

Company Registration No. 08149829 (England and Wales)

EAST MIDLANDS ACADEMY TRUST
(formerly EMLC Academy Trust)
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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EAST MIDLANDS ACADEMY TRUST

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EAST MIDLANDS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees	K Crompton (Chair of Trustees) J Fairlie (Resigned 24 January 2018) J Harris J Marshall (Resigned 16 July 2018) K Marshall OBE (Resigned 18 July 2018) P Waterhouse OBE A Salam (Appointed 6 February 2018) S Morales (Appointed 6 February 2018) A Davis (Appointed 1 September 2018) F Wheeler (Appointed 1 September 2018) I Malik (Appointed 6 February 2018) J Rivers (Resigned 21 September 2017)	
Members	P Waterhouse OBE (Appointed 10 July 2018) K Crompton (Appointed 10 July 2018) J Harris (Appointed 10 July 2018) G Gyte (Resigned 10 July 2018) J Marshall (Resigned 10 July 2018) W Adams (Resigned 1 June 2018) EMLC (Resigned 10 July 2018)	
Senior Management Team		
Chief Executive Officer & Accounting Officer	J Coleman	
Chief Financial Officer	P Wheeler	
Company Secretary	S Cowley (Resigned 20 July 2018)	
Company registration number	08149829 (England and Wales)	
Registered office	55 Barrack Road Northampton NN1 1AA	
Academies operated	Location	Head of School
Orchard Academy	Milton Keynes	Callum Brown
Shepherdswell Academy	Milton Keynes	Jonathan Cursley
Castle Academy	Northampton	Lorna Beard
Hardingstone Academy	Northampton	Zoe McIntyre
Stimpson Avenue Academy	Northampton	Alison Hawkes
Prince William School	Oundle	Elizabeth Dormer
Northampton International Academy	Northampton	Tim Marston
Independent auditor	RSM UK Audit LLP Abbotsgate House Hollow Road Bury St Edmunds Suffolk IP32 7FA	
Bankers	Lloyds Bank Plc Fenlands House Vicarage Farm Road Peterborough PE1 5UH	

EAST MIDLANDS ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London SE1 9BB

Stone King LLP
Boundary House
91 Charterhouse Street
London EC1M 6HR

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

The Trustees of East Midlands Academy Trust ('The Trust') present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018.

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

The Trust operates five primaries, one secondary and one all-through school across the East Midlands. Its academies have a combined pupil capacity of 4,110 and a roll of 3,207 as of the school census of 18 January 2018.

OBJECTIVES AND ACTIVITIES

The Trust, formerly the EMLC Academy Trust, was incorporated on 19 July 2012 as a Trust and a company limited by guarantee, with the purpose of establishing, maintaining, managing and developing academies and free schools as world class centres of excellence.

The Trust has continued to develop working with its academies by sharing good practice in finance, HR, capital, communications and legal matters that ensures the infrastructure of each academy supports the necessary improvements. The Trust has continued its focus on driving forward achievement in each of our academies.

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

On 10 July 2018, the Trust's sponsor, EMLC charity, stepped down from the sponsorship of the Trust. New members and trustees were appointed and the Trust changed its name to East Midlands Academy Trust. This separation was approved by the Regional Schools' Commissioner and allows both organisations to continue their respective development as stand-alone organisations.

Primary Academies

In 2017-18, the Trust had five primary schools: Orchard and Shepherdswell in Milton Keynes and Hardingstone, Castle and Stimpson Avenue in the centre of Northampton.

When they joined the Trust, all three Northampton academies had been judged by Ofsted to be requiring special measures for either poor attainment, or poor progress at the end of Key Stage 2. Hardingstone was inspected in September 2016 and has been judged 'Good' by Ofsted. Castle Academy was inspected in November 2016 and was also judged 'Good'. Orchard Academy was inspected in February 2018 and was judged 'Good'.

