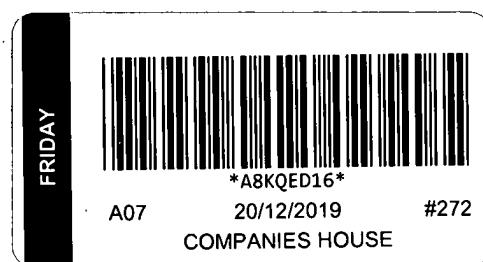


Company Registration No. 08149829 (England and Wales)

EAST MIDLANDS ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



EAST MIDLANDS ACADEMY TRUST

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EAST MIDLANDS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	K Crompton (Chair of Trustees) J Harris P Waterhouse OBE (Resigned 31 July 2019) A Salam S Morales A Davis (Appointed 1 September 2018) F Wheeler (Appointed 1 September 2018) I Malik (Resigned 22 July 2019) L Jones (Appointed 13 March 2019) M Johanson (Appointed 24 April 2019)
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Members	P Waterhouse OBE (Resigned 31 July 2019) K Crompton J Harris F Wheeler (Appointed 30 April 2019) J Martin (Appointed 30 April 2019)
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Senior Management Team <i>Chief Executive Officer & Accounting Officer</i>	J Coleman
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<i>Chief Financial Officer</i>	P Wheeler
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<i>Academy Head Teachers</i>	See below
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Company registration number	08149829 (England and Wales)
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Registered office	55 Barrack Road Northampton NN1 1AA
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Academies operated	Location	Head of School
<i>Orchard Academy</i>	Milton Keynes	C Brown
<i>Shepherdswell Academy</i>	Milton Keynes	J Cursley
<i>Castle Academy</i>	Northampton	L Beard
<i>Hardingstone Academy</i>	Northampton	Z McIntyre
<i>Stimpson Avenue Academy</i>	Northampton	A Hawkes
<i>Prince William School</i>	Oundle	E Dormor
<i>Northampton International Academy</i>	Northampton	T Marston

Independent auditor	Mazars LLP Park View House 58, The Ropewalk Nottingham NG1 5DW
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Bankers	Lloyds Bank Plc Fenlands House Vicarage Farm Road Peterborough PE1 5UH
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Solicitors	Winckworth Sherwood Minerva House 5 Montague Close London SE1 9BB
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Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

The Trustees of East Midlands Academy Trust ('The Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019.

The annual report serves the purpose of a trustees' report and directors' report under company law.

The Trust operates five primaries, one secondary and one all-through school across the East Midlands. Its academies have a combined pupil capacity of 4,470 and a roll of 3,524 as of 24th July 2019.

OBJECTIVES AND ACTIVITIES

The Trust was incorporated on 19 July 2012 as a Trust and a company limited by guarantee, with the purpose of establishing, maintaining, managing and developing academies and free schools as world class centres of excellence. The trust changed its name in July 2018 following separation from its former sponsor to become a stand-alone academy trust.

The Trust has continued to develop with ever closer collaboration between schools and sharing of resources and innovation to ensure best practice is developed throughout our school communities. The central trust team supports schools with financial management, ITC and HR together with estate management ensuring effective use of resources throughout the community. The academic board on which all head teachers participate helps develop pedagogy and curriculum offering across the school community.

The Trust still maintains a view that a strategy of sustainable growth in the number of academies is important. The Trust continues to seek opportunities for expansion within the East Midlands.

Primary Academies

In 2018-19, the Trust had five primary schools: Orchard and Shepherdswell in Milton Keynes and Hardingstone, Castle and Stimpson Avenue in the centre of Northampton. When they joined the Trust, all three Northampton academies had been judged by Ofsted to be requiring special measure. All primary schools are now judged to be good with the exception of Stimpson Avenue.

In July 2019, Stimpson Avenue Academy was re-inspected by Ofsted. Whilst the judgement remained as requiring improvement, the inspectors' recognised green shoots of improvement but required improvements to be made quicker. The trust has subsequently restructured the leadership of the school and local advisory board to accelerate the pace of change within the school.

A programme of improvement and renewal is underway at Stimpson Avenue where £500,000 will be invested over the next 18 months in improving the condition of the school building which is celebrating 125 years. We are aiming to transform the learning environment for students and staff during this time.

Secondary Academy

Prince William School in Oundle, Northamptonshire, is a secondary school with a sixth form, which joined the Trust in 2015. A new Science block was opened in the year with further refurbishment and new theatre and sports facilities planned in the coming year as part of the development agreement in place with Northamptonshire County Council at the time of conversion. The school is currently judged to be requiring improvement, but is due to be re-inspected in 2019-20. Considerable support has been given to the school over the last year to improve.

All Through Academy

In 2016 the Trust opened a new all through (4-19) free school, Northampton International Academy, in the centre of Northampton. The new building was opened on 1 September 2018. In July 2019 the Northampton International Academy received its first Ofsted inspection and was judged as Good.

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Main Activities 2018-19

In the year 2018-19, the Trust educated 3,524 pupils (3207 in 2017-18) and provided support for over 500 members of staff in the academies.

Central Staff

The central team provides key support services including finance, HR, payroll, estates, systems, communications, policy, governance support, project management and marketing. This approach ensures that this multi-disciplinary team consistently works with, and supports each of the academies. The sharing of specialist staff and their professional development and performance management, ensures that we have the highest quality and aspirational talent available to the Trust for all of its functions, not just education and pedagogy.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

East Midlands Academy Trust was incorporated on 19 July 2012 as a company limited by guarantee and an exempt charity, with the purpose of establishing, maintaining, managing and developing academies and free schools as world class centres of excellence. In line with its Articles of Association, the Trust is governed by Members who are the owners of the Trust. Trustees are the directors of the Trust under company law, and are supported by the executive under the direction of the Chief Executive Officer.

Members' liability

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

Trustees' indemnities

In line with normal commercial practice, the Trust holds unlimited insurance for its Trustees for their work on any single claim.

