

Matrix Academy Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2016

Company Registration Number: 07654219 (England & Wales)

Matrix Academy Trust

For the Year Ended 31 August 2016

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Matrix Academy Trust

For the Year Ended 31 August 2016

Members (and Trustees)	Mr J Bench	Chairman
	Mr S Smith	
	Dame Maureen Brennan	Executive Headteacher & Accounting Officer
Trustees	Mr K Hoey	
	Ms D Park	
Company Secretary	Mr C Berry	
Leadership Team	Dame Maureen Brennan	Executive Headteacher & Accounting Officer
	Miss L Clarke	
	Mrs L Draycott	
	Mr I Smith	
	Mr A Seager	(appointed 1 December 2015)
	Mrs J Aulton	
	Mr P Kilvert	
	Mr D Lowbridge	
	Miss R Beards	
	Mrs C Harper	
	Mr A Turner	
	Miss R Osborne	
	Mr I Pratt	
	Mrs K Hibbs	
	Miss L Lloyd	
	Mr S Foster	(appointed 1 January 2016)
	Mr A Masson	(appointed 1 January 2016)
	Mr J Phillips	(appointed 1 January 2016)
	Mrs M Rock	
	Mr J Mitchell	
	Mr Paul Bowen	
	Ms H Jones	(resigned 31 August 2016)
	Mr M Howes	
	Mr K Jones	(resigned 31 August 2016)
	Mrs A Heilbronn	
	Mr I Chamberlain	
	Mr J Till	
Miss S Haddon	(resigned 31 December 2015)	
Mr S Evans		
Mrs T Bishop		
Mr S Martin		
Mrs U Stewart-Simpson		
Mr T Evers	(appointed 1 February 2016)	
Mr R Prime	(appointed 1 January 2016)	
Mrs C McClelland	(appointed 1 January 2016)	
Mr J Kirkham	(appointed 22 February 2016)	
Central Support Team:	Mr R Doidge	Chief Financial Officer
	Mr C Berry	Facilities Manager
	Mr R Nicholls	Network Manager
	Mrs L Doidge	HR Manager
	Mrs C Chandler	PA to Executive Headteacher

Matrix Academy Trust

For the Year Ended 31 August 2016

Company Name	Matrix Academy Trust
Principal and Registered Office	Barr Beacon School Old Hall Lane Aldridge Walsall West Midlands WS9 0RF
Company Registration Number	07654219 (England & Wales)
Independent Auditor	Haines Watts Birmingham LLP Sterling House 71 St Francis Road Edgbaston Birmingham B16 8SP
Bankers	Lloyds Bank 595 Kingstanding Rd Birmingham B44 9TB
Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

The Trustees of Matrix Academy Trust present their annual report together with their financial statements and auditor's report of the charitable company for the year ended 31 August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Matrix Academy Trust operates 2 secondary academies and an all through academy in the West Midlands. Its academies have a combined pupil capacity of 3987 and had a roll of 3275 in the school census October 2015.

Barr Beacon School	11-18	Walsall
Bloxwich Academy	3-18	Walsall
Etone College	11-18	Warwickshire

Structure, Governance and Management

Constitution

Matrix Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Charitable Company was incorporated on 1 June 2011 under the name Barr Beacon School Trust. On 1 July 2011, Barr Beacon School converted to academy trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to the Charitable Company from Walsall Local Authority. Barr Beacon School was designated an outstanding school in January 2014.

On 6 December 2013, Barr Beacon School Trust was renamed Matrix Academy Trust and converted into a Multi Academy Trust on 1 February 2014.

On 1 February 2014, Etone College transferred all of its operations, assets and liabilities to Matrix Academy Trust. Etone College had itself converted from a Local Authority School to an Academy Trust on 1 January 2012. Etone College had been placed in special measures in April 2013.

On 1 April 2015, The Mirus Academy (Walsall College Academies Trust) transferred all of its operations, assets and liabilities to Matrix Academy Trust. The Mirus Academy (Walsall College Academies Trust) had itself converted from a Local Authority School to an Academy Trust on 1 January 2012. The Mirus Academy has now changed its name to Bloxwich Academy. The Mirus Academy had been placed in special measures in November 2013.

The trustees of Matrix Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Matrix Academy Trust (company number 07654219).

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

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.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Trustees' Indemnity

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

A Trustee may benefit from any indemnity insurance purchased at the Academy Trust's expense to cover liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty which they may be guilty in relation to the Academy Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

The policy for Trustee Indemnity is held with Zurich Municipal Ltd and the limit of this indemnity is £5,000,000 (5 Million Pounds).

Method of Recruiting and Appointment or Election of Trustees

The processes for appointing or electing the various types of Trustee at Matrix Academy Trust are as follows:

The Members shall appoint and may remove up to 5 Trustees.

Parent Trustees – There shall be a minimum of two Parent Trustees unless there are Local Governing Bodies which include at least two Parent Members.

Except for 16 - 19 Academies, Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies shall be elected or appointed (in accordance with the terms of reference determined by the Trustees from time to time). The elected or appointed Parent Trustee or Parent members of the Local Governing Bodies or Advisory Bodies must be a parent of a registered pupil at one or more of the Academies (but not one of the 16- 19 Academies) at the time when he/she is elected or appointed.

The number of Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies required shall be made up by Parent Trustees and Parent members appointed by the Trustees if the number of parents standing for election is less than the number of vacancies.

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustee or Parent members of Local Governing Bodies or Advisory Bodies, including any question of whether a person is a parent of a registered pupil at one of the Academies (but not one of the 16 - 19 Academies). Any election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies which is contested shall be held by secret ballot.

In appointing a Parent Trustee or Parent member of a Local Governing Body or Advisory Body the Trustees shall appoint a person who is the parent of a registered pupil at an Academy (but not one of the 16-19 Academies); or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Method of Recruiting and Appointment or Election of Trustees (continued)

In the case of 16-19 Academies, Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies shall either be elected by parents of registered students at the 16 to 19 Academies, pursuant to Articles 56B to 56C, or be appointed by the Trustees/Advisory Bodies/Local Governing Bodies, pursuant to Article 56D. The elected or appointed Parent Trustees or Parent members of the Local Governing Bodies or Advisory Bodies must be a parent of a student at one of the 16 to 19 Academies at the time when he is either elected or appointed.

The number of Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies required shall be made up by Parent Trustees and Parent members appointed by the Trustees/Advisory Bodies/Local Governing Bodies if the number of parents standing for election is less than the number of vacancies.

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies, including any question of whether a person is a parent of a registered student at one of the 16-19 Academies. Any election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies which is contested shall be held by secret ballot.

In appointing a Parent Trustee or Parent member of a Local Governing Body or Advisory Body, the Trustees/Advisory Bodies/Local Governing Bodies shall appoint a person who is the parent of a registered student at one of the 16 to 19 Academies; or where it is not reasonably practical to do so, a person who is the parent of a child above compulsory school age but not above the age of 19.

The Executive Headteacher shall be a Trustee for as long as he/she shall remain in office as such.

Term of Office - The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Executive Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

Following their appointment/election all new Trustees will receive an introduction to their role from the Chairman and Headteacher, this introduction includes a tour of the School site(s), the opportunity to meet other members of the Leadership Team and support from the Trustees.

