

Financial statements

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Governance statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the E-ACT academy trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than to 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 operational responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between E-ACT 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 may be comprised of no fewer than three people, and currently consists of 11, not counting the chief executive as an ex-officio trustee. All members of the board are unpaid in their roles as trustees.

The board continue to follow their decision that members should not be separate from trustees and during the financial year under review, five trustees were also members. This choice is seen to ensure greater benefit for our pupils by not separating out key decision making powers from the strategic trustee group. A check and balance is in place in the form of the vice-chair who holds the independent trustee role which can be approached by other trustees if there is a belief good governance is not being followed.

At the end of the 2017/18 financial year, the Board of Trustees comprised the following:

- 11 trustees appointed by the members (Articles 45-50); and
- The chief executive, as an ex-officio trustee (Articles 50B and 57).

At the time of approving the accounts, the Board of Trustees currently comprises the following:

- 11 trustees appointed by the members (Articles 45-50)

The following information in this governance statement relates only to the 2017/18 academic and financial years.

Over the course of the 2017/18 year, the members have appointed five new trustees Pamela Coles, Gurpreet Dehal, Brian Lightman, Nadeem Kiyani and Cameron Pyke.

Pamela is the group company secretary at Rolls Royce, and an expert in company law and corporate governance.

Gurpreet is an experienced risk management specialist and currently sits on several high-profile boards including HEFCE, and Valuation Office Agency.

Brian was general secretary of ASCL and is now an educational advisor. He has an extensive background in education and teaching.

Nadeem has a strong background in investment banking and sits on the council of trustees for AQA.

Cameron is a Deputy Director at Dulwich College, where he teaches history;

Claire Trewartha stood down at the start of the 2017-18 academic year.

Charles Bellringer is an experienced non-executive director who left in January 2018.

Committee composition

The Board of Trustees appoints members of the Audit and Risk Committee, the Finance Committee, and the Education and Personnel Committee. The committees are made up of trustees and the relevant Executive Leadership Team leads are regular attendees to the meetings. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings. A closed session is available for internal audit and trustees prior to every Audit and Risk Committee. A closed session is made available for external audit and trustees prior to approval of the accounts.

The Board of Trustees

At trustee level, the predominance of the interrogation and scrutiny happens at the following committees: Finance, Audit and Risk, and Educational and Personnel. These committees have delegated authority on certain decisions, as detailed in the Scheme of Delegation and the Chair of each committees reports back to full board at each meeting. Each committee also has the ability to raise matters to board for further consideration.

Each group of meetings is called a cycle and there were five cycles in the 2017-18 academic year. Attendance is noted as follows:

Trustee name	Joined	Left	Board	Audit and Risk	Finance	Education & Personnel
Michael Wemms	25/02/2015		5 out of 5	5 out of 5	5 out of 5	5 out of 5
Jean Scott	12/12/2014		5 out of 5	x	x	4 out of 5
Sean Alleyne	24/07/2013		4 out of 5	5 out of 5	5 out of 5	x
Theresa Keating	15/05/2015		5 out of 5	5 out of 5	5 out of 5	x
Angus Hislop	14/12/2016		5 out of 5	x	x	5 out of 5
Bryan Winchester	24/03/2016		5 out of 5	x	x	4 out of 5
Brian Lightman	10/11/2017		3 out of 4	x	x	2 out of 4
Cameron Pyke	14/09/2017		4 out of 5	x	x	5 out of 5
Pamela Coles	21/09/2017		4 out of 5	5 out of 5	5 out of 5	x
Nadeem Kiyani	10/11/2017		2 out of 4	4 out of 4	4 out of 4	x
Gurpreet Dehal	03/11/2017		4 out of 4	3 out of 4	3 out of 4	x
Charles Bellringer	14/09/2017	04/10/2017	1 out of 1	x	x	1 out of 1
Claire Trewartha	14/12/2016	23/03/2017	0 out of 1	0 out of 0	0 out of 0	0 out of 0

Board of Trustees

The Board of Trustees meets five times a year which complements the regional governance model, and the committee cycle. The trustees do not feel that they need to meet more frequently in order to discharge their obligations for the following reasons:

The governance structure provides a framework of robust challenge and interrogation from academy to trustee. The process begins at academy level with the Raising Achievement Boards at which the regional directors, and AAGs hold headteachers to account. The outcomes from those meetings form the context of the regional picture which is interrogated at the Regional Performance Boards at which the regional directors are held to account by the executive.

The regional performance boards inform the national picture which the specialist committee interrogate and hold the executive to account. The full board challenges and interrogates on overarching trust-wide matters, including those of strategy and direction.

The trustees regularly discuss strategic matters, and organisational development outside of cycle amongst themselves and with their respective ELT lead. In addition, they are updated out of cycle on key matters such as Ofsted visits, financial matters, and audit findings, as well key staffing appointments and changes.

Key pieces of work throughout the year have included:

- Approval of a revised scheme of delegation
- Approval of the addition of the following academies to strengthen their respective regions:
- Perry Court E-ACT Academy: 1 September 2017
- Braintcroft E-ACT Academy: 1 April 2018
- Implementing the recommendations of the board effectiveness review
- A board strategy day on 7 February 2018 which focussed on strengthening the regions.
- Taking a relentless pupil centred approach to all board meetings that has seen improvements in outcomes across the trust.
- (With critical work also being undertaken by the Finance Committee) embedding of the zero-based budgeting approach, which aims to even out disparities between academy funding by allocating funds on the basis of need. Development of academy budgets is inextricably linked to curriculum development, ensuring each academy has the funding required to meet the specific needs of its pupils.

Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board of Trustees. Its purpose is to ensure the quality and integrity of the organisation's risk management framework; accounting and reporting practices, controls and financial statements; legal and regulatory compliance; the auditor's qualifications and independence; and the performance of the company's internal audit function and independent auditors.

The work of the Audit and Risk Committee this year has included:

- Oversight of the KPMG Audit 2017/18.
- Closure of the 2016/17 Audit Management Letter actions, all of which are completed.
- Strategic oversight and scrutiny of the internal audit plan
- Continued scrutiny and challenge in relation to improving procurement compliance and processes.
- Strategic review and challenge of the transfer of new academies under the due diligence processes.
- Oversight of a series of external health and safety audits for every academy and follow-up on actions to gain assurance of health and safety standards across the organisation.

- Recommendation of the statutory accounts to the board.
- Strategy oversight and scrutiny of the risk management framework, along with scrutiny and challenge relating to the embedding of risk management across the organisation
- Oversight of organisational whistleblowing investigations and oversight of the investigation reports.
- Scrutiny and challenge of the capability matrix, designed to improve the way risk is understood and embedded within the organisation, as well as identify under capacity areas and understand challenges in advance
- Oversight of organisational reputational risk and escalation of this risk within the overall risk framework – challenge to the Executive Leadership Team regarding how this is managed and mitigated.

Finance Committee

The Finance Committee is a committee of the Board of Trustees. The overall purpose of the committee is to support the board in ensuring the maintenance of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management of the organisation.

The work of the Finance Committee this year has included:

- Regular review of the management accounts.
- Scrutiny and challenge on value for money within the trust.
- Strategic oversight and guidance on the development and implementation of the zero-based budgeting approach.
- 2018/19 budget approval.
- Oversight of the organisation's reserves.
- Scrutiny of the trust-wide continuing professional development offer costs.

Education and Personnel Committee

The Education and Personnel Committee is a committee of the Board of Trustees. Its core purpose is to provide strategic direction, scrutiny, challenge and support for educational outcomes and curriculum development for the academies. The Committee also is responsible for overseeing trust-wide personnel matters and has delegated authority to appoint senior staff, as well address matters of remuneration.

The work of the Education and Personnel Committee this year has included:

- Regular review of the performance of each of E-ACT's academies, identifying risks and challenging intervention, with a specific deeper focus on those academies not yet rated 'good'.
- Review of academy exam results, both individually and system wide, and strategic oversight of improvement actions throughout the year, including ways to enhance collaboration between schools.
- Approval and monitoring of the Education Plan
- Strategic input on trust-wide education and enrichment strategies, for example attendance; English and Maths mastery and the pupil passport.
- Strategic oversight of safeguarding across E-ACT including scrutiny and challenge on safeguarding audit findings.
- Regular oversight of safeguarding incidents, policy compliance and strategy.
- Annual review of trust-wide education and personnel policies due for review.
- Strategic oversight of the trust-wide continuing professional development plan and external HR provision.
- Approval of leadership team objectives for the year.

- Strategic oversight of the trust-wide mental health strategy.
- Strategic oversight and monitoring of staff vacancies, recruitment and retention.

Review of Value for Money

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

The accounting officer considers how the academy trusts 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:

- Continuation of embedding a Zero Based Budgeting approach to annual budgeting and forecasting.
- Increased transparency in internal management reporting with all member of an Extended ELT being part of the group budgeting process, will all having sight of every cost in the group.
- Facilitated pier to pier challenge on educational and operational spend during the year.
- Setting value for money targets for the group as a whole and new regional targets for the 2018/19 academic year.
- Benchmarking against other trusts

System of internal control

The system of internal control is designed to manage risk to a level that sits within an appetite agreed for the trust 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 utilises internal scrutiny, user experience, and objective data sets to provide trustees and our regulator with assurance that both the framework, and the regional models are functioning effectively. The SIC works in complement with the external control functions operated by Ofsted and our external auditors, KPMG.

The system of internal control has been in place in E-ACT multi-academy trust for the period 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees,
- Reviews by the Finance, Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

Following the decision of the Board of Trustees to employ its own internal audit function led by the Head of Internal Audit and Risk Management, the function has been in operation during the year under review. In that time the following internal audits were undertaken and include:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts and bank reconciliation.
- Financial management
- Human resources and related processes
- Health & safety.
- Pupil premium funding
- Governance
- Procurement
- Attendance procedures
- Safeguarding referrals and
- Cyber security.



The internal audit provision within the trust meets the statutory financial obligations within the Academies Financial Handbook. The function also exceeds this by undertaking wider reviews across all facets of the trust and is driven by continual improvement. Validation of E-ACT values and delivery of regional and national priorities identified by trustees.

Throughout 2017/18 the IA team delivered 72 audit reviews. This comprised of 6 national and 46 regional internal audit reviews. There was also 6 national follow up reviews and 14 regional follow up reviews. These were delivered across 7 topic areas with 3 being education based and 4 being operation based.

The head of internal audit and risk meets in a closed session with the trustees of the Audit and Risk Committee prior to each meeting. In addition, internal audits are discussed at the committee most appropriate to the area, and when an audit involves trust-wide analysis, it is also discussed at the Board of Trustee meeting. The Internal Audit team has worked to schedule during the year.

Review of Effectiveness

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

- The work of the internal auditor
- The work of the external auditor
- The governance self-review
- The work of the executive managers within the multi-academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 12 December and signed on its behalf by:



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Accounting Officer

12 December 2018

Statement of regularity, propriety and compliance

As accounting officer of E-ACT, I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust,, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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Statement of Trustees' responsibilities in respect of the trustees annual report and the financial statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent¹;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 ESFA/Department for Education 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 UK 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 12 December 2018



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E-ACT

Opinion

We have audited the financial statements of E-ACT ("the charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2017 to 2018* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of Trustees and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of the Trustees and Governance Statement for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 68 the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



19 December 2018

Michael Rowley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education and Skills Funding Agency

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

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27th April 2016 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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



Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

Conclusion

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



19 December 2018

Michael Rowley
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Statement of financial activities for year ended 31 August 2018 (including income and expenditure account)

All Academies						
	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Income and endowments from:						
Donations and Capital grant	3	553	-	2,816	3,369	2,743
Transfers of existing academies						1,768
Transfer from local authority on conversion		-	(1,682)	9,174	7,492	8,886
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	4	348	99,288	-	99,636	96,627
Teaching Schools						114
Other trading activities	5	1,545	-	-	1,545	1,879
Investments	6	56	-	-	56	31
Total		2,502	97,606	11,990	112,098	112,048
Expenditure on:						
Raising funds	7					
<i>Charitable activities:</i>						
Grants	8	-	126	-	126	342
Academy trust educational operations	9	1,006	104,387	8,597	113,990	112,067
Teaching schools						111
Total		1,006	104,513	8,597	114,116	112,520
Net income / (expenditure)		1,496	(6,907)	3,393	(2,018)	(472)
Transfer between funds	19	(1,191)	715	476	-	-
Other recognised gains and (losses)						
Actuarial (losses) gains on defined benefit pension schemes.	30	-	12,655	-	12,655	2,238
Net movement in Funds		305	6,463	3,869	10,637	1,766
Reconciliation of funds						
Total funds brought forward		3,033	(36,084)	158,431	125,380	123,614
Total funds carried forward		3,338	(29,621)	162,300	136,017	125,380

Under E-ACT's funding agreement, the trust is permitted to transfer funds from within unrestricted funds to restricted general funds, and also from restricted general funds to restricted fixed asset funds. During the year and as planned, the trust moved unrestricted funds to cover educational spend and fixed asset spend.

Balance Sheet 31 August 2018

Company Number 0652 6376

		E-ACT 31 August 2018 £'000	E-ACT 31 August 2017 £'000
	Notes		
Fixed Assets			
Intangible assets	13	87	122
Tangible assets	14	162,213	158,309
Current Assets			
Stock	15	28	45
Debtors	16	5,287	4,914
Cash at bank and in hand		10,168	8,530
		<u>15,483</u>	<u>13,489</u>
Liabilities			
Creditors: Amount falling due within one year	17	(11,555)	(9,977)
Net current assets		<u>3,928</u>	<u>3,512</u>
Total assets less current liabilities		166,228	161,943
Creditors: Amounts falling due after more than one year	18	-	-
Net Assets excluding pension scheme liability		166,228	161,943
Defined benefit pensions scheme liability	30	(30,211)	(36,563)
Total net assets		136,017	125,380
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	19	162,300	158,431
Restricted income fund	19	590	479
Pension Reserve	19	(30,211)	(36,563)
Total restricted funds		132,679	122,347
Unrestricted income funds	19	3,338	3,033
Total funds		136,017	125,380

The financial statements on pages 76 to 98 were approved by the trustees and authorised for issue on 12 December 2018 and signed on their behalf by:



Michael Wemms

Chair of E-ACT



David Moran

Chief Executive Officer and Accounting Officer

Cash flow statement for the year ended 31 August 2018

	Notes	31 August 2018 £'000	31 August 2017 £'000
Cash Flow from operating activities			
Net cash provided by (used in) operating activities	23	2,535	1,159
Cash flows from investing activities	25	(897)	(667)
Cash flows from financing activities	24	-	-
Change in cash and cash equivalents in reporting period		<u>1,638</u>	<u>492</u>
Cash and cash equivalents at 1 September 2017		8,530	8,038
Cash and cash equivalents at 31 August 2018	26	<u>10,168</u>	<u>8,530</u>

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Notes to the financial statements

1. Accounting policies

Basis of preparation

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

E-ACT meets the definition of a public-funded benefit entity under FRS 102.

