0.48	1.60	-0.10	1.88
Writing All	0	-0.50	0.85	3.94	-0.47	3.29
Maths All	0	-0.37	1.03	1.13	0.76	3.76
Reading PP	0	-0.96	0.01	1.62	-0.42	2.18
Writing PP	0	-1.49	0.43	2.86	-0.48	4.04
Maths PP	0	-0.02	1.34	1.65	-0.83	3.99

**Ofsted inspection judgements:**

When a school becomes an academy, an Academy Order is made by the Secretary of State. The predecessor

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

school is closed and a new school, the academy, is established. When inspecting and reporting on academies, inspectors must have regard for their new legal status. Although inspectors may take account of information relating to a predecessor school, either from a predecessor school inspection report or from another source such as ASP, such information may only be used to inform the inspection of an academy during the period from the date on which the academy was established.

<b>Beechfield – 05/02/13</b>	<b>Cherry Tree School – 20/07/16</b>	<b>Laurance Haines – 11/11/14</b>
<b>Good</b>	<b>Good</b>	<b>Good</b>
<ul style="list-style-type: none"> <li>• In the Early Years Foundation Stage and Key Stage 1, pupils do not make as much progress in reading, as they do writing and mathematics.</li> <li>• The teaching of letters and sounds is not consistent.</li> <li>• Leadership and management is not yet organised to meet the needs of a school with increasing pupil numbers.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase the proportion of pupils making more than expected progress by improving the quality of writing further and setting clear targets for the most able disadvantaged pupils</li> <li>• Identify very clearly the responsibilities of the newly deployed senior pastoral leader to improve attendance and intervene promptly when pupils experience challenges in their lives.</li> </ul>	<ul style="list-style-type: none"> <li>• Standards at the end of Key Stage 1 remain below average overall.</li> <li>• Attainment in writing in Key Stage 1 and at the start the start of Key Stage 2 has not risen as quickly as other subjects.</li> <li>• As yet, the school's new curriculum lacks the richness and variety to promote exceptional achievement, and does not provide sufficient opportunity to consolidate and develop pupils' skills in writing.</li> </ul>

**School Self Assessment judgments:**

As part of the ongoing cycle of self assessment, schools in the Trust work with a Hertfordshire Improvement Partner to validate judgments about the school.

<b>Beechfield – Spring 2018</b>	<b>Cherry Tree School – Summer 2018</b>	<b>Laurance Haines – Spring 2018</b>
<b>Good</b>	<b>Good</b>	<b>Outstanding</b>

**b. Going concern**

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

**Financial review**

**a. Reserves policy**

The Board of Trustees reviews the Reserves Policy annually to ensure the stability of the academy's operations. Maintaining an appropriate level of financial reserves is considered essential in protecting the Trust from financial risk. The Trustees have determined that the appropriate level of unrestricted reserves to be held for non-

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**TRUSTEES' REPORT (continued)**  
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earmarked expenditure should equate to 3% of total funds to provide sufficient working capital to cover delays in spending and receipts of grants and to provide a cushion for unexpected emergencies.

**b. Material investments policy**

There are no material investments held by the Inclusive Multi Academy Trust.

The Academy will operate an interest bearing current account with a bank approved by the Trust and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll payment runs) and sufficient contingency (cash buffer) for unexpected payments. Monies surplus to the working requirements can be invested in an account in the name of the Trust with the approved institutions authorised by the Trust. Investments for a fixed term should not normally exceed one year to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Academy.

The Academy holds shares in Herts For Learning Limited to the value of £75.

**c. Principal risks and uncertainties**

The Trust maintains a Risk Register, which is reviewed at least annually. A key financial risk is around future funding from Government which remains uncertain given changes to the National Funding Formula.

**Fundraising**

Trustees recognise their responsibilities to uphold the legal rules that apply to fundraising and the associated standards designed to ensure that fundraising is open, honest and respectful. Trustees recognise that financing educational equipment and services from funds outside the normal revenue budgets is increasingly important in maintaining the quality of education for our pupils. Most funds raised come from donations and fundraising initiatives. All funds raised are properly accounted for and audited and is spent in accordance with objectives agreed with the fundraisers.

**Plans for future periods**

**a. Future developments**

The Trust is committed to providing outstanding education and opportunities for all our pupils. The Headteacher and Senior Leaders are continuing to review the curriculum provision to ensure that our children experience fun, interesting and exciting learning, focused around a variety of practical activities with tangible outcomes.

The Trust has a growth plan. We are actively looking for schools to join the Trust over the next twelve months. The centralised team and Trust structure has been designed with the capacity to be able to assume one to two more schools without additional resource.