Following an Ofsted inspection and the 'Requires Improvement' judgement at Stimpson Avenue in March 2017, a HMI monitoring visit took place on 2 November 2017. As a consequence, the school is judged as taking effective action towards achieving a good outcome at its next inspection, scheduled for the spring term 2019. There should be no further visits in relation to the Ofsted action plan, unless Ofsted receive complaints or any information limiting this judgement.

An extension to Orchard has been completed in the year, which allows it to take up to four forms of entry in each year group.

Secondary Academy

Prince William School in Oundle, Northamptonshire, is a secondary school with a sixth form, which joined the Trust in 2015. A new Science block was opened in the year with further refurbishment and new theatre and sports facilities planned in the coming year as part of the development agreement in place with Northampton County Council at the time of conversion.

All Through Academy

In 2016 the Trust opened a new all through (4-19) free school, Northampton International Academy, in the centre of Northampton. The new building was opened on 1 September 2018.

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Main Activities 2017-2018

In the year 2017-2018, the Trust educated over 3207 pupils and provided support for over 400 members of staff in the academies. The Trust worked with Third Wave Enterprises (TWE), its school improvement provider. However, in April 2018, the Trust ceased its trading relationship with Third Wave and put in place a robust support network for effective school improvement.

Central Staff

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

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

Members' liability

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

Trustees' indemnities

In line with normal commercial practice, the Trust insures its Trustees for their work for up to £10m on any single claim.

Method of recruitment and appointment or election of Trustees

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

Policies and procedures adopted for the induction and training of Trustees

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

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Organisational structure

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

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

- Performance Group;
- Finance Group;
- Development, Safeguarding and Wellbeing Group (to 31 August 2018);
- Audit & Risk Group.

The Board delegates a number of functions to Local Governing Bodies (LGBs) and Academy Improvement Boards (AIBs) at each academy. Each LGB and AIB reviews academy level policies, academy improvement plans and budgets. Recommendations can then be forwarded through the Trust Senior Management Team to the Strategic Board. The AIBs and LGBs also carry out roles in monitoring school performance and overseeing community and parent liaison, as detailed in the Scheme of Delegation. With effect from 1 September 2018 a new scheme of delegation was approved by the Board with LGBs becoming Local Advisory Boards and AIBs becoming an executive Academy Improvement Committee reporting to the Chief Executive Officer. The Trustees delegate the day to day responsibility to the Senior Management Team led by the Chief Executive Officer. The running of each individual academy is delegated to its Principal.

Arrangements for setting pay and remuneration of key management personnel

East Midlands Academy Trust is committed to the recruitment, retention and development of an effective workforce, who contribute to its success and growth. The Trust is committed to ensuring that members of staff, who excel in their role, should be recognised and rewarded. The Trust, therefore, recognises that the use of a range of incentives is an important strategy for motivating staff, highlighting best practice and creating a culture of exceptional achievement.

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

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

Trade Union Facility Time

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

The Trust has an obligation to report the number of employees who were relevant union officials, the time spent on union activity and the cost of the facility time under statutory instrument 2017 328 (The Trade Union Facility Time Publication Requirement's Regulations 2017). The trust supports union activity by facilitating the national and regional union officials with meetings by making staff available and providing accommodation for the meetings. As a Trust we do not record the amount of time spent on union activities or measure the cost and cannot provide an accurate assessment of the time for the year to 31st August 2018.

In January 2019 the Trust will be moving to a local agreement with staff and Unions and will record the time staff spend on union and staff consultancy committee activities.

Related parties and co-operation with other organisations

East Midlands Academy Trust worked closely with TWE and EMLC during the year. In February 2018 the Board appointed a new independent Chief Executive Officer and an independent Chief Financial Officer for the Trust. Until that time the Chief Executive Officer for the Academy Trust had oversight of all three organisations.

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

In April 2018, the Trust ceased using TWE for school improvement and developed a comprehensive strategy for effective challenge and improvement through a network of advisors not related to the trust. In July 2018 EMLC charity ceased to sponsor the Trust and all sponsor appointed trustees and members resigned. There are no longer related parties involved in the Trust.