Going concern

E-ACT's business activities, together with the factors likely to affect its future development, performance and position are set out within this report and the trustees report. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has some financial resources in the form of reserves together with long-term contracts under the Master Funding Agreement's with the Department for Education. Consequently, the Trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trusts 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 incoming resources are recognised when E-ACT has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted funds.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. The annual School Condition Allocation (SCA) grant is an exception, as the grant

covers a period of April to March as opposed to E-ACTs financial year, the grant is deferred accordingly.

- **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 the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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. The income is recognised within 'Income from other trading activities'

- **Transfer on conversion**

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

- **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets required

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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.

- **Interest receivable**

Interest earned on cash balances is recognised in the Statement of Financial Activities in the period in which it is receivable.

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

These are costs 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.

All resources expended are inclusive of any irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software – over 3 years, or useful economic life.

Tangible fixed assets

Assets £500 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 or valuation and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Freehold Buildings – over 50 years, or useful economic life.
- Leasehold Land – over the length of lease, or useful economic life.
- Long leasehold buildings – lower of 50 years, length of lease, or useful economic life.
- Short leasehold buildings – over the period of the lease
- ICT equipment and software – 3 years, or useful economic life.
- Fixtures, fittings and equipment – 5 years, or useful economic life.
- Motor vehicles – 5 years, or useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

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.

Financial instruments

Debtors and Creditors are accounted for at the point when they become due and are calculated for on an accruals basis. Cash is counted for at the point of either receipt or payment.

Provisions

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security and not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to a charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

E-ACT 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

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

The LGPS is a funded multi-employer 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 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 inductions, 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.

Defined contribution scheme**i) Head office Pension Scheme**

Head office employees historically have had the option of joining a defined contribution scheme operated by Scottish Widows. The pension costs for the scheme represent the contributions payable in the period. This is a defined contribution scheme, and contributions for the year amounted to £137k.

Fund accounting

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

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

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

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fixed assets are depreciated over their expected useful lives taking into account residual values, where appropriate. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset.

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

2. General Academy Grant (GAG)

In line with the funding agreement. E-ACT is not subject to limits on the carry forward of GAG

3. Donated and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Capital grants	-	2,816	2,816	2,603
Donated Fixed assets	-	9,174	9,174	10,790
Other donations	553	-	553	1,029
Pension liability transferred in	-	(1,682)	(1,682)	(1,025)
	553	10,308	10,861	13,397

4. Funding for the Academy Trusts Education Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
DfE/EFA Grants				
General Annual Grant (GAG)	-	95,908	95,908	92,571
Start Up Grants	-	162	162	193
Other DfE/EFA grants	-	512	512	580
	-	96,582	96,582	93,344
Other Government grants				
Local authority grants	-	2,706	2,706	2,678
Special educational projects	-	2,706	2,706	2,678
	-	2,706	2,706	2,678
Other income from the academy	348	-	348	605
Trusts educational operations	348	99,288	99,636	96,627

5. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Hire of facilities	642	-	642	716
Income from other charitable activities				
Income from ancillary trading activities	903	-	903	1,163
	<u>1,545</u>	<u>-</u>	<u>1,545</u>	<u>1,879</u>

6. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Short term deposit	56	-	56	31
	<u>56</u>	<u>-</u>	<u>56</u>	<u>31</u>

7. Expenditure

	Staff Costs £'000	Non Pay Expenditure		Total 31 August 2018 £'000	Total 31 August 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds	-	-	-	-	-
Cost of existing Academies moving out of the Trust	-	-	-	-	-
Academy's educational operations:					
Direct Costs	65,170	-	7,206	72,376	69,116
Allocated Support costs	14,631	6,412	20,697	41,740	43,293
Teaching School	-	-	-	-	111
	<u>79,801</u>	<u>6,412</u>	<u>27,903</u>	<u>114,116</u>	<u>112,520</u>

Please refer to note 30 for further detail of resources expended, on an Academy by Academy basis.

Net income/(expenditure) for the period includes:

	Total 31 August 2018	Total 31 August 2017
Operating lease rentals	323	356
Depreciation	8,579	8,946
(Gain)/loss on disposal of fixed assets	-	4,037
Amortisation of intangible fixed assets	60	80
(included within Charitable Activities – Academy trust educational operations)	-	-
Fees payable to auditors for:		
- Audit	75	80
- Other services	8	5

There was no costs included within expenditure for the items listed below.

	Total	Individual items above £5,000	
		Amount	Reason
Compensation payments	-	-	
Gifts made by the trust	-	-	
Fixed asset losses	-	-	
Stock losses	-	-	
Unrecoverable debts	-	-	
Cash losses	-	-	

	Total	Individual items	
		Amount	Reason/nature
Ex-gratia payments	-	-	

For the Financial Year ended 31 August 2018, there were no ex-gratia payments.

8. Analysis of grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2017/18 £'000
Pre-opening grants	-	76	-	76
Mat Development fund	-	10	-	10
EIG Grant	-	40	-	40
Support Grant	-	-	-	-
	-	126	-	126

9. Charitable activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Direct costs – educational operations	72,376	69,116
Support costs – educational operations	41,614	42,951
	113,990	112,067

Analysis of Support costs

	Total 2018 £'000	Total 2017 £'000
Support staff costs	13,030	12,894
Depreciation	8,597	9,025
Technology costs	1,994	2,471
Premises costs	6,622	6,562
Other support costs	10,980	11,648
Governance costs	391	351
Total support costs	41,614	42,951

10. Staff

a. Staff costs during the period were

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Wages and salaries	59,204	57,406
Social security costs	5,771	5,560
Pension costs	8,761	8,270
Apprenticeship Levy	281	111
	74,017	71,347
Agency staff costs	3,511	3,383
Staff restructuring costs	512	202
	4,024	3,585
Staff restructuring costs comprise:		
Redundancy Payments	278	-
Severance Payments	234	202
Other restructuring costs	-	-
	512	202

b. Non Statutory/non-contractual staff severance payments

Included in staff restructuring costs are 7 non-statutory/non-contractual severance payments totalling £64k (2017: £nil). Individually, the payments made were: £5k Nov-18, £15k April-18, £10k April-18, £10k April-18, £3k May-18, £15k Nov-18, £6k Feb-18.

c. Staff numbers

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

	2018	2017
Teachers	931	902
Administration and Support (including educational support staff)	1,171	1,089
Management	162	175
	2,264	2,166

d. Higher paid staff

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

	2018 (No.)	2017 (No.)
£60,001-£70,000	49	45
£70,001-£80,000	17	25
£80,001-£90,000	7	11
£90,001-£100,000	8	9
£100,001-£110,000	6	2
£110,001-£120,000	3	5
£120,001-£130,000	3	3
£130,001-£140,000	-	1
£140,001-£150,000	-	2
£150,001-£160,000	2	1
£160,001-£170,000	-	-

e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees (whom work on a voluntary basis), the senior management team and regional senior personnel as listed below. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £4,162,776 (2017: £3,707,040).

Included in the above figures are: Central Executive Leadership Team, Regional Education Directors, Regional Operations Directors and Academy Head Teachers

f. Central Services

The E-ACT trust has provided the following central services to its Academies during the year:

Chief Executives Office, Business Planning and Strategy, Central HR and Training, Legal, Internal and External Communications, IT, Central Finance and Procurement, Governance, Educational Improvement and Estates Support.

As from 2017 the academy trust, in line with the funding agreement with the Department of Education pools the General Annual Grant (GAG) and therefore does not recharge out central services.

11. Trustees Remuneration and Expenses

One trustee, the CEO, has been paid remuneration benefits from employment with the academy trust. The principals receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustee's remuneration and other benefits was as follows:

Remuneration from 1 September 2017 to 31 August 2018

David Moran (Chief Executive Officer): £155,832

Employer's Pension contributions: £9,350

During the period ended 31 August 2018, travel and subsistence expenses totalling £4,840 (2017: £4,523) were reimbursed or paid directly to 7 trustees (2017: 3 Trustees).

12. Trustees' and Officers' Insurance

E-ACT is a member of the DfE's RPA (Risk Protection Arrangement). The risk protection arrangement is an alternative to commercial insurance for academy trusts. Under RPA, the UK government covers the losses of commercial insurance including trustees and officers liability cover.

13. Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2017	734	734
Additions	25	25
Disposals	(27)	(27)
At 31 August 2018	732	732
Amortisation		
At 1 September 2017	612	612
Charged in the year	60	60
Disposals	(27)	(27)
At 31 August 2018	645	645
Carrying amount		
At 31 August 2017	122	122
At 31 August 2018	87	87

14. Tangible Fixed Assets

	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets in the course of construction	Total 31 August 2018 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2017	180,683	9,934	12,353	112	432	203,514
Acquisitions						
Additions	10,200	2,295	388	18	(418)	12,483
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	190,883	12,227	12,737	130	14	215,991
Depreciation						
At 1 September 2017	28,558	4,984	11,578	85	-	45,205
Charged in the year	5,801	2,252	508	18	-	8,579
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	34,359	7,234	12,082	103	-	53,778
Net book values						
At 31 August 2017	152,125	4,950	775	27	432	158,309
At 31 August 2018	156,524	4,993	655	27	14	162,213

The academy trusts transactions relating to land and buildings included;

- The taking up of a lease on 1st September for nil consideration over a term of 125 years.
- The taking up of a lease on 1st April for nil consideration over a term of 125 years.

15. Stock

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Clothing	28	45
	28	45

16. Debtors

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade Debtors	84	198
Prepayments and accrued income	4,068	3,853
VAT recoverable	702	490
Intercompany debtor	-	-
Other debtors	432	373
	5,287	4,914

Debtors are accounted for at the point when they become due and are calculated for on an accruals basis.

17. Creditors: amounts falling due within one year

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade creditors	2,238	1,805
Other taxation and social security	1,499	1,430
Other creditors	2,466	2,265
Accruals and deferred income	5,351	4,477
	11,555	9,977

	Total 31 August 2018 £'000
Deferred income at 1 September 2017	1,803
Resources deferred in year	2,826
Amounts released from previous years	(1,803)
Deferred income at 31 August 2018	2,826

At the balance sheet date the academy trust was holding funds received in advance for devolved formula capital (£201k) grant for 2018/19 academic year and SCA funding (£1,124k).

18. Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Other Creditors	-	-
	-	-

19. Funds

	Balance at 1 September 2017 £'000	Transfer in during the year £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2018 £'000
Restricted General Funds						
General annual grant (GAG)	349	-	87,828	(88,302)	715	590
Start-up grant	-	-	162	(162)	-	-
Pupil Premium	130	-	8,079	(8,209)	-	-
Other grants	-	-	3,219	(3,219)	-	-
Pension Reserve	(36,563)	(1,682)	-	8,034	-	(30,211)
	(36,084)	(1,682)	99,288	(91,857)	715	(29,621)
Restricted fixed asset funds						
DfE/EFA capital grants	158,431	9,174	2,816	(8,597)	476	162,300
Capital expenditure from GAG	-	-	-	-	-	-
	158,431	9,174	2,816	(8,597)	476	162,300
Total restricted funds	122,347	7,492	102,104	100,455	1,191	132,679
Total Unrestricted funds	3,033	-	2,502	(1,007)	(1,191)	3,337
Total funds	125,380	7,492	104,606	(101,461)	0	136,017

Total funds analysis by academy

Funds balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
E-ACT Group	3,928	3,512
Total before fixed asset fund and pension reserve	3,928	3,512
Restricted fixed asset fund	166,228	158,431
Pension reserve	(30,211)	(36,563)
Total	136,017	125,380

Operating Funds for the Group are in surplus of £3,928k, these are presented as a Group balance due to E-ACT adopting the new funding agreement in 2016 and being able to 'pool' GAG income. The group continues to work on extended financial plans to ensure financial stability for our Academies and students.

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

All funds will be applied to education and the support of education for E-ACT students in line with E-ACT charitable objectives. Due to E-ACT using the latest DfE funding agreement funds are retained centrally.

Total cost analysis by region and academy.

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Blackley Academy	1,665	199	291	222	2,378	2,309
Oldham Academy	3,944	719	700	575	5,937	6,106
Parkwood Academy	3,650	189	565	398	4,803	5,354
Pathways Academy	1,731	98	294	213	2,335	2,324
Regional	466	1,067	129	69	1,730	510
North Region Total	11,456	2,271	1,979	1,476	17,183	16,603
Braintcroft Academy	966	153	136	112	1,367	-
Burnham Park Academy	1,811	232	384	367	2,793	3,559
Chalfont Valley Academy	551	119	165	105	940	810
City Heights Academy	4,172	292	657	545	5,666	5,112
The Crest Academy	4,720	421	1,066	1,041	7,249	7,764
Denham Green Academy	637	149	133	112	1,031	933
Regional	424	1,235	48	95	1,802	768
South and Buckinghamshire Region Total	13,281	2,601	2,588	2,377	20,848	18,946
Greenfield Primary Academy	1,346	159	279	143	1,927	2,143
Hareclive Academy	1,261	237	287	209	1,993	2,404
Perry Court	1,208	170	196	154	1,727	-
Ilminster Avenue Academy	1,186	126	223	104	1,638	1,623
St Ursula's Academy	1,353	181	265	137	1,936	1,998
Regional	1,124	388	128	168	1,808	650
South West Region Total	7,478	1,260	1,378	915	11,030	8,818
DSL	3,831	473	485	474	5,263	5,649
Parker Academy	2,904	378	297	338	3,917	3,830
Heartlands Academy	3,809	433	495	736	5,473	6,348
Mansfield Green Academy	1,589	303	307	170	2,369	2,604
Merritts Brook Academy	783	72	176	130	1,161	1,204
Nechells Primary Academy	751	165	194	142	1,252	1,284
North Birmingham Academy	4,185	582	706	854	6,328	6,890
Reedwood Primary Academy	1,404	243	259	120	2,025	2,148
Shenley Academy	4,617	523	783	647	6,570	7,061
West Walsall Academy	3,201	555	502	334	4,592	4,776
Willenhall Academy	4,819	434	658	706	6,616	7,240
Regional	179	227	50	16	471	726
Midlands Region Total	32,473	5,951	5,097	4,738	48,259	50,188
Head Office	-	2,031	641	907	3,580	3,518
Total	64,688	14,114	11,683	10,413	100,900	98,073

20. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	87	87
Tangible fixed assets	-	-	162,213	162,213
Current assets	3,337	12,146	-	15,483
Current liabilities	-	(11,555)	-	(11,555)
Pension scheme liability	-	(30,211)	-	(30,211)
Total net assets	3,337	(29,621)	162,300	136,017

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	122	122
Tangible fixed assets	-	-	158,309	158,309
Current assets	3,033	10,456	-	13,489
Current liabilities	-	(9,977)	-	(9,977)
Pension scheme liability	-	(36,563)	-	(36,563)
Total net assets	3,033	(36,084)	158,431	125,380

21. Capital Commitments

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Contracted for, but not provided for in the financial statements.	41	272

22. Commitments under operating leases

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

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Amounts due within one year	237	259
Amounts due between one and five years	102	223
Amounts due after five years	-	-
	339	482

23. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(2,019)	(472)
Adjusted for:		
Less fixed assets transferred / donated in	(9,174)	(10,790)
Amortisation (note 13)	60	80
Depreciation (note 14)	8,579	8,946
Impairment on building	-	(264)
Capital grants from DfE and other capital	(2,816)	(2,603)
Interest receivable (note 6)	(56)	(31)
(Profit) / Loss on disposals	-	4,037
Defined benefit pension scheme cost less contributions payable (note 30)	4,073	707
Defined benefit pension scheme finance cost (note 30)	985	677
Add pension liability transferred in	1,681	1,025
Less pension liability transferred out		
(Increase)/decrease in stocks	17	12
Decrease/(increase) in debtors	(373)	(1,629)
(Decrease)/increase in creditors	1,578	1,464
Net cash provided by / (used in) operating activities	2,535	1,159

24. Cash flows from financing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Repayment of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

25. Cash flows from investing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Dividends, interest and rents from investments	56	31
Purchase of intangible fixed assets	(26)	(61)
Purchase of tangible fixed assets	(3,743)	(3,240)
Capital grants from DfE/EFA	2,816	2,603
Net cash provided by / (used in) investing activities	(897)	(667)

26. Analysis of cash and cash equivalents

	At 1 September 2017 £'000	Cash flows £'000	At 31 August 2018 £'000
Cash in hand and at bank	8,530	1,638	10,168
Surplus on local authority funds	-	-	-
	8,530	1,638	10,168

27. Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities as at 31 August 2018.