The Board of Trustees is committed to providing opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively.

Trustees with specific roles within the Board of Trustees are encouraged to undertake specific training.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Organisational Structure

Matrix Academy Trust is a Multi Academy Trust with three independent schools forming that Trust, Barr Beacon School, Etone College and Bloxwich Academy.

The Board of Trustees are responsible for the strategic oversight of the trust. Operational management is the responsibility of the Executive Headteacher and staff. At Matrix Academy Trust the majority of roles and responsibilities of the Board of Trustees are dealt with at full Board of Trustees meetings. The Board of Trustees support the Accounting Officer in the performance of their duties. Where appropriate, duties are delegated to Local Governing Bodies, committees and employees of the Trust, although the Board maintains overall control for the activities and performance of the trust. There are a small number of delegating committees – Staff Dismissal, Pupil Discipline, Appeals, Audit and Headteacher Appraisal. School policies are developed by the Leadership and Central Support Team incorporating statutory requirements and reflecting strategic direction agreed by the Trustees.

Trustees formally approve and adopt policies and Leadership, together with staff, implement the agreed procedures and protocols.

Arrangements for setting pay and remuneration of key management personnel

Key Management Personnel within the Trust's academies include the Trustees, the Senior Leadership Team and the Central Support Team. Pay and remuneration is determined by the trusts pay policy. Salaries are reviewed annually and can be changed during the year as per the trust or individual school's needs.

Connected Organisations including Related Party Relationships

Matrix Academy Trust has strong connections with local universities, from whom we receive trainee teachers and there is a strong commitment to the National College of Teaching & Leadership Programmes. The School Direct partnership completed its fourth year with the University of Worcester with 17 colleagues completing the programme leaving with good or outstanding features. Matrix Academy Trust works in partnership with Hibernia College UK at both Etone College and Barr Beacon School.

Barr Beacon School also provided a total of 134 School Experience Placement Days.

Matrix Academy Trust offered support to a number of schools in the form of visiting Barr Beacon School to view good practice. Matrix Academy Trust also providing advice and guidance to colleagues from other schools.

Evolve Teaching School Alliance, based at Barr Beacon School has been a designated Teaching School since September 2014, and is a partnership working within and beyond our locality. The Alliance partnership offers a network of Primary and Secondary schools that collaborate effectively to share first hand outstanding training and practice in a variety of different specialisms.

The Chair of Trustees is a National Leader of Governance (NLG). He offers support to other governing bodies and has chaired an Interim Executive Board in a Walsall School in special measures.

The Executive Headteacher as a National Leader in Education (NLE) leads on pupil premium reviews together with Barr Beacon School as a National Support School (NSS). The Executive Headteacher has also been interim Headteacher at both Etone College and Bloxwich Academy.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Objectives and Activities

Objects and Aims

The principal object and activity of Matrix Academy Trust is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education. It provides a balance and broad curriculum and meets the requirements of the Schools Admissions Code in drawing up its own Admissions Policy. The Trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit.

The main objectives of the Trust for the year ended 31 August 2016 are summarised as follows:-

- To provide the highest quality education for all its pupils;
- to provide value for money for the funds expended;
- to ensure that the Trust is suitably staffed;
- to comply with all statutory and curriculum requirements;
- to develop and maintain links with local industry and the wider community, including working with other educational establishments;
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness;
- To provide quality training for trainee teachers to improve the workforce of all schools within the trust and their local communities;

Objectives Strategies and Activities

Matrix Academy Trust aims to create a family of schools within the West Midlands, working collaboratively for the common good. Matrix Academy Trust does not intend to discriminate against any schools wishing to join the trust, and will accept, according to inspection regimes, those in outstanding and special measures category; additionally the trust intends to achieve a mixture of sizes and phase schools as partners.

Matrix Academy Trust is aiming for regional regeneration through education, to help raise standards and aspirations of young people in the area. We want to work in collaboration with schools, not to impose. We see Matrix Academy Trust sharing success and best practice, whilst retaining individuality.

Our structured development and improvement process is built on the results the senior leadership team have achieved in education, helping to build a bespoke action plan to address school performance and improve the life chances of pupils.

The training of teachers and improvement of the workforce through our school direct succession plan strategy, professional development, support and commitment to teacher training.

Matrix Academy Trust aim to reduce regional staff shortages, especially in specialist subjects.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Equality & Diversity Policy

The overall objective of Matrix Academy Trust's Equality and Diversity Policy is to provide a framework for its academies to pursue its equality duties to eliminate unlawful discrimination and harassment; promote equality of opportunity; and promote good relations and positive attitudes between people of diverse backgrounds in all of its activities.

The principles of this policy apply to all members of the extended trust's community - pupils, staff, the Board of Trustees, parents, volunteers and community members. Partners and contractors are also expected to abide by the policy.

We will not tolerate less favourable treatment of anyone on the grounds of gender, race, disability, sexual orientation, age, and religion or belief.

Through our school ethos, curriculum and community links, we will work towards:-

- a common vision;
- a sense of belonging for all;
- similar life opportunities for all;
- strong and positive relationships between different communities.

Equality and Diversity is more than just meeting legal obligations or targets. It's about making a difference to the lives of the communities we serve, treating all people with dignity and respect, and recognising the value of each individual. This means an on-going commitment to ensuring that our services meet the varied and individual needs of pupils in our schools.

Public Benefit

The Trustees confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England & Wales. The Trustees have referred to the Charities Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. The Trust's academies continue to be at the heart of their community, promoting community cohesion and sharing facilities with the wider community.

Matrix Academy Trust
Trustees' Report
For the Year Ended 31 August 2016

Strategic Report

Achievements and Performance

In the year leading up to 31 August 2016 the following was achieved by Matrix Academy Trust:-

- Literacy is promoted well across the curriculum
- Teachers have good subject knowledge
- Matrix Academy Trust has a shared system for monitoring and evaluating the quality of teaching in the trust
- Staff work collaboratively at all sites to ensure that good practice is shared across all schools in Matrix Academy Trust
- A Teaching School was opened and is successfully creating strong relationships within its alliance
- Designated as a SCITT

Barr Beacon School

- Barr Beacon School was recognised as Outstanding in all four categories by Ofsted in January 2014
- Pupils are making rapid and sustained progress in all subjects
- The progress of disadvantaged pupils is rapidly approaching those of non-disadvantaged
- The presence of governors from Barr Beacon School has greatly enhanced the effectiveness of Etone College and Bloxwich Academy governing bodies
- Progress 8 score of +0.12
-

Etone College

- Since Etone College joined Matrix Academy Trust the rate of improvement has accelerated impressively moving from special measures to requires improvement (with good in all areas apart from outcomes for pupils)
- Strong new leadership team
- The local governing body is contributing positively to improving the academy
- The strong link with Barr Beacon School through Matrix Academy Trust has helped accelerate improvement
- Outcomes for pupils in 2016 GCSE results placed Etone College in the top 20% nationally, with a progress 8 score of +0.38
- Etone College achieved its best GCSE results ever

Bloxwich Academy

- An improved secondary curriculum offer is now available
- Careers guidance has improved significantly
- Sixth form provision has improved
- Bloxwich Academy achieved its highest GCSE results ever
- Strong leadership team in the secondary section
- Pupil attendance is improving
- Quality of teaching has improved

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Key Financial Performance Indicators

- Maintain a healthy balance
- Maintain a healthy school roll
- Increase catering revenue
- Increase revenue from community budget
- Increase efficiency of energy usage
- Increase usage of local suppliers
- Increase percentage of waste recycled
- Reduce sickness/absence levels
- Continue to promote professional development of staff
- Continue to maintain a full complement of staff

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that Matrix 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.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Financial Review

The combined Restricted General Fund and Unrestricted Fund show net income resources, before the actuarial losses on defined benefit pension schemes of £1,122,884 (2015: £9,348,089). This operating surplus is the result of detailed and tight budgeting and budget control procedures which have been firmly embedded in the trust's daily financial management; this figure also includes the transfer of Bloxwich Academy's assets and liabilities.

