

1EXCELLENCE MULTI ACADEMY TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2018

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1Excellence Multi Academy Trust

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 11
Governance Statement	12 to 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 to 20
Independent Reporting Accountant's Report on Regularity	21 to 22
Statement of Financial Activities incorporating Income and Expenditure Account	23 to 24
Balance Sheet	25
Statement of Cash Flows	26
Notes to the Financial Statements	27 to 51

1Excellence Multi Academy Trust

Reference and Administrative Details

Members	P Rickeard M Stand Archdeacon S Bain L Totty D Bowes
Trustees (Directors)	D Bowes F Williams H Smith J Telford (resigned 26 March 2018) K Smith B Janes (resigned 16 July 2018) L Hobson (resigned 18 October 2018) V Hall M Fryer
Company Secretary	N White
Senior Management Team	V Hall, Headteacher H Ducker, Headteacher D Hindson, Deputy Headteacher C Fryett, Deputy Headteacher
Principal and Registered Office	Pentland Primary School Pentland Avenue Billingham TS23 2RG
Company Name	1Excellence Multi Academy Trust
Company Registration Number	10817580
Auditors	Tait Walker LLP Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	Lloyds Bank plc 83/85 Linthorpe Road Middlesbrough TS1 3DX
Solicitors	Womble Bond Dickinson (UK) LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018

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

The Trust operates 2 primary academies in the Stockton area. Its Academies have a combined pupil capacity of and had a roll of (including nursery) in the 2 Academies on the census on the ...th October 2018.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was incorporated on 1st July 2017 and is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Directors of 1Excellence Multi Academy Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as 1ExcellenceMulti Academy Trust.

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

Members Liability

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

Governors Indemnities

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides unlimited cover.

Method of Recruitment and Appointment or Election of Trustees

Recruitment and Appointment of Trustees was carried out as set out in the Memorandum and Articles of Association for 1Excellence Multi Academy Trust. The Memorandum of Association allows the following:-

- No fewer than 5 Trustees appointed under article 50
- Chief Executive Officer
- Co-opted Trustees

The number of Trustees shall not be less than 5 but shall not be subjected to any maximum.

The term of office for any Trustee shall be 4 years or a shorter period if specified at the time of appointment by the person or body appointing. This time limit does not apply to the Co-opted Trustees, head teachers appointed as Trustees or any post which is held ex-officio. Co-opted Trustees are appointed for a period of one year. Subject to remaining eligible to be a particular type of Trustees, any Trustees may be re-appointed or re-elected.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees depends upon their existing experience and background. Prior to conversion each Trustee completed a Skills Audit to determine their level of experience and expertise. Induction is done informally and is tailored to meet the specific needs of the individual governors. The Governance Consultants have offered training courses as per the skills set needs of the Board and individual LGB's in addition to specific courses offered by the Local Authority and other bodies.

Organisational structure

The Trustees are responsible for, and oversee, the management and administration of the Academy Trust. The Trustees are accountable to external government agencies including the Charity Commission and the Department for Education.

The Board of Trustees agreed to set up a Local Advisory Body (LAB) for each individual Academy. The Board of Trustees delegated to the LAB's responsibility for setting general policy and the day to day management of each Academy in line with the agreed Scheme of Delegation.

The Board of Trustees agreed to establish 3 committees and committee terms of reference outlined below:

Finance, Operations and Audit Committee

The Finance, Operations and Audit Committee is a Committee of the Board and is authorised to:

- Finance – Review the management of the financial operation of the Academy Trust through Committee meetings and recommend an annual budget to the Board of Trustees.
- Audit – To review outcomes of audits and monitor remedial actions through to completion.

Standards Committee

The Standards Committee is a committee of the Board of Trustees and is authorised to:

- Determine the overall education vision of the Academy Trust.
- To define Academy Trust improvement planning and the target setting process and to determine the targets to be recommended to the Academy Trust on an annual basis.

Safeguarding Committee

The Safeguarding Committee is a committee of the Board of Trustees and is authorised to:

- Ensure that safeguarding across the Academy Trust is compliant to current legislation.

The leadership structure of each individual academy within the Academy Trust is tailored to meet the needs of the specific academy in line with overall aims and objectives of the Academy Trust and key performance indicators.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Arrangements for setting pay and remuneration of key management personnel

Key management personnel is defined as those persons of the Academy Trust having authority and responsibility for planning, directing and controlling the activities of the Academy Trust, directly or indirectly and including all Trustees. Trustees who are not employees of the Academy Trust receive no remuneration for the roles they undertake. The Academy Trust's key management personnel are therefore defined to be the Head Teacher and Deputy Head Teacher of each Academy.

Pay and remuneration of key management personnel is determined by a variety of contributory factors, such as, the Academy Trust size, ISR, the pay scales for each role e.g. Head teacher, Deputy Head teacher, the level of experience of the staff member. In addition to this, levels of pay may be effected by any nationally agreed pay awards, the ability to recruit key management personnel and retain them in post, which all coincides with the academies appointment and pay policies. All amendments to key management personnel's pay and remuneration is discussed and agreed by the Board of Trustees.