28. Contingent liabilities

There are no contingent liabilities held on the balance sheet date.

29. 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.

30. 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 scheme managers listed below. Both are multi-employer defined benefit schemes.

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

Scheme managers

Greater Manchester Pension Fund – Blackley Academy
Buckinghamshire County Council Pension Fund – Burnham Park Academy
Lambeth Pension Scheme – Braintcroft
Buckinghamshire County Council Pension Fund – Chalfont Valley Academy
Lambeth Pension Scheme – City Heights Academy
London Borough of Brent Pension Fund – Crest Academy
Northamptonshire County Council Pension Fund – Danetre and Southbrook Learning Village Academy
Buckinghamshire County Council Pension Fund – Denham Green Academy
Avon Pension Fund – Greenfield Primary Academy
West Midlands Pension Fund – Heartlands Academy
Avon Pension Fund – Hareclive Academy
Avon Pension Fund – Ilminster Avenue Academy
West Midlands Pension Fund – Mansfield Green Academy
West Midlands Pension Fund – Merritts Brook Primary Academy
West Midlands Pension Fund – Nechells Primary Academy
West Midlands Pension Fund – North Birmingham Academy
Greater Manchester Pension Fund – Oldham Academy
Northamptonshire County Council Pension Fund – Parker Academy
South Yorkshire Pension Fund – Parkwood Academy
South Yorkshire Pension Fund – Pathways Academy
Avon Pension Fund – Perry Court
West Midlands Pension Fund – Reedswood Primary Academy
West Midlands Pension Fund – Shenley Academy
Avon Pension Fund – St Ursula's Academy
West Midlands Pension Fund – West Walsall Academy
West Midlands Pension Fund – Willenhall Academy

Contributions amounting to £352,620 (2017:£366,821) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates are 16.48% of pensionable
- 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% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based will be as at April 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 £5,503,008 (2017 £5,490,652).

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 an underfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 was £3,327,921 (2017: £3,735,000), of which employer's contributions totalled £2,966,000 (2017: £2,766,000) and employees' contributions totalled £X (2017: £969,000). The agreed contribution rates for future years range from 14.5% to 32.5% per cent for employers and range from 5.5% to 12.5% per cent for employees.

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

Principal Actuarial Assumptions

	31 August 2018 Range (top)	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Rate of increase salary	3.8%	2.0%	4.2%	2.7%
Rate of increase for pension in payment/inflation	2.4%	2.2%	2.7%	2.2%
Discount rate for scheme liabilities	2.9%	2.7%	2.6%	2.4%
Inflation assumption (CPI)	2.4%	2.1%	2.7%	2.2%
Commutation of pensions to lump sums	50%	50%	50%	50%

E-ACT has not conducted a sensitivity analysis on the key assumptions used within the actuarial valuations. It is deemed that the figures are subjective and are not referred to by wider government when actually calculating funding for the schemes. The output of any sensitivity analysis is therefore of little help. E-ACT finance and trustees continue to monitor LGPS pension rates and the valuations as necessary.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 August 2018 Range (top)	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Retiring Today				
Males	26.2	21.5	26.0	21.4
Females	28.8	23.9	28.7	23.9
Retiring in 20 years				
Males	26.3	23.0	26.2	22.9
Females	28.5	25.8	28.3	25.7

The academy trusts share of the assets in the scheme was:

	2018 £000	2017 £000
Equities	31,063	28,622
Bonds	7,249	6,470
Property	4,138	3,183
Cash	3,042	1,956
Other	4,485	3,726
Total Market Value of Assets	49,977	43,957

The actual return on scheme assets was £1,898,000 (2017: £4,533,000)

Amounts recognised in the statement of financial activities

	2017/8 £'000	2016/7 £'000
Current Service cost	(6,362)	(5,401)
Transfer in from new academy	(1,682)	(1,025)
Interest income	1,187	792
Interest cost	(2,144)	(1,559)
Benefit changes, gain/(loss) on curtailment and gain / (loss) on settlement	0	113
Admin expenses	(27)	(23)
Total amount recognised in the SOFA	(9,028)	(7,103)

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

	2017/8 £'000	2016/7 £'000
At 1 September	80,520	70,560
Upon conversion		
Current service cost	6,362	5,401
Interest cost	2,144	1,559
Employee contributions	1,009	974
Actuarial (gain)/loss	(11,694)	1,464
Benefits paid	(616)	(830)
Losses or gains on curtailments	-	-
Business Combinations	(208)	(314)
Transfer in from new academies	2,671	1706
Academies transferring out	-	-
At 31 August	80,188	80,520

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

	2017/8 £'000	2016/7 £'000
At 1 September	43,957	34,168
Interest Income	1,186	792
Administrative Expenses	(27)	(23)
Return on plan assets (excluding net interest on the defined pension liability)	405	3,851
Actuarial (gain)/loss	-	(149)
Employer contributions	3,339	4,694
Employee contributions	1,009	974
Benefits paid	(616)	(830)
Plan introductions, benefit changes, curtailments and settlements	334	(201)
Transfer in from new academies	390	681
Academies transferring out	-	-
At 31 August	49,977	43,957

31. Related Party Transactions

Owing to the nature of the Academy Trust's 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

During the year E-ACT had 3 commercial transactions with GE Electrical for minor electrical works. The total of these transactions was £570. The related party in E-ACT was not involved in the procurement process.

During the year E-ACT transacted with 2 educational (charity) organisations, which has given rise to a related party transaction as follows.

£500 was paid to the King Edward Foundation as a membership fee.

In 2014 the Edge Academy in Birmingham became an establishment that took on students who could not succeed in main stream education. As part of this transformation Head Teachers from Birmingham were brought together to sit on the LGB of this Academy, this included a Head teacher from an E-ACT Academy. Whilst the original E-ACT head teacher is no longer with our organisation, the subsequent head teacher has taken over a membership place on the LGB at The Edge Academy. E-ACT does refer students to The Edge and the related costs for the year were £67k.

32. Transfer of existing academies into the trust

On 1st September 2017 Perry Court primary in Bristol joined the trust and on the 1st April Braintcroft Primary in London joined the trust.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain of £374k in the statement of financial activities.

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

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000
Tangible Fixed Assets	-	-	-	-
Leasehold land and buildings	-	-	9,170	9,170
Other tangible fixed assets	-	-	4	4
LGPS pension deficit	-	(1,682)	-	(1,682)
Net Assets / (Liabilities)	-	(1,682)	9,174	7,592

33. Events after the end of the reporting period

Following the 2017/18 balance sheet date, three schools joined the E-ACT trust. Bourne End, Badocks Wood and Royton and Crompton joined E-ACT as Academies on the 1st September 2018.

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Financial statements

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Governance statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the E-ACT academy trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than to 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 operational responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between E-ACT 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 may be comprised of no fewer than three people, and currently consists of 11, not counting the chief executive as an ex-officio trustee. All members of the board are unpaid in their roles as trustees.

The board continue to follow their decision that members should not be separate from trustees and during the financial year under review, five trustees were also members. This choice is seen to ensure greater benefit for our pupils by not separating out key decision making powers from the strategic trustee group. A check and balance is in place in the form of the vice-chair who holds the independent trustee role which can be approached by other trustees if there is a belief good governance is not being followed.

At the end of the 2017/18 financial year, the Board of Trustees comprised the following:

- 11 trustees appointed by the members (Articles 45-50); and
- The chief executive, as an ex-officio trustee (Articles 50B and 57).

At the time of approving the accounts, the Board of Trustees currently comprises the following:

- 11 trustees appointed by the members (Articles 45-50)

The following information in this governance statement relates only to the 2017/18 academic and financial years.

Over the course of the 2017/18 year, the members have appointed five new trustees Pamela Coles, Gurpreet Dehal, Brian Lightman, Nadeem Kiyani and Cameron Pyke.

Pamela is the group company secretary at Rolls Royce, and an expert in company law and corporate governance.

Gurpreet is an experienced risk management specialist and currently sits on several high-profile boards including HEFCE, and Valuation Office Agency.

Brian was general secretary of ASCL and is now an educational advisor. He has an extensive background in education and teaching.

Nadeem has a strong background in investment banking and sits on the council of trustees for AQA.

Cameron is a Deputy Director at Dulwich College, where he teaches history,

Claire Trewartha stood down at the start of the 2017-18 academic year.

Charles Bellringer is an experienced non-executive director who left in January 2018.

Committee composition

The Board of Trustees appoints members of the Audit and Risk Committee, the Finance Committee, and the Education and Personnel Committee. The committees are made up of trustees and the relevant Executive Leadership Team leads are regular attendees to the meetings. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings. A closed session is available for internal audit and trustees prior to every Audit and Risk Committee. A closed session is made available for external audit and trustees prior to approval of the accounts.

The Board of Trustees

At trustee level, the predominance of the interrogation and scrutiny happens at the following committees: Finance, Audit and Risk, and Educational and Personnel. These committees have delegated authority on certain decisions, as detailed in the Scheme of Delegation and the Chair of each committees reports back to full board at each meeting. Each committee also has the ability to raise matters to board for further consideration.

Each group of meetings is called a cycle and there were five cycles in the 2017-18 academic year. Attendance is noted as follows:

Trustee name	Joined	Left	Board	Audit and Risk	Finance	Education & Personnel
Michael Wemms	25/02/2015		5 out of 5	5 out of 5	5 out of 5	5 out of 5
Jean Scott	12/12/2014		5 out of 5	x	x	4 out of 5
Sean Alleyne	24/07/2013		4 out of 5	5 out of 5	5 out of 5	x
Theresa Keating	15/05/2015		5 out of 5	5 out of 5	5 out of 5	x
Angus Hislop	14/12/2016		5 out of 5	x	x	5 out of 5
Bryan Winchester	24/03/2016		5 out of 5	x	x	4 out of 5
Brian Lightman	10/11/2017		3 out of 4	x	x	2 out of 4
Cameron Pyke	14/09/2017		4 out of 5	x	x	5 out of 5
Pamela Coles	21/09/2017		4 out of 5	5 out of 5	5 out of 5	x
Nadeem Kiyani	10/11/2017		2 out of 4	4 out of 4	4 out of 4	x
Gurpreet Dehal	03/11/2017		4 out of 4	3 out of 4	3 out of 4	x
Charles Bellringer	14/09/2017	04/10/2017	1 out of 1	x	x	1 out of 1
Claire Trewartha	14/12/2016	23/03/2017	0 out of 1	0 out of 0	0 out of 0	0 out of 0

Board of Trustees

The Board of Trustees meets five times a year which complements the regional governance model, and the committee cycle. The trustees do not feel that they need to meet more frequently in order to discharge their obligations for the following reasons:

The governance structure provides a framework of robust challenge and interrogation from academy to trustee. The process begins at academy level with the Raising Achievement Boards at which the regional directors, and AAGs hold headteachers to account. The outcomes from those meetings form the context of the regional picture which is interrogated at the Regional Performance Boards at which the regional directors are held to account by the executive.

The regional performance boards inform the national picture which the specialist committee interrogate and hold the executive to account. The full board challenges and interrogates on overarching trust-wide matters, including those of strategy and direction.

The trustees regularly discuss strategic matters, and organisational development outside of cycle amongst themselves and with their respective ELT lead. In addition, they are updated out of cycle on key matters such as Ofsted visits, financial matters, and audit findings, as well key staffing appointments and changes.

Key pieces of work throughout the year have included:

- Approval of a revised scheme of delegation
- Approval of the addition of the following academies to strengthen their respective regions:
- Perry Court E-ACT Academy: 1 September 2017
- Braintcroft E-ACT Academy: 1 April 2018
- Implementing the recommendations of the board effectiveness review
- A board strategy day on 7 February 2018 which focussed on strengthening the regions.
- Taking a relentless pupil centred approach to all board meetings that has seen improvements in outcomes across the trust.
- (With critical work also being undertaken by the Finance Committee) embedding of the zero-based budgeting approach, which aims to even out disparities between academy funding by allocating funds on the basis of need. Development of academy budgets is inextricably linked to curriculum development, ensuring each academy has the funding required to meet the specific needs of its pupils.

Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board of Trustees. Its purpose is to ensure the quality and integrity of the organisation's risk management framework; accounting and reporting practices, controls and financial statements; legal and regulatory compliance; the auditor's qualifications and independence; and the performance of the company's internal audit function and independent auditors.

The work of the Audit and Risk Committee this year has included:

- Oversight of the KPMG Audit 2017/18.
- Closure of the 2016/17 Audit Management Letter actions, all of which are completed.
- Strategic oversight and scrutiny of the internal audit plan
- Continued scrutiny and challenge in relation to improving procurement compliance and processes.
- Strategic review and challenge of the transfer of new academies under the due diligence processes.
- Oversight of a series of external health and safety audits for every academy and follow-up on actions to gain assurance of health and safety standards across the organisation.