Public benefit

The Trustees have referred to the Charity Commission guidance on public benefit when reviewing the Trust's objectives and aims and planning future activities and consider that the Trust's aims are for the public benefit.

STRATEGIC REPORT

Achievements and performance

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

The academic performance of all our schools improved during the year with results above national average in all areas.

Financial review

During the year ended 31 August 2018, East Midlands Academy Trust reported an overall surplus of £5,269,022 is broken down by a total income of £23,300,245 less a total expenditure of £18,031,223.

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

Additional grants came from the DfE on a one-off basis for the start-up of Northampton International Academy.

The Trust reported an overall deficit on GAG activity for the year ended 31 August 2018 of £248,237 after transfers (2017: £457,421 surplus after transfers).

The main reason for the deficit on GAG activity was the cost associated with the head office restructuring to achieve the separation.

The restructuring of Prince William School in Oundle generated a deficit of £264,090 through the investment of new capacity and removal of reliance on supply staff. This will have a positive effect on improving teaching and learning at the school. Stimpson Avenue made a deficit of £82,560 due to additional leadership support requirements in the Autumn term. These deficits were offset by surpluses at the other academies. The Trust reserves as at 31st March 2018 were £981,539 (excluding fixed assets and pension reserves) which is significantly above the Trust minimum reserve level of £700,000.

The Trust has budgeted a break even position for 2018-19 and continues its organic growth through the addition of new year groups at the Northampton International Academy and concentrated marketing activity to bring all schools up to PAN over the next two years.

Going concern

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

Financial and risk management objectives and policies

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

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

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

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

Reserves policy

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

The policy for 2017-18 states that there should be a minimum of £700,000 of cumulative consolidated reserves. Due to the restructuring of the Trust and separation from the Charity in the year, the head office ended with a deficit of £151,742. The need to invest in an effective leadership structure for Stimpson required a recovery plan and investment in capability which put the school in deficit. The deficit in the year was £82,560 and the cumulative deficit on school reserves was (£58,884). The trust board approved a recovery plan for Prince William school which has resulted in a deficit of £264,090, although there remains a cumulative balance of £298,488. The trust was able to make these investments in capability and capacity whilst maintaining reserves of £981,539 and giving clear headroom against the minimum reserve balance. At the end of 2017-18 the Trust's total reserves are £28,774,765 comprising restricted reserves of £28,695,307, of which £32,218,226 relates to the restricted fixed asset fund, a pension reserve deficit of £4,425,000 relates to the pension reserve, £902,081 relates to unspent GAG and unrestricted reserves of £79,458 which meets the planned reserves as set by the policy.

Investment policy

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

KEY PERFORMANCE INDICATORS

The main financial key performance indicator is for the Trust to break even or better on GAG and unrestricted activity. This was achieved during the year with the exception of the extraordinary costs relating to Prince William School restructuring and the costs associated with the separation from our sponsor. These one off costs are not expected to be repeated in 2018/19 and the Trust will return to surpluses.

Early Years

Across the Trust, the percentage of pupils reaching a good level of development is 76%, above the national average (71%) for 2017. Taking into account the starting points of pupils when they join schools within the Trust, results from the in-year progress tracker, EExAT, show that all schools have seen an increase in the proportion of pupils being assessed at age-related expectations or higher. Stimpson has seen the greatest increase (0% to 88%), followed by Castle (4% to 75%), Hardingstone (24% to 93%), Shepherdswell (28% to 96%) and Northampton International Academy (0% to 58%).

Phonics

The proportion of pupils across the Trust passing the Year 1 phonics check is 84%, above the national average (81%) for 2016/17. Similarly, at Year 2, the proportion of pupils passing the phonics check is 95%, above the national average of 92%.

Key Stage 1

Across the Trust, averages for all subject areas and the combined results (at the expected and higher standard) have increased from the previous year, with higher maths the greatest above the national average (up by 8%). Writing attainment at the expected standard is above the national average (68%) from 2016/17 at Hardingstone (75%) and Shepherdswell (86%), while in maths, attainment at the expected standard has increased at Hardingstone (up by 1%), Shepherdswell (up by 5%) and Stimpson (up by 3%).