Objectives and Activities

Objects and Aims

The Academy Trust's objects ("**the Objects**") are specifically restricted to the following:

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include:

(Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education) and

- (ii) other Academies whether with or without a designated religious character;

but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

(b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, Strategies and Activities

As the Academy Trust is in the early stages of its development the principle areas for improvement have been identified below:

- To improve the quality of teaching and learning; and
- To embed a consistent tracking, monitoring and reporting system to improve pupil outcomes and ensure consistency in tracking and target setting across the trust
- To ensure strong financial decision making at all levels and ensure leaders are well trained and secure in their posts.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

- To secure effective leadership that leads to strong achievement outcomes in all Academies

To enable us achieve the above we have recognised that the key benefits of being part of our Academy Trust are:

- a shared ethos and vision;
opportunities to share best practice through facilitating high quality Continued Professional Development (CPD) across the Academy Trust; commonality of policies and procedures;
- provision of ongoing professional development and training to ensure effective recruitment and retention of high quality staff;
- Sharing expertise and best practice at all levels across the Academy Trust; and
- Economies of scale – driving efficiencies through ensuring best value for money when procuring services and resources.

Public Benefit

The Academy Trust provides educational services to children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the public benefit guidance provided by the charity Commission. The Academy Trust aims to advance for the public benefit, managing and developing academies, offering a broad curriculum set within an inclusive context. The Academies in the Academy Trust also provide opportunities for children, their parents, and the local community that they serve through a range of extra-curricular activities and opportunities. In the case of Church Academies within the trust to the benefit of the parish in which they are situated and other parishes that may wish to be involved.

STRATEGIC REPORT

Achievements and Performance

The Standards Committee and Local Advisory Boards continue to monitor each Academy's performance. This is done through the use of data to benchmark academic performance. Documented analysis through academy self-evaluation and academy improvement planning ensure that rigorous systems and effective target setting promotes achievement and standards across the Academies in the Academy Trust.

St. Marks Church of England Primary School - PUPIL PERFORMANCE DATA 2018

FOUNDATION STAGE PERFORMANCE

Good Level Development %		
2016	2017	2018
68.9	71	76

PHONICS TEST PERFORMANCE %

2016 - 86%	2017 - 91%	2018 - 87%
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1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

KEY STAGE 1 PERFORMANCE 2018

Number of pupils	Working at expected standard %	Working at greater depth %
Reading	83	35
Writing	78	20
Maths	91	22
Science		
Combined Reading, Writing and Maths	76	17

KEY STAGE 2 PERFORMANCE 2018

Number of pupils - 33	Working at expected standard %	Working at greater depth%
Writing	97	20
Reading	97	48
Maths	94	36
Science (TA)		
SPG	97	67
Combined Reading, Writing and Maths	88	12

Attendance in the period Sept 17 to July 18: 95.6%

Number of staff (FTE)

Teachers – 16.03

Support staff – 14.95

Academy Context Summary

OFSTED in June 2017. Good with very strong features.

Stable staffing with consistently strong outcomes at all levels.

30 hours provision in foundation stage is now established and very popular. Pupil numbers are stable and increasing. This will secure pupil numbers in coming years.

High quality building works are enhancing academies in local area.

The Academy is popular and over subscribed with a waiting list for Key stage two

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Pentland Primary School - PUPIL PERFORMANCE DATA 2018

FOUNDATION STAGE PERFORMANCE

Good Level Development %		
2016	2017	2018
64	68	70

PHONICS TEST PERFORMANCE

2016	2017	2018
82	80	83

KEY STAGE 1 PERFORMANCE 2018

Number of pupils	Working at expected standard	Working at greater depth
Reading	70	21
Writing	70	12
Maths	67	14
Science		
Combined Reading, Writing and Maths	67	5

KEY STAGE 2 PERFORMANCE 2018 (without moderate learning difficulties support base pupils data)

Number of pupils - 28	Working at expected standard	Working at greater depth
Writing	84	53
Reading	82	13
Maths	87	16
Science (TA)		
Combined Reading, Writing and Maths	79	3%

Attendance in the period Sept 17 to July 18: 96%

Number of staff (FTE)

Teachers – 18.45

Support staff – 13.75

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Academy Context Summary

The Academy sits in the 4th percentile of deprivation which, at 52% is significantly above national. SEND is currently 20% which is also well above national.

Children enter nursery just below ARE but catch up quickly. By end of Y6 they are in line with are related expectations. Progress is good throughout Academy. Projections for 2019 suggest that this level of achievement will be sustained.

Key Performance Indicators

Outcomes

All Academies are enabled to reach good or better outcomes

To embed the improvements achieved in all subjects at KS2 . Ensure consistent outcomes above national levels in all subjects and high quality teaching that is consistently good or better in all Academies.

To secure a rich and broad curriculum in each Academy, which allows all children to flourish academically socially and emotionally and provides enrichment that enables pupils to make strong improvements in key areas.

To ensure that groups at risk of underachieving make good or better progress and that gaps between them and their peers closes.

Academy Improvement

To establish a self-sustaining, system led, collaborative approach to improvement

To secure an accurate and robust self- evaluation process.

To embed Academy-to-Academy support.

To build links with Teaching Schools and training providers.