**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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 14 December 2018 and signed on its behalf by:



.....  
**Richard Jones**  
**Chair of Trustees**

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**GOVERNANCE STATEMENT**

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**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Inclusive 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 Inclusive 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 period. Attendance during the period at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Roger Gibbs, Chair	6	7
Jessie Bruce	10	11
William Grimwood	1	1
Richard Jones, (resigned as Vice Chair 24 May 2018, appointed as Chair 24 May 2018)	11	11
Elizabeth Leeman, (appointed as Vice Chair 24 May 2018)	9	11
Becky Blackstaffe	8	11
Andrew Chappell	11	11
James Roach	11	11

**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:

The Trust has a rolling programme of monitoring and reviewing current contracts with suppliers. It has supported the schools joining the Trust where possible. Joint procurement, such as staff absence insurance, brought a significant reduction in the annual premium. In September 2017, the Trust recruited a central finance team. This team has enhanced the quality of service and consistency of financial practice across the Trust.

**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

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**GOVERNANCE STATEMENT (continued)**

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economically. The system of internal control has been in place in Inclusive Multi Academy Trust for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

**The Risk and Control Framework**

The 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 Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint SBM Services as internal auditor.

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

- Review of monthly management accounts and control accounts
- Review of delegation limits
- Review of bank reconciliation procedures
- Review of income and expenditure controls
- Review of payroll controls
- Review of risk register and business continuity plan

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

The appointee has delivered their schedule of work as planned and no material control issues arose as a result of their work.

**Review of Effectiveness**

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

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

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**GOVERNANCE STATEMENT (continued)**

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The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees 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 14 December 2018 and signed on their behalf, by:



.....  
**Richard Jones**  
**Chair of Trustees**



.....  
**James Roach**  
**Accounting Officer**

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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of Inclusive Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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



.....  
**James Roach**  
**Accounting Officer**

Date: 14 December 2018

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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The Trustees (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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



.....  
**Richard Jones**  
**Chair of Trustees**

**Date: 14 December 2018**

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

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### **Opinion**

We have audited the financial statements of Inclusive Multi Academy Trust (the 'academy') for the period ended 31 August 2018 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 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the academy 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.

### **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

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

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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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

As explained more fully in the 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'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.

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
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**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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of

**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP  
19 December 2018

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

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In accordance with the terms of our engagement letter dated 11 November 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Inclusive Multi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Inclusive 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 Inclusive 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 Inclusive Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Inclusive Multi Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of Inclusive Multi Academy Trust's funding agreement with the Secretary of State for Education dated 26 October 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by 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's income and expenditure.

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material misstatement and irregularity across the Academy Trust's activities.
- Testing and review of areas identified through risk assessment including enquiry, observation, inspection and review of supporting evidence.
- Review of system controls, policies and procedures in place to ensure compliance with the regularity

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO INCLUSIVE  
MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)**

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- regime.
- Consideration of evidence obtained through the work performed as part of our financial statements audit in order to support the regularity conclusion.

**Conclusion**

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



**Hillier Hopkins LLP**

Chartered Accountants  
Statutory Auditor

Radius House  
51 Clarendon Road  
Watford  
Herts  
WD17 1HP

19 December 2018

**INCLUSIVE MULTI ACADEMY TRUST**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
<b>Income from:</b>						
Donations & capital grants:						
Transfer from local authority on conversion	2	415,490	(1,189,000)	12,319,355	11,545,845	4,850,635
Other donations and capital grants	2	3,951	-	363,338	367,289	22,647
Charitable activities	3	184,881	4,130,452	-	4,315,333	1,855,032
Other trading activities	4	66,851	-	-	66,851	81,414
Investments	5	277	-	-	277	115
<b>Total income</b>		<b>671,450</b>	<b>2,941,452</b>	<b>12,682,693</b>	<b>16,295,595</b>	<b>6,809,843</b>
<b>Expenditure on:</b>						
Raising funds		-	-	-	-	2,538
Charitable activities		204,481	4,317,923	150,709	4,673,113	2,104,802
<b>Total expenditure</b>	6	<b>204,481</b>	<b>4,317,923</b>	<b>150,709</b>	<b>4,673,113</b>	<b>2,107,340</b>
<b>Net before transfers</b>		<b>466,969</b>	<b>(1,376,471)</b>	<b>12,531,984</b>	<b>11,622,482</b>	<b>4,702,503</b>
Transfers between Funds	19	(5,963)	(3,529)	9,492	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>461,006</b>	<b>(1,380,000)</b>	<b>12,541,476</b>	<b>11,622,482</b>	<b>4,702,503</b>
Actuarial gains/(losses) on defined benefit pension schemes	24	-	583,000	-	583,000	(33,000)
<b>Net movement in funds</b>		<b>461,006</b>	<b>(797,000)</b>	<b>12,541,476</b>	<b>12,205,482</b>	<b>4,669,503</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		171,090	(897,000)	5,395,413	4,669,503	-
<b>Total funds carried forward</b>		<b>632,096</b>	<b>(1,694,000)</b>	<b>17,936,889</b>	<b>16,874,985</b>	<b>4,669,503</b>