Method of recruitment and appointment or election of Trustees

When new Trustees are required, the Board approves an appropriate process and criteria for recruitment based on a review of skills and capability. The articles allow for a maximum of twelve Trustees to be appointed by the members with no limit on the minimum number of trustees. The Trust is currently working with Academy Ambassadors through an advertising process to identify additional trustees.

Policies and procedures adopted for the induction and training of Trustees

Trustees are briefed regularly on educational and other Trust matters by the Senior Management Team, through briefings at Board meetings, Group meetings, other sessions, visits to the academies and individual meetings. When new Trustees join the Board, tailored induction training is arranged to provide them with a comprehensive understanding of the Trust and the wider context, the Trust's mission, vision, ethos and values, the operation network and their governance responsibilities.

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Organisational structure

The Trustees set general policy, approve the Strategic Plan and budget, monitor performance against the plan and budget, and take major decisions about the Trust, growth of academies and appointments of the Chief Executive, Chief Financial Officer and Head Teachers.

The Board has established three committees to support it in carrying out its functions, which are:

- Performance committee;
- Finance committee;
- Audit & Risk committee.

The Board delegates a number of functions to Local Advisory Bodies (LABs). Each LAB reviews academy level policies, academy improvement plans and performance data. Recommendations can then be forwarded through the Trust Senior Management Team to the Board. The LABs carry out roles in monitoring school performance and overseeing community and parent liaison, as detailed in the Scheme of Delegation. The Trustees delegate day to day responsibility to the Senior Management Team led by the Chief Executive Officer. The running of each individual academy is delegated to its Head Teachers.

Arrangements for setting pay and remuneration of key management personnel

East Midlands Academy Trust is committed to the recruitment, retention and development of an effective workforce, who contribute to its success and growth. The Trust is committed to ensuring that members of staff, who excel in their role, should be recognised and rewarded. The Trust, therefore, recognises that the use of a range of incentives is an important strategy for motivating staff, highlighting best practice and creating a culture of exceptional achievement. In June 2019 the trust held its first awards celebration where staff were nominated for trust achievement awards. This was open to all staff and recognised exceptional performance. We continue to develop reward and recognition strategies for the trust staff.

The pay of all employees is benchmarked against an evaluation framework with a pay grading and banding structure to ensure that the remuneration set is fair and not out of line with that generally paid for similar roles nationally.

Trustees give their time freely and are not paid for their roles on the Board other than reimbursement for out of pocket expenses in line with our policy.

Trade Union Facility Time

The Trust recognises a number of key unions that form part of the joint negotiating council committee (JNCC). The Trust has given notice in August 2018 to terminate this arrangement and put in place a more appropriate arrangement for staff to be represented by Unions and staff consultation committee. The aim is to speed up decision making and improve communication to employees at a local level whilst providing Union support on pay and important conditions. The agreement ceased in December 2018 and the trust are currently negotiating a new arrangement.

The Trust has an obligation to report the number of employees who were relevant union officials, the time spent on union activity and the cost of the facility time under the Trade Union (Facility Time Publication Requirement's) Regulations 2017.

Number of Employees who were relevant Union Officials During the period	Full Time Equivalent Employee Number
1	1

Percentage of Time Spent on Facility Time

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

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Percentage of pay bill Spent on Facility Time

Total Cost of Facility Time	£23,124
Total Pay bill	£14,136,000

Paid Trade Union Activities

Time spent on paid trade union activities as a percentage of total paid facility time 100%

The trust supports union activity by facilitating the national and regional union officials with meetings by making staff available and providing accommodation for the meetings. The trust is in the process of agreeing a new Trade Union Recognition Agreement based on a local agreement and will record the time staff spend on union and staff consultancy committee activities.

Related parties and co-operation with other organisations

East Midlands Academy Trust worked closely with TWE and EMLC during 2017-18. In July 2018 these entities ceased to be related when the trust separated from the sponsor and new members were appointed. The trust simultaneously ceased working with the former related parties and no transactions occurred in 2018-19. There are no longer related parties involved in the Trust.

Public benefit

The Trustees have referred to the Charity Commission guidance on public benefit when reviewing the Trust's objectives and aims and planning future activities and consider that the Trust's aims are demonstrably for the public benefit. We support our communities through the provision of an inclusive, high quality education and support parents and children from all backgrounds including those where English is an additional language.

STRATEGIC REPORT

Achievements and performance

Pupils in East Midlands Academy Trust academies have continued to make good progress during the year. The strategy of providing school to school support, as well as appointing outstanding head teachers to work as 'Challenge Advisers' for each academy has been highly effective. This ensures a robust system of challenge and support is in place.

Financial review

During the year ended 31 August 2019, East Midlands Academy Trust reported an overall surplus of £379K is broken down by a total income of £21,194K less a total expenditure of £20,816K.

Most of the income came from the Department for Education (DfE) or local authorities as recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust reported an overall deficit on unrestricted and restricted fund activity for the year ended 31 August 2019 of £36K (2018: £248K) after transfers but before pension fund administration costs of £713K. The trust budgeted to break even in 2018-19 with a budgeted deficit at Prince William School of £152K being offset by surpluses in the primary academies. During the year additional investment was made by the trust into the NIA where staffing appointments were made early to prepare the school for the opening of three new key stages in September 2019. This together with a larger than expected utilities bills for the newly opened building gave a £221K variance from a budgeted surplus of £96K to a deficit of £125K. Much of this was offset by increased surpluses in the primary schools.

Prince William School at Oundle generated a deficit of £77K against a budgeted deficit of £152K as it continued the journey through restructuring to financial sustainability. The school invested significant resources in improving teaching and learning during the year with the appointment of a new deputy head teacher and Director of Sixth Form. This has had a positive impact on outcomes in year 11 and year 13. The recruitment in September 2019 to the sixth form is higher than previous years reflecting the improved reputation of the school and better outcomes for the students.