The majority of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown in the statement of financial activities.

Matrix Academy Trust received total income of £21,090,092 (2015: £25,814,427), of which £17,073,152 (2015: £14,659,984) was received from the DfE through the General Annual Grant (GAG). Other income generated totalled £4,016,940 (2015: £11,154,443) and was made through income streams such as, other grant income, hire of facilities, student teacher programmes, catering income, capital income and the transfer of Bloxwich Academy's assets and liabilities.

The Trust was also awarded £675,655 from the Condition Improvement Fund during the year ended 31 August 2016, to replace the hot and cold water infrastructure at Etone College.

As indicated above Matrix Academy Trust generates income through the hire of facilities and services through its Leisure Centre, for the year ended 31 August 2016 this income totalled £108,374 (2015: £118,444).

In the year ended 31 August 2016 there was a total expenditure of £19,967,208 (2015: £16,466,338) (note 6). Staff salaries accounted for the majority of funds expended, which totalled £14,638,172 (2015: £11,842,976) (note 9).

Matrix Academy Trust's support staff of the schools within the Trust are entitled to membership of their respective Local Government Pension Scheme. The share of the deficit in the West Midlands Pension Fund apportioned to Barr Beacon School has been assessed at £2,156,000 (2015: £1,247,000), Bloxwich Academy's share of the deficit in the West Midlands Pension Fund has been assessed at £3,646,000 (2015: £2,154,000) and the share of the deficit in the Warwickshire County Council Pension Fund apportioned to Etone College has been assessed at £2,083,000 (2015: £1,342,000).

The updating of and management of the asset register (note 13) shows that we have total fixed assets at cost or valuation of £41,314,815 (2015: £39,936,063), including land and buildings with a value of £33,904,156 (2015: £33,309,080). Depreciation charges for the year total £1,349,101 (2015: £1,277,831), which is calculated on the straight line depreciation method. Total net book value of assets for the year ended 31 August 2016 is £34,404,084 (2015: £34,374,433).

As defined in the Funding Agreement Articles of Association, no Trustee is employed by or receives any remuneration from the Academy Trust other than the Executive Headteacher. As defined, this clause only allows such a Trustee to receive remuneration or benefit from Matrix Academy Trust in his/her capacity as an employee of the Academy Trust. Please refer to note 8 in the Notes to Financial Statements.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Reserves & Investments Policy

The Trustees in conjunction with the main Board of Trustees review the resources of the Trust and recognise the need to have sufficient reserves to protect against reductions in funding. The reserves are held in line with DfE guidelines. The policy aims to carry forward sufficient funds to meet the Trust's long term aims and objectives, ensuring that this does not affect its current operational activities. The amount allocated to reserves is for new buildings and site improvement.

Matrix Academy Trust seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds.

Within the year ended 31 August 2016 Matrix Academy Trust received £12,637 interest on investments.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Financial and Risk Management Objectives and Policies

Risk is the threat that an event or action will adversely affect the Academy Trusts ability to achieve its objectives and to successfully execute its strategies. As such, risk management is an integral part of good governance and is a process whereby there is shared awareness and understanding within the trust of:

- the nature and extent of the risks it faces
- the extent and categories of risks regarded as acceptable (the trust should formulate a sound policy on its threshold to risk)
- the likelihood and potential impacts of the risks materialising
- the ability to reduce the incidence and impact on the organisation of risks that do materialise
- regular and on-going monitoring and reporting of risk
- an appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk
- the trust conducts, at least annually, a review of the effectiveness of the system of internal control in place

The trusts system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its objectives. It also contributes to the safeguarding of public funds, the trusts assets and promotion of best value. Internal control facilitates the effectiveness and efficiency of operations, helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations.

The Trustees have adopted the Risk Registers based around those in the Academy's Handbook.

Risk Management

The Trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the trust and its finances.

The Trustees have implemented a number of systems to assess risks that the trust faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff) and internal financial controls in order to eliminate risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

Matrix Academy Trust

Trustees' Report

For the Year Ended 31 August 2016

Statement on the System of Internal Financial Control

As Trustees, we acknowledge we have overall responsibility for ensuring Matrix Academy Trust has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records, which disclose with reasonable accuracy and at any time the financial position of the academy trust and which enable us to ensure financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:-

- the trust is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the trust is reliable;
- the trust complies with relevant laws and regulations.

The trust's system of internal financial control is based on a framework of regular management information and 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 which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- delegation of authority and segregation of duties
- identification and management of risks

Principal Risks and Uncertainty

The principal risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to manage the financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

Matrix Academy Trust
Trustees' Report
For the Year Ended 31 August 2016

Plans for Future Periods

Matrix Academy Trust's plans for the future are to:-

- To raise achievement for all pupils in Key Stage 3, 4 and 5.
- Continue the drive to have outstanding schools within the Trust.
- Expand the Multi Academy Trust
- Dame Elizabeth Cadbury School to join Matrix Academy Trust on 1 October 2016
- Develop an outstanding SCITT (School Centred Initial Teacher Training)
- Complete the first part of the Strategic Buildings Masterplan
- Continue to recruit, train and maintain outstanding teaching and support staff
- Continue to contribute to school improvement at a local, regional, national and international level
- Continue to work with partners at DfE, EFA, Local Authorities and Regional School Commissioners
- Review the governance of the schools within the trust
- To expand primary expertise within the trust

Funds held as Custodian Trustee on behalf of others

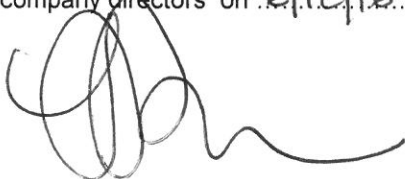
There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware:-

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

Trustees' report incorporating a strategic report, approved by order of the Board of Trustees, as the company directors on 6/12/16.....and signed on the board's behalf by:



Mr Jeremy Bench
Chair of Trustees

Matrix Academy Trust

Governance Statement

For the Year Ended 31 August 2016

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Matrix 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 Executive Headteacher, as accounting officer, for ensuring financial controls conform to 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 Matrix 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr J Bench (Chairman)	3	4
Dame Maureen Brennan (Executive Headteacher and Accounting Officer)	4	4
Mr K Hoey	4	4
Ms D Park	4	4
Mr S Smith	4	4

During the year ended 31 August 2016 there have been no changes to the composition of the Board of Trustees.