To develop further capacity to sponsor other Academies.

Leadership

To ensure high quality at all levels and plans for succession over the next 3 years.

To maintain measured and systematic growth in the capacity and size of the trust

To deliver high quality services to Academies.

To develop the structure of the organization so that inclusion, and strong academic performance are embedded across all Academies in the Academy Trust

Business

To strengthen the Academy Trust by incorporating new Academies through sponsorship and by choice, and ensuring future sustainability.

To maintain measured and systematic growth.

To deliver high quality services to Academies.

To develop the structure of the organisation.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

To deliver a strong financial plan.

Directors

To develop a fully-functioning, high-level Academy Trust Board that represents the full range of skills required.

To embed high quality governance at the Local Governing Board level, focused clearly on raising standards.

To empower leaders to lead the improvement journey within and beyond their academies.

Going Concern

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

FINANCIAL REVIEW

The Finance, Operations and Audit Committee has delegated responsibility for ensuring the sound financial management of the Academy Trust's resources including appropriate planning, monitoring and probity. Key financial policies adopted during the period include the Finance Policy which lays out the framework for financial management including financial responsibilities of the Board, Finance, Operations and Audit Committee, Head teacher and administration staff, including delegated authority of expenditure. Other policies adopted include Assets, Anti-fraud, Corruption & Bribery, Reserves, Treasury Management, Risk Management and Business Continuity Policies to ensure rigorous financial systems are in place.

The Academy Trust has commissioned external auditors, Tait Walker LLP, to carry out termly internal assurance tests, including an analysis of risks and recommendations for improvement. This enables the Resources Committee to monitor the adequacy and effectiveness of the Academy Trust's policies and systems of internal control. The recommendations contained in the termly assurance report and recommendations have been consolidated into one action plan.

The majority of the Academy Trust's income for the period of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ending 31 August 2018 total expenditure of £3,388k was in excess of grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of income over expenditure for the period (excluding inherited assets and liabilities, restricted fixed asset funds and before pension transfer) was £195k.

At 31 August 2018 the net book value of fixed assets was £2,035k, the assets were used exclusively for providing education and associated support to the pupils in the academies within the Trust.

Under accounting standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, which is provided for support staff, to the restricted Fund. This resulted in the pension fund showing an asset which has been restricted to £nil as the Academy Trust will not realise the economic benefits of this asset.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Reserves Policy

The level of reserves is reviewed by the Finance, Operations and Audit Committee in the period. The financial risks have been reviewed in terms of impact and likelihood as part of the strategic risk management process. To manage the cash flow effectively and ensuring long term financial sustainability the Finance, Operations and Audit Committee consider it prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of the equivalent of 1 month expenditure per Academy, approximately £282k in 2018/19. The Finance, Operations and Audit Committee have reviewed the reserve levels of the individual Academies. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy Trust is implementing stringent financial controls to achieve the level of reserve outlined in the Reserves Policy. The Board of Trustees have approved individual Academy plans to spend the majority of its revenue income each year on the students in its care; but also maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Academy Trust. This will ensure that reserves are held for any changes in pupil led funding and to provide for any unforeseen liabilities.

At 31 August 2018, the Academy Trust held reserves within the GAG restricted fund, and unrestricted fund of £254k, which amounted to less than one month's expenditure, the Academy Trust is working towards increasing the reserves in future years.

Investment Policy

The Board of Trustees are committed to ensuring that all funds under their control are rigorously administered under a risk adverse investment strategy. The Academy Trust will look to implement an Investment Policy but do not consider the investment of surplus funds as a primary activity at this time.

Principal Risks and Uncertainties

The Academy Trust has agreed a Risk Management Policy. A Trust Risk Register has been compiled and each risk area has been evaluated. The Trust policy is to adopt best practice in the identification, evaluation and effective control of known risk to ensure they are managed to an acceptable level.

The principle risks and uncertainties facing the Academy Trust are:

Financial – the Academy Trust has considerable reliance on continued Government funds through the EFA. In the year ended 31 August 2018 the majority of the Academy Trust's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that government policy will remain the same or that public funding will continue at the same levels or on the same terms.

The Directors have assessed the other major risks to which the Academy Trust is exposed, in particular those relating to Governance, IT and other operational areas. The Trust policy is to adopt best practice in the identification, evaluation and effective control of known risks to ensure they are managed to an acceptable level.

The provisions of FRS102 have been applied in full resulting in an asset at the year end, this has been restricted to £nil within the financial statements as the Academy Trust will not realise an economic benefit from this asset.

1Excellence Multi Academy Trust

Trustees' Report for the Year Ended 31 August 2018 (continued)

Further potential risk may come as numbers fluctuate over time. This could affect the amount of funding available to Academies. Although this is not anticipated in the short term, long term issues which could affect pupil numbers could be poor OFSTED outcomes resulting in lack of parental confidence and declining academic performance also resulting in lack of confidence by parents in the Academy.

Any future changes to the national funding formula may result in a drop in income, so Trustees need to remain aware of any potential change to funding structures.