The Trust reserves as at 31st August 2019 were £946K (excluding fixed assets and pension reserves) which is significantly above the Trust minimum reserve level of £700K

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

The Trust has moved to a GaG pooling model for 2019-20. The budget is based on costing the curriculum and resource requirements for each school using an Integrated Curriculum Financial Planning (ICFP) model. This maps the staffing requirements to the curriculum and timetable for each school. Based on a 50 period fortnight the model compares cost per lesson, contact time and class sizes to determine the optimum staffing levels. In our trust we expect to achieve average class sizes of 27 in the secondary school and contact time of 79%.

In addition to this, the support services for the Estates and ITC teams have been managed centrally to help provide a more robust and resilient service to the schools where staff can be deployed across sites. This together with GaG pooling will allow the trust to deploy resources efficiently across the trust according to need. A robust reporting of activity and finance is made to the board monthly and to the local advisory boards termly. The trust is budgeting a surplus of £267K for the year 2019-20.

Going concern

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

Financial and risk management objectives and policies

East Midlands Academy Trust holds cash balances and other working capital balances. The Trust manages its cash resources, including maintaining sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.

Other risks that the Trust is exposed to include funding decreases or pay awards to teachers that are not fully funded beyond the initial year. These are pressures faced by all academy trusts and are mitigated through prudent budgeting.

A further risk could be a significant drop in pupil numbers and brexit uncertainty causing a net migration of families. Each academy is aware of the consequence of a falling roll and is proactive in marketing for new pupils and retaining existing pupils.

Reserves policy

The Trust has a reserves policy which describes the need for sufficient consolidated reserves to enable the Trust to grow in line with its Strategic Plan by ensuring there are sufficient reserves to fund that growth and combat the inevitable financial risks associated therewith, whilst avoiding the accumulation of excessive reserves from resources which should be used to improve the life chances of the pupils within the Trust's academies.

The trust board has set a policy that for the three-year financial plan 2019-20 the trust should hold revenue reserves equivalent of one month's expenditure and cash equivalent of one-month net pay. This would equate to £1.8 million for reserves and £0.8 million for cash. The financial plans for the next three years include provision to build reserves to this level. This will allow the trust to absorb cash flow peaks and troughs and give resilience to withstand unforeseen expenditure.

The position as at 31st August 2019 is a net revenue reserve of £946K and cash reserve of £2,590K. For 2019-20 the trust board agreed a change to GaG pooling. Therefore, all reserves will be reported under the consolidated trust position. Note 17 to the accounts shows the reserves by school and head office as at 31st August 2019.

At the end of 2018-19 the Trust's total reserves are £27,433k comprising restricted reserves of £27,258k, of which £33,345k relates to the restricted fixed asset fund, a pension reserve deficit of £6,858k relates to the pension reserve, £771k relates to unspent GAG and unrestricted reserves of £175k which meets the planned reserves as set by the policy.

Investment policy

The Treasury Policy includes the policy on investment. Consolidated cash reserves are invested through appropriate use of financial instruments with the Trust's principal bankers, so any income can be achieved with minimal risk.

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Key Performance Indicators

The main financial key performance indicator for 2018-19 was for the Trust to break even or better on GAG and unrestricted activity. This was achieved during the year for all primary schools. There was a deficit of £125K at the NIA where investment was made to support the growth and bring in staff early in preparation for opening key stages 2, 4 and 5 in September 2019. Prince William School was budgeted to run a deficit of £152K but was able to achieve a deficit of £77K. The trust achieved a net deficit of £35K (2017-18 Deficit £267K) which was a significant improvement on the previous year. In 2019-20 the financial reporting changes to GaG pooling and the schools measured financially against their ICFP modelling. The Key performance indicators will follow the DfE guidance and will cover average class sizes, cost per lesson, contact ratios and we will benchmark non pay costs between academies.

Early Years

Taking into account the starting points of pupils when they join schools within the Trust, results from the in-year progress tracker, EExAT, show that all schools have seen an increase in the proportion of pupils being assessed at age-related expectations or higher. The average assessed age has increased by at least 14 months in all schools during the 10-month period between the September baseline and the summer assessment at the end of June. The average increase across the Trust is 18.2 months. Across the Trust, the percentage of pupils reaching a good level of development is 65%, below the national average (72%) for 2018. Results for pupils exceeding GLD (7%) have increased (+3%) from the previous year.

Phonics

The proportion of pupils passing the Year 1 phonics check is above the national average (82%) for 2018 at Hardingstone (90%) and Shepherdswell (83%) but below 79% at Orchard, Castle and Stimpson Academies. At the end of Year 2, the proportion of pupils across the Trust passing the phonics check is 93%, above the national average of 92%.

Key Stage 1

The Trust average for pupils reaching the greater depth standard is above the national average in all areas; reading 29% (national 26%), writing 22% (national 16%), maths 27% (national 22%) and combined 16% (national 12%). Attainment at the expected standard is marginally below the national average in all areas with it closest in maths (1% below), followed by writing (2% below), combined (3% below) and then reading (6% below).

Key Stage 2 – Attainment

At Key Stage 2, the results across the Trust for reading, writing and maths are lower than the previous year and below the national average.

Writing results at the higher standard have increased from the previous year and are above the national in every school. The Trust average is 28% compared to a national of 20% from 2018.

Maths attainment at the expected standard has increased at Hardingstone (up by 9%) and Orchard (up by 4%), with results above the national average at Castle and Hardingstone.

GCSE & Post 16

At Prince William School 72% of pupils achieved both English and Maths at grade 4 or above – up 5% on last year's results. Students attaining both English and Maths at grade 5 or above also rose from 45% last year to 52% this year (higher than the national 43% in 2018), while overall, 20% of the grades awarded this year were grades 7 to 9 (the new A*/A measure).

In English, the average Attainment 8 score at Prince William School was 5.2 (the national average was 4.9), while the average Attainment 8 score in Maths was 4.6 (the national average was 4.4).