The trust intends to conduct a self-evaluation or external review of governance by 31 August 2017.

The audit committee is a sub-committee of the main board of trustees. Its purpose is to provide assurances to the board of directors that risks are being adequately identified and managed by

- reviewing the risks to internal financial control at the trust
- agreeing a programme of work to address, and provide assurance on those risks
- review the reports of the responsible officer on the effectiveness of the financial procedures and controls

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr K Hoey	2	2
Mr S Smith	2	2

Matrix Academy Trust does not operate a Finance and General Purposes sub-Committee.

Matrix Academy Trust

Governance Statement

For the Year Ended 31 August 2016

Review of Value for Money

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

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

Improving educational results

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by;

- Continuing the drive to raise standards so all academies become outstanding;
- Targeting resources in key target areas such as literacy and numeracy;
- Monitoring the needs of individual pupils and ensuring the support they receive is of the highest quality;
- Ensure every single young person who attends an academy within Matrix Academy Trust has the very best experience and achieves everything they are capable of;
- Closing the gap between the progress of disadvantaged pupils and non-disadvantaged pupils;
- Monitor the performance of staff to ensure that relevant action is taken where weaknesses are identified.

The effectiveness of these strategies can be seen in the sustained performance of pupil achievement.

Targeted improvement

Matrix Academy Trust has a robust tracking system for monitoring achievement and is continually looking at how data can inform staff in order for them to support and extend the learning of pupils. We continue to maintain and employ skilled staff to support each school development plan and we involve all our teams in focusing on the pupils learning needs and encourage innovation and creativity to meet those needs.

Focus on individual pupils

The trust has managed the differing needs of pupils, such as those requiring one to one support and those requiring more stretch by:

- Year 7 catch up intervention in English and Maths
- More able pupils are challenged requiring additional planning
- Withdrawal from certain subjects in years 7, 8 and 9 to focus on additional literacy and numeracy work
- Additional support for pupils preparing for controlled assessments
- Success centre continues to work alongside the small proportion of disengaged pupils
- Purchasing equipment and additional resources for individual pupils where necessary
- Collapsed curriculum events to accelerate progress
- Discrete reading curriculum and support for the least able
- Educational visits
- Pupil premium is strategically used for intervention strategies to ensure we minimise underperformance.

Matrix Academy Trust
Governance Statement
For the Year Ended 31 August 2016

Financial governance and oversight

The governance structure of Matrix Academy Trust allows for local governance of the individual academies with an oversight from the Board of Trustees, representing all academies, which ensures good, shared practice.

The Board of Trustees received and approves the Annual Accounts and the External Auditors Management Report.

The Local Governing Body approves the budget at each academy and is mindful of the need to balance expenditure against income to ensure the academy remains a 'going concern'.

Each appointed Headteacher will have overall responsibility for the day to day management of their academy budget. The local governing body will monitor and review financial performance.

Better Purchasing

A register of all services and contracts has been developed and all contracts are appraised and renegotiated in a timely manner to get the best mix of quality and effectiveness for the least cost.

Some services have been terminated with external providers as the expertise is now available in house.

The Trust benchmarks financial performance against each of its academies along with other Trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

The Trust regularly takes opportunities to work collaboratively with others to reduce and share administration and procurement costs.

Matrix Academy Trust
Governance Statement
For the Year Ended 31 August 2016

Better income generation

The Trust explores every opportunity to generate income through hire of Academy facilities, school to school support, catering, training for graduate teachers and teacher release.

Reviewing controls and managing risks

Budget holders, management and governors receive regular budget reports which are scrutinised to ensure the most effective use of resources to meet the objectives of the Trust.

The Trust from time to time moves balances to a high interest account to ensure maximum returns on surplus balances. This is reported to the governing body and best options discussed on a regular basis.

Insurance levels are reviewed annually and used cost-effectively to manage risks.

The trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The trustees have determined that an appropriate level of free reserves should be maintained. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, to plan for future capital projects and to make provision for fluctuations in pupil numbers.

The Headteacher at each academy will review expenditure within each capitation budget heading annually and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified.

Lessons learned

What the Trust has done to appraise and learn from its strategies and decisions in order to make the budget go further are

- To use data to target resources and evaluate on an on-going basis to ensure funds are spent to best effect.
- To forensically monitor finances carefully, this enables detailed management reports to be developed for the trustees, local governing bodies and senior staff.
- The Trust has increased its use of specialist services, such as the provision of school Master plans detailing future development of the land and buildings based on capacity and curriculum needs to inform long term capital spend and aid grant applications.
- Ensure the due diligence check provide an accurate and detailed list of financial, legal and human resources commitments of any future academy joining the Matrix Academy Trust

Matrix Academy Trust

Governance Statement *(continued)*

For the Year Ended 31 August 2016

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

Matrix Academy Trust

Governance Statement *(continued)*

For the Year Ended 31 August 2016

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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 not to appoint an internal auditor. However, the Trustees have appointed HCSS Ltd, an external audit company, to perform additional checks. The Responsible Officers (ROs) role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Leadership and Governance
 - Roles and Responsibilities
 - Register of Pecuniary Interests
 - Whistleblowing
- People Management
 - Self-Evaluation of Financial Competencies
 - New Governors Induction Pack
 - Staff Structure Review
- Policy and Strategy
 - School Development Plan
 - Budgeting Process
- Partnership and Resources
 - Tendering Process
- Processes
 - Reporting
 - Financial Procedures
 - Financial/Accounting Records and Systems
 - Data Security
 - GAG Income
 - Grant Income
 - Other Income
 - Purchasing
 - Cash Control
 - Payroll
 - Assets
 - Insurance
 - VAT and other taxations
 - Year End Procedures

On a quarterly basis, the RO reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Matrix Academy Trust

Governance Statement *(continued)*

For the Year Ended 31 August 2016

Review of Effectiveness

As accounting officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the Responsible Officer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Board of Trustees and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 6/12/16 and signed on its behalf by:



Mr Jeremy Bench
Chair of Trustees



Dame Maureen Brennan
Accounting Officer

Matrix Academy Trust

Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2016

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

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

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



Dame Maureen Brennan
Accounting Officer

Matrix Academy Trust

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2016

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

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

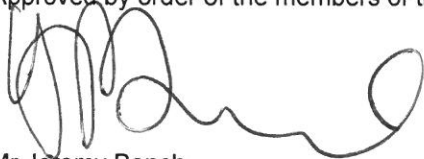
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS102] have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 6/12/16....and signed on its behalf by:



Mr Jeremy Bench
Chair of Trustees

Report of the Independent Auditors to the Members of
Matrix Academy Trust

We have audited the financial statements of Matrix Academy Trust for the year ended 31 August 2016 on pages twenty seven to forty nine. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page twenty four, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



HENRY BRIGGS (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

19 December 2016

Independent Reporting Accountant's Assurance Report on Regularity to
Matrix Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education Funding Agency (EFA), as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Matrix Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Matrix Academy Trust's accounting officer and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts Birmingham LLP
Sterling House
71 Francis Road
Edgbaston
Birmingham
B16 8SP