PLANS FOR FUTURE PERIODS

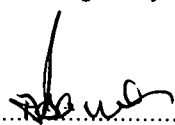
- Create outward-facing Academies which work with other Academies and organisations – in a climate of mutual challenge – to champion best practice and secure excellent achievements for all pupils;
- To strengthen partnership within the Academy Trust with a focus on teaching and learning, utilising growing expertise and experience from existing and new Academies.
- To maintain financial stability;
- Maintain or improve numbers on roll across the Academy Trust;
- Implement the recommendation in the Financial Improvement Plan; and
- To promote economies of scale driving efficiencies through ensuring best value for money when procuring services and resources.

At the end of academic year 2018/19, the existing executive head teacher will retire. Her post will not be replaced therefore the Academy Trust will expect a saving for the following period, 2019-2020. Two posts of Head of Academy will be appointed, creating stability and security for future leadership and to secure standards across the trust.

How we aim to achieve our Vision for the future

- Regular Headteacher meetings across the Academy Trust;
- Shared PD Days;
- Regular Peer review across all aspects of trust performance
- Networking of staff;
- Evidence of impact on systems within Academies and outcomes in each Academy
- Challenge from the Trustees of the Trust, associated committees, Local Governing Bodies and external agencies, evident in minutes of meetings.
- Continue to drive economies such as the current creation of Academy Trust roles for areas such as governance and SENDco roles. This will extend to other shared roles across the Academy Trust, in particular early years, finance and administration roles.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 10.10.2018 and signed on its behalf by:


.....
D Bowes
Trustee

1Excellence Multi Academy Trust

Governance Statement

Scope of Responsibility

As Trustees we acknowledge we have overall responsibility for ensuring 1Excellence Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

As Trustees we acknowledge we have overall responsibility for ensuring 1Excellence Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher of St Marks Church of England Primary 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 agreements between 1Excellence Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

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 seven times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
David Bowes – Chair	6	7
Fiona Williams – Vice Chair	6	7
Val Hall – Chief Executive	7	7
Harry Smith	7	7
Brian Janes	3	7
Lynda Hobson	5	7
Mike Fryer	6	7
Judith Telford	3	7
Keith Smith	3	7

A review of Governance has not yet taken place as the Academy Trust has only been operational for one academic term. A review will take place in autumn term 2018, the Academy Trust will have had its first full academic year at this point.

Data provided to the board in order to make financial and academic decisions has been strong, timely accurate and efficient. This has allowed directors to challenge standards and bring about significant improvement in both Academies in one year. Finance and audit directors have used their experience to request additional information and we are able to make appointments to bring about further improvements, such as shared SENCO, ensure consistent compliance with legislation across the trust, as well as improved outcomes for pupils and their families.

1Excellence Multi Academy Trust

Governance Statement (continued)

Challenges to the board have been working with a small number of Academies and the financial restrictions that has ensued. However, careful governance and very frequent review of cash flow and projected outcomes have ensured that directors have made sound decisions. Going forward, directors recognise challenges presented by increasing staffing costs and no increases to funding. They have two planned restructures to leadership, one with effect from September 2019, at the resignation of the Head of Pentland and one with effect from September 2020 at the retirement of the head of St Marks who is also the chief executive officer. The potential for savings will be maximised where possible.

Review of Value for Money

As accounting officer the Headteacher of St Mark's Church of England Primary has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

As accounting officer the Headteacher of St Mark's Church of England Primary has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Embedding a joint post of Trust SENCO
- Embedding a joint post of clerk to the governing body
- Developing Academy to Academy support which uses in house expertise
- Developing trust data collection and evaluation processes which ensure a consistent set of information for directors
- Since the formation of the Academy Trust, duplication has been reduced by producing joint policies and procedures. This ensures consistent and efficient processes are in operation from the outset. A full schedule of policy review has been devised to enable this to be further embedded.
- Offering training and challenge across the trust in relation to early years and safeguarding provision.

The Academy Trust has been in operation for one academic year, we have already begun to maximize the use of resources and have a clear focus on securing best value for money. As contracts become due for renewal the Academy Trust will continue to look to achieve efficiency savings by joint procurement and seeking quotes from alternative suppliers.

The Purpose of the System of Internal Control

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

1Excellence Multi Academy Trust

Governance Statement (continued)

Capacity to Handle Risk

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

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

The Risk and Control Framework

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

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided:

- To appoint Tait Walker LLP, the external auditor to undertake a programme of internal assurance.

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

- Testing of payroll system;
- Testing of purchase systems and procurement procedures; and
- Review of fixed assets register.

On a termly basis, Tait Walker LLP reports to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Items identified as a result of the internal assurance visit have been added to the MAT's finance improvement plan, which was also presented to the Resources Committee.

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Governance Statement (continued)

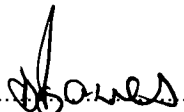
Review of Effectiveness

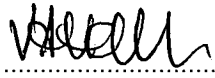
As accounting officer the Headteacher of St Mark's Church of England Primary School has responsibility for reviewing the effectiveness of the system of internal control. During the in question the review has been informed by:

- The results of the internal assurance work undertaken in the period;
- The work of the Head teachers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework, in conjunction with AVEC, who provide external financial support.