- Recommendation of the statutory accounts to the board.
- Strategy oversight and scrutiny of the risk management framework, along with scrutiny and challenge relating to the embedding of risk management across the organisation
- Oversight of organisational whistleblowing investigations and oversight of the investigation reports.
- Scrutiny and challenge of the capability matrix, designed to improve the way risk is understood and embedded within the organisation, as well as identify under capacity areas and understand challenges in advance
- Oversight of organisational reputational risk and escalation of this risk within the overall risk framework – challenge to the Executive Leadership Team regarding how this is managed and mitigated.

Finance Committee

The Finance Committee is a committee of the Board of Trustees. The overall purpose of the committee is to support the board in ensuring the maintenance of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management of the organisation.

The work of the Finance Committee this year has included:

- Regular review of the management accounts.
- Scrutiny and challenge on value for money within the trust.
- Strategic oversight and guidance on the development and implementation of the zero-based budgeting approach.
- 2018/19 budget approval.
- Oversight of the organisation's reserves.
- Scrutiny of the trust-wide continuing professional development offer costs.

Education and Personnel Committee

The Education and Personnel Committee is a committee of the Board of Trustees. Its core purpose is to provide strategic direction, scrutiny, challenge and support for educational outcomes and curriculum development for the academies. The Committee also is responsible for overseeing trust-wide personnel matters and has delegated authority to appoint senior staff, as well address matters of remuneration.

The work of the Education and Personnel Committee this year has included:

- Regular review of the performance of each of E-ACT's academies, identifying risks and challenging intervention, with a specific deeper focus on those academies not yet rated 'good'.
- Review of academy exam results, both individually and system wide, and strategic oversight of improvement actions throughout the year, including ways to enhance collaboration between schools.
- Approval and monitoring of the Education Plan
- Strategic input on trust-wide education and enrichment strategies, for example attendance, English and Maths mastery and the pupil passport.
- Strategic oversight of safeguarding across E-ACT including scrutiny and challenge on safeguarding audit findings.
- Regular oversight of safeguarding incidents, policy compliance and strategy.
- Annual review of trust-wide education and personnel policies due for review.
- Strategic oversight of the trust-wide continuing professional development plan and external HR provision.
- Approval of leadership team objectives for the year.

- Strategic oversight of the trust-wide mental health strategy.
- Strategic oversight and monitoring of staff vacancies, recruitment and retention.

Review of Value for Money

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

The accounting officer considers how the academy trusts 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:

- Continuation of embedding a Zero Based Budgeting approach to annual budgeting and forecasting.
- Increased transparency in internal management reporting with all member of an Extended ELT being part of the group budgeting process, will all having sight of every cost in the group.
- Facilitated pier to pier challenge on educational and operational spend during the year.
- Setting value for money targets for the group as a whole and new regional targets for the 2018/19 academic year.
- Benchmarking against other trusts

System of internal control

The system of internal control is designed to manage risk to a level that sits within an appetite agreed for the trust 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 utilises internal scrutiny, user experience, and objective data sets to provide trustees and our regulator with assurance that both the framework, and the regional models are functioning effectively. The SIC works in complement with the external control functions operated by Ofsted and our external auditors, KPMG.

The system of internal control has been in place in E-ACT multi-academy trust for the period 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees,
- Reviews by the Finance, Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

Following the decision of the Board of Trustees to employ its own internal audit function led by the Head of Internal Audit and Risk Management, the function has been in operation during the year under review. In that time the following internal audits were undertaken and include:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts and bank reconciliation.
- Financial management
- Human resources and related processes
- Health & safety.
- Pupil premium funding
- Governance
- Procurement
- Attendance procedures
- Safeguarding referrals and
- Cyber security.

The internal audit provision within the trust meets the statutory financial obligations within the Academies Financial Handbook. The function also exceeds this by undertaking wider reviews across all facets of the trust and is driven by continual improvement. Validation of E-ACT values and delivery of regional and national priorities identified by trustees.

Throughout 2017/18 the IA team delivered 72 audit reviews. This comprised of 6 national and 46 regional internal audit reviews. There was also 6 national follow up reviews and 14 regional follow up reviews. These were delivered across 7 topic areas with 3 being education based and 4 being operation based.

The head of internal audit and risk meets in a closed session with the trustees of the Audit and Risk Committee prior to each meeting. In addition, internal audits are discussed at the committee most appropriate to the area, and when an audit involves trust-wide analysis, it is also discussed at the Board of Trustee meeting. The Internal Audit team has worked to schedule during the year.

Review of Effectiveness

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

- The work of the internal auditor
- The work of the external auditor
- The governance self-review
- The work of the executive managers within the multi-academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 12 December and signed on its behalf by:



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Accounting Officer

12 December 2018

Statement of regularity, propriety and compliance

As accounting officer of E-ACT, I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust,, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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Statement of Trustees' responsibilities in respect of the trustees annual report and the financial statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent¹;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 ESFA/Department for Education 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 UK 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 12 December 2018



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E-ACT

Opinion

We have audited the financial statements of E-ACT ("the charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2017 to 2018* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of Trustees and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of the Trustees and Governance Statement for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 68 the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



19 December 2018

Michael Rowley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education and Skills Funding Agency

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

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27th April 2016 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

Conclusion

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



19 December 2018

Michael Rowley
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Statement of financial activities for year ended 31 August 2018 (including income and expenditure account)

All Academies						
	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Income and endowments from:						
Donations and Capital grant	3	553	-	2,816	3,369	2,743
Transfers of existing academies						1,768
Transfer from local authority on conversion		-	(1,682)	9,174	7,492	8,886
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	4	348	99,288	-	99,636	96,627
Teaching Schools						114
Other trading activities	5	1,545	-	-	1,545	1,879
Investments	6	56	-	-	56	31
Total		2,502	97,606	11,990	112,098	112,048
Expenditure on:						
Raising funds	7					
<i>Charitable activities:</i>						
Grants	8	-	126	-	126	342
Academy trust educational operations	9	1,006	104,387	8,597	113,990	112,067
Teaching schools						111
Total		1,006	104,513	8,597	114,116	112,520
Net income / (expenditure)		1,496	(6,907)	3,393	(2,018)	(472)
Transfer between funds	19	(1,191)	715	476	-	-
Other recognised gains and (losses)						
Actuarial (losses) gains on defined benefit pension schemes.	30	-	12,655	-	12,655	2,238
Net movement in Funds		305	6,463	3,869	10,637	1,766
Reconciliation of funds						
Total funds brought forward		3,033	(36,084)	158,431	125,380	123,614
Total funds carried forward		3,338	(29,621)	162,300	136,017	125,380

Under E-ACT's funding agreement, the trust is permitted to transfer funds from within unrestricted funds to restricted general funds, and also from restricted general funds to restricted fixed asset funds. During the year and as planned, the trust moved unrestricted funds to cover educational spend and fixed asset spend.

Balance Sheet 31 August 2018

Company Number 0652 6376

	Notes	E-ACT 31 August 2018 £'000	E-ACT 31 August 2017 £'000
Fixed Assets			
Intangible assets	13	87	122
Tangible assets	14	162,213	158,309
Current Assets			
Stock	15	28	45
Debtors	16	5,287	4,914
Cash at bank and in hand		10,168	8,530
		<u>15,483</u>	<u>13,489</u>
Liabilities			
Creditors: Amount falling due within one year	17	(11,555)	(9,977)
Net current assets		<u>3,928</u>	<u>3,512</u>
Total assets less current liabilities		166,228	161,943
Creditors: Amounts falling due after more than one year	18	-	-
Net Assets excluding pension scheme liability		166,228	161,943
Defined benefit pensions scheme liability	30	(30,211)	(36,563)
Total net assets		136,017	125,380
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	19	162,300	158,431
Restricted income fund	19	590	479
Pension Reserve	19	(30,211)	(36,563)
Total restricted funds		132,679	122,347
Unrestricted income funds	19	3,338	3,033
Total funds		136,017	125,380

The financial statements on pages 76 to 98 were approved by the trustees and authorised for issue on 12 December 2018 and signed on their behalf by:



Michael Wemms

Chair of E-ACT



David Moran

Chief Executive Officer and Accounting Officer

Cash flow statement for the year ended 31 August 2018

	Notes	31 August 2018 £'000	31 August 2017 £'000
Cash Flow from operating activities			
Net cash provided by (used in) operating activities	23	2,535	1,159
Cash flows from investing activities	25	(897)	(667)
Cash flows from financing activities	24	-	-
Change in cash and cash equivalents in reporting period		<u>1,638</u>	<u>492</u>
Cash and cash equivalents at 1 September 2017		8,530	8,038
Cash and cash equivalents at 31 August 2018	26	<u>10,168</u>	<u>8,530</u>

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Notes to the financial statements

1. Accounting policies

Basis of preparation

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

E-ACT meets the definition of a public-funded benefit entity under FRS 102.

Going concern

E-ACT's business activities, together with the factors likely to affect its future development, performance and position are set out within this report and the trustees report. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has some financial resources in the form of reserves together with long-term contracts under the Master Funding Agreement's with the Department for Education. Consequently, the Trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trusts 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 incoming resources are recognised when E-ACT has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted funds.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. The annual School Condition Allocation (SCA) grant is an exception, as the grant

covers a period of April to March as opposed to E-ACTs financial year, the grant is deferred accordingly.

- **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 the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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. The income is recognised within 'Income from other trading activities'

- **Transfer on conversion**

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

- **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets required

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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.

- **Interest receivable**

Interest earned on cash balances is recognised in the Statement of Financial Activities in the period in which it is receivable.

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

These are costs 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.

All resources expended are inclusive of any irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software – over 3 years, or useful economic life.

Tangible fixed assets

Assets £500 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 or valuation and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Freehold Buildings – over 50 years, or useful economic life.
- Leasehold Land – over the length of lease, or useful economic life.
- Long leasehold buildings – lower of 50 years, length of lease, or useful economic life.
- Short leasehold buildings – over the period of the lease
- ICT equipment and software – 3 years, or useful economic life.
- Fixtures, fittings and equipment – 5 years, or useful economic life.
- Motor vehicles – 5 years, or useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

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.

Financial instruments

Debtors and Creditors are accounted for at the point when they become due and are calculated for on an accruals basis. Cash is counted for at the point of either receipt or payment.

Provisions

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security and not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to a charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

E-ACT 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

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

The LGPS is a funded multi-employer 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 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 inductions, 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.

Defined contribution scheme**i) Head office Pension Scheme**

Head office employees historically have had the option of joining a defined contribution scheme operated by Scottish Widows. The pension costs for the scheme represent the contributions payable in the period. This is a defined contribution scheme, and contributions for the year amounted to £137k.

Fund accounting

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

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

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

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fixed assets are depreciated over their expected useful lives taking into account residual values, where appropriate. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset.

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

2. General Academy Grant (GAG)

In line with the funding agreement, E-ACT is not subject to limits on the carry forward of GAG

3. Donated and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Capital grants	-	2,816	2,816	2,603
Donated Fixed assets	-	9,174	9,174	10,790
Other donations	553	-	553	1,029
Pension liability transferred in	-	(1,682)	(1,682)	(1,025)
	553	10,308	10,861	13,397

4. Funding for the Academy Trusts Education Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
DfE/EFA Grants				
General Annual Grant (GAG)	-	95,908	95,908	92,571
Start Up Grants	-	162	162	193
Other DfE/EFA grants	-	512	512	580
	-	96,582	96,582	93,344
Other Government grants				
Local authority grants	-	2,706	2,706	2,678
Special educational projects	-	2,706	2,706	2,678
	-	-	-	-
Other income from the academy	348	-	348	605
Trusts educational operations	348	99,288	99,636	96,627

5. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Hire of facilities	642	-	642	716
Income from other charitable activities				
Income from ancillary trading activities	903	-	903	1,163
	<u>1,545</u>	<u>-</u>	<u>1,545</u>	<u>1,879</u>

6. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Short term deposit	56	-	56	31
	<u>56</u>	<u>-</u>	<u>56</u>	<u>31</u>

7. Expenditure

	Staff Costs £'000	Non Pay Expenditure		Total 31 August 2018 £'000	Total 31 August 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds	-	-	-	-	-
Cost of existing Academies moving out of the Trust	-	-	-	-	-
Academy's educational operations:					
Direct Costs	65,170	-	7,206	72,376	69,116
Allocated Support costs	14,631	6,412	20,697	41,740	43,293
Teaching School	-	-	-	-	111
	<u>79,801</u>	<u>6,412</u>	<u>27,903</u>	<u>114,116</u>	<u>112,520</u>

Please refer to note 30 for further detail of resources expended, on an Academy by Academy basis.

Net income/(expenditure) for the period includes:

	Total 31 August 2018	Total 31 August 2017
Operating lease rentals	323	356
Depreciation	8,579	8,946
(Gain)/loss on disposal of fixed assets	-	4,037
Amortisation of intangible fixed assets	60	80
(included within Charitable Activities – Academy trust educational operations)	-	-
Fees payable to auditors for:		
- Audit	75	80
- Other services	8	5
	<u>8</u>	<u>5</u>

There was no costs included within expenditure for the items listed below.

	Total	Individual items above £5,000	
		Amount	Reason
Compensation payments	-	-	
Gifts made by the trust	-	-	
Fixed asset losses	-	-	
Stock losses	-	-	
Unrecoverable debts	-	-	
Cash losses	-	-	

	Total	Individual items	
		Amount	Reason/nature
Ex-gratia payments	-	-	

For the Financial Year ended 31 August 2018, there were no ex-gratia payments.

8. Analysis of grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2017/18 £'000
Pre-opening grants	-	76	-	76
Mat Development fund	-	10	-	10
EIG Grant	-	40	-	40
Support Grant	-	-	-	-
	-	126	-	126

9. Charitable activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Direct costs – educational operations	72,376	69,116
Support costs – educational operations	41,614	42,951
	113,990	112,067

Analysis of Support costs

	Total 2018 £'000	Total 2017 £'000
Support staff costs	13,030	12,894
Depreciation	8,597	9,025
Technology costs	1,994	2,471
Premises costs	6,622	6,562
Other support costs	10,980	11,648
Governance costs	391	351
Total support costs	41,614	42,951

10. Staff

a. Staff costs during the period were

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Wages and salaries	59,204	57,406
Social security costs	5,771	5,560
Pension costs	8,761	8,270
Apprenticeship Levy	281	111
	74,017	71,347
Agency staff costs	3,511	3,383
Staff restructuring costs	512	202
	4,024	3,585
Staff restructuring costs comprise:		
Redundancy Payments	278	-
Severance Payments	234	202
Other restructuring costs	-	-
	512	202

b. Non Statutory/non-contractual staff severance payments

Included in staff restructuring costs are 7 non-statutory/non-contractual severance payments totalling £64k (2017: £nil). Individually, the payments made were: £5k Nov-18, £15k April-18, £10k April-18, £10k April-18, £3k May-18, £15k Nov-18, £6k Feb-18.

c. Staff numbers

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

	2018	2017
Teachers	931	902
Administration and Support (including educational support staff)	1,171	1,089
Management	162	175
	2,264	2,166

d. Higher paid staff

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

	2018 (No.)	2017 (No.)
£60,001-£70,000	49	45
£70,001-£80,000	17	25
£80,001-£90,000	7	11
£90,001-£100,000	8	9
£100,001-£110,000	6	2
£110,001-£120,000	3	5
£120,001-£130,000	3	3
£130,001-£140,000	-	1
£140,001-£150,000	-	2
£150,001-£160,000	2	1
£160,001-£170,000	-	-

e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees (whom work on a voluntary basis), the senior management team and regional senior personnel as listed below. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £4,162,776 (2017: £3,707,040).