19 December 2016

MATRIX ACADEMY TRUST

Statement of Financial Activities
for the year ended 31 August 2016

	Notes	Unrestricted fund £	Restricted funds £	Fixed asset funds £	2016 Total funds £	2015 Total funds £
Income and endowments from						
Donations and capital grants	2	17,454	3	742,361	759,818	680,832
Transfer from Local Authority on conversion		-	-	-	-	8,069,648
Charitable activities						
Funding for the academies educational operations	3	-	18,792,300	-	18,792,300	15,920,238
Other trading activities	4	955,680	569,657	-	1,525,337	1,127,764
Investment income	5	12,637	-	-	12,637	15,945
Total		985,771	19,361,960	742,361	21,090,092	25,814,427
Expenditure on						
Raising funds		774,440	312,371	-	1,086,811	939,643
Charitable activities						
Academies educational operations		-	17,531,297	1,349,100	18,880,397	15,526,695
Total	6	774,440	17,843,668	1,349,100	19,967,208	16,466,338
Net income/(expenditure)		211,331	1,518,292	(606,739)	1,122,884	9,348,089
Transfers between funds	20	-	(674,852)	674,852	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	(2,946,000)	-	(2,946,000)	166,000
Net movement in funds		211,331	(2,102,560)	68,113	(1,823,116)	9,514,089
Reconciliation of funds						
Total funds brought forward		786,455	705,906	34,335,971	35,828,332	26,314,243
Total funds carried forward		997,786	(1,396,654)	34,404,084	34,005,216	35,828,332

Continuing operations

All income and expenditure has arisen from continuing activities.

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

MATRIX ACADEMY TRUST

Statement of Financial Position
At 31 August 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	13	34,404,084	34,374,433
Current assets			
Stocks	14	848	-
Debtors	15	970,642	838,695
Cash at bank		<u>7,294,377</u>	<u>6,704,620</u>
		8,265,867	7,543,315
Creditors			
Amounts falling due within one year	16	<u>(779,735)</u>	<u>(1,346,416)</u>
Net current assets		<u>7,486,132</u>	<u>6,196,899</u>
Total assets less current liabilities		41,890,216	40,571,332
Pension liability	21	<u>(7,885,000)</u>	<u>(4,743,000)</u>
Net assets		<u>34,005,216</u>	<u>35,828,332</u>
Funds	20		
Unrestricted funds:			
General fund		997,786	786,455
Restricted funds:			
Restricted general funds		6,488,346	5,448,908
Fixed asset funds		34,404,084	34,335,969
Pension reserve		<u>(7,885,000)</u>	<u>(4,743,000)</u>
		<u>33,007,430</u>	<u>35,041,877</u>
Total funds		<u>34,005,216</u>	<u>35,828,332</u>

The financial statements were approved by the Board of Trustees on 6/12/16..... and were signed on its behalf by:



.....
Jeremy Bench
Chair of Trustees

MATRIX ACADEMY TRUST

Statement of Cash Flows
for the year ended 31 August 2016

	Notes	2016 £	2015 £
Cash flows from operating activities:			
Cash generated from operations	25	1,216,711	589,988
Interest paid		<u>(3,201)</u>	<u>(1,995)</u>
Net cash provided by (used in) operating activities		<u>1,213,510</u>	<u>587,993</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,378,752)	(1,084,861)
Capital grants from DfE/EFA		742,362	1,361,664
Interest received		<u>12,637</u>	<u>15,945</u>
Net cash provided by (used in) investing activities		<u>(623,753)</u>	<u>292,748</u>
Cash transferred on conversion to an academy		<u>-</u>	<u>1,400,943</u>
Change in cash and cash equivalents in the reporting period		589,757	2,281,684
Cash and cash equivalents at the beginning of the reporting period		<u>6,704,620</u>	<u>4,422,936</u>
Cash and cash equivalents at the end of the reporting period		<u><u>7,294,377</u></u>	<u><u>6,704,620</u></u>

The notes form part of these financial statements

MATRIX ACADEMY TRUST

Notes to the Financial Statements for the year ended 31 August 2016

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Matrix Academy Trust meets the definition of a public benefit entity under FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Matrix Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2015. The financial statements of Matrix Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. Please see note 26 for reconciliations to previous UK GAAP.

Connected charities and subsidiary undertakings

Evolve Teaching School Alliance Limited is a Company Limited by Guarantee in which the Governing Body of Barr Beacon School, acting as agent for Matrix Academy Trust, is the only member. These financial statements present the information of the Academy Trust as an individual entity only and do not consolidate the financial statements of Evolve Teaching School Alliance Limited. Exemption has been taken from the requirement to prepare consolidated group accounts on the grounds that the subsidiary is immaterial to the Academy Trust. The capital and reserves of Evolve Teaching School Alliance Limited at 31 August 2016 was (£3,094) and the deficit for the year was (£594).

Going concern

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

Income

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

Grants

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

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. Accounting policies - continued

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

Raising funds includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Charitable activities

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

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. Accounting policies - continued

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets 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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trusts' depreciation policy.

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

Freehold buildings	-	50 years straight line basis
Fixtures, fittings and equipment	-	3 years straight line basis
Computer equipment	-	3 years straight line basis
Motor vehicles	-	3 years straight line basis

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

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.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency/Department for Education.

Leased assets

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2016

1. Accounting policies - continued

Pension costs and other post-retirement benefits

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

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

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

Liabilities

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

2. Donations and capital grants

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Donations	17,454	2	17,456	-
Grants	-	742,362	742,362	680,832
	<u>17,454</u>	<u>742,364</u>	<u>759,818</u>	<u>680,832</u>

Grants received, included in the above, are as follows:

	2016 £	2015 £
Capital grants	<u>742,362</u>	<u>680,832</u>

3. Funding for the academy's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
General Annual Grant (GAG)	-	17,073,152	17,073,152	14,659,984
Other DfE/ EFA grants	-	1,500,567	1,500,567	1,050,039
Local authority grants	-	135,981	135,981	152,437
Special educational projects	-	82,600	82,600	57,778
	-	<u>18,792,300</u>	<u>18,792,300</u>	<u>15,920,238</u>

4. Other trading activities

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Hire of facilities	108,374	-	108,374	118,444
Catering income	655,667	-	655,667	467,768
School fund income	-	340,744	340,744	358,639
Other income	191,639	228,913	420,552	182,913
	<u>955,680</u>	<u>569,657</u>	<u>1,525,337</u>	<u>1,127,764</u>

5. Investment income

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Deposit account interest	<u>12,637</u>	-	<u>12,637</u>	<u>15,945</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

6. Expenditure

	Staff costs £	Non-pay expenditure		2016 Total £	2015 Total £
		Premises £	Other costs £		
Raising funds					
Costs of fundraising	352,854	50,764	683,193	1,086,811	939,643
Charitable activities					
Academies educational operations					
Direct costs	12,230,002	722,977	1,751,764	14,704,743	12,063,836
Allocated support costs	<u>2,055,316</u>	<u>1,040,973</u>	<u>1,079,365</u>	<u>4,175,654</u>	<u>3,462,859</u>
	<u><u>14,638,172</u></u>	<u><u>1,814,714</u></u>	<u><u>3,514,322</u></u>	<u><u>19,967,208</u></u>	<u><u>16,466,338</u></u>