**INCLUSIVE MULTI ACADEMY TRUST**  
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**REGISTERED NUMBER: 10411381**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2018**

	Note	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	15		17,708,769		5,381,550
Investments	16		75		25
			<u>17,708,844</u>		<u>5,381,575</u>
<b>Current assets</b>					
Debtors	17	361,034		118,857	
Cash at bank and in hand		1,099,157		245,087	
			<u>1,460,191</u>	<u>363,944</u>	
<b>Creditors: amounts falling due within one year</b>	18	<b>(600,050)</b>		<b>(179,016)</b>	
<b>Net current assets</b>			<u>860,141</u>		<u>184,928</u>
<b>Total assets less current liabilities</b>			<u>18,568,985</u>		<u>5,566,503</u>
Defined benefit pension scheme liability	24		<u>(1,694,000)</u>		<u>(897,000)</u>
<b>Net assets including pension scheme liabilities</b>			<u>16,874,985</u>		<u>4,669,503</u>
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds excluding pension liability			17,936,889	5,395,413	
Pension reserve			<u>(1,694,000)</u>	<u>(897,000)</u>	
Total restricted income funds			16,242,889		4,498,413
Unrestricted income funds	19		<u>632,096</u>		<u>171,090</u>
<b>Total funds</b>			<u>16,874,985</u>		<u>4,669,503</u>

The financial statements on pages 21 to 50 were approved by the Trustees, and authorised for issue, on 14 December 2018 and are signed on their behalf, by:

  
 .....  
**Richard Jones**  
**Chair of Trustees**

**INCLUSIVE MULTI ACADEMY TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

	Note	31 August 2018 £	<i>Period Ended</i> 31 August 2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<b>233,589</b>	247,897
<b>Cash flows from investing activities:</b>			
Interest received		277	-
Purchase of tangible fixed assets		(158,624)	(16,648)
Capital funding received from sponsors and others		363,338	13,838
Donations on Conversion		415,490	-
<b>Net cash provided by/(used in) investing activities</b>		<b>620,481</b>	(2,810)
<b>Change in cash and cash equivalents in the period</b>		<b>854,070</b>	245,087
Cash and cash equivalents brought forward		245,087	-
<b>Cash and cash equivalents carried forward</b>	22	<b>1,099,157</b>	245,087

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**INCLUSIVE MULTI ACADEMY TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**1. Accounting Policies**

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

**1.1 Basis of preparation of financial statements**

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

Inclusive 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.

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**1. Accounting Policies (continued)**

**1.3 Income**

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

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where 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 raising funds includes all expenditure incurred by the academy to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

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.

All expenditure is inclusive of irrecoverable VAT.

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**1. Accounting Policies (continued)**

**1.5 Tangible fixed assets and depreciation**

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

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

Leasehold property	-	2% straight line
Furniture and fixtures	-	15% straight line
Plant and equipment	-	33.33% 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 Investments**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

**1.7 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.

A property at Beechfield school is leased for a peppercorn rent for 7 years.

**1.8 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.

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**1. Accounting Policies (continued)**

**1.9 Cash at Bank and in hand**

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

**1.10 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.

**1.11 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 17. 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 18. 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.

**1.12 Taxation**

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

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**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**1. Accounting Policies (continued)**

**1.13 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 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

**1.14 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 funders where the asset acquired or created is held for a specific purpose.

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

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**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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

**Depreciation, amortisation and residual values**

The Trustees and Local Governors have reviewed the asset lives and associated residual values of fixed asset classes, and have concluded that asset lives and residual values are appropriate.