Included in the above figures are: Central Executive Leadership Team, Regional Education Directors, Regional Operations Directors and Academy Head Teachers

f. Central Services

The E-ACT trust has provided the following central services to its Academies during the year:

Chief Executives Office, Business Planning and Strategy, Central HR and Training, Legal, Internal and External Communications, IT, Central Finance and Procurement, Governance, Educational Improvement and Estates Support.

As from 2017 the academy trust, in line with the funding agreement with the Department of Education pools the General Annual Grant (GAG) and therefore does not recharge out central services.

11. Trustees Remuneration and Expenses

One trustee, the CEO, has been paid remuneration benefits from employment with the academy trust. The principals receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustee's remuneration and other benefits was as follows:

Remuneration from 1 September 2017 to 31 August 2018

David Moran (Chief Executive Officer): £155,832

Employer's Pension contributions: £9,350

During the period ended 31 August 2018, travel and subsistence expenses totalling £4,840 (2017: £4,523) were reimbursed or paid directly to 7 trustees (2017: 3 Trustees).

12. Trustees' and Officers' Insurance

E-ACT is a member of the DfE's RPA (Risk Protection Arrangement). The risk protection arrangement is an alternative to commercial insurance for academy trusts. Under RPA, the UK government covers the losses of commercial insurance including trustees and officers liability cover.

13. Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2017	734	734
Additions	25	25
Disposals	(27)	(27)
At 31 August 2018	732	732
Amortisation		
At 1 September 2017	612	612
Charged in the year	60	60
Disposals	(27)	(27)
At 31 August 2018	645	645
Carrying amount		
At 31 August 2017	122	122
At 31 August 2018	87	87

14. Tangible Fixed Assets

	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets in the course of construction	Total 31 August 2018 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2017	180,683	9,934	12,353	112	432	203,514
Acquisitions						
Additions	10,200	2,295	388	18	(418)	12,483
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	190,883	12,227	12,737	130	14	215,991
Depreciation						
At 1 September 2017	28,558	4,984	11,578	85	-	45,205
Charged in the year	5,801	2,252	508	18	-	8,579
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	34,359	7,234	12,082	103	-	53,778
Net book values						
At 31 August 2017	152,125	4,950	775	27	432	158,309
At 31 August 2018	156,524	4,993	655	27	14	162,213

The academy trusts transactions relating to land and buildings included;

- The taking up of a lease on 1st September for nil consideration over a term of 125 years.
- The taking up of a lease on 1st April for nil consideration over a term of 125 years.

15. Stock

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Clothing	28	45
	28	45

16. Debtors

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade Debtors	84	198
Prepayments and accrued income	4,068	3,853
VAT recoverable	702	490
Intercompany debtor	-	-
Other debtors	432	373
	5,287	4,914

Debtors are accounted for at the point when they become due and are calculated for on an accruals basis.

17. Creditors: amounts falling due within one year

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade creditors	2,238	1,805
Other taxation and social security	1,499	1,430
Other creditors	2,466	2,265
Accruals and deferred income	5,351	4,477
	11,555	9,977

	Total 31 August 2018 £'000
Deferred income at 1 September 2017	1,803
Resources deferred in year	2,826
Amounts released from previous years	(1,803)
Deferred income at 31 August 2018	2,826

At the balance sheet date the academy trust was holding funds received in advance for devolved formula capital (£201k) grant for 2018/19 academic year and SCA funding (£1,124k).

18. Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Other Creditors	-	-

19. Funds

	Balance at 1 September 2017 £'000	Transfer in during the year £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2018 £'000
Restricted General Funds						
General annual grant (GAG)	349	-	87,828	(88,302)	715	590
Start-up grant	-	-	162	(162)	-	-
Pupil Premium	130	-	8,079	(8,209)	-	-
Other grants	-	-	3,219	(3,219)	-	-
Pension Reserve	(36,563)	(1,682)	-	8,034	-	(30,211)
	(36,084)	(1,682)	99,288	(91,857)	715	(29,621)
Restricted fixed asset funds						
DfE/EFA capital grants	158,431	9,174	2,816	(8,597)	476	162,300
Capital expenditure from GAG	-	-	-	-	-	-
	158,431	9,174	2,816	(8,597)	476	162,300
Total restricted funds	122,347	7,492	102,104	100,455	1,191	132,679
Total Unrestricted funds	3,033	-	2,502	(1,007)	(1,191)	3,337
Total funds	125,380	7,492	104,606	(101,461)	0	136,017

Total funds analysis by academy

Funds balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
E-ACT Group	3,928	3,512
Total before fixed asset fund and pension reserve	3,928	3,512
Restricted fixed asset fund	166,228	158,431
Pension reserve	(30,211)	(36,563)
Total	136,017	125,380

Operating Funds for the Group are in surplus of £3,928k, these are presented as a Group balance due to E-ACT adopting the new funding agreement in 2016 and being able to 'pool' GAG income. The group continues to work on extended financial plans to ensure financial stability for our Academies and students.

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

All funds will be applied to education and the support of education for E-ACT students in line with E-ACT charitable objectives. Due to E-ACT using the latest DfE funding agreement funds are retained centrally.

Total cost analysis by region and academy.

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Blackley Academy	1,665	199	291	222	2,378	2,309
Oldham Academy	3,944	719	700	575	5,937	6,106
Parkwood Academy	3,650	189	565	398	4,803	5,354
Pathways Academy	1,731	98	294	213	2,335	2,324
Regional	466	1,067	129	69	1,730	510
North Region Total	11,456	2,271	1,979	1,476	17,183	16,603
Braintcroft Academy	966	153	136	112	1,367	-
Burnham Park Academy	1,811	232	384	367	2,793	3,559
Chalfont Valley Academy	551	119	165	105	940	810
City Heights Academy	4,172	292	657	545	5,666	5,112
The Crest Academy	4,720	421	1,066	1,041	7,249	7,764
Denham Green Academy	637	149	133	112	1,031	933
Regional	424	1,235	48	95	1,802	768
South and Buckinghamshire Region Total	13,281	2,601	2,588	2,377	20,848	18,946
Greenfield Primary Academy	1,346	159	279	143	1,927	2,143
Hareclive Academy	1,261	237	287	209	1,993	2,404
Perry Court	1,208	170	196	154	1,727	-
Ilminster Avenue Academy	1,186	126	223	104	1,638	1,623
St Ursula's Academy	1,353	181	265	137	1,936	1,998
Regional	1,124	388	128	168	1,808	650
South West Region Total	7,478	1,260	1,378	915	11,030	8,818
DSL V	3,831	473	485	474	5,263	5,649
Parker Academy	2,904	378	297	338	3,917	3,830
Heartlands Academy	3,809	433	495	736	5,473	6,348
Mansfield Green Academy	1,589	303	307	170	2,369	2,604
Merritts Brook Academy	783	72	176	130	1,161	1,204
Nechells Primary Academy	751	165	194	142	1,252	1,284
North Birmingham Academy	4,185	582	706	854	6,328	6,890
Reedswood Primary Academy	1,404	243	259	120	2,025	2,148
Shenley Academy	4,617	523	783	647	6,570	7,061
West Walsall Academy	3,201	555	502	334	4,592	4,776
Willenhall Academy	4,819	434	658	706	6,616	7,240
Regional	179	227	50	16	471	726
Midlands Region Total	32,473	5,951	5,097	4,738	48,259	50,188
Head Office	-	2,031	641	907	3,580	3,518
Total	64,688	14,114	11,683	10,413	100,900	98,073

20. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	87	87
Tangible fixed assets	-	-	162,213	162,213
Current assets	3,337	12,146	-	15,483
Current liabilities	-	(11,555)	-	(11,555)
Pension scheme liability	-	(30,211)	-	(30,211)
Total net assets	3,337	(29,621)	162,300	136,017

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	122	122
Tangible fixed assets	-	-	158,309	158,309
Current assets	3,033	10,456	-	13,489
Current liabilities	-	(9,977)	-	(9,977)
Pension scheme liability	-	(36,563)	-	(36,563)
Total net assets	3,033	(36,084)	158,431	125,380

21. Capital Commitments

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Contracted for, but not provided for in the financial statements.	41	272

22. Commitments under operating leases

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

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Amounts due within one year	237	259
Amounts due between one and five years	102	223
Amounts due after five years	-	-
	339	482

23. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(2,019)	(472)
Adjusted for:		
Less fixed assets transferred / donated in	(9,174)	(10,790)
Amortisation (note 13)	60	80
Depreciation (note 14)	8,579	8,946
Impairment on building	-	(264)
Capital grants from DfE and other capital	(2,816)	(2,603)
Interest receivable (note 6)	(56)	(31)
(Profit) / Loss on disposals	-	4,037
Defined benefit pension scheme cost less contributions payable (note 30)	4,073	707
Defined benefit pension scheme finance cost (note 30)	985	677
Add pension liability transferred in	1,681	1,025
Less pension liability transferred out		
(Increase)/decrease in stocks	17	12
Decrease/(increase) in debtors	(373)	(1,629)
(Decrease)/increase in creditors	1,578	1,464
Net cash provided by / (used in) operating activities	2,535	1,159

24. Cash flows from financing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Repayment of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

25. Cash flows from investing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Dividends, interest and rents from investments	56	31
Purchase of intangible fixed assets	(26)	(61)
Purchase of tangible fixed assets	(3,743)	(3,240)
Capital grants from DfE/EFA	2,816	2,603
Net cash provided by / (used in) investing activities	(897)	(667)

26. Analysis of cash and cash equivalents

	At 1 September 2017 £'000	Cash flows £'000	At 31 August 2018 £'000
Cash in hand and at bank	8,530	1,638	10,168
Surplus on local authority funds	-	-	-
	8,530	1,638	10,168

27. Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities as at 31 August 2018.

28. Contingent liabilities

There are no contingent liabilities held on the balance sheet date.

29. 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.

30. 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 scheme managers listed below. Both are multi-employer defined benefit schemes.

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

Scheme managers

Greater Manchester Pension Fund – Blackley Academy
Buckinghamshire County Council Pension Fund – Burnham Park Academy
Lambeth Pension Scheme – Braintcroft
Buckinghamshire County Council Pension Fund – Chalfont Valley Academy
Lambeth Pension Scheme – City Heights Academy
London Borough of Brent Pension Fund – Crest Academy
Northamptonshire County Council Pension Fund – Danetre and Southbrook Learning Village Academy
Buckinghamshire County Council Pension Fund – Denham Green Academy
Avon Pension Fund – Greenfield Primary Academy
West Midlands Pension Fund – Heartlands Academy
Avon Pension Fund – Hareclive Academy
Avon Pension Fund – Ilminster Avenue Academy
West Midlands Pension Fund – Mansfield Green Academy
West Midlands Pension Fund – Merritts Brook Primary Academy
West Midlands Pension Fund – Nechells Primary Academy
West Midlands Pension Fund – North Birmingham Academy
Greater Manchester Pension Fund – Oldham Academy
Northamptonshire County Council Pension Fund – Parker Academy
South Yorkshire Pension Fund – Parkwood Academy
South Yorkshire Pension Fund – Pathways Academy
Avon Pension Fund – Perry Court
West Midlands Pension Fund – Reedswood Primary Academy
West Midlands Pension Fund – Shenley Academy
Avon Pension Fund – St Ursula's Academy
West Midlands Pension Fund – West Walsall Academy
West Midlands Pension Fund – Willenhall Academy

Contributions amounting to £352,620 (2017:£366,821) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates are 16.48% of pensionable 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% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based as at April 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 £5,503,008 (2017 £5,490,652).

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 an underfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 was £3,327,921 (2017: £3,735,000), of which employers' contributions totalled £2,966,000 (2017: £2,766,000) and employees' contributions totalled £X (2017: £969,000). The agreed contribution rates for future years range from 14.5% to 32.5% per cent for employers and range from 5.5% to 12.5% per cent for employees.

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

Principal Actuarial Assumptions

	31 August 2018 Range	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Rate of increase salary	3.8%	2.0%	4.2%	2.7%
Rate of increase for pension in payment/inflation	2.4%	2.2%	2.7%	2.2%
Discount rate for scheme liabilities	2.9%	2.7%	2.6%	2.4%
Inflation assumption (CPI)	2.4%	2.1%	2.7%	2.2%
Commutation of pensions to lump sums	50%	50%	50%	50%

E-ACT has not conducted a sensitivity analysis on the key assumptions used within the actuarial valuations. It is deemed that the figures are subjective and are not referred to by wider government when actually calculating funding for the LGPS pension rates and the valuations as necessary.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 August 2018 Range (top)	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Retiring Today				
Males	26.2	21.5	26.0	21.4
Females	28.8	23.9	28.7	23.9
Retiring in 20 years				
Males	26.3	23.0	26.2	22.9
Females	28.5	25.8	28.3	25.7

The academy trusts share of the assets in the scheme was:

	2018 £000	2017 £000
Equities	31,063	28,622
Bonds	7,249	6,470
Property	4,138	3,183
Cash	3,042	1,956
Other	4,485	3,726
Total Market Value of Assets	49,977	43,957

The actual return on scheme assets was £1,898,000 (2017: £4,533,000)

Amounts recognised in the statement of financial activities

	2017/8 £'000	2016/7 £'000
Current Service cost	(6,362)	(5,401)
Transfer in from new academy	(1,682)	(1,025)
Interest income	1,187	792
Interest cost	(2,144)	(1,559)
Benefit changes, gain/(loss) on curtailment and gain / (loss) on settlement	0	113
Admin expenses	(27)	(23)
Total amount recognised in the SOFA	(9,028)	(7,103)

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

	2017/8 £'000	2016/7 £'000
At 1 September	80,520	70,560
Upon conversion		
Current service cost	6,362	5,401
Interest cost	2,144	1,559
Employee contributions	1,009	974
Actuarial (gain)/loss	(11,694)	1,464
Benefits paid	(616)	(830)
Losses or gains on curtailments	-	-
Business Combinations	(208)	(314)
Transfer in from new academies	2,671	1706
Academies transferring out	-	-
At 31 August	80,188	80,520

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

	2017/8 £'000	2016/7 £'000
At 1 September	43,957	34,168
Interest Income	1,186	792
Administrative Expenses	(27)	(23)
Return on plan assets (excluding net interest on the defined pension liability)	405	3,851
Actuarial (gain)/loss	-	(149)
Employer contributions	3,339	4,694
Employee contributions	1,009	974
Benefits paid	(616)	(830)
Plan introductions, benefit changes, curtailments and settlements	334	(201)
Transfer in from new academies	390	681
Academies transferring out	-	-
At 31 August	49,977	43,957

31. Related Party Transactions

Owing to the nature of the Academy Trust's 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

During the year E-ACT had 3 commercial transactions with GE Electrical for minor electrical works. The total of these transactions was £570. The related party in E-ACT was not involved in the procurement process.