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

Key Stage 2 – Attainment

At Key Stage 2, the un-validated results across the Trust show that expected writing (up by 1%), expected maths (up by 1%), expected SPAG (Spelling Punctuation and Grammar) (up by 3%) and higher SPAG (up by 2%) are all above the national averages for 2017/18.

Reading attainment at the expected standard has increased at Castle (up by 27%), Orchard (up by 9%) and Stimpson (up by 5%), while in writing, Castle, Orchard and Stimpson are all equivalent to or above the national average (78%).

Results in SPAG attainment at the expected standard are above the national average (78%) in 2017/18 at Hardingstone (91%), Castle (82%) and Orchard (78%), while attainment at the higher standard has increased at Hardingstone (31% to 47%), Castle (24% to 33%) and Stimpson (26% to 31%).

GCSE & Post 16

At Prince William School, 67% of students achieved a standard pass of grade 4 or higher in both English and Maths in 2018, compared with a national average of 63% in 2017. The proportion of students achieving a grade 5 or higher in English and Maths at Prince William School was also higher than the national average, 45% compared with 42% nationally.

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

Results in individual subject areas at Prince William School show that pupils outperformed their peers nationally in English language (11% more than the national average achieved grade 4 or higher), English literature (5% more than the national average) and Maths (13% more than the national average).

At A level, 61% of Prince William School pupils achieved grades A* to C, 95% achieved an A* to E grade and the overall average grade achieved was a C.

Plans for future periods

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

The Growth Strategy Plan aligns with the Trust's Strategic Plan 2016-19 'Achieving Outstanding Academies' in order to build upon the individual academy successes achieved to date, through a relentless focus on four strategic objectives: building a strong infrastructure; raising attainment and improving progression; supporting excellent teaching and learning; and, ensuring strong leadership and governance.

The Trust, incorporated in July 2012, has grown to include seven academies. Our current academies' performance is maintaining its upward trajectory and the Trust is now ready for the next stage of its development. DfE research has shown and we agree, that as a MAT moves from being small (up to about six schools) to become medium / large (6 – 20 schools) a noticeable change in infrastructure is required. The Trust has increased capacity in the centre to meet these challenges and improve support to the schools.

The Trust believes that it needs to increase in size to become sustainable. Our strategic direction plans an increase in the number of schools in the Trust to 15 by 2020 over three phases. This will allow us to extend our educational provision to a larger number of children, whilst ensuring our ongoing sustainability. Our growth areas and ambitions are aligned with the Regional School Commissioner's priority areas of Northamptonshire (Kettering, Corby, Daventry, Wellingborough) and Milton Keynes.

Principal risks and uncertainties

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

EAST MIDLANDS ACADEMY TRUST

TRUSTEES' REPORT

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

Risk	Risk Mitigation
Funding and liabilities	Use of regular scrutiny of finance procedures and procurement arrangements
Educational performance and results	Ongoing monitoring of the delivery and progress being made and interventions implemented as required
Reputational risks	Ensure ongoing assessment of problems/threats with appropriate action being undertaken centrally to avoid and mitigate
Governance and compliance (statutory and legal)	Continually recruiting, training Governors/Board Members
Capital and maintenance	Assessment of condition of estate and medium to long term planning for improvement
Recruitment and retention	Effective and positive Marketing programme

EMPLOYEE CONSULTATION AND DISABLED EMPLOYEES

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

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

AUDITOR

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

Statement as to disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' Report is approved by order of the Board of Trustees and the Strategic Report (included therein) is approved by the Board of Trustees in their capacity as the directors at a meeting on 4 December 2018 and signed on its behalf by:



K Crompton
Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer of the Trust to 31 August 2018, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between East Midlands Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
K Crompton (Chair of Trustees)	5	5
J Fairlie	1	2
J Harris	3	5
J Marshall	4	5
K Marshall OBE	5	5
A Salam	2	2
I Malik	1	2
S Morales	1	2
P Waterhouse OBE	3	5
J Rivers	0	0