**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

**2. Income from donations and capital grants**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Restricted fixed asset funds 2018 £</b>	<b>Total funds 2018 £</b>	<i>Period ended 31 August 2017 £</i>
Transfer from local authority on conversion	415,490	(1,189,000)	12,319,355	11,545,845	4,850,635
Donations	3,951	-	-	3,951	8,809
Capital Grants	-	-	363,338	363,338	13,838
Subtotal	3,951	-	363,338	367,289	22,647
	<b>419,441</b>	<b>(1,189,000)</b>	<b>12,682,693</b>	<b>11,913,134</b>	<b>4,873,282</b>
<i>Total 2017</i>	<u>221,079</u>	<u>(777,191)</u>	<u>5,429,394</u>	<u>4,873,282</u>	

**INCLUSIVE MULTI ACADEMY TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2018**

**3. Funding for Academy's educational operations**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Period ended 31 August 2017 £</i>
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	3,297,945	3,297,945	1,461,082
Other ESFA income	-	211,458	211,458	4,202
Rates Relief	-	22,786	22,786	7,867
	-	3,532,189	3,532,189	1,473,151
<b>Other government grants</b>				
Other government grants	-	340,585	340,585	165,966
Pupil Premium	-	241,927	241,927	90,748
	-	582,512	582,512	256,714
<b>Other funding</b>				
Other income	31,455	-	31,455	37,672
Trip income	67,037	-	67,037	33,403
Catering income	82,670	-	82,670	51,602
Music	3,719	-	3,719	2,490
Supply teacher insurance income	-	15,751	15,751	-
	184,881	15,751	200,632	125,167
	184,881	4,130,452	4,315,333	1,855,032
<i>Total 2017</i>	120,406	1,734,626	1,855,032	

**4. Other trading activities**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Period ended 31 August 2017 £</i>
Fundraising activities	-	-	-	2,930
Consultancy services	30,226	-	30,226	57,658
Lettings	36,625	-	36,625	20,826
	66,851	-	66,851	81,414
<i>Total 2017</i>	81,414	-	81,414	

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**5. Investment income**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	<i>Period ended 31 August 2017 £</i>
Interest income	277	-	277	115
<i>Total 2017</i>	115	-	115	

**6. Expenditure**

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Educational activities:					
Direct costs	2,943,299	-	487,344	3,430,643	1,589,783
Support costs	646,015	318,006	278,449	1,242,470	515,019
	3,589,314	318,006	765,793	4,673,113	2,104,802
<i>Total 2017</i>	1,619,780	111,065	373,957	2,104,802	

**7. Analysis of expenditure by activities**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	<i>Period ended 31 August 2017 £</i>
Educational activities	3,430,643	1,242,470	4,673,113	2,104,802
<i>Total 2017</i>	1,589,783	515,019	2,104,802	

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**7. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Educational activities £</b>	<b>Total 2018 £</b>	<i>Period ended 31 August £</i>
Teaching and educational supplies	53,942	53,942	51,649
Agency staff	78,788	78,788	40,707
Staff development	27,452	27,452	23,866
Educational consultancy	-	-	27,879
Journey expenditure	1,365	1,365	-
Trip expenditure	80,312	80,312	36,818
Catering costs	213,438	213,438	105,624
Technology costs	9,593	9,593	3,458
Printing, postage and stationery	22,255	22,255	-
Professional fees	60,469	60,469	-
Other direct costs	18,519	18,519	-
Wages and salaries	2,282,809	2,282,809	1,033,572
National insurance	172,428	172,428	75,434
Pension cost	409,273	409,273	190,776
	<u>3,430,643</u>	<u>3,430,643</u>	<u>1,589,783</u>
<i>At 31 August 2017</i>	<u>1,589,783</u>	<u>1,589,783</u>	

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**7. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	Educational activities £	Total 2018 £	Period ended 31 August £
Pension expense	39,000	39,000	20,000
Staff costs	604,306	604,306	279,291
Depreciation	150,709	150,709	50,629
Teaching and educational supplies	8,704	8,704	-
Agency staff	2,709	2,709	-
Journey expenditure	-	-	929
Support staff costs	650	650	27,432
Recruitment	5,562	5,562	2,090
Premises maintenance costs	75,874	75,874	34,750
Rent and rates	33,430	33,430	11,043
Technology costs	80,591	80,591	21,517
Insurance costs	19,430	19,430	10,051
Heat and light costs	33,254	33,254	14,909
Printing, postage and stationery	2,262	2,262	3,382
Cleaning and caretaking costs	27,759	27,759	4,592
Professional fees	116,864	116,864	16,388
Other support costs	32,439	32,439	9,767
Governance	8,927	8,927	8,249
	<u>1,242,470</u>	<u>1,242,470</u>	<u>515,019</u>
<i>At 31 August 2017</i>	<u>515,019</u>	<u>515,019</u>	

**8. Expenditure - Analysis of specific expenses**

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Other losses	1,592	-	n/a

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**9. Net income/(expenditure)**