At A level, 78% of Prince William School pupils achieved grades A* to C, 98% achieved an A* to E grade and the overall average grade achieved was a B-.

Plans for future periods

The East Midlands Academy Trust is in a position to grow significantly, particularly in Northamptonshire and Milton Keynes and has restructured the central team and increased capacity to take advantage of growth

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

opportunities. The Trust believes that it needs to increase in size to remain sustainable. Our strategic plan is to increase the number of schools in the Trust to 25 by 2025. This growth will be dependent on the trust maintaining good levels of performance in our existing schools.

This trust aims to provide a fully inclusive education for all students in the communities in which we operate. The growth will include SEN schools, University Technical Colleges, Further education college and alternative provision. This together with an increase in primary and secondary schools will allow the trust to develop education pathways for all our students.

Principal risks and uncertainties

All major risks to which the Trust is exposed are contained in a risk register that is reviewed by the Audit and Risk Group and the Board. These risks are owned by the Senior Management Team or academy Principals with policies, systems and procedures in place to manage these risks. Each academy has its own risk register, owned by the Principal and their senior leaders, and these are reviewed by the LABs, which informs the Trust's register. Both the Trust and its individual academies have business continuity plans which are updated regularly.

Trustees have assessed the major risks and uncertainties to which the Trust is exposed. The main risks and mitigation are considered to be:

Risk	Risk Mitigation
Funding and liabilities	The trust operates a pooling of resources and a purchasing strategy designed to maximise the economies of scale we benefit from. The use of monthly financial scrutiny of each school and the centre together with clear financial procedures allows for control of the financial performance.
Educational performance and results	Ongoing monitoring of the delivery and progress being made and interventions implemented as required.
Reputational risks	Ensure ongoing assessment of problems/threats with appropriate action being undertaken centrally to avoid and mitigate.
Governance and compliance (statutory and legal)	Continually recruiting, training Governors/Board Members and the appointment of a head of governance to ensure compliance.
Capital and maintenance	Assessment of condition of estate and medium to long term planning for improvement
Recruitment and retention	Effective and positive Marketing programme

Employee Consultation and Disabled Employees

The Trust employs disabled people when they appear to be suitable for a particular vacancy and every effort is made to ensure full and fair consideration when such vacancies arise.

The Trust encourages the involvement of its employees through regular staff meetings that have responsibility for the dissemination of information of particular concern to employees, and through staff surveys and staff committees for receiving their views.

Auditor

Mazars LLP was appointed auditor to the charitable company during the year. A resolution proposing re-appointment will be put to the members and Mazars LLP has indicated its willingness to remain in office.

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 13th December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K Crompton', with a stylized flourish at the end.

K Crompton
Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between East Midlands Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met six times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
K Crompton (Chair of Trustees)	6	6
J Harris	2	6
A Salam	5	6
I Malik	3	5
S Morales	3	6
P Waterhouse OBE	4	6
A Davis	6	6
F Wheeler	6	6
L Jones	2	2
M Johanson	1	2

The Finance and HR Group is a sub-committee of the main Board of Trustees and its role is to support the Board by overseeing financial, HR and Estates activity of the Trust along with other controls and risk management, in the context of planned growth. The Group exists to ensure probity and efficiency in the management and expenditure of the Trust's income from the DfE, in compliance with the Education & Skills Funding Agency's Academies Financial Handbook. The Group is chaired by Kevin Crompton. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
K Crompton (Chair of committee)	5	5
A Salam	5	5
A Davis	3	5
S Morales	5	5
M Johanson	1	2

The Audit and Risk Group is a sub-committee of the main Board of Trustees, tasked with setting the Trust's risk appetite and ensuring that controls are in place to manage and mitigate risk within this. Independence is key to membership of the group, which comprises a Chair and two trustees who are not members of the Finance and HR Group. The group is chaired by Richard Burkimsher who is Corporate Services Partner for Hawsons Chartered Accountants. The Chair, who is an independent non-trustee, attended three out of a possible four meetings during the year. Trustee attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
R Burkimsher (Independent Chair)	3	4
A Davis	4	4
F Wheeler	4	4
I Malik	2	3
A Salam	3	4

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

The Standards and Performance group is a sub-committee of the main Board of Trustees. The committee manages the standards and performance of the schools in relation to pupil outcomes, well-being, exclusions and inclusion and receives school performance data collated by the School Effectiveness and Improvement team. The committee is chaired by Pauline Waterhouse OBE. Trustee attendance at the meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Waterhouse OBE	3	4
S Morales	3	4
J Harris	3	4
F Wheeler	4	4
L Jones	1	2

Governance reviews

The trust has carried out a skills audit for the trust board and each of the local advisory boards during the year. In addition to these audits, the boards held a review and reflect meeting at the year end. This has resulted in governance improvement plans being developed for each board.

The trust has increased capacity and skills mix during 2018-19 with the recruitment of two new trustees who have brought additional skills and experience to the board. The trust is intending to recruit additional trustees in 2019-20 to strengthen the Board further.

Review of value for money

East Midlands Academy Trust's vision is that every child deserves to be the best they can be, and any wastefulness or inefficiency will hinder the fulfilment of this vision. It is our aim to achieve the best quality and value for money to enhance the life chances of the children in our academies.

As the Trust matures and grows it is better able to benefit from economies of scale, shared resources and effective procurement, all of which contribute towards excellent value for money.

Some services are procured and delivered across all academies in order to achieve economies of scale, including insurance, audit and accountancy, ICT licenses and support, human resources consultancy and legal support; these are paid by the Trust through the management fee income received from academies. Other contracts such as payroll support, risk management, health and safety support and school meals are procured centrally to ensure compliance and consistency, and to maximise value for money. In addition to this the trust appointed a procurement manager to aggregate all main areas of procurement trust wide and use effective partnerships and framework agreements to achieve best value for money.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Midlands Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Group of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees discharges its duties through the audit and Risk committee for the appointment and review of internal audit work providing the internal scrutiny of the trusts financial controls. During 2018-19 MacIntyre Hudson were appointed and a programme of work agreed which was completed in the spring term. The report was issued to the Risk and Audit committee in March 2019. The areas of review during the year included:

- Review of the Academy's accounting system and month end accounting processes, including the management of control account reconciliations, and the budgeting process;
- Review of the bank transaction recording and reconciliation process;
- Review of the treasury management process;
- Review of the payroll process;
- Review of fixed assets;
- Review of new tendering for contracts;
- Review of the sales and the debtors process;
- Review of suppliers and the creditors process;
- Review of the insurance cover maintained across the trust.