During the year E-ACT transacted with 2 educational (charity) organisations, which has given rise to a related party transaction as follows.

£500 was paid to the King Edward Foundation as a membership fee.

In 2014 the Edge Academy in Birmingham became an establishment that took on students who could not succeed in main stream education. As part of this transformation Head Teachers from Birmingham were brought together to sit on the LGB of this Academy, this included a Head teacher from an E-ACT Academy. Whilst the original E-ACT head teacher is no longer with our organisation, the subsequent head teacher has taken over a membership place on the LGB at The Edge Academy. E-ACT does refer students to The Edge and the related costs for the year were £67k.

32. Transfer of existing academies into the trust

On 1st September 2017 Perry Court primary in Bristol joined the trust and on the 1st April Braintcroft Primary in London joined the trust.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain of £374k in the statement of financial activities.

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

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000
Tangible Fixed Assets	-	-	-	-
Leasehold land and buildings	-	-	9,170	9,170
Other tangible fixed assets	-	-	4	4
LGPS pension deficit	-	(1,682)	-	(1,682)
Net Assets / (Liabilities)	-	(1,682)	9,174	7,592

33. Events after the end of the reporting period

Following the 2017/18 balance sheet date, three schools joined the E-ACT trust. Bourne End, Badocks Wood and Royton and Crompton joined E-ACT as Academies on the 1st September 2018.

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Financial statements



Governance statement

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that the E-ACT academy trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than to 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 operational responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between E-ACT 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 may be comprised of no fewer than three people, and currently consists of 11, not counting the chief executive as an ex-officio trustee. All members of the board are unpaid in their roles as trustees.

The board continue to follow their decision that members should not be separate from trustees and during the financial year under review, five trustees were also members. This choice is seen to ensure greater benefit for our pupils by not separating out key decision making powers from the strategic trustee group. A check and balance is in place in the form of the vice-chair who holds the independent trustee role which can be approached by other trustees if there is a belief good governance is not being followed.

At the end of the 2017/18 financial year, the Board of Trustees comprised the following:

- 11 trustees appointed by the members (Articles 45-50); and
- The chief executive, as an ex-officio trustee (Articles 50B and 57).

At the time of approving the accounts, the Board of Trustees currently comprises the following:

- 11 trustees appointed by the members (Articles 45-50)

The following information in this governance statement relates only to the 2017/18 academic and financial years.

Over the course of the 2017/18 year, the members have appointed five new trustees Pamela Coles, Gurpreet Dehal, Brian Lightman, Nadeem Kiyani and Cameron Pyke.

Pamela is the group company secretary at Rolls Royce, and an expert in company law and corporate governance.

Gurpreet is an experienced risk management specialist and currently sits on several high-profile boards including HEFCE, and Valuation Office Agency.

Brian was general secretary of ASCL and is now an educational advisor. He has an extensive background in education and teaching.

Nadeem has a strong background in investment banking and sits on the council of trustees for AQA.

Cameron is a Deputy Director at Dulwich College, where he teaches history,

Claire Trewartha stood down at the start of the 2017-18 academic year.

Charles Bellringer is an experienced non-executive director who left in January 2018.

Committee composition

The Board of Trustees appoints members of the Audit and Risk Committee, the Finance Committee, and the Education and Personnel Committee. The committees are made up of trustees and the relevant Executive Leadership Team leads are regular attendees to the meetings. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings. A closed session is available for internal audit and trustees prior to every Audit and Risk Committee. A closed session is made available for external audit and trustees prior to approval of the accounts.

The Board of Trustees

At trustee level, the predominance of the interrogation and scrutiny happens at the following committees: Finance, Audit and Risk, and Educational and Personnel. These committees have delegated authority on certain decisions, as detailed in the Scheme of Delegation and the Chair of each committees reports back to full board at each meeting. Each committee also has the ability to raise matters to board for further consideration.

Each group of meetings is called a cycle and there were five cycles in the 2017-18 academic year. Attendance is noted as follows:

Trustee name	Joined	Left	Board	Audit and Risk	Finance	Education & Personnel
Michael Wemms	25/02/2015		5 out of 5	5 out of 5	5 out of 5	5 out of 5
Jean Scott	12/12/2014		5 out of 5	x	x	4 out of 5
Sean Alleyne	24/07/2013		4 out of 5	5 out of 5	5 out of 5	x
Theresa Keating	15/05/2015		5 out of 5	5 out of 5	5 out of 5	x
Angus Hislop	14/12/2016		5 out of 5	x	x	5 out of 5
Bryan Winchester	24/03/2016		5 out of 5	x	x	4 out of 5
Brian Lightman	10/11/2017		3 out of 4	x	x	2 out of 4
Cameron Pyke	14/09/2017		4 out of 5	x	x	5 out of 5
Pamela Coles	21/09/2017		4 out of 5	5 out of 5	5 out of 5	x
Nadeem Kiyani	10/11/2017		2 out of 4	4 out of 4	4 out of 4	x
Gurpreet Dehal	03/11/2017		4 out of 4	3 out of 4	3 out of 4	x
Charles Bellringer	14/09/2017	04/10/2017	1 out of 1	x	x	1 out of 1
Claire Trewartha	14/12/2016	23/03/2017	0 out of 1	0 out of 0	0 out of 0	0 out of 0

Board of Trustees

The Board of Trustees meets five times a year which complements the regional governance model, and the committee cycle. The trustees do not feel that they need to meet more frequently in order to discharge their obligations for the following reasons:

The governance structure provides a framework of robust challenge and interrogation from academy to trustee. The process begins at academy level with the Raising Achievement Boards at which the regional directors, and AAGs hold headteachers to account. The outcomes from those meetings form the context of the regional picture which is interrogated at the Regional Performance Boards at which the regional directors are held to account by the executive.

The regional performance boards inform the national picture which the specialist committee interrogate and hold the executive to account. The full board challenges and interrogates on overarching trust-wide matters, including those of strategy and direction.

The trustees regularly discuss strategic matters, and organisational development outside of cycle amongst themselves and with their respective ELT lead. In addition, they are updated out of cycle on key matters such as Ofsted visits, financial matters, and audit findings, as well key staffing appointments and changes.

Key pieces of work throughout the year have included:

- Approval of a revised scheme of delegation
- Approval of the addition of the following academies to strengthen their respective regions:
- Perry Court E-ACT Academy: 1 September 2017
- Braintcroft E-ACT Academy: 1 April 2018
- Implementing the recommendations of the board effectiveness review
- A board strategy day on 7 February 2018 which focussed on strengthening the regions.
- Taking a relentless pupil centred approach to all board meetings that has seen improvements in outcomes across the trust.
- (With critical work also being undertaken by the Finance Committee) embedding of the zero-based budgeting approach, which aims to even out disparities between academy funding by allocating funds on the basis of need. Development of academy budgets is inextricably linked to curriculum development, ensuring each academy has the funding required to meet the specific needs of its pupils.

Audit and Risk Committee

The Audit and Risk Committee is a committee of the Board of Trustees. Its purpose is to ensure the quality and integrity of the organisation's risk management framework; accounting and reporting practices, controls and financial statements; legal and regulatory compliance; the auditor's qualifications and independence; and the performance of the company's internal audit function and independent auditors.

The work of the Audit and Risk Committee this year has included:

- Oversight of the KPMG Audit 2017/18.
- Closure of the 2016/17 Audit Management Letter actions, all of which are completed.
- Strategic oversight and scrutiny of the internal audit plan
- Continued scrutiny and challenge in relation to improving procurement compliance and processes.
- Strategic review and challenge of the transfer of new academies under the due diligence processes.
- Oversight of a series of external health and safety audits for every academy and follow-up on actions to gain assurance of health and safety standards across the organisation.

- Recommendation of the statutory accounts to the board.
- Strategy oversight and scrutiny of the risk management framework, along with scrutiny and challenge relating to the embedding of risk management across the organisation
- Oversight of organisational whistleblowing investigations and oversight of the investigation reports.
- Scrutiny and challenge of the capability matrix, designed to improve the way risk is understood and embedded within the organisation, as well as identify under capacity areas and understand challenges in advance
- Oversight of organisational reputational risk and escalation of this risk within the overall risk framework – challenge to the Executive Leadership Team regarding how this is managed and mitigated.

Finance Committee

The Finance Committee is a committee of the Board of Trustees. The overall purpose of the committee is to support the board in ensuring the maintenance of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management of the organisation.

The work of the Finance Committee this year has included:

- Regular review of the management accounts.
- Scrutiny and challenge on value for money within the trust.
- Strategic oversight and guidance on the development and implementation of the zero-based budgeting approach.
- 2018/19 budget approval.
- Oversight of the organisation's reserves.
- Scrutiny of the trust-wide continuing professional development offer costs.

Education and Personnel Committee

The Education and Personnel Committee is a committee of the Board of Trustees. Its core purpose is to provide strategic direction, scrutiny, challenge and support for educational outcomes and curriculum development for the academies. The Committee also is responsible for overseeing trust-wide personnel matters and has delegated authority to appoint senior staff, as well address matters of remuneration.

The work of the Education and Personnel Committee this year has included:

- Regular review of the performance of each of E-ACT's academies, identifying risks and challenging intervention, with a specific deeper focus on those academies not yet rated 'good'.
- Review of academy exam results, both individually and system wide, and strategic oversight of improvement actions throughout the year, including ways to enhance collaboration between schools.
- Approval and monitoring of the Education Plan
- Strategic input on trust-wide education and enrichment strategies, for example attendance, English and Maths mastery and the pupil passport.
- Strategic oversight of safeguarding across E-ACT including scrutiny and challenge on safeguarding audit findings.
- Regular oversight of safeguarding incidents, policy compliance and strategy.
- Annual review of trust-wide education and personnel policies due for review.
- Strategic oversight of the trust-wide continuing professional development plan and external HR provision.
- Approval of leadership team objectives for the year.

- Strategic oversight of the trust-wide mental health strategy.
- Strategic oversight and monitoring of staff vacancies, recruitment and retention.

Review of Value for Money

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

The accounting officer considers how the academy trusts 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:

- Continuation of embedding a Zero Based Budgeting approach to annual budgeting and forecasting.
- Increased transparency in internal management reporting with all member of an Extended ELT being part of the group budgeting process, will all having sight of every cost in the group.
- Facilitated pier to pier challenge on educational and operational spend during the year.
- Setting value for money targets for the group as a whole and new regional targets for the 2018/19 academic year.
- Benchmarking against other trusts

System of internal control

The system of internal control is designed to manage risk to a level that sits within an appetite agreed for the trust 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 utilises internal scrutiny, user experience, and objective data sets to provide trustees and our regulator with assurance that both the framework, and the regional models are functioning effectively. The SIC works in complement with the external control functions operated by Ofsted and our external auditors, KPMG.

The system of internal control has been in place in E-ACT multi-academy trust for the period 01 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

In particular it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees,
- Reviews by the Finance, Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

Following the decision of the Board of Trustees to employ its own internal audit function led by the Head of Internal Audit and Risk Management, the function has been in operation during the year under review. In that time the following internal audits were undertaken and include:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control accounts and bank reconciliation.
- Financial management
- Human resources and related processes
- Health & safety.
- Pupil premium funding
- Governance
- Procurement
- Attendance procedures
- Safeguarding referrals and
- Cyber security.

The internal audit provision within the trust meets the statutory financial obligations within the Academies Financial Handbook. The function also exceeds this by undertaking wider reviews across all facets of the trust and is driven by continual improvement. Validation of E-ACT values and delivery of regional and national priorities identified by trustees.

Throughout 2017/18 the IA team delivered 72 audit reviews. This comprised of 6 national and 46 regional internal audit reviews. There was also 6 national follow up reviews and 14 regional follow up reviews. These were delivered across 7 topic areas with 3 being education based and 4 being operation based.

The head of internal audit and risk meets in a closed session with the trustees of the Audit and Risk Committee prior to each meeting. In addition, internal audits are discussed at the committee most appropriate to the area, and when an audit involves trust-wide analysis, it is also discussed at the Board of Trustee meeting. The Internal Audit team has worked to schedule during the year.

Review of Effectiveness

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

- The work of the internal auditor
- The work of the external auditor
- The governance self-review
- The work of the executive managers within the multi-academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 12 December and signed on its behalf by:



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Accounting Officer

12 December 2018

Statement of regularity, propriety and compliance

As accounting officer of E-ACT, I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust,, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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Statement of Trustees' responsibilities in respect of the trustees annual report and the financial statements

The trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2017 to 2018;
- make judgements and estimates that are reasonable and prudent¹;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 ESFA/Department for Education 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 UK 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 12 December 2018



Michael Wemms

Chair of E-ACT

12 December 2018



David Moran

Chief Executive Officer and Accounting Officer

12 December 2018

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF E-ACT

Opinion

We have audited the financial statements of E-ACT ("the charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2017 to 2018* issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of Trustees and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in Reference and Administrative Details, Welcome from the Chair of the Board and the Chief Executive, the Report of the Trustees and Governance Statement for the financial year, is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 68 the Trustees (who are 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



19 December 2018

Michael Rowley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education and Skills Funding Agency

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

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

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

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27th April 2016 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;

- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Head Teacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2017
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2017 to 2018.

Conclusion

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



19 December 2018

Michael Rowley
Reporting Accountant
for and on behalf of KPMG LLP
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Statement of financial activities for year ended 31 August 2018 (including income and expenditure account)

All Academies						
	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Income and endowments from:						
Donations and Capital grant	3	553	-	2,816	3,369	2,743
Transfers of existing academies						1,768
Transfer from local authority on conversion		-	(1,682)	9,174	7,492	8,886
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	4	348	99,288	-	99,636	96,627
Teaching Schools						114
Other trading activities	5	1,545	-	-	1,545	1,879
Investments	6	56	-	-	56	31
Total		2,502	97,606	11,990	112,098	112,048
Expenditure on:						
Raising funds	7					
<i>Charitable activities:</i>						
Grants	8	-	126	-	126	342
Academy trust educational operations	9	1,006	104,387	8,597	113,990	112,067
Teaching schools						111
Total		1,006	104,513	8,597	114,116	112,520
Net income / (expenditure)		1,496	(6,907)	3,393	(2,018)	(472)
Transfer between funds	19	(1,191)	715	476	-	-
Other recognised gains and (losses)						
Actuarial (losses) gains on defined benefit pension schemes	30	-	12,655	-	12,655	2,238
Net movement in Funds		305	6,463	3,869	10,637	1,766
Reconciliation of funds						
Total funds brought forward		3,033	(36,084)	158,431	125,380	123,614
Total funds carried forward		3,338	(29,621)	162,300	136,017	125,380

Under E-ACT's funding agreement, the trust is permitted to transfer funds from within unrestricted funds to restricted general funds, and also from restricted general funds to restricted fixed asset funds. During the year and as planned, the trust moved unrestricted funds to cover educational spend and fixed asset spend.