This is stated after charging:

	<b>31 August 2018 £</b>	<i>Period Ended 31 August 2017 £</i>
Depreciation of tangible fixed assets: - owned by the charity	<b>150,709</b>	50,629
Auditor's remuneration - audit	<b>9,750</b>	5,250
Auditor's remuneration - other services	<b>3,150</b>	-
	<u><u>          </u></u>	<u><u>          </u></u>

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**10. Staff costs**

**a. Staff costs**

Staff costs were as follows:

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Wages and salaries	2,630,597	1,204,367
Social security costs	193,608	83,703
Operating costs of defined benefit pension schemes	644,611	291,003
	<b>3,468,816</b>	1,579,073
Agency staff costs	81,498	40,707
Pension cost	39,000	20,000
	<b>3,589,314</b>	1,639,780

Staff restructuring costs comprise:

**b. Staff numbers**

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	No.	No.
Teachers	41	21
Administration/Support	92	53
Management	8	6
	<b>141</b>	80

**c. Higher paid staff**

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	No.	No.
In the band £70,001 - £80,000	1	0

The above employee participated in the Teachers Pension Scheme. During the period ended 31 August 2018, employer's pension contributions for this staff member amounted to £13,037 (2017: £nil).

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**10. Staff costs (continued)**

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £512,917 (2017: £256,352)

**11. Central services**

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

- Human Resources
- Financial services
- Legal services
- Educational support services
- Others as arising

The academy charges for these services on the following basis:

Based on the time the school was included in the MAT in the year.

The actual amounts charged during the year were as follows:

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Laurence Haines School	<b>123,868</b>	-
Beechfield School	<b>54,302</b>	-
Cherry Tree Primary School	<b>62,136</b>	-
	<hr/> <b>240,306</b> <hr/>	<hr/> <hr/>
Total		

During the year 2017-18 James Roach, in addition to his role as CEO to the Trust, also acted as head teacher of LHS and BFS. These services were apportioned to the relevant schools through the central charge.

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**12. 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:

		<b>31 August</b>	<i>Period Ended</i>
		<b>2018</b>	<i>31 August</i>
		<b>£</b>	<i>2017</i>
			<b>£</b>
James Roach	Remuneration	<b>75,000-80,000</b>	<i>55,000-60,000</i>
	Pension contributions paid	<b>10,000-15,000</b>	<i>5,000-10,000</i>
Jessie Bruce	Remuneration	<b>35,000-40,000</b>	<i>n/a</i>
	Pension contributions paid	<b>5,000-10,000</b>	<i>n/a</i>

During the period ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £nil to zero Trustees).

**13. 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.

**14. Other finance expense**

	<b>31 August</b>	<i>Period Ended</i>
	<b>2018</b>	<i>31 August</i>
	<b>£</b>	<i>2017</i>
		<b>£</b>
Interest income on pension scheme assets	<b>(46,000)</b>	<i>(19,000)</i>
Interest cost on pension scheme liabilities	<b>85,000</b>	<i>39,000</i>
	<b>39,000</b>	<i>20,000</i>

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**15. Tangible fixed assets**

	Leasehold property £	Furniture and fixtures £	Plant and equipment £	Total £
<b>Cost</b>				
At 1 September 2017	5,385,000	25,240	21,939	5,432,179
Additions	149,130	1,550	7,944	158,624
On conversion to academy	12,265,000	51,517	30,855	12,347,372
At 31 August 2018	<u>17,799,130</u>	<u>78,307</u>	<u>60,738</u>	<u>17,938,175</u>
<b>Depreciation</b>				
At 1 September 2017	40,283	2,728	7,618	50,629
Charge for the period	128,259	8,713	13,737	150,709
Depreciation on conversion	-	17,497	10,571	28,068
At 31 August 2018	<u>168,542</u>	<u>28,938</u>	<u>31,926</u>	<u>229,406</u>
<b>Net book value</b>				
At 31 August 2018	<u><u>17,630,588</u></u>	<u><u>49,369</u></u>	<u><u>28,812</u></u>	<u><u>17,708,769</u></u>
At 31 August 2017	<u><u>5,344,717</u></u>	<u><u>22,512</u></u>	<u><u>14,321</u></u>	<u><u>5,381,550</u></u>

The academy trust's transactions relating to land and buildings include:

- The taking up of a leasehold on Beechfield school for a peppercorn rent over a term of 125 years. This is included in the above leasehold property conversion to academy at a value of £5,115,000.
- The taking up of a leasehold on Cherry tree school for a peppercorn rent over a term of 125 years. This is included in the above leasehold property conversion to academy at a value of £7,150,000.
- The taking up of a short term leasehold on a property at Beechfield school for a peppercorn rent over a term of 7 years. No value for this property is included above.