Review of effectiveness

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

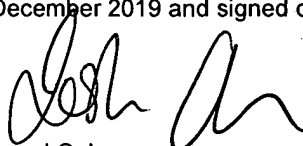
- the work of the Trust's central finance team;
- the work of the external auditor;
- the work of the internal auditor;
- the financial management;
- the work of the executive within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised of the implications of the result of the review of the system of internal control by the Audit and Risk Group, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 13 December 2019 and signed on its behalf by:



K Crompton
Chair of Trustees



J Coleman
Accounting Officer

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of East Midlands Academy Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the 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 2018.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



J. Coleman
Accounting Officer

Date: 13 December 2019

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the directors of East Midlands Academy Trust for the purposes of company law, are responsible for preparing the Trustees' Report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2019 and signed on its behalf by:



K Crompton
Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

INDEPENDENT EXTERNAL AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST

Opinion

We have audited the financial statements of East Midlands Academy Trust ("the 'Academy Trust') for the Year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the Year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

The impact of uncertainties due to Britain exiting the European Union on our audit

The Trustees' view on the impact of Brexit is disclosed on page 8.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Academy Trust's operations, service users, suppliers and the wider economy.

We considered the impact of Brexit on the Academy Trust as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Academy Trust's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Academy Trust and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

EAST MIDLANDS ACADEMY TRUST

INDEPENDENT EXTERNAL AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

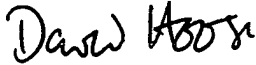
EAST MIDLANDS ACADEMY TRUST

INDEPENDENT EXTERNAL AUDITOR'S REPORT TO THE MEMBERS OF EAST MIDLANDS ACADEMY TRUST

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

Use of the audit report

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



David Hoose (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date 16/12/19

EAST MIDLANDS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST MIDLANDS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 27 August 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by East Midlands Academy Trust during the period 1 September 2018 to 31 August 2019 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 East Midlands Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to East Midlands Academy Trust and the ESFA those matters we are required to state to it 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 East Midlands Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of East Midlands Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of East Midlands Academy Trust's funding agreement with the Secretary of State for Education dated 25th May 2012 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluding on procedures carried out.

EAST MIDLANDS ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EAST MIDLANDS ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Mazars LLP

Reporting Accountant

Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

Date 16/12/19

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset	Total 2018/19	Total 2017/18
	Notes	£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	3	38	-	2,386	2,424	7,172
Charitable activities:						
- Funding for educational operations	4	97	18,066	-	18,163	16,064
Other trading activities	5	98	508	-	606	62
Investments	6	1	-	-	1	2
Total		234	18,574	2,386	21,194	23,300
Expenditure on:						
Raising Funds	7	48	351	-	399	345
Charitable activities:						
- Educational operations	8	90	19,069	1,258	20,417	17,686
Total	7	138	19,420	1,258	20,816	18,031
Net (Expenditure) / Income		96	(844)	1,127	379	5,269
Transfers between funds		-	-	-	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit pension schemes	24	-	(1,720)	-	(1,720)	960
Net movement in funds		96	(2,564)	1,127	(1,341)	6,229
Reconciliation of funds						
Total funds brought forward		79	(3,523)	32,218	28,775	22,546
Total funds carried forward		175	(6,087)	33,345	27,433	28,775

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2018/19		2017/18	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	13		32,043		32,061
Current assets					
Debtors	14	1,234		1,302	
Cash at bank and in hand		2,590		1,845	
			3,824		3,147
Current liabilities					
Creditors: amounts falling due within one year	15	(1,576)		(2,008)	
Net current assets			2,248		1,139
Total assets less current liabilities			34,291		33,200
Defined benefit pension scheme liability	24		(6,858)		(4,425)
Net assets			27,433		28,775
Funds of the Trust:					
Restricted funds	17				
- Restricted fixed asset funds			33,345		32,218
- Restricted income funds			771		902
- Pension reserve			(6,858)		(4,425)
Total restricted funds			27,258		28,695
Unrestricted income funds	17		175		80
Total funds			27,433		28,775

The financial statements on pages 19-39 were approved by the Board of Trustees and authorised for issue on 13th December 2019 and are signed on their behalf by:


K Crompton
Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2018/19 £000	£000	2017/18 £000	£000
Cash flows from operating activities					
Net cash provided by operating activities	19		(401)		433
Cash flows from investing activities					
Cash flows from investing activities	21		1,146		(463)
Net cash used in financing activities	20		(0)		(160)
Change in cash and cash equivalents in the reporting period			745		(190)
Cash and cash equivalents at 1 Sept 2018			1,845		2,035
Cash and cash equivalents at 31 August 2019	22		2,590		1,845

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1. Accounting policies

General information

East Midlands Academy Trust is a charitable company. The address of its principal place of business is given on page 3 and the nature of its operations are set out in the Trustees' Report. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

Basis of preparation

The financial statements of the Trust 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 financial statements 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. The Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Trust.

Monetary amounts in these financial statements are rounded to the nearest whole thousand, except where otherwise indicated.

Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All income is recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the Trust has provided the goods or services.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

Goods and services procured from connected parties are included at the price paid, and such transactions are undertaken 'at cost' in line with the provisions of the Academies Financial Handbook.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

These are costs incurred on the Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

Tangible fixed assets and depreciation

Assets costing £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 and depreciated over their expected useful economic life. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities.