Net income/(expenditure) is stated after charging/(crediting):

	2016 £	2015 £
Auditors' remuneration	9,000	8,250
Auditors' remuneration for non audit work	7,196	9,850
Depreciation - owned assets	1,349,101	1,277,831
Other operating leases	<u>60,642</u>	<u>56,348</u>

7. Charitable activities - academy's educational operations

	Unrestricted funds £	Restricted funds £	2016 Total funds £	2015 Total funds £
Direct costs	-	14,704,743	14,704,743	12,063,836
Support costs	<u>-</u>	<u>4,175,654</u>	<u>4,175,654</u>	<u>3,462,859</u>
	<u><u>-</u></u>	<u><u>18,880,397</u></u>	<u><u>18,880,397</u></u>	<u><u>15,526,695</u></u>

	2016 Total £	2015 Total £
Analysis of support costs		
Support staff costs	2,055,316	1,661,684
Technology costs	459	3,592
Premises costs	1,040,973	968,193
Other support costs	921,257	721,779
Governance costs	<u>157,649</u>	<u>107,611</u>
Total support costs	<u><u>4,175,654</u></u>	<u><u>3,462,859</u></u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

8. Trustees' remuneration and benefits

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

Dame M Brennan (principal and trustee)		
Remuneration	£160,000 - £165,000	(2015 - £150,000 - £155,000)
Employer's pension contributions	£20,000 - £25,000	(2015: £15,000 - £20,000)

Trustees' expenses

During the year ended 31 August 2016, travel and subsistence expenses totalling £nil (2015: £91 - 1 trustee) were reimbursed to nil trustees. Related party transactions involving the trustees are set out in note 24.

9. Staff costs

	2016	2015
	£	£
Wages and salaries	11,355,120	9,649,266
Social security costs	962,733	703,481
Other pension costs	<u>2,070,018</u>	<u>1,395,954</u>
	14,387,871	11,748,701
Supply teacher costs	<u>250,301</u>	<u>94,275</u>
	<u>14,638,172</u>	<u>11,842,976</u>

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2016	2015
Teachers	193	222
Administration and support	199	195
Management	<u>33</u>	<u>31</u>
	<u>425</u>	<u>448</u>

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

	2016	2015
£60,001 - £70,000	5	7
£70,001 - £80,000	1	2
£80,001 - £90,000	4	3
£160,001 - £170,000	<u>1</u>	<u>1</u>
	<u>11</u>	<u>13</u>

The above 11 employees participated in the Teacher's Pension Scheme.

The key management personnel of the academy trust comprise the trustees, the senior leadership team and the central support 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 £2,584,001 (2015: £2,152,339).

10. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2016 was £2,588 (2015: £1,461).

The cost of this insurance is included in the total insurance cost.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

11. **Comparatives for the statement of financial activities - 31 August 2015**

	Unrestricted fund £	Restricted funds £	Fixed asset funds £	Total funds £
Income and endowments from				
Donations and capital grants	-	-	680,832	680,832
Transfer from Local Authority on conversion	386,552	(1,886,950)	9,570,046	8,069,648
Charitable activities				
Funding for the academy's educational operations	-	15,920,238	-	15,920,238
Other trading activities	717,639	410,125	-	1,127,764
Investment income	15,945	-	-	15,945
Total	1,120,135	14,443,413	10,250,879	25,814,427
Expenditure on				
Raising funds	620,976	318,667	-	939,643
Charitable activities				
Academy's educational operations	-	14,198,380	1,328,315	15,526,695
Total	620,976	14,517,047	1,328,315	16,466,338
Net income/(expenditure)	499,159	(73,634)	8,922,564	9,348,089
Transfers between funds	-	(415,522)	415,522	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	166,000	-	166,000
Net movement in funds	499,159	(323,156)	9,338,086	9,514,089
Reconciliation of funds				
Total funds brought forward	287,296	1,029,064	24,997,883	26,314,243
Total funds carried forward	786,455	705,908	34,335,969	35,828,332

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

12. Central services

Barr Beacon School, as the lead school in the MAT, has provided the following central services to the academies during the year:

- > human resources
- > financial services
- > legal services
- > educational support services
- > facilities services
- > IT services

The trust charges for these services on a flat 3% of GAG income basis.

The actual amounts charged during the year were as follows:

	2016 £	2015 £
Etone College	110,308	126,913
Bloxwich Academy	<u>178,207</u>	<u>83,805</u>
	<u>288,515</u>	<u>210,718</u>

13. Tangible fixed assets

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 September 2015	36,594,508	1,750,931	145,694	1,444,930	39,936,063
Additions	<u>1,267,870</u>	<u>39,230</u>	-	<u>71,652</u>	<u>1,378,752</u>
At 31 August 2016	<u>37,862,378</u>	<u>1,790,161</u>	<u>145,694</u>	<u>1,516,582</u>	<u>41,314,815</u>
Depreciation					
At 1 September 2015	3,285,428	1,350,473	64,635	861,094	5,561,630
Charge for year	<u>672,794</u>	<u>264,923</u>	<u>41,765</u>	<u>369,619</u>	<u>1,349,101</u>
At 31 August 2016	<u>3,958,222</u>	<u>1,615,396</u>	<u>106,400</u>	<u>1,230,713</u>	<u>6,910,731</u>
Net book value					
At 31 August 2016	<u>33,904,156</u>	<u>174,765</u>	<u>39,294</u>	<u>285,869</u>	<u>34,404,084</u>
At 31 August 2015	<u>33,309,080</u>	<u>400,458</u>	<u>81,059</u>	<u>583,836</u>	<u>34,374,433</u>

Included in the cost or valuation of land and buildings is leasehold land of £2,744,038. Also included in the cost of land and buildings are assets under construction totalling £435,434.

14. Stocks

	2016 £	2015 £
Stocks	<u>848</u>	<u>-</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

15. Debtors: amounts falling due within one year

	2016	2015
	£	£
Trade debtors	29,715	39,390
Amounts owed by group undertakings	135,785	-
Other debtors	214,368	221,648
VAT recoverable	357,495	317,338
Prepayments and accrued income	<u>233,279</u>	<u>260,319</u>
	<u>970,642</u>	<u>838,695</u>

16. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	160,258	466,160
Social security and other taxes	271,127	265,603
Other creditors	2,073	24,502
Accruals and deferred income	<u>346,277</u>	<u>590,151</u>
	<u>779,735</u>	<u>1,346,416</u>

	2016	2015
	£	£
Deferred Income at 1 September 2015	91,737	137,371
Resources deferred in the year	78,045	91,737
Amounts released from previous years	<u>(91,737)</u>	<u>(137,371)</u>
Deferred Income at 31 August 2016	<u>78,045</u>	<u>91,737</u>

At the balance sheet date, the academy trust was holding funds in advance for the following:

Catering - £6,817 (2015: £19,133)
 Capital expenditure - £39,541 (2015: £38,463)
 Special education - £4,124 (2015: £nil)
 Bursary funding - £20,193 (2015: £nil)
 Free school meals - £4,370 (2015: £nil)
 Skills for employment - £3,000 (2015: £nil)
 LACSEG - £nil (2015: £33,711)
 Offcom - £nil (2015: £430)