**16. Fixed asset investments**

	Unlisted securities £
<b>Market value</b>	
At 1 September 2017	25
On conversion	50
At 31 August 2018	<u><u>75</u></u>

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**16. Fixed asset investments (continued)**

**Investments at market value comprise:**

	2018	2017
	£	£
Unlisted investments	75	25
	<u>75</u>	<u>25</u>

All the fixed asset investments are held in the UK.

**17. Debtors**

	2018	2017
	£	£
Trade debtors	5,429	13,830
Other debtors	55,825	52,602
Prepayments and accrued income	299,780	52,425
	<u>361,034</u>	<u>118,857</u>

**18. Creditors: Amounts falling due within one year**

	2018	2017
	£	£
Trade creditors	288,857	49,298
Other taxation and social security	67,852	-
Other creditors	79,590	65,743
Accruals and deferred income	163,751	63,975
	<u>600,050</u>	<u>179,016</u>

As at the balance sheet date the academy trust was holding grants received in advance for the autumn term 2018.

	2018	2017
	£	£
<b>Deferred income</b>		
Deferred income at 1 September 2017	34,287	-
Resources deferred during the year	102,798	34,287
Amounts released from previous years	(34,287)	-
	<u>102,798</u>	<u>34,287</u>

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**19. Statement of funds**

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Losses £	Balance at 31 August 2018 £
<b>Unrestricted funds</b>						
Self generated income	-	31,455	(31,455)	-	-	-
Reserves	171,090	639,995	(173,026)	(5,963)	-	632,096
	<u>171,090</u>	<u>671,450</u>	<u>(204,481)</u>	<u>(5,963)</u>	<u>-</u>	<u>632,096</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	-	3,297,945	(3,294,416)	(3,529)	-	-
Pupil Premium	-	241,927	(241,927)	-	-	-
Other ESFA Grants	-	234,244	(234,244)	-	-	-
Other Government Grants	-	340,585	(340,585)	-	-	-
Other income	-	15,751	(15,751)	-	-	-
Pension reserve	(897,000)	(1,189,000)	(191,000)	-	583,000	(1,694,000)
	<u>(897,000)</u>	<u>2,941,452</u>	<u>(4,317,923)</u>	<u>(3,529)</u>	<u>583,000</u>	<u>(1,694,000)</u>
<b>Restricted fixed asset funds</b>						
Land and buildings donated on conversion	5,344,717	12,265,000	(128,259)	149,130	-	17,630,588
Other fixed assets	36,833	54,306	(22,450)	9,492	-	78,181
Devolved capital grant	13,838	42,166	-	-	-	56,004
Unlisted investments	25	50	-	-	-	75
CIF funding	-	321,171	-	(149,130)	-	172,041
	<u>5,395,413</u>	<u>12,682,693</u>	<u>(150,709)</u>	<u>9,492</u>	<u>-</u>	<u>17,936,889</u>
Total restricted funds	<u>4,498,413</u>	<u>15,624,145</u>	<u>(4,468,632)</u>	<u>5,963</u>	<u>583,000</u>	<u>16,242,889</u>
Total of funds	<u><u>4,669,503</u></u>	<u><u>16,295,595</u></u>	<u><u>(4,673,113)</u></u>	<u><u>-</u></u>	<u><u>583,000</u></u>	<u><u>16,874,985</u></u>

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

The General Annual Grant (GAG) fund relates to the Academy's operational activities.

The Fixed Asset fund includes funding received from the ESFA which are carried forward to be used to carry out works of a capital nature.

The Pension reserve relates to the Academy's share of the deficit of the Hertfordshire County Local Government Pension Scheme.

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**19. Statement of funds (continued)**

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 2018.