Depreciation is provided on all tangible fixed assets (including donated fixed assets), so as to write off the cost of assets less their residual values over their useful lives on the following bases:

L/Term Leasehold Property	2% straight line
Office equipment	33% straight line
Fixtures and fittings	20% straight line
Motor vehicles	20% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 reporting 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 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.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

Leased assets

Rentals payable under operating leases are charged to expenditure on a straight-line basis over the period of the lease.

Financial instruments

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

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

Pension benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 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 projected unit credit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Department for Education, Education and Skills Funding Agency and local authorities.

2. Critical accounting estimates and areas of judgement

Accounting 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 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 or income for pensions include the discount rate.

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

Critical areas of judgement

The Trustees do not consider there to be any areas of judgement which are critical to the Trust's financial statements

3. Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
Donated goods and services from sponsor	-	-	-	16
Donated fixed assets	-	-	-	6,320
Capital grants	-	2,386	2,386	813
Other donations	38	-	38	23
	38	2,386	2,424	7,172

The income from donations and capital grants was £2,424K (2017/18: £7,172) of which £38K was unrestricted (2017/18: £23K), £0 was restricted general (2017/18: £16K) and £2,386K was restricted fixed assets (2017/18: £7,133K).

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

4. Funding for the Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
DfE / ESFA grants				
General annual grant (GAG)	-	15,674	15,674	13,429
Start-up grants	-	290	290	304
Other DfE / ESFA grants	-	1,362	1,362	1,220
	-	17,326	17,326	14,953
Other government grants				
Local authority grants	-	740	740	759
Other incoming resources	97	-	97	352
	97	18,066	18,163	16,064

The income from funding for educational operations was £18,163k (2017/18: £16,064k) of which £97k was unrestricted (2017/18: £332k), £18,066k was restricted general (2017/18: £15,732k) and £nil was restricted fixed assets (2017/18: £nil).

5. Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
Hire of facilities	50	-	50	35
Income from other activities	48	508	556	27
	98	508	606	62

The income from other trading activities was £606k (2017/18: £62k) of which £98k was unrestricted (2017/18: £35k), £508k was restricted general (2017/18: £27k) and £nil was restricted fixed assets (2017/18: £nil).

6. Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018/19 £000	Total 2017/18 £000
Short term deposits	1	-	1	2

The income from funding for investment income was £1k (2017/18: £1k) of which £1k was unrestricted (2017/18: £1k), £nil was restricted general (2017/18: £nil) and £nil was restricted fixed assets (2017/18: £nil).

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

7. Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other	2018/19	2017/18
	£000	£000	£000	£000	£000
Academy's educational operations					
- Raising Funds	24	-	375	399	345
- Direct costs	12,309	1,258	1,119	14,687	10,546
- Allocated support costs	2,956	1,475	1,298	5,730	7,140
Total costs	15,290	2,733	2,792	20,816	18,031

Net income/(expenditure for the period includes:

	2018/19	2017/18
	£000	£000
Operating lease rentals	55	51
Depreciation of tangible fixed assets	1,258	923
Other loan interest payable	-	4
Net interest on defined benefit pension liability	123	116
Fees payable to Mazars LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	18	23
- Other services	2	1

8. Charitable activities

	Unrestricted Funds	Restricted Funds	Total	Total
	£000	£000	2018/19	2017/18
			£000	£000
Direct costs - educational operations	0	14,687	14,687	10,891
Support costs - educational operations	90	5,640	5,730	7,140
	90	20,327	20,417	18,031

The expenditure on educational operations was £20,102,566 (2017/18: £18,031,223) of which £43,532 was unrestricted (2017/18: £429,231), £18,800,664 was restricted general (2017/18: £14,956,269) and £1,258,370 was restricted fixed assets (2017/18: £922,620).

Analysis of support costs

	2018/19	2017/18
	£000	£000
Support staff costs	2,956	4,379
Donated goods and services from sponsors	-	16
Technology costs	111	312
Premises costs	1,475	743
Other support costs	1,165	1,359
Governance costs	23	331
	5,730	7,140

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

9. Staff

Staff costs	2018/19 £000	2017/18 £000
Staff costs during the year were:		
Wages and salaries	11,167	9,585
Social security costs	1,026	817
Operating costs of defined benefit pension schemes	2,621	2,207
Total staff costs	14,814	12,609
Supply staff costs	303	434
Staff restructuring costs	133	158
Staff development and other staff costs	40	72
	15,290	13,273
Staff restructuring cost comprises:		
Redundancy payments	54	158
Severance Payments	78	

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £0. (2017/18 £43,385)

Staff numbers

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

	2018/19 Number	2017/18 Number
Teachers	196	157
Administration and support	264	229
Management	22	21
	482	407

Higher paid staff

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

	2018/19 Number	2017/18 Number
£60,001 - £70,000	6	6
£70,001 - £80,000	2	3
£80,001 - £90,000	-	1
£90,001 - £100,000	2	2
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-
	12	13

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

9. Staff (Continued)

Key management personnel

The key management personnel of the Trust comprise the Trustees, Heads of Schools and the Senior Management Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £952,417 (2017/18: £1,038,911).

10. Central services

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

- leadership support;
- financial and operational skills and expertise;
- human resources;
- legal services;
- educational support services;
- insurance and risk management.

The Trust has charged for these services based on 7% of pupil based funding, excluding SEN funding, for all schools.

The amounts charged during the year were as follows:

	2018/19 £000	2017/18 £000
Orchard Academy	96	62
Shepherdswell Academy	52	33
Castle Academy	115	84
Hardingstone Academy	53	38
Stimpson Avenue Academy	94	114
Prince William School	331	374
Northampton International Academy	277	177
	1,019	882

11. Trustees' remuneration and expenses

None of the Trustees have been paid remuneration or have received other benefits from an employment with the Trust. The Heads of School and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Heads of School and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

J Marshall received remuneration of £nil in 2018/19 (2017/18: £56,667), paid by the former sponsor EMLC and recharged to the trust.