17. Operating lease commitments

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

	Other operating leases	
	2016	2015
	£	£
Expiring:		
Within one year	36,368	62,332
Between one and five years	<u>46,936</u>	<u>14,642</u>
	<u>83,304</u>	<u>76,974</u>

18. 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.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

19. Analysis of net assets between funds

	Unrestricted fund	Restricted funds	Fixed asset funds	Total 2016 funds	Total 2015 funds
	£	£	£	£	£
Fixed assets	-	-	34,404,084	34,404,084	34,374,433
Current assets	997,786	7,268,081	-	8,265,867	7,543,315
Current liabilities	-	(779,735)	-	(779,735)	(1,346,416)
Pension liability	-	(7,885,000)	-	(7,885,000)	(4,743,000)
	<u>997,786</u>	<u>(1,396,654)</u>	<u>34,404,084</u>	<u>34,005,216</u>	<u>35,828,332</u>

20. Movement in funds

	At 1/9/15 £	Net movement in funds £	Transfers between funds £	At 31/8/16 £
Unrestricted funds				
General fund	786,455	211,331	-	997,786
Restricted funds				
Restricted general funds	5,448,906	1,714,292	(674,852)	6,488,346
Fixed asset funds	34,335,971	(606,739)	674,852	34,404,084
Pension reserve	<u>(4,743,000)</u>	<u>(3,142,000)</u>	-	<u>(7,885,000)</u>
	<u>35,041,877</u>	<u>(2,034,447)</u>	-	<u>33,007,430</u>
TOTAL FUNDS	<u>35,828,332</u>	<u>(1,823,116)</u>	-	<u>34,005,216</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	985,771	(774,440)	-	211,331
Restricted funds				
Restricted general funds	19,361,960	(17,647,668)	-	1,714,292
Fixed asset funds	742,361	(1,349,100)	-	(606,739)
Pension reserve	-	<u>(196,000)</u>	<u>(2,946,000)</u>	<u>(3,142,000)</u>
	<u>20,104,321</u>	<u>(19,192,768)</u>	<u>(2,946,000)</u>	<u>(2,034,447)</u>
TOTAL FUNDS	<u>21,090,092</u>	<u>(19,967,208)</u>	<u>(2,946,000)</u>	<u>(1,823,116)</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

20. **Movement in funds - continued**

	Balance at 1 September 2015 £	Incoming Resources £	Resources Expended £	Gains, losses and Transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	5,387,843	17,073,154	(15,379,134)	(674,852)	6,407,011
Other DfE/EFA grants	-	1,500,568	(1,500,568)	-	-
School fund	61,063	340,744	(320,472)	-	81,335
Other restricted funds	-	447,494	(447,494)	-	-
	<u>5,448,906</u>	<u>19,361,960</u>	<u>(17,647,668)</u>	<u>(674,852)</u>	<u>6,488,346</u>
Pension reserve	(4,743,000)	-	(196,000)	(2,946,000)	(7,885,000)
	<u>705,906</u>	<u>19,361,960</u>	<u>(17,843,668)</u>	<u>(3,620,852)</u>	<u>(1,396,654)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	2,036,540	742,361	(106,876)	-	2,672,025
Capital expenditure from GAG	1,557,731	-	(59,910)	674,852	2,172,673
Transfer from Local Authority on conversion	28,682,347	-	(1,103,113)	-	27,579,234
Other capital funds	<u>2,059,353</u>	<u>-</u>	<u>(79,201)</u>	<u>-</u>	<u>1,980,152</u>
	<u>34,335,971</u>	<u>742,361</u>	<u>(1,349,100)</u>	<u>674,852</u>	<u>34,404,084</u>
Total restricted	<u>35,041,877</u>	<u>20,104,321</u>	<u>(19,192,768)</u>	<u>(2,946,000)</u>	<u>33,007,430</u>
Unrestricted funds					
Generated funds	<u>786,455</u>	<u>985,771</u>	<u>(774,440)</u>	<u>-</u>	<u>997,786</u>
	786,455	985,771	(774,440)	-	997,786
Total funds	<u>35,828,332</u>	<u>21,090,092</u>	<u>(19,967,208)</u>	<u>(2,946,000)</u>	<u>34,005,216</u>

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency, Department of Education, or other funders.

Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

20. **Movement in funds - continued**

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016	Total 2015
	£	£
Barr Beacon School	4,173,374	4,083,357
Etone College	1,434,034	1,261,104
Bloxwich Academy	<u>1,878,724</u>	<u>890,902</u>
Total before fixed assets and pension reserve	7,486,132	6,235,363
Restricted fixed asset fund	34,404,084	34,335,969
Pension reserve	<u>(7,885,000)</u>	<u>(4,743,000)</u>
Total	<u>34,005,216</u>	<u>35,828,332</u>

Analysis of academies by cost

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other (excluding depreciation)	Total
	£	£	£	£	£
Barr Beacon School	5,633,739	981,088	51,040	1,679,479	8,345,346
Etone College	2,857,320	574,142	31,036	594,886	4,057,384
Bloxwich Academy	<u>3,928,879</u>	<u>1,075,004</u>	<u>48,678</u>	<u>1,162,817</u>	<u>6,215,378</u>
Total	<u>12,419,938</u>	<u>2,630,234</u>	<u>130,754</u>	<u>3,437,182</u>	<u>18,618,108</u>

21. **Pension and similar obligations**

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the West Midlands Pension Fund administered by Wolverhampton City Council and the Warwickshire County Council Pension Fund administered by Warwickshire County Council. All of the schemes are defined-benefit schemes.

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

Prepaid contributions to the scheme as at 31 August 2016 amounted to £76,234 (2015: £71,966) and are included within prepayments.

Teachers' pension scheme

Introduction

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

21. Pension and similar obligations
- continued

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £2,150,437 (2015: £1,627,062).

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

21. Pension and similar obligations
- continued

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £444,753 (2015: £361,249) of which employer's contributions totalled £112,747 (2015: £99,510) for Barr Beacon School, £87,004 (2015: £88,460) for Etone College and £110,285 (2015: £64,186) for Bloxwich Academy and employees' contributions totalled £52,949 (2015: £46,581) for Barr Beacon School, £28,869 (2015: £31,207) for Etone College and £52,899 (2015: £31,305) for Bloxwich Academy. The agreed contribution rates for future years are 12.9% for Barr Beacon School, 13.8% for Etone College and 12.5% for Bloxwich Academy for employers and between 5.5% and 8.5% for employees.

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

In February 2014, Barr Beacon School was notified by The West Midlands Pension Fund that additional employers contributions would be introduced from 2014/15 over a maximum period of 22 years. These will be phased lump sum contributions and the amount notified as payable for 2016/17 is £47,900. In January 2014, Etone College was notified by Warwickshire County Council that additional employers contributions would be introduced from 2014/15 over a 19 year period. These will be phased lump sum contributions and the amount notified as payable for 2016/17 is £42,000. In June 2015, Bloxwich Academy was notified by The West Midlands Pension Fund that additional employers pension contributions would be introduced from 2014/15. These will be phased lump sum contributions and the amount notified as payable for 2016/17 is £83,936.