**Analysis of academies by fund balance**

Fund balances at 31 August 2018 were allocated as follows:

	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Laurance Haines Primary School	216,102	171,090
Beechfield School	258,565	-
Cherry Tree School	157,429	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	632,096	171,090
Restricted fixed asset fund	17,936,889	5,395,413
Pension reserve	(1,694,000)	(897,000)
	<hr/>	<hr/>
Total	<u>16,874,985</u>	<u>4,669,503</u>

**Analysis of academies by cost**

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

	<b>Teaching and educational support staff costs £</b>	<b>Other support staff costs £</b>	<b>Educational supplies £</b>	<b>Other costs excluding depreciation £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Laurance Haines Primary School	1,524,503	469,704	76,909	336,042	2,407,158	1,976,073
Beechfield School	634,558	196,343	28,562	162,933	1,022,396	-
Cherry Tree School	683,651	253,350	45,507	180,044	1,162,552	-
Central MAT	100,586	318,619	101	102,993	522,299	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,943,298</u>	<u>1,238,016</u>	<u>151,079</u>	<u>782,012</u>	<u>5,114,405</u>	<u>1,976,073</u>

**Statement of funds - prior year**

	<i>Balance at 5 October 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Losses £</i>	<i>Balance at 31 August 2017 £</i>
<b>General funds</b>						
Self generated income	-	423,014	(87,651)	(164,273)	-	171,090
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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**19. Statement of funds (continued)**

**Restricted funds**

General Annual Grant (GAG)	-	1,461,082	(1,608,707)	147,625	-	-
Pupil Premium	-	90,748	(90,748)	-	-	-
Other ESFA Grants	-	12,069	(12,069)	-	-	-
Other Government Grants	-	165,966	(165,966)	-	-	-
Donations	-	8,809	(8,809)	-	-	-
Other income	-	4,781	(4,781)	-	-	-
Pension reserve	-	(786,000)	(78,000)	-	(33,000)	(897,000)
	-	957,455	(1,969,080)	147,625	(33,000)	(897,000)

**Restricted fixed asset funds**

Land and buildings donated on conversion	-	5,385,000	(40,283)	-	-	5,344,717
Other fixed assets	-	30,531	(10,346)	16,648	-	36,833
Devolved capital grant	-	13,838	-	-	-	13,838
Unlisted investments	-	25	-	-	-	25
	-	5,429,394	(50,629)	16,648	-	5,395,413
Total restricted funds	-	6,386,849	(2,019,709)	164,273	(33,000)	4,498,413
Total of funds	-	6,809,863	(2,107,360)	-	(33,000)	4,669,503

**20. Analysis of net assets between funds**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	17,708,769	17,708,769
Fixed asset investments	-	-	75	75
Current assets	632,096	600,050	228,045	1,460,191
Creditors due within one year	-	(600,050)	-	(600,050)
Provisions for liabilities and charges	-	(1,694,000)	-	(1,694,000)
	632,096	(1,694,000)	17,936,889	16,874,985

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**20. Analysis of net assets between funds (continued)**

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	5,381,550	5,381,550
Fixed asset investments	-	-	25	25
Current assets	171,090	179,016	13,838	363,944
Creditors due within one year	-	(179,016)	-	(179,016)
Provisions for liabilities and charges	-	(897,000)	-	(897,000)
	<u>171,090</u>	<u>(897,000)</u>	<u>5,395,413</u>	<u>4,669,503</u>

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Net income for the year (as per Statement of Financial Activities)	<b>11,622,482</b>	4,702,503
<b>Adjustment for:</b>		
Depreciation charges	<b>150,709</b>	50,629
Interest received	<b>(277)</b>	-
Increase in debtors	<b>(242,181)</b>	(118,857)
Increase in creditors	<b>421,039</b>	179,016
Capital grants from DfE and other capital income	<b>(363,338)</b>	(13,838)
Defined benefit pension scheme obligation inherited	<b>1,189,000</b>	786,000
Defined benefit pension scheme cost less contributions payable	<b>191,000</b>	78,000
Net liabilities from local authority on conversion	<b>(12,319,355)</b>	(5,415,556)
Funds inherited on conversion	<b>(415,490)</b>	-
<b>Net cash provided by operating activities</b>	<b><u>233,589</u></b>	<u>247,897</u>

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**22. Analysis of cash and cash equivalents**

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Cash in hand	1,099,157	245,087
Total	1,099,157	245,087

**23. Conversion to an academy trust**

On 1 February 2018 Cherry Tree School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Inclusive Multi Academy Trust from Herfordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities 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				
- Leasehold land and buildings	-	-	5,115,000	5,115,000
- Other tangible fixed assets	-	-	25,175	25,175
Other assets	160,729	-	-	160,729
Unlisted investments	-	-	25	25
LGPS pension deficit	-	(637,800)	-	(637,800)
Net assets/(liabilities)	160,729	(637,800)	5,140,200	4,663,129

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On 1 March 2018 Beechfield School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Inclusive Multi Academy Trust from Hertfordshire County Council for £NIL consideration.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible assets	-	-	-	-
- Leasehold land and buildings	-	-	7,150,000	7,150,000
- Other tangible fixed assets	-	-	29,130	29,130
Unlisted investments	-	-	25	25
Other assets	254,761	-	-	254,761
LGPS pension deficit	-	(551,200)	-	(551,200)
<b>Total</b>	<b>254,761</b>	<b>(551,200)</b>	<b>7,179,155</b>	<b>6,882,716</b>

#### 24. Pension commitments

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

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

Contributions amounting to £76,338 were payable to the schemes at 31 August 2018 (2017 - 14,527) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions

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**24. Pension commitments (continued)**

along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the period amounted to £237,808 (2017 - £190,776).