Balance Sheet 31 August 2018

Company Number 0652 6376

		E-ACT 31 August 2018 £'000	E-ACT 31 August 2017 £'000
	Notes		
Fixed Assets			
Intangible assets	13	87	122
Tangible assets	14	162,213	158,309
Current Assets			
Stock	15	28	45
Debtors	16	5,287	4,914
Cash at bank and in hand		10,168	8,530
		<u>15,483</u>	<u>13,489</u>
Liabilities			
Creditors: Amount falling due within one year	17	(11,555)	(9,977)
Net current assets		<u>3,928</u>	<u>3,512</u>
Total assets less current liabilities		166,228	161,943
Creditors: Amounts falling due after more than one year	18	-	-
Net Assets excluding pension scheme liability		166,228	161,943
Defined benefit pensions scheme liability	30	(30,211)	(36,563)
Total net assets		136,017	125,380
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	19	162,300	158,431
Restricted income fund	19	590	479
Pension Reserve	19	(30,211)	(36,563)
Total restricted funds		132,679	122,347
Unrestricted income funds	19	3,338	3,033
Total funds		136,017	125,380

The financial statements on pages 76 to 98 were approved by the trustees and authorised for issue on 12 December 2018 and signed on their behalf by:



Michael Wemms

Chair of E-ACT



David Moran

Chief Executive Officer and Accounting Officer

Cash flow statement for the year ended 31 August 2018

	Notes	31 August 2018 £'000	31 August 2017 £'000
Cash Flow from operating activities			
Net cash provided by (used in) operating activities	23	2,535	1,159
Cash flows from investing activities	25	(897)	(667)
Cash flows from financing activities	24	-	-
Change in cash and cash equivalents in reporting period		<u>1,638</u>	<u>492</u>
Cash and cash equivalents at 1 September 2017		8,530	8,038
Cash and cash equivalents at 31 August 2018	26	<u>10,168</u>	<u>8,530</u>

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Notes to the financial statements

1. Accounting policies

Basis of preparation

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

E-ACT meets the definition of a public-funded benefit entity under FRS 102.

Going concern

E-ACT's business activities, together with the factors likely to affect its future development, performance and position are set out within this report and the trustees report. In addition, the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has some financial resources in the form of reserves together with long-term contracts under the Master Funding Agreement's with the Department for Education. Consequently, the Trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trusts 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 incoming resources are recognised when E-ACT has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

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 year for which it is receivable and any unspent amount is reflected as a balance in the restricted funds.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. The annual School Condition Allocation (SCA) grant is an exception, as the grant

covers a period of April to March as opposed to E-ACTs financial year, the grant is deferred accordingly.

- **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 the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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. The income is recognised within 'Income from other trading activities'

- **Transfer on conversion**

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

- **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets required

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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.

- **Interest receivable**

Interest earned on cash balances is recognised in the Statement of Financial Activities in the period in which it is receivable.

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

These are costs 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.

All resources expended are inclusive of any irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software – over 3 years, or useful economic life.

Tangible fixed assets

Assets £500 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 or valuation and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Freehold Buildings – over 50 years, or useful economic life.
- Leasehold Land – over the length of lease, or useful economic life.
- Long leasehold buildings – lower of 50 years, length of lease, or useful economic life.
- Short leasehold buildings – over the period of the lease
- ICT equipment and software – 3 years, or useful economic life.
- Fixtures, fittings and equipment – 5 years, or useful economic life.
- Motor vehicles – 5 years, or useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

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.

Financial instruments

Debtors and Creditors are accounted for at the point when they become due and are calculated for on an accruals basis. Cash is counted for at the point of either receipt or payment.

Provisions

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security and not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to a charity's wholly owned subsidiary are held at face value less any impairment.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

E-ACT 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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

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

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

The LGPS is a funded multi-employer 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 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 inductions, 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.

Defined contribution scheme**i) Head office Pension Scheme**

Head office employees historically have had the option of joining a defined contribution scheme operated by Scottish Widows. The pension costs for the scheme represent the contributions payable in the period. This is a defined contribution scheme, and contributions for the year amounted to £137k.

Fund accounting

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

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

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

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fixed assets are depreciated over their expected useful lives taking into account residual values, where appropriate. Factors taken into consideration in reaching such decisions include the economic viability and expected future financial performance of the asset.

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

2. General Academy Grant (GAG)

In line with the funding agreement. E-ACT is not subject to limits on the carry forward of GAG

3. Donated and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Capital grants	-	2,816	2,816	2,603
Donated Fixed assets	-	9,174	9,174	10,790
Other donations	553	-	553	1,029
Pension liability transferred in	-	(1,682)	(1,682)	(1,025)
	553	10,308	10,861	13,397

4. Funding for the Academy Trusts Education Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
DfE/EFA Grants				
General Annual Grant (GAG)	-	95,908	95,908	92,571
Start Up Grants	-	162	162	193
Other DfE/EFA grants	-	512	512	580
	-	96,582	96,582	93,344
Other Government grants				
Local authority grants	-	2,706	2,706	2,678
Special educational projects	-	2,706	2,706	2,678
	-	2,706	2,706	2,678
Other income from the academy	348	-	348	605
Trusts educational operations	348	99,288	99,636	96,627

5. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Hire of facilities	642	-	642	716
Income from other charitable activities				
Income from ancillary trading activities	903	-	903	1,163
	1,545	-	1,545	1,879

6. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Short term deposit	56	-	56	31
	56	-	56	31

7. Expenditure

	Staff Costs £'000	Non Pay Expenditure		Total 31 August 2018 £'000	Total 31 August 2017 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds	-	-	-	-	-
Cost of existing Academies moving out of the Trust	-	-	-	-	-
Academy's educational operations:					
Direct Costs	65,170	-	7,206	72,376	69,116
Allocated Support costs	14,631	6,412	20,697	41,740	43,293
Teaching School	-	-	-	-	111
	79,801	6,412	27,903	114,116	112,520

Please refer to note 30 for further detail of resources expended, on an Academy by Academy basis.

Net income/(expenditure) for the period includes:

	Total 31 August 2018	Total 31 August 2017
Operating lease rentals	323	356
Depreciation	8,579	8,946
(Gain)/loss on disposal of fixed assets	-	4,037
Amortisation of intangible fixed assets	60	80
(included within Charitable Activities – Academy trust educational operations)	-	-
Fees payable to auditors for:		
- Audit	75	80
- Other services	8	5

There was no costs included within expenditure for the items listed below.

	Total	Individual items above £5,000	
		Amount	Reason
Compensation payments	—	—	
Gifts made by the trust	—	—	
Fixed asset losses	—	—	
Stock losses	—	—	
Unrecoverable debts	—	—	
Cash losses	—	—	

	Total	Individual items	
		Amount	Reason/nature
Ex-gratia payments	—	—	

For the Financial Year ended 31 August 2018, there were no ex-gratia payments.

8. Analysis of grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds 2017/18 £'000
Pre-opening grants	—	76	—	76
Mat Development fund	—	10	—	10
EIG Grant	—	40	—	40
Support Grant	—	—	—	—
		126		126

9. Charitable activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Direct costs – educational operations	72,376	69,116
Support costs – educational operations	41,614	42,951
	113,990	112,067

Analysis of Support costs

	Total 2018 £'000	Total 2017 £'000
Support staff costs	13,030	12,894
Depreciation	8,597	9,025
Technology costs	1,994	2,471
Premises costs	6,622	6,562
Other support costs	10,980	11,648
Governance costs	391	351
Total support costs	41,614	42,951

10. Staff

a. Staff costs during the period were

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Wages and salaries	59,204	57,406
Social security costs	5,771	5,560
Pension costs	8,761	8,270
Apprenticeship Levy	281	111
	74,017	71,347
Agency staff costs	3,511	3,383
Staff restructuring costs	512	202
	4,024	3,585
Staff restructuring costs comprise:		
Redundancy Payments	278	-
Severance Payments	234	202
Other restructuring costs	-	-
	512	202

b. Non Statutory/non-contractual staff severance payments

Included in staff restructuring costs are 7 non-statutory/non-contractual severance payments totalling £64k (2017: £nil). Individually, the payments made were: £5k Nov-18, £15k April-18, £10k April-18, £10k April-18, £3k May-18, £15k Nov-18, £6k Feb-18.

c. Staff numbers

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

	2018	2017
Teachers	931	902
Administration and Support (including educational support staff)	1,171	1,089
Management	162	175
	2,264	2,166

d. Higher paid staff

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

	2018 (No.)	2017 (No.)
£60,001-£70,000	49	45
£70,001-£80,000	17	25
£80,001-£90,000	7	11
£90,001-£100,000	8	9
£100,001-£110,000	6	2
£110,001-£120,000	3	5
£120,001-£130,000	3	3
£130,001-£140,000	-	1
£140,001-£150,000	-	2
£150,001-£160,000	2	1
£160,001-£170,000	-	-

e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees (whom work on a voluntary basis), the senior management team and regional senior personnel as listed below. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £4,162,776 (2017: £3,707,040).

Included in the above figures are: Central Executive Leadership Team, Regional Education Directors, Regional Operations Directors and Academy Head Teachers

f. Central Services

The E-ACT trust has provided the following central services to its Academies during the year:

Chief Executives Office, Business Planning and Strategy, Central HR and Training, Legal, Internal and External Communications, IT, Central Finance and Procurement, Governance, Educational Improvement and Estates Support.

As from 2017 the academy trust, in line with the funding agreement with the Department of Education pools the General Annual Grant (GAG) and therefore does not recharge out central services.

11. Trustees Remuneration and Expenses

One trustee, the CEO, has been paid remuneration benefits from employment with the academy trust. The principals receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustee's remuneration and other benefits was as follows:

Remuneration from 1 September 2017 to 31 August 2018

David Moran (Chief Executive Officer): £155,832

Employer's Pension contributions: £9,350

During the period ended 31 August 2018, travel and subsistence expenses totalling £4,840 (2017: £4,523) were reimbursed or paid directly to 7 trustees (2017: 3 Trustees).

12. Trustees' and Officers' Insurance

E-ACT is a member of the DfE's RPA (Risk Protection Arrangement). The risk protection arrangement is an alternative to commercial insurance for academy trusts. Under RPA, the UK government covers the losses of commercial insurance including trustees and officers liability cover.

13. Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2017	734	734
Additions	25	25
Disposals	(27)	(27)
At 31 August 2018	732	732
Amortisation		
At 1 September 2017	612	612
Charged in the year	60	60
Disposals	(27)	(27)
At 31 August 2018	645	645
Carrying amount		
At 31 August 2017	122	122
At 31 August 2018	87	87

14. Tangible Fixed Assets

	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets in the course of construction	Total 31 August 2018 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2017	180,683	9,934	12,353	112	432	203,514
Acquisitions						
Additions	10,200	2,295	388	18	(418)	12,483
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	190,883	12,227	12,737	130	14	215,991
Depreciation						
At 1 September 2017	28,558	4,984	11,578	85	-	45,205
Charged in the year	5,801	2,252	508	18	-	8,579
Disposals	-	(2)	(4)	-	-	(6)
At 31 August 2018	34,359	7,234	12,082	103	-	53,778
Net book values						
At 31 August 2017	152,125	4,950	775	27	432	158,309
At 31 August 2018	156,524	4,993	655	27	14	162,213

The academy trusts transactions relating to land and buildings included;

- The taking up of a lease on 1st September for nil consideration over a term of 125 years.
- The taking up of a lease on 1st April for nil consideration over a term of 125 years.

15. Stock

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Clothing	28	45
	28	45

16. Debtors

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade Debtors	84	198
Prepayments and accrued income	4,068	3,853
VAT recoverable	702	490
Intercompany debtor	-	-
Other debtors	432	373
	5,287	4,914

Debtors are accounted for at the point when they become due and are calculated for on an accruals basis.

17. Creditors: amounts falling due within one year

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Trade creditors	2,238	1,805
Other taxation and social security	1,499	1,430
Other creditors	2,466	2,265
Accruals and deferred income	5,351	4,477
	11,555	9,977

	Total 31 August 2018 £'000
Deferred income at 1 September 2017	1,803
Resources deferred in year	2,826
Amounts released from previous years	(1,803)
Deferred income at 31 August 2018	2,826

At the balance sheet date the academy trust was holding funds received in advance for devolved formula capital (£201k) grant for 2018/19 academic year and SCA funding (£1,124k).

18. Creditors: amounts falling due in greater than one year

	2018 £'000	2017 £'000
Other Creditors	-	-
	-	-

19. Funds

	Balance at 1 September 2017 £'000	Transfer in during the year £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2018 £'000
Restricted General Funds						
General annual grant (GAG)	349	-	87,828	(88,302)	715	590
Start-up grant	-	-	162	(162)	-	-
Pupil Premium	130	-	8,079	(8,209)	-	-
Other grants	-	-	3,219	(3,219)	-	-
Pension Reserve	(36,563)	(1,682)	-	8,034	-	(30,211)
	(36,084)	(1,682)	99,288	(91,857)	715	(29,621)
Restricted fixed asset funds						
DfE/EFA capital grants	158,431	9,174	2,816	(8,597)	476	162,300
Capital expenditure from GAG	-	-	-	-	-	-
	158,431	9,174	2,816	(8,597)	476	162,300
Total restricted funds	122,347	7,492	102,104	100,455	1,191	132,679
Total Unrestricted funds	3,033	-	2,502	(1,007)	(1,191)	3,337
Total funds	125,380	7,492	104,606	(101,461)	0	136,017

Total funds analysis by academy

Funds balances at 31 August 2018 were allocated as follows:

	2018 £'000	2017 £'000
E-ACT Group	3,928	3,512
Total before fixed asset fund and pension reserve	3,928	3,512
Restricted fixed asset fund	166,228	158,431
Pension reserve	(30,211)	(36,563)
Total	136,017	125,380

Operating Funds for the Group are in surplus of £3,928k, these are presented as a Group balance due to E-ACT adopting the new funding agreement in 2016 and being able to 'pool' GAG income. The group continues to work on extended financial plans to ensure financial stability for our Academies and students.

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

All funds will be applied to education and the support of education for E-ACT students in line with E-ACT charitable objectives. Due to E-ACT using the latest DfE funding agreement funds are retained centrally.

Total cost analysis by region and academy.