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

Approved by order of the members of the Governing Body on 10.12.2015 and signed on its behalf by:


.....
D Bowes
Trustee


.....
V Hall
Accounting officer
Trustee


1Excellence Multi Academy Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of 1Excellence Multi Academy Trust I have considered my responsibility to notify the Academy Trust Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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

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


.....
V Hall
Accounting officer

Date: 10/12/18

1Excellence Multi Academy Trust

Statement of Trustees' Responsibilities

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

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

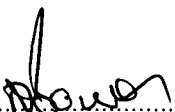
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the 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 on 10.12.2018 and signed on its behalf by:


.....
D Bowes
Member

1Excellence Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of 1Excellence Multi Academy Trust

Opinion

We have audited the financial statements of 1Excellence Multi Academy Trust (the 'Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 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 2017 to 2018.

Basis for opinion

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

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.

Other information

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

1Excellence Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of 1Excellence Multi Academy Trust (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 17, the Trustees 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

1Excellence Multi Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of 1Excellence Multi Academy Trust (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy Trust's Trustees, 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 Trustees 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 its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Tait Walker LLP

Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of Tait Walker LLP
Chartered Accountants and Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *14th December 2018*

1Excellence Multi Academy Trust

Independent Reporting Accountant's Report on Regularity to 1Excellence Multi Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 17 July 2017 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by 1Excellence Multi Academy Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the 1Excellence Multi Academy Trust Accounting Officer and the Reporting Accountant

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

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Enquiry of senior management and directors of the Academy Trust;
- Inspection and review of the accounting records, meeting minutes and internal control procedures;
- Observation and re-performance of financial controls.
- Inspection and review of the accounting records, meeting minutes and internal control procedures;
- Review of card transaction;
- Review of register of business and pecuniary interests;
- Review of related party transactions;
- Review of a sample of gifts and hospitality expenditure;
- Review of a sample of payroll, expenditure and expense claims;

1Excellence Multi Academy Trust

Independent Reporting Accountant's Report on Regularity to 1Excellence Multi Academy Trust and the Education & Skills Funding Agency (continued)

- Review of termly internal assurance reports;
- Review of formal letter of representation from Trustees acknowledging responsibilities and specific representations provided.

Conclusion

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

This report is made solely to 1Excellence Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to 1Excellence Multi Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than 1Excellence Multi Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Tait Walker LLP

Tait Walker LLP
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *14th December 2018*

1Excellence Multi Academy Trust

Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2018 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	27	-	20	47
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	21	3,192	-	3,213
Other trading activities	4	116	-	-	116
Total		164	3,192	20	3,376
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	6	103	3,220	65	3,388
Net income/(expenditure)		61	(28)	(45)	(12)
Transfers between funds		-	6	(6)	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	-	162	-	162
Net movement in funds/(deficit)		61	140	(51)	150
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		83	(24)	2,095	2,154
Total funds carried forward at 31 August 2018		144	116	2,044	2,304

1Excellence Multi Academy Trust

Statement of Financial Activities for the Period from 14 June 2017 to 31 August 2017 (including Income and Expenditure Account)

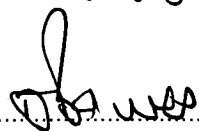
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	-	-	30	30
Transfer from local authority on conversion		120	(20)	2,068	2,168
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	2	449	-	451
Other trading activities	4	1	-	-	1
Total		123	429	2,098	2,650
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	6	12	495	6	513
Net income/(expenditure)		111	(66)	2,092	2,137
Transfers between funds		(28)	25	3	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	-	17	-	17
Net movement in funds/(deficit)		83	(24)	2,095	2,154
Reconciliation of funds					
Total funds/(deficit) carried forward at 31 August 2017		83	(24)	2,095	2,154

1Excellence Multi Academy Trust

(Registration number: 10817580)
Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
Fixed assets			
Tangible assets	11	2,035	2,069
Current assets			
Debtors	12	150	155
Cash at bank and in hand		306	108
		<u>456</u>	<u>263</u>
Creditors: Amounts falling due within one year	13	<u>(187)</u>	<u>(154)</u>
Net current assets		<u>269</u>	<u>109</u>
Total assets less current liabilities		<u>2,304</u>	<u>2,178</u>
Net assets excluding pension liability		2,304	2,178
Pension scheme liability	20	<u>-</u>	<u>(24)</u>
Net assets including pension liability		<u>2,304</u>	<u>2,154</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	14	116	-
Restricted fixed asset fund	14	2,044	2,095
Restricted pension fund	14	<u>-</u>	<u>(24)</u>
		2,160	2,071
Unrestricted funds			
Unrestricted income fund	14	<u>144</u>	<u>83</u>
Total funds		<u>2,304</u>	<u>2,154</u>

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 10.12.2018 and signed on their behalf by:


.....
D Bowes
Member

1Excellence Multi Academy Trust

Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	Period ended 31 August 2017 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	16	209	85
Cash flows from investing activities	17	<u>(11)</u>	<u>23</u>
Change in cash and cash equivalents in the year		198	108
Cash and cash equivalents at 1 September		<u>108</u>	<u>-</u>
Cash and cash equivalents at 31 August	18	<u><u>306</u></u>	<u><u>108</u></u>

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018

1 Accounting policies

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

Basis of preparation

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

These financial statements are prepared in sterling which is the functional currency of the entity.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants receivable

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

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

Capital grants are recognised 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.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), Where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Investment income

Interest receivable is recognised in the statement of financial activities on an accruals basis.