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](http://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 period ended 31 August 2018 was £1,318,000 (2017 - £150,000), of which employer's contributions totalled £1,257,000 (2017 - £121,000) and employees' contributions totalled £61,000 (2017 - £29,000). The agreed contribution rates for future years are 25.3% for employers and 5.5%- 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.

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**24. Pension commitments (continued)**

Principal actuarial assumptions:

	<b>2018</b>	<b>2017</b>
Discount rate for scheme liabilities	<b>2.80 %</b>	2.50 %
Rate of increase in salaries	<b>2.40 %</b>	2.50 %
Rate of increase for pensions in payment / inflation	<b>2.30 %</b>	2.40 %

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

	<b>2018</b>	<b>2017</b>
Retiring today		
Males	<b>22.5</b>	22.5
Females	<b>24.9</b>	24.9
Retiring in 20 years		
Males	<b>24.1</b>	24.1
Females	<b>26.7</b>	26.7

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

	<b>Fair value at 31 August 2018 £</b>	<i>Fair value at 31 August 2017 £</i>
Equities	<b>1,471,000</b>	620,000
Corporate bonds	<b>972,000</b>	239,000
Property	<b>222,000</b>	67,000
Cash and other liquid assets	<b>111,000</b>	28,000
<b>Total market value of assets</b>	<b><u>2,776,000</u></b>	<u>954,000</u>

The actual return on scheme assets was £150,000 (2017 - £93,000).

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**24. Pension commitments (continued)**

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Current service cost	(411,000)	(179,000)
Interest income	46,000	19,000
Interest cost	(85,000)	(39,000)
Employer contributions	259,000	121,000
	<u>                    </u>	<u>                    </u>
Total	<u><u>(191,000)</u></u>	<u><u>(78,000)</u></u>

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Opening defined benefit obligation	1,851,000	-
Upon conversion	2,543,000	1,513,000
Current service cost	411,000	179,000
Interest cost	85,000	39,000
Employee contributions	62,000	29,000
Actuarial (gains)/losses	(492,000)	91,000
	<u>                    </u>	<u>                    </u>
Closing defined benefit obligation	<u><u>4,460,000</u></u>	<u><u>1,851,000</u></u>

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

	<b>31 August 2018</b>	<i>Period Ended 31 August 2017</i>
	£	£
Opening fair value of scheme assets	954,000	-
Upon conversion	1,354,000	727,000
Interest income	46,000	19,000
Actuarial losses	91,000	58,000
Employer contributions	259,000	121,000
Employee contributions	62,000	29,000
	<u>                    </u>	<u>                    </u>
Closing fair value of scheme assets	<u><u>2,766,000</u></u>	<u><u>954,000</u></u>

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**25. Operating lease commitments**

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

	2018 £	2017 £
<b>Amounts payable:</b>		
Within 1 year	7,625	5,106
Between 1 and 5 years	18,844	19,855
Total	<u>26,469</u>	<u>24,961</u>

Beechfield School has a 7 year operating lease with Hertfordshire County Council for Beechfield House, for which they pay a peppercorn rent to occupy.

**26. 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.

**27. Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Before Beechfield School joined the MAT, income of £32,877 (period ending 2017: £54,393) was received from Beechfield Primary School and £30,504 (period ending 2017: £nil) was paid to Beechfield School. James Roach, the Chief Executive Officer, was Headteacher of Beechfield Primary School. At the year end £nil (2017: £10,132) was outstanding and is included within trade debtors.

During the year, the MAT made purchases relating to IT consultancy of £1,752 (period ending 2017: £nil) from Yates IT Support Ltd, a company owned by a close family member of the Head Teacher at Cherry Tree School. At the year end £nil (2017: £nil) was due to Yates IT Support Ltd.

During the year, one member of staff, who is deemed a close family member of key management personnel, was paid gross remuneration (including employer's pension contributions) of £17,429 (period ending 2017: £nil) for teaching services. The member of key management personnel was not involved in the recruitment process.

Trustees remuneration and expenses have been disclosed in note 12.