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000
Blackley Academy	1,665	199	291	222	2,378	2,309
Oldham Academy	3,944	719	700	575	5,937	6,106
Parkwood Academy	3,650	189	565	398	4,803	5,354
Pathways Academy	1,731	98	294	213	2,335	2,324
Regional	466	1,067	129	69	1,730	510
North Region Total	11,456	2,271	1,979	1,476	17,183	16,603
Braintcroft Academy	966	153	136	112	1,367	-
Burnham Park Academy	1,811	232	384	367	2,793	3,559
Chalfont Valley Academy	551	119	165	105	940	810
City Heights Academy	4,172	292	657	545	5,666	5,112
The Crest Academy	4,720	421	1,066	1,041	7,249	7,764
Denham Green Academy	637	149	133	112	1,031	933
Regional	424	1,235	48	95	1,802	768
South and Buckinghamshire Region Total	13,281	2,601	2,588	2,377	20,848	18,946
Greenfield Primary Academy	1,346	159	279	143	1,927	2,143
Hareclive Academy	1,261	237	287	209	1,993	2,404
Perry Court	1,208	170	196	154	1,727	-
Ilminster Avenue Academy	1,186	126	223	104	1,638	1,623
St Ursula's Academy	1,353	181	265	137	1,936	1,998
Regional	1,124	388	128	168	1,808	650
South West Region Total	7,478	1,260	1,378	915	11,030	8,818
DSL	3,831	473	485	474	5,263	5,649
Parker Academy	2,904	378	297	338	3,917	3,830
Heartlands Academy	3,809	433	495	736	5,473	6,348
Mansfield Green Academy	1,589	303	307	170	2,369	2,604
Merritts Brook Academy	783	72	176	130	1,161	1,204
Nechells Primary Academy	751	165	194	142	1,252	1,284
North Birmingham Academy	4,185	582	706	854	6,328	6,890
Reedswood Primary Academy	1,404	243	259	120	2,025	2,148
Shenley Academy	4,617	523	783	647	6,570	7,061
West Walsall Academy	3,201	555	502	334	4,592	4,776
Willenhall Academy	4,819	434	658	706	6,616	7,240
Regional	179	227	50	16	471	726
Midlands Region Total	32,473	5,951	5,097	4,738	48,259	50,188
Head Office	-	2,031	641	907	3,580	3,518
Total	64,688	14,114	11,683	10,413	100,900	98,073

20. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	87	87
Tangible fixed assets	-	-	162,213	162,213
Current assets	3,337	12,146	-	15,483
Current liabilities	-	(11,555)	-	(11,555)
Pension scheme liability	-	(30,211)	-	(30,211)
Total net assets	3,337	(29,621)	162,300	136,017

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	122	122
Tangible fixed assets	-	-	158,309	158,309
Current assets	3,033	10,456	-	13,489
Current liabilities	-	(9,977)	-	(9,977)
Pension scheme liability	-	(36,563)	-	(36,563)
Total net assets	3,033	(36,084)	158,431	125,380

21. Capital Commitments

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Contracted for, but not provided for in the financial statements.	41	272

22. Commitments under operating leases

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

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Amounts due within one year	237	259
Amounts due between one and five years	102	223
Amounts due after five years	-	-
	339	482

23. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	Total 31 August 2018 £'000	Total 31 August 2017 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(2,019)	(472)
Adjusted for:		
Less fixed assets transferred / donated in	(9,174)	(10,790)
Amortisation (note 13)	60	80
Depreciation (note 14)	8,579	8,946
Impairment on building	-	(264)
Capital grants from DfE and other capital	(2,816)	(2,603)
Interest receivable (note 6)	(56)	(31)
(Profit) / Loss on disposals	-	4,037
Defined benefit pension scheme cost less contributions payable (note 30)	4,073	707
Defined benefit pension scheme finance cost (note 30)	985	677
Add pension liability transferred in	1,681	1,025
Less pension liability transferred out		
(Increase)/decrease in stocks	17	12
Decrease/(increase) in debtors	(373)	(1,629)
(Decrease)/increase in creditors	1,578	1,464
Net cash provided by / (used in) operating activities	2,535	1,159

24. Cash flows from financing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Repayment of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

25. Cash flows from investing activities

	Balance 31 August 2018 £'000	Balance 31 August 2017 £'000
Dividends, interest and rents from investments	56	31
Purchase of intangible fixed assets	(26)	(61)
Purchase of tangible fixed assets	(3,743)	(3,240)
Capital grants from DfE/EFA	2,816	2,603
Net cash provided by / (used in) investing activities	(897)	(667)

26. Analysis of cash and cash equivalents

	At 1 September 2017 £'000	Cash flows £'000	At 31 August 2018 £'000
Cash in hand and at bank	8,530	1,638	10,168
Surplus on local authority funds	-	-	-
	8,530	1,638	10,168

27. Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities as at 31 August 2018.

28. Contingent liabilities

There are no contingent liabilities held on the balance sheet date.

29. 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.

30. 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 scheme managers listed below. Both are multi-employer defined benefit schemes.

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

Scheme managers

Greater Manchester Pension Fund – Blackley Academy
 Buckinghamshire County Council Pension Fund – Burnham Park Academy
 Lambeth Pension Scheme – Braintcroft
 Buckinghamshire County Council Pension Fund – Chalfont Valley Academy
 Lambeth Pension Scheme – City Heights Academy
 London Borough of Brent Pension Fund – Crest Academy
 Northamptonshire County Council Pension Fund – Danetre and Southbrook Learning Village Academy
 Buckinghamshire County Council Pension Fund – Denham Green Academy
 Avon Pension Fund – Greenfield Primary Academy
 West Midlands Pension Fund – Heartlands Academy
 Avon Pension Fund – Hareclive Academy
 Avon Pension Fund – Ilminster Avenue Academy
 West Midlands Pension Fund – Mansfield Green Academy
 West Midlands Pension Fund – Merritts Brook Primary Academy
 West Midlands Pension Fund – Nechells Primary Academy
 West Midlands Pension Fund – North Birmingham Academy
 Greater Manchester Pension Fund – Oldham Academy
 Northamptonshire County Council Pension Fund – Parker Academy
 South Yorkshire Pension Fund – Parkwood Academy
 South Yorkshire Pension Fund – Pathways Academy
 Avon Pension Fund – Perry Court
 West Midlands Pension Fund – Reedswold Primary Academy
 West Midlands Pension Fund – Shenley Academy
 Avon Pension Fund – St Ursula's Academy
 West Midlands Pension Fund – West Walsall Academy
 West Midlands Pension Fund – Willenhall Academy

Contributions amounting to £352,620 (2017:£366,821) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates are 16.48% of pensionable
- 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% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based will be as at April 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 £5,503,008 (2017: £5,490,652).

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 an underfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2018 was £3,327,921 (2017: £3,735,000), of which employer's contributions totalled £2,966,000 (2017: £2,766,000) and employees' contributions totalled £X (2017: £969,000). The agreed contribution rates for future years range from 14.5% to 32.5% per cent for employers and range from 5.5% to 12.5% per cent for employees.

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

Principal Actuarial Assumptions

	31 August 2018 Range (top)	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Rate of increase salary	3.8%	2.0%	4.2%	2.7%
Rate of increase for pension in payment/inflation	2.4%	2.2%	2.7%	2.2%
Discount rate for scheme liabilities	2.9%	2.7%	2.6%	2.4%
Inflation assumption (CPI)	2.4%	2.1%	2.7%	2.2%
Commutation of pensions to lump sums	50%	50%	50%	50%

E-ACT has not conducted a sensitivity analysis on the key assumptions used within the actuarial valuations. It is deemed that the figures are subjective and are not referred to by wider government when actually calculating funding for the schemes. The output of any sensitivity analysis is therefore of little help. E-ACT finance and trustees continue to monitor LGPS pension rates and the valuations as necessary.

-
-
-
-
-

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 August 2018 Range (top)	31 August 2018 Range (bottom)	31 August 2017 Range (top)	31 August 2017 Range (bottom)
Retiring Today				
Males	26.2	21.5	26.0	21.4
Females	28.8	23.9	28.7	23.9
Retiring in 20 years				
Males	26.3	23.0	26.2	22.9
Females	28.5	25.8	28.3	25.7

The academy trusts share of the assets in the scheme was:

	2018 £000	2017 £000
Equities	31,063	28,622
Bonds	7,249	6,470
Property	4,138	3,183
Cash	3,042	1,956
Other	4,485	3,726
Total Market Value of Assets	49,977	43,957

The actual return on scheme assets was £1,898,000 (2017: £4,533,000)

Amounts recognised in the statement of financial activities

	2017/8 £'000	2016/7 £'000
Current Service cost	(6,362)	(5,401)
Transfer in from new academy	(1,682)	(1,025)
Interest income	1,187	792
Interest cost	(2,144)	(1,559)
Benefit changes, gain/(loss) on curtailment and gain / (loss) on settlement	0	113
Admin expenses	(27)	(23)
Total amount recognised in the SOFA	(9,028)	(7,103)

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

	2017/8 £'000	2016/7 £'000
At 1 September	80,520	70,560
Upon conversion		
Current service cost	6,362	5,401
Interest cost	2,144	1,559
Employee contributions	1,009	974
Actuarial (gain)/loss	(11,694)	1,464
Benefits paid	(616)	(830)
Losses or gains on curtailments	-	-
Business Combinations	(208)	(314)
Transfer in from new academies	2,671	1706
Academies transferring out	-	-
At 31 August	80,188	80,520

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

	2017/8 £'000	2016/7 £'000
At 1 September	43,957	34,168
Interest Income	1,186	792
Administrative Expenses	(27)	(23)
Return on plan assets (excluding net interest on the defined pension liability)	405	3,851
Actuarial (gain)/loss	-	(149)
Employer contributions	3,339	4,694
Employee contributions	1,009	974
Benefits paid	(616)	(830)
Plan introductions, benefit changes, curtailments and settlements	334	(201)
Transfer in from new academies	390	681
Academies transferring out	-	-
At 31 August	49,977	43,957

31. Related Party Transactions

Owing to the nature of the Academy Trust's 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

During the year E-ACT had 3 commercial transactions with GE Electrical for minor electrical works. The total of these transactions was £570. The related party in E-ACT was not involved in the procurement process.

During the year E-ACT transacted with 2 educational (charity) organisations, which has given rise to a related party transaction as follows.

£500 was paid to the King Edward Foundation as a membership fee.

In 2014 the Edge Academy in Birmingham became an establishment that took on students who could not succeed in main stream education. As part of this transformation Head Teachers from Birmingham were brought together to sit on the LGB of this Academy, this included a Head teacher from an E-ACT Academy. Whilst the original E-ACT head teacher is no longer with our organisation, the subsequent head teacher has taken over a membership place on the LGB at The Edge Academy. E-ACT does refer students to The Edge and the related costs for the year were £67k.

32. Transfer of existing academies into the trust

On 1st September 2017 Perry Court primary in Bristol joined the trust and on the 1st April Braintcroft Primary in London joined the trust.

The transfers have been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain of £374k in the statement of financial activities.

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

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 31 August 2018 £'000
Tangible Fixed Assets	-	-	-	-
Leasehold land and buildings	-	-	9,170	9,170
Other tangible fixed assets	-	-	4	4
LGPS pension deficit	-	(1,682)	-	(1,682)
Net Assets / (Liabilities)	-	(1,682)	9,174	7,592

33. Events after the end of the reporting period

Following the 2017/18 balance sheet date, three schools joined the E-ACT trust. Bourne End, Badocks Wood and Royton and Crompton joined E-ACT as Academies on the 1st September 2018.

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E-ACT
Unit 9.2.1 The Leathermarket
11-13 Weston Street
London SE1 3ER

Reference and administrative details

For the year ended 31 August 2018

Company number 06526376

Registered and operational address

Unit 9.2.1 The Leathermarket
Weston Street
London
SE1 3ER

Company secretary

BWB Secretarial Limited
10 Queen Street Place
London
EC4R 1BE (ceased 10 October 2018)

Harriet Rushton
Governance Manager for E-ACT
Appointed 3 October 2018

Bankers

HSBC
60 Queen Victoria Street
London
EC4N 4TR

Auditors

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

The Board of Trustees

Chair and Vice Chair

Michael Wemms, BA (Hons), MBA (Chair)
**
Jean Scott, BA (Hons), MA (Vice Chair and independent trustee) ***

Committee chairs

Sean Alleyne, BA (Hons), ACA * (Chair, Audit and Risk Committee)
Angus Hislop, MA Cantab, FRSA*** (Chair, Education and Personnel Committee)
Theresa Keating, BA (Hons), ACMA ** (Chair, Finance Committee)

Trustees

Charles Bellringer, BSc (Hons), MSc (Econ), ACA*** (appointed 4 October 2017, stepped down 08 January 2018)
Pamela Coles BA (Hons), FCIS* (appointed 21 September 2017)
Gurpreet Dehal, BA (Hons), MSc, MRes** * (appointed 5 November 2017)
Nadeem Kiyani, BCom (Hons), ACA** * (appointed 10 November 2017)
Brian Lightman, BA (Hons), PGCE, MA, FRSA*** (appointed 10 November 2017)
Dr Cameron Pyke, MA, MMus, PhD*** (appointed 14 September 2017)
Claire Trewartha, BSc (Hons) PGDip ASET*** (stepped down 14 September 2017)
Prof. Bryan Winchester MA PhD***
David Moran, BSc (Hons) (ex-officio)
* Audit and Risk Committee
** Finance Committee
*** Education & Personnel Committee

Members

Michael Wemms, BA (Hons), MBA
Jean Scott, BA (Hons), MA (Vice Chair and independent trustee)
Sean Alleyne, BA (Hons), ACA
Angus Hislop, MA Cantab, FRSA
Theresa Keating, BA (Hons), ACMA
Claire Trewartha, BSc (Hons), PGDip, ASET (stepped down 14 September 2017)
Prof. Bryan Winchester MA PhD

Principal staff and dates of their appointment

Chief Executive Officer
David Moran, BSc (Hons)
Appointed 4 October 2013
Joined E-ACT 25 Mar 2013

Deputy Chief Executive Officer
Jane Millward BA (Hons), PGCE
Appointed 1 October 2017
Appointed Director of Education 1 February 2017
Joined E-ACT 1 September 2016

Chief Financial Officer
Craig Pashler, MBA, ACMA, CGMA
Appointed 1 October 2017
Joined E-ACT 22 September 2014

Chief Operating Officer
Chris Wiseman, DipMgt
Appointed 1 October 2017
Joined E-ACT 1 September 2016

Director of Corporate Services
David Walker, BA Oxon, FRSA
Appointed 1 October 2017
Joined E-ACT 26 June 2017

Head of Internal Audit
Claire Goodenough, BSc (Hons), CPFA
Appointed 12 June 2017

Director of Finance & Resources
James Nicholson, FCA
Appointed 7 July 2014
Resigned 8 November 2017

Director of Operations
Samantha Beecham, MA
Appointed 8 November 2013
Joined E-ACT 4 January 2013
Resigned 25 December 2017



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