Transfer on conversion

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

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

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

Asset class	Depreciation method and rate
Computer equipment	3 years straight line
Furniture and equipment	7 years straight line
Leasehold land and buildings	50 to 125 years straight line

Liabilities

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

Provisions

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Leased assets

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

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Pension benefits

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

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

At the year end, the Academy Trust had a pension asset of £164,000 which has been restricted to £nil as the Academy Trust will not realise any economic benefit in respect of this balance.

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 Academy Trust at the discretion of the Trustees.

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

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

Critical accounting estimates and areas of judgement

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

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact 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.

Depreciation

The Academy Trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £65,000 (2017: £6,000).

Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment.

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	Total Period ended 31 August 2017 £ 000
Other voluntary income				
Capital grants	-	20	20	30
Other donations	27	-	27	-
	<u>27</u>	<u>20</u>	<u>47</u>	<u>30</u>
	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total Period ended 31 August 2017 £ 000	
Total 2017	<u>-</u>	<u>30</u>	<u>30</u>	

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Total 2018 £ 000	Total Period ended 31 August 2017 £ 000
DfE/ESFA revenue grants				
General Annual Grant GAG	-	2,387	2,387	407
Other ESFA Group grants	-	357	357	2
	<u>-</u>	<u>2,744</u>	<u>2,744</u>	<u>409</u>
Other government grants				
Local authority grants	16	448	464	38
	<u>16</u>	<u>448</u>	<u>464</u>	<u>38</u>
Non-government grants and other income				
Other income from the academy trusts educational operations	5	-	5	4
	<u>5</u>	<u>-</u>	<u>5</u>	<u>4</u>
Total grants	<u>21</u>	<u>3,192</u>	<u>3,213</u>	<u>451</u>
			Total Period ended 31 August 2017 £ 000	
	Unrestricted funds £ 000	Restricted funds £ 000		
Total 2017	<u>2</u>	<u>449</u>	<u>451</u>	

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Total 2018 £ 000	Total Period ended 31 August 2017 £ 000
Hire of facilities	4	4	-
Catering income	45	45	-
Recharges and reimbursements	34	34	-
Other sales	33	33	1
	<u>116</u>	<u>116</u>	<u>1</u>
		Total Period ended 31 August 2017 £ 000	
	Unrestricted funds £ 000		
Total 2017	<u>1</u>	<u>1</u>	

5 Expenditure

	Non Pay Expenditure			Total 2018 £ 000	Total Period ended 31 August 2017 £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Academy's educational operations					
Direct costs	2,324	-	148	2,472	375
Allocated support costs	<u>394</u>	<u>229</u>	<u>293</u>	<u>916</u>	<u>138</u>
	<u>2,718</u>	<u>229</u>	<u>441</u>	<u>3,388</u>	<u>513</u>
				Total Period ended 31 August 2017 £ 000	
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Total 2017	<u>426</u>	<u>31</u>	<u>56</u>	<u>513</u>	

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

5 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2018 £ 000	2017 £ 000
Depreciation	64	6
Fees payable to auditor - audit	6	6
Fees payable to auditor - other audit services	1	1

6 Charitable activities

	2018 £ 000	Period ended 31 August 2017 £ 000
Direct costs - educational operations	2,472	375
Support costs - educational operations	916	138
	<u>3,388</u>	<u>513</u>

	Educational operations £ 000	2018 £ 000	Period ended 31 August 2017 £ 000
Analysis of support costs			
Support staff costs	394	394	59
Depreciation	64	64	6
Premises costs	165	165	25
Other support costs	267	267	36
Governance costs	26	26	12
Total support costs	<u>916</u>	<u>916</u>	<u>138</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Staff

Staff costs

	2018 £ 000	Period ended 31 August 2017 £ 000
Staff costs during the year were:		
Wages and salaries	2,048	323
Social security costs	169	26
Operating costs of defined benefit pension schemes	467	73
	<u>2,684</u>	<u>422</u>
Supply staff costs	34	4
	<u>2,718</u>	<u>426</u>

Staff numbers

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

	31 August 2018 No.	Period ended 31 August 2017 No.
Charitable Activities		
Teachers	39	41
Administration and support	72	63
Management	4	4
	<u>115</u>	<u>108</u>

Higher paid staff

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

	31 August 2018 No.	Period ended 31 August 2017 No.
£70,001 - £80,000	<u>2</u>	<u>-</u>

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Staff (continued)

Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £290,421 (period ended 31 August 2017 - £49,892).

8 Central services

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

- Financial services
- Governance services

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

- The actual cost of the service provided

The actual amounts charged during the year were as follows:

	31 August 2018 £ 000
St Mark's Elm Tree Primary School	20
Pentland Primary School	20
	<hr/> 40 <hr/>

No central service charges were made during the period ended 31 August 2017 as this only represented a two month period following conversion to an Academy Trust.