During the year ended 31 August 2019 expenses totalling £2,913 (2017/18: £4,842) were reimbursed to seven trustees (2017/18: seven) for travel relating to their role as trustees.

12. Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides unlimited cover on any one claim and the cost for the year ended 31 August 2018/19 was included within the costs of the Risk Protection Arrangement.

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. Tangible fixed assets

	L/Term Leasehold Property £000	Freehold Property £000	Office Equipment £000	Fixtures and Fittings £000	Motor Vehicles £000	Total £000
Cost						
At 1 September 2018	28,976	3,462	1,368	1,102	13	34,920
Additions	717	-	311	213	-	1,241
At 31 August 2019	29,692	3,462	1,679	1,316	13	36,162
Depreciation						
At 1 September 2018	1,602	182	602	467	7	2,860
Charge for the year	580	69	409	198	3	1,258
At 31 August 2019	2,182	252	1,011	665	9	4,118
Net book value						
At 31 August 2018	27,373	3,279	766	636	6	32,061
At 31 August 2019	27,511	3,210	668	651	3	32,043

14. Debtors

	2019 £000	2018 £000
Trade debtors	39	96
VAT recoverable	538	375
Prepayments and accrued income	657	831
	1,234	1,302

15. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	878	509
Other taxation and social security	277	243
Abatement of GAG	20	499
Other creditors	34	50
Accruals and deferred income (see note 16)	367	707
	1,576	2,008

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

16. Deferred income

	2019 £000	2018 £000
Deferred income is included within:		
Creditors due within one year	165	280
Deferred income at 1 September 2018	280	232
Released from previous years	(280)	(232)
Amounts deferred in the year	165	280
Deferred income at 31 August 2019	165	280

Deferred Income was £165k, (2017/18: £280k) of which £115k was UIFSM £25k was Trip Expenditure paid in advance (2017/18: £14,956,269) and £25k was other deferred income.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

17. Funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant	902	15,674	(15,805)	-	771
Start-up grants	-	290	(290)	-	-
Pupil Premium	-	851	(851)	-	-
Other government grants	-	1,760	(1,760)	-	-
Pension reserve	(4,425)	-	(713)	(1,720)	(6,858)
	(3,523)	18,575	(19,419)	(1,720)	(6,087)
Restricted fixed asset funds					
Assets purchased post conversion	1,636	2,386	(738)	-	3,284
Building valuation	30,582	-	(521)	-	30,061
	32,218	2,386	(1,259)	-	33,345
Total restricted funds	28,695	20,960	(20,677)	(1,720)	27,258
Unrestricted funds					
General funds	79	234	(138)	-	175
Total funds	28,775	21,194	(20,815)	(1,720)	27,433

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

- Unrestricted funds - represents funds available for the Trustees to apply for the general purposes of the Trust.
- General Annual Grant (GAG) - represents funding from the ESFA to be used for the normal running costs of the schools, including education and support costs.
- Other Government Grants - represents various grants from local and national government bodies for the provision of specific services to pupils of the Academy Trust.
- Other Restricted funds - represents various funding received for other specific purposes.
- Start Up Grants - represents funding to be used specifically for costs incurred during the conversion process.
- Pension Reserve - represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Academy Trust on conversion from state control.
- Restricted Fixed Asset funds - comprises fixed assets funded by government grants and other funding bodies.
- Other DfE/ESFA grants - represents other funding from the DfE/ESFA to support specific activities within the Academy Trust.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

- FOR THE YEAR ENDED 31 AUGUST 2019

17. Funds (Continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant	1,150	13,429	(13,450)	(227)	902
Start-up grants	-	304	(304)	-	-
Other DfE / ESFA grants	-	1,220	(1,220)	-	-
Other government grants	-	759	(759)	-	-
Other restricted funds	-	63	(63)	-	-
Pension reserve	(4,502)	-	(883)	960	(4,425)
	(3,352)	15,775	(16,679)	733	(3,523)
Restricted fixed asset funds					
Assets purchased/post conversion	998	813	(402)	227	1,636
Building valuation	24,783	6,320	(521)	-	30,582
	25,781	7,133	(923)	227	32,218
Total restricted funds	22,429	22,908	(17,602)	960	28,695
Unrestricted funds					
General funds	117	392	(429)	-	80
Total funds	22,546	23,300	(18,031)	960	28,775

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

17. Funds (Continued)

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Orchard Academy	169	95
Shepherdswell Academy	15	12
Castle Academy	555	514
Hardingstone Academy	66	53
Stimpson Avenue Academy	44	(59)
Prince William School	221	298
Northampton International Academy	95	219
Central services (1)	(219)	(152)
Total before fixed assets fund and pension reserve	946	980
Restricted fixed asset fund	33,345	32,218
Pension reserve	(6,858)	(4,425)
Total funds	27,433	28,775

(1) The deficit within the Central Services will be recovered in 2019/20 from surpluses made by the Trust from GaG pooling.

Total cost analysis by academy

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

	Teaching and educational support staff costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs excluding depreciation £'000	Total 2019 £'000	Total 2018 £'000
Orchard Academy	1,167	292	27	354	1,840	1,746
Shepherdswell Academy	684	102	20	160	966	1,025
Castle Academy	1,460	144	41	446	2,091	2,074
Hardingstone Academy	659	120	14	215	1,008	978
Stimpson Avenue Academy	1,174	198	20	299	1,691	1,877
Prince William School	3,903	433	98	1,016	5,450	5,769
Northampton International Academy	3,021	407	166	1,119	4,713	2,492
Central services	-	1,526	-	273	1,799	264
	12,068	3,222	386	3,882	19,558	16,225

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	32,043	32,043
Current assets	175	2,347	1,302	3,824
Creditors falling due within one year	-	(1,576)	-	(1,576)
Defined benefit pension scheme liability	-	(6,858)	-	(6,858)
Total net assets	175	(6,087)	33,345	27,433

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	32,061	32,061
Current assets	177	2,812	158	3,147
Creditors falling due within one year	(98)	(1,910)	-	(2,008)
Creditors falling due after one year	-	-	-	-
Defined benefit pension scheme liability	-	(4,425)	-	(4,425)
Total net assets	79	(3,523)	32,219	28,775

CAPITAL COMMITMENTS OUTSTANDING

18. Commitments under operating leases

At 31 August 2019 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	35	36
Amounts due between one and five years	25	34
	60	70

One of the Trust's academies, Castle Primary School, is also part of a Private Finance Initiative (PFI) arrangement for the use of its site. Under this agreement the academy is committed to a charge of £150,500 per annum. The charge is subject to indexation each year.