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

Sensitivity analysis as at 31 August 2016

Barr Beacon School

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1 %	0.0%	-0.1%
Present value of total obligation	3,475	3,560	3,647
Projected service cost	283	290	297
Adjustment to long term salary increase		no change	f% for next 4 years
Present value of total obligation		3,560	3,333
Projected service cost		290	286
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,632	3,560	3,490
Projected service cost	297	290	283
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	3,652	3,560	3,471
Projected service cost	297	290	283

Etone College

	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	487
1 year increase in member life expectancy	3%	105
0.5% in the Salary Increase Rate	5%	191
0.5% increase in the Pension Increase Rate	8%	278

Bloxwich Academy

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1 %	0.0%	-0.1%
Present value of total obligation	5,681	5,822	5,966
Projected service cost	288	295	302

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

21. Pension and similar obligations
- continued

Local government pension scheme

Adjustment to long term salary increase		no change	1% for next 4 years
Present value of total obligation		5,822	5,359
Projected service cost		295	291
Adjustment to pension increases and deferred revaluation			
	+0.1%	0.0%	-0.1%
Present value of total obligation	5,936	5,822	5,712
Projected service cost	302	295	288
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	5,971	5,822	5,677
Projected service cost	303	295	288

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Present value of funded obligations	(12,878,000)	(8,428,000)
Fair value of plan assets	4,993,000	3,685,000
	<u>(7,885,000)</u>	<u>(4,743,000)</u>
Deficit	<u>(7,885,000)</u>	<u>(4,743,000)</u>
Liability	<u>(7,885,000)</u>	<u>(4,743,000)</u>

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

	Defined benefit pension plans	
	2016	2015
	£	£
Current service cost	472,000	337,000
Net interest from net defined benefit asset/liability	179,000	127,000
Administrative expenses	2,000	-
	<u>653,000</u>	<u>464,000</u>
Actual return on plan assets	<u>758,000</u>	<u>37,000</u>

The actual gains and losses for the current year are recognised in the statement of financial activities.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

21. **Pension and similar obligations**
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Defined benefit obligation – brought forward	(8,428,000)	(8,042,000)
Current service cost	(472,000)	(337,000)
Contributions by scheme participants	(135,000)	(82,000)
Interest cost	(335,000)	(219,000)
Change in assumptions	(3,554,000)	217,000
Benefits paid	40,000	31,000
Administrative expenses	6,000	4,000
	<u>(12,878,000)</u>	<u>(8,428,000)</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2016	2015
	£	£
Fair value of scheme assets – brought forward	3,685,000	3,188,000
Interest cost	156,000	92,000
Contributions by employer	457,000	409,000
Contributions by scheme participants	135,000	82,000
Administrative expenses	(2,000)	-
Expected return	602,000	(55,000)
Benefits paid	(40,000)	(31,000)
	<u>4,993,000</u>	<u>3,685,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Expected return - Barr Beacon School	Expected return - Etone College	Expected return - Bloxwich Academy
Equities	59%	65%	59%
Government Bonds	7%	23%	7%
Other bonds	9%	-	9%
Property	8%	11%	8%
Cash	6%	1%	6%
Other	11%	-	11%

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

21. Pension and similar obligations
- continued

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

	Barr Beacon School at 31.08.16 (31.08.15)	Etone College at 31.08.16 (31.08.15)	Bloxwich Academy at 31.08.16 (31.08.15)
Rate of increase in salaries	3.75% (4.15%)	4.1% (4.6%)	3.75% (4.15%)
Rate of increase for pensions in payment/ inflation	2.0% (2.4%)	2.1% (2.7%)	2.0% (2.4%)
Discount rate for scheme liabilities	2.2% (4.0%)	2.1% (3.8%)	2.2% (4.0%)
Inflation assumptions (CPI)	1.8% (2.4%)	1.8% (2.4%)	1.8% (2.4%)

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

	Barr Beacon School at 31 August 2016	Etone College at 31 August 2016	Bloxwich Academy at 31 August 2016	Barr Beacon School at 31 August 2015	Etone College at 31 August 2015	Bloxwich Academy at 31 August 2015
Retiring today						
Males	23.1	22.4	23.1	23.0	22.4	23.0
Females	25.8	24.4	25.8	25.6	24.4	25.6
Retiring in 20 years						
Males	25.3	24.3	25.3	25.2	24.3	25.2
Females	28.1	26.6	28.1	28.0	26.6	28.0

Amounts for the current and previous period are as follows:

	2016	2015
	£	£
Defined benefit pension plans		
Defined benefit obligation	(12,878,000)	(8,428,000)
Fair value of scheme assets	4,993,000	3,685,000
Deficit	(7,885,000)	(4,743,000)

22. Contingent liabilities

There were no contingent liabilities as at 31 August 2016 or 31 August 2015.

23. Capital commitments

	2016	2015
	£	£
Contracted but not provided for in the financial statements	<u>4,050,000</u>	<u>67,203</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

24. Related party disclosures

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest.

All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations, the Academies Financial Handbook and normal procurement procedures.

Dame Maureen Brennan's son is employed at Barr Beacon School as a member of the support staff under normal contractual terms.

The Governing Body of Barr Beacon School, acting as agent of Matrix Academy Trust, is the only member of Evolve Teaching School Alliance Limited, a company Limited by Guarantee. During the year, the company recharged staff costs, reprographics, stationery and professional fees totalling £153,957 (2015: £45,306) to Evolve Teaching School Alliance Limited. Also during the year the Trust received a Gift Aid donation from Evolve Teaching School Alliance Limited of £17,454 (2015: £nil).

At the year end there was a balance of £135,785 (2015: 35,653) due from Evolve Teaching School Alliance Limited. This balance is within debtors.

There were no further related party transactions for the year ended 31 August 2016 other than certain Trustees' remuneration and expenses already disclosed in note 8.

25. Net cashflow from operating activities

	2016	2015
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,122,884	9,348,089
Adjustments for:		
Depreciation	1,349,100	1,277,831
Capital grants from DfE/EFA	(742,362)	(1,361,664)
Transfer from Local Authority on conversion	-	(8,069,648)
Interest received	(12,637)	(15,945)
Interest paid	3,201	1,995
Net creditors transferred from joiners	-	(498,341)
Increase in stocks	(848)	-
Increase in debtors	(131,947)	(568,035)
(Decrease)/increase in creditors	(566,680)	420,706
Difference between pension charge and cash contributions	<u>196,000</u>	<u>55,000</u>
Net cash provided by (used in) operating activities	<u>1,216,711</u>	<u>589,988</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2016

26. Explanation of transition to FRS102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP	26,314,243	35,828,332
Total funds reported under FRS102	<u>26,314,243</u>	<u>35,828,332</u>

Reconciliation of net income before other recognised gains/(losses)

	31 August 2015 £
Net income under previous UK GAAP	9,395,089
Change in recognition of LGPS interest cost	(47,000)
Net income reported under FRS102	<u>9,348,089</u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £47,000 and reduce the credit in other recognised gains and losses in the SoFA by an equivalent amount.