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

9 Related party transactions - Trustees' remuneration and expenses

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

V Hall (Headteacher):

Remuneration: £70,000 - £75,000 (2017 - £10,000 - £15,000)

Employer's pension contributions: £10,000 - £15,000 (2017 - £0 - £5,000)

The comparative salary figures relate to the period ended 31 August 2017.

During the year ended 31 August 2018, travel and subsistence expenses totalling £162 (period ended 31 August 2017 - £25) were reimbursed or paid directly to 1 Trustees (period ended 31 August 2017 - 1).

Other related party transactions involving the Trustees are set out in note 21.

10 Trustees' and officers' insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

11 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2017	1,988	50	37	2,075
Additions	-	27	4	31
At 31 August 2018	<u>1,988</u>	<u>77</u>	<u>41</u>	<u>2,106</u>
Depreciation				
At 1 September 2017	2	1	3	6
Charge for the year	<u>36</u>	<u>11</u>	<u>18</u>	<u>65</u>
At 31 August 2018	<u>38</u>	<u>12</u>	<u>21</u>	<u>71</u>
Net book value				
At 31 August 2018	<u>1,950</u>	<u>65</u>	<u>20</u>	<u>2,035</u>
At 31 August 2017	<u>1,986</u>	<u>49</u>	<u>34</u>	<u>2,069</u>

12 Debtors

	2018 £ 000	Period ended 31 August 2017 £ 000
Trade debtors	3	-
VAT recoverable	52	4
Prepayments	23	2
Accrued grant and other income	<u>72</u>	<u>149</u>
	<u>150</u>	<u>155</u>

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

13 Creditors: amounts falling due within one year

	2018	Period ended 31
	£ 000	August 2017
		£ 000
Trade creditors	20	5
Other taxation and social security	40	40
Accruals	56	70
Deferred income	56	-
Pension scheme creditor	15	39
	<u>187</u>	<u>154</u>
	31 August	31 August
	2018	2017
	£ 000	£ 000
Deferred income		
Resources deferred in the period	<u>56</u>	<u>-</u>

Deferred income is held in respect of Universal Infant Free School Meals, Rates Relief, Pupil Meals Income and Trip Income

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	-	2,387	(2,277)	6	116
Other Grants	-	528	(528)	-	-
Pupil Premium	-	277	(277)	-	-
	<u>-</u>	<u>3,192</u>	<u>(3,082)</u>	<u>6</u>	<u>116</u>
Restricted fixed asset funds					
Transfer on Conversion	2,062	-	-	-	2,062
DfE/ESFA Capital Grants	30	20	(65)	(11)	(26)
Capital Expenditure from GAG	<u>3</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>8</u>
	2,095	20	(65)	(6)	2,044
Restricted pension funds					
Pension Reserve	<u>(24)</u>	<u>-</u>	<u>(138)</u>	<u>162</u>	<u>-</u>
Total restricted funds	2,071	3,212	(3,285)	162	2,160
Unrestricted funds					
General Fund	<u>83</u>	<u>164</u>	<u>(103)</u>	<u>-</u>	<u>144</u>
Total funds	<u>2,154</u>	<u>3,376</u>	<u>(3,388)</u>	<u>162</u>	<u>2,304</u>

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds (continued)

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

	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
Restricted general funds				
General Annual Grant (GAG)	408	(433)	25	-
Other Grants	35	(35)	-	-
Pupil Premium	4	(4)	-	-
Other Restricted Funds	2	(2)	-	-
	<u>449</u>	<u>(474)</u>	<u>25</u>	<u>-</u>
Restricted fixed asset funds				
Transfer on Conversion	2,068	(6)	-	2,062
DfE/ESFA Capital Grants	30	-	-	30
Capital Expenditure from GAG	-	-	3	3
	<u>2,098</u>	<u>(6)</u>	<u>3</u>	<u>2,095</u>
Restricted pension funds				
Pension Reserve	<u>(20)</u>	<u>(21)</u>	<u>17</u>	<u>(24)</u>
Total restricted funds	2,527	(501)	45	2,071
Unrestricted funds				
General Fund	<u>123</u>	<u>(12)</u>	<u>(28)</u>	<u>83</u>
Total funds	<u>2,650</u>	<u>(513)</u>	<u>17</u>	<u>2,154</u>

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

The General Annual Grant (GAG) must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

Other DfE/ESFA grants, Local Authority grants and other income include Pupil Premium, insurance refund, PE grant, sponsorship grants, staff development grant and year 7 catch up grant.

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to LGPS, and the pension liability has therefore been aligned with these funds.