Capital commitments at the year end

At year end Capital commitments amounted to £1,111k this represents continued works at the NIA on the refurbishment of the commercial area and the replacement of the roof at Stimpson Avenue Academy.

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

19. Reconciliation of net income to net cash flow from operating activities

	2018/19 £'000	2017/18 £'000
Net income for the reporting period (as per the Statement of Financial Activities)	378	5,269
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(2,386)	(7,133)
Interest receivable	(1)	(2)
Interest payable	-	4
Defined benefit pension scheme cost less contributions payable	542	594
Defined benefit pension scheme finance cost	172	116
Defined benefit pension scheme net settlement cost	-	173
Depreciation of tangible fixed assets	1,258	923
Profit on disposal of fixed assets	-	-
(Increase)/decrease in debtors	68	(193)
Increase/(decrease) in creditors	(432)	682
Net cash provided by / (used in) Operating Activities	(401)	433

20. Cash Flows from financing

	2019 £'000	2018 £'000
Repayment of borrowing	-	(156)
Finance cost	-	(4)
Carrying amount of financial liabilities	-	(160)

21. Cash Flows from investing activities

	2019 £'000	2018 £'000
Dividends, interest and rents from investments	1	2
Capital Grants from DfE Group	2,386	352
Purchase of tangible fixed assets	(1,241)	(816)
Proceeds from sale of tangible fixed assets	-	-
Net cash provided by / (used) in investing activities	1,146	(462)

22. Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand and at bank	2,589	1,845
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	2,589	1,845

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

23. Members' liability

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

24. Pension and similar obligations

The 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 Buckinghamshire County Council and Northamptonshire County Council. 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 to the period ended 31 March 2016.

Contributions amounting to £0 (2018: £0) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,186,510 (2018: £871,802).

Local Government Pension Scheme

The LGPS is a funded defined-benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20% for employers and variable % 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.

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	732	604
Employees' contributions	206	177
Total contributions	938	781

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 for the Northampton LGPS scheme and Bucks LGPS scheme updated to 31 August 2019 by a qualified independent actuary.

	2019 %	2018 %
	Northants/Bucks	Northants/Bucks
Rate of increases in salaries	2.6/3.8	2.7/3.8
Rate of increase for pensions in payment/inflation	2.2/2.3	2.4/2.3
Discount rate for scheme liabilities	1.8/1.85	2.8/2.65
Inflation assumption (CPI)	2.2/2.3	2.4/2.3

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension and similar obligations (continued)

The assumed life expectations on retirement age 65 are:

	2019 Years	2018 Years
	Northants/Bucks	Northants/Bucks
Retiring today		
- Males	22.9/21.2	22.1/24.0
- Females	24.8/23.3	24.2/26.1
Retiring in 20 years		
- Males	24.6/22.3	23.9/26.3
- Females	24.7/26.7	26.1/28.5

The Trust's share of the assets in the scheme

	2019 Fair Value £'000	2018 Fair Value £'000
Equities	3,964	3,228
Bonds	968	681
Gilts	248	195
Cash	146	194
Property	498	376
Other assets	217	167

Total fair value of assets

6,042 4,841

The actual return on scheme assets was £187 (2018: £192).

Amount recognised in the statement of financial activities

	2019 £'000	2018 £'000
Current service cost	1,238	1,198
Past service costs	83	-
Net interest cost	123	115
Settlement Cost	-	173

Total operating charge

1,444 1,486

Changes in the present value of defined benefit obligations

	2019 £'000
At 1 September 2018	9,266
Current service cost	1,238
Interest cost	269
Employee contributions	206
Actuarial gain	1,902
Benefits paid	(64)
Settlement prices	-
Past Service	83
At 31 August 2019	12,900

EAST MIDLANDS ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2019

24. Pension and similar obligations (continued)

Changes in the fair value of the Trust's share of scheme assets	2019 £'000
At 1 September 2018	4,841
Interest income	145
Return on plan assets (excluding net interest on the net defined pension liability)	182
Employer contributions	732
Employee contributions	206
Settlement prices received	-
Benefits paid	(64)
	<hr/>
At 31 August 2019	6,042
	<hr/>

25. Sensitivity Analysis

Changes in assumptions	2019 £'000	2018 £'000
Decrease in Real Discount Rate of 0.5%	1,673	1,673
Increase in the Salary Increase Rate of 0.5%	138	138
Increase in the Pensions Increase Rate (CPI) of 0.5%	1,497	1,497
Adjustment to life expectancy	4,021	3,754
	<hr/>	<hr/>

26. Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

There were no related party transactions during 2018-19. During 2017-18 the trust was sponsored by EMLC an education charity. The trust separated from the sponsor in July 2018. There were no transactions with the former sponsor in 2018-19. During 2017-18 the trust paid £217K to the sponsor for secondees salaries and received £16K of donated services from the charity. In addition, the trust paid £130K to TWE enterprises, a subsidiary of the sponsor, for school improvement services.

27. Agency arrangements

The Academy Trust distributes 16-19 Bursary Funds to students as an agent for the ESFA. In the year it received £4,358 and disbursed £4,358. With an amount of £Nil repayable by the Academy Trust at 31 August 2019 (2018: £Nil), the Academy Trust has used of the allocation received towards its own administration costs and this is recognised as income in the Statement of Financial Activities of £Nil