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion

Unrestricted funds can be used for any purpose at the discretion of the Academy.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

14 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000	Period ended 31 August 2017 £ 000
St Mark's Elm Tree Primary School	157	29
Pentland Primary School	103	54
Total before fixed assets and pension reserve	260	83
Transfer on Conversion	2,044	2,095
Pension Reserve	-	(24)
Total	2,304	2,154

Analysis of academies by cost

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 2018 £ 000
St Mark's Elm Tree Primary School	1,070	204	84	178	1,536
Pentland Primary School	1,253	189	66	278	1,786
Academy Trust	2,323	393	150	456	3,322

Expenditure incurred by each Academy during the prior period was as follows:

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total Period ended 31 August 2017 £ 000
St Mark's Elm Tree Primary School	147	19	1	48	215
Pentland Primary School	240	20	1	31	292
Academy Trust	387	39	2	79	507

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	2,035	2,035
Current assets	331	116	9	456
Current liabilities	(187)	-	-	(187)
Total net assets	144	116	2,044	2,304

	Unrestricted fund £ 000	Restricted general fund £ 000	Restricted fixed asset fund £ 000	Total funds £ 000
Tangible assets	-	-	2,035	2,035
Current assets	331	116	9	456
Current liabilities	(187)	-	-	(187)
Total net assets	144	116	2,044	2,304

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	2,069	2,069
Current assets	237	-	26	263
Current liabilities	(154)	-	-	(154)
Pension scheme liability	-	(24)	-	(24)
Total net assets	83	(24)	2,095	2,154

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

		2018 £ 000	Period ended 31 August 2017 £ 000
Net (expenditure)/income		(12)	2,137
Depreciation	5	65	6
Capital grants from DfE and other capital income		(20)	(30)
Assets transferred on conversion from Local Authority		-	(2,068)
Defined benefit pension scheme obligation inherited	20	-	20
Defined benefit pension scheme cost less contributions payable	20	139	21
Defined benefit pension scheme finance cost	20	(1)	-
Decrease/(increase) in debtors		5	(155)
Increase in creditors		33	154
Net cash provided by Operating Activities		<u>209</u>	<u>85</u>

17 Cash flows from investing activities

		2018 £ 000	Period ended 31 August 2017 £ 000
Purchase of tangible fixed assets		(31)	(7)
Capital funding received from sponsors and others		<u>20</u>	<u>30</u>
Net cash (used in)/provided by investing activities		<u>(11)</u>	<u>23</u>

18 Analysis of cash and cash equivalents

		2018 £ 000	Period ended 31 August 2017 £ 000
Cash at bank and in hand		<u>306</u>	<u>108</u>
Total cash and cash equivalents		<u>306</u>	<u>108</u>

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

19 Members' liability

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

20 Pension and similar obligations

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

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

Contributions amounting to £14,594 (2017 - £39,000) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £206,167 (2017 - £47,000). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is an unfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £161,000 (2017 - £25,313), of which employer's contributions totalled £119,000 (2017 - £18,602) and employees' contributions totalled £42,000 (2017 - £6,711). The agreed contribution rates for future years are 16.6% to 17.5% per cent for employers and 5.5% to 12.5% per cent for employees.

Teeside Pension Fund

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

Principal actuarial assumptions

	31 August 2018 %	31 August 2017 %
Rate of increase in salaries	3.00	3.10
Rate of increase for pensions in payment/inflation	2.00	2.10
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	<u>2.00</u>	<u>2.10</u>

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

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

	31 August 2018	31 August 2017
Retiring today		
Males retiring today	22.90	22.80
Females retiring today	25.00	24.90
Retiring in 20 years		
Males retiring in 20 years	25.10	25.00
Females retiring in 20 years	<u>27.30</u>	<u>27.20</u>
Sensitivity analysis		
	At 31 August 2018 £000	At 31 August 2017 £000
Discount rate +0.1%	2,387	2,269
Discount rate -0.1%	2,488	2,364
Mortality assumption – 1 year increase	2,507	2,246
Mortality assumption – 1 year decrease	2,367	2,387
CPI rate +0.1%	2,468	2,346
CPI rate -0.1%	<u>2,418</u>	<u>2,286</u>

The Academy Trust's share of the assets in the scheme were:

	2018 £ 000	Period ended 31 August 2017 £ 000
Equities	1,899	1,813
Corporate bonds	-	2
Property	200	147
Cash and other liquid assets	468	293
Other	<u>34</u>	<u>37</u>
Total market value of assets	<u>2,601</u>	<u>2,292</u>

The actual return on scheme assets was £153,000 (2017 - £64,000).

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Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

20 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018 £ 000	Period ended 31 August 2017 £ 000
Current service cost	258	40
Interest income	(59)	(10)
Interest cost	58	10
Total amount recognised in the SOFA	257	40

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

	2018 £ 000	Period ended 31 August 2017 £ 000
At start of period	2,316	-
Conversion of academy trusts	-	2,223
Current service cost	258	40
Interest cost	58	10
Employee contributions	42	7
Actuarial (gain)/loss	(232)	37
Benefits paid	(5)	(1)
At 31 August	2,437	2,316

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

	2018 £ 000	Period ended 31 August 2017 £ 000
At start of period	2,292	-
Conversion of academy trusts	-	2,203
Interest income	59	10
Actuarial gain/(loss)	94	54
Employer contributions	119	19
Employee contributions	42	7
Benefits paid	(5)	(1)
At 31 August	2,601	2,292

The net pension asset is £164,000. This has been restricted to a nil surplus / deficit as the Academy Trust will not receive any additional future economic benefit.

1Excellence Multi Academy Trust

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

21 Related party transactions

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

There were no related party transactions in the year, other than certain Trustees' remuneration and expenses already disclosed in note 9.