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

Trustees	Meetings attended	Out of possible
K Crompton (Chair of Trustees)	4	4
K Marshall OBE	4	4
P Waterhouse OBE	2	3
J Marshall	3	4

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

Trustees	Meetings attended	Out of possible
J Fairlie	1	1
R Burkimsher	2	2
J Marshall	1	2
S Morales	1	1
I Malik	1	1
A Salam	1	1

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

Governance reviews

A review of governance was carried out early in the financial year. This was to ensure that new trustees were in place to facilitate the separation between the Trust and its sponsor. A rigorous recruitment process was carried out to ensure a balance of skills was added to the Board with emphasis on financial and risk management experience. Further recruitment of trustees will take place in 2018/19 to strengthen the Board further.

Review of value for money

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

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in East Midlands Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

EAST MIDLANDS ACADEMY TRUST

GOVERNANCE STATEMENT

The Board of Trustees has considered the need for a specific internal audit function. A programme of work was carried out by the central finance team, and this was supplemented by work carried out by Grant Thornton following a compliance visit from the ESFA and a request for an independent review of the centre with the results reported to the Audit and Risk Group. The areas of review during the year included:

- Purchase processing and authorisation controls;
- Income recognition and processing;
- Payroll processing and authorisation;
- Related party transactions
- Fixed assets.

Review of effectiveness

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

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

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

Approved by order of the Board of Trustees on 4 December 2018 and signed on its behalf by:



K Crompton
Chair of Trustees



J Coleman
Accounting Officer

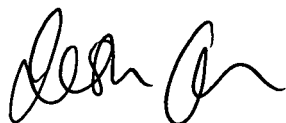
EAST MIDLANDS ACADEMY TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



J Coleman
Accounting Officer

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 4 December 2018 and signed on its behalf by:



K Crompton
Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

FINANCIAL STATEMENT AUDIT REPORT

Opinion

We have audited the financial statements of East Midlands Academy Trust (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company'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 Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2017 to 18 issued by the Education and Skills Funding Agency.

Basis for opinion

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

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

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

We have nothing to report in this regard.

Opinion on other requirement of 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 and the incorporated Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

EAST MIDLANDS ACADEMY TRUST

FINANCIAL STATEMENT AUDIT REPORT

Matters on which we are required to report by exception

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

- the charity has not kept adequate accounting records, 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, Trustees (who act as directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company 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.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Laragh Jeanroy (Senior Statutory Auditor)
For and on behalf:

RSM UK Audit LLP
Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk, IP32 7FA

Date 13 December 2018

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset	Total 2018	Total 2017
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	3	23,156	15,778	7,133,283	7,172,217	3,083,803
Charitable activities:						
- Funding for educational operations	4	331,724	15,731,962	-	16,063,686	15,125,500
Other trading activities	5	35,497	27,330	-	62,827	115,652
Investments	6	1,515	-	-	1,515	1,396
Total		391,892	15,775,070	7,133,283	23,300,245	18,326,351
Expenditure on:						
Charitable activities:						
- Educational operations	8	429,231	16,679,372	922,620	18,031,223	16,139,573
Total	7	429,231	16,679,372	922,620	18,031,223	16,139,573
Net (Expenditure) / Income		(37,339)	(904,302)	6,210,663	5,269,022	2,186,778
Transfers between funds		-	(226,935)	226,935	-	-
Other recognised gains						
Actuarial gains on defined benefit pension schemes	23	-	960,000	-	960,000	1,453,000
Net movement in funds		(37,339)	(171,237)	6,437,598	6,229,022	3,639,778
Reconciliation of funds						
Total funds brought forward		116,797	(3,351,682)	25,780,628	22,545,743	18,905,965
Total funds carried forward		79,458	(3,522,919)	32,218,226	28,774,765	22,545,743

BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	£	2018 £	£	2017 £	£
Fixed assets						
Tangible assets	13			32,060,677		25,580,628
Current assets						
Debtors	14	1,302,111			786,130	
Cash at bank and in hand		1,845,383			2,034,723	
			3,147,494		2,820,853	
Current liabilities						
Creditors: amounts falling due within one year	15	(2,008,406)			(1,216,565)	
Net current assets				1,139,088		1,604,288
Total assets less current liabilities				33,199,765		27,184,916
Creditors: amounts falling due after more than one year	16			-		(137,173)
Net assets excluding pension liability				33,199,765		27,047,743
Defined benefit pension scheme liability	23			(4,425,000)		(4,502,000)
Net assets				28,774,765		22,545,743
Funds of the Trust:						
Restricted funds	19					
- Restricted fixed asset funds				32,218,226		25,780,628
- Restricted income funds				902,081		1,150,318
- Pension reserve				(4,425,000)		(4,502,000)
Total restricted funds				28,695,307		22,428,946
Unrestricted income funds	19			79,458		116,797
Total funds				28,774,765		22,545,743

The financial statements on pages 19-39 were approved by the Board of Trustees and authorised for issue on 4/12/18 and are signed on their behalf by:



K Crompton

Chair of Trustees

EAST MIDLANDS ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Net cash provided by operating activities	21		433,376		430,239
Cash flows from investing activities					
Dividends, interest and rents from investments		1,515		1,396	
Capital grants from DfE group and other sources		352,211		748,362	
Purchase of tangible fixed assets		(816,433)		(648,814)	
Proceeds from sales of tangible fixed assets		0		1,800	
Net cash (used in)/ provided by investing activities			(462,707)		102,744
Cash flows from financing activities					
Repayment of other loan		(156,274)		(19,754)	
Finance costs		(3,735)		(2,538)	
Net cash used in financing activities			(160,009)		(22,292)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(189,340)		510,691
Cash and cash equivalents at beginning of the year			2,034,723		1,524,032
Cash and cash equivalents at end of the year			1,845,383		2,034,723

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting policies

General information

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

Basis of preparation

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

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

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

Going concern

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

Income

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

Grants

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

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

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

Sponsorship income

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

Donations

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

Other income

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

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

Donated goods, facilities and services

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

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

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities.

Donated fixed assets are recognised when the rights to use of the asset has been transferred.

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

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

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

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

Liabilities

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

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

Leased assets

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

Financial instruments

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

Financial assets and liabilities

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

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

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

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

Derecognition of financial assets and liabilities

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

Taxation

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

Pension benefits

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit credit method. The TPS is a multi-employer scheme but there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate.

Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

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

3. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Donated goods and services from sponsor	-	15,778	15,778	261,938
Donated fixed assets	-	6,319,834	6,319,834	2,050,000
Capital grants		813,449	813,449	748,362
Other donations	23,156	-	23,156	23,503
	23,156	7,149,061	7,172,217	3,083,803

The income from donations and capital grants was £7,172,217 (2017: £3,083,803) of which £23,156 was unrestricted (2017: £23,503), £15,778 was restricted general (2017: £261,938) and £7,133,283 was restricted fixed assets (2017: £2,798,362).

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

4. Funding for the Trust's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
DfE / ESFA grants				
General annual grant (GAG)	-	13,429,201	13,429,201	12,809,120
Start-up grants	-	303,750	303,750	239,050
Other DfE / ESFA grants	-	1,220,245	1,220,245	812,499
	-	14,953,196	14,953,196	13,860,669
Other government grants				
Local authority grants	-	758,823	758,823	769,853
Other incoming resources	331,724	19,943	351,667	494,978
	331,724	15,731,962	16,063,686	15,125,500

The income from funding for educational operations was £16,063,686 (2017: £15,125,500) of which £331,724 was unrestricted (2017: £433,344), £15,731,962 was restricted general (2017: £14,692,156) and £nil was restricted fixed assets (2017: £nil).

5. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Hire of facilities	35,497	-	35,497	38,604
Other income	-	27,330	27,330	77,048
	35,497	27,330	62,827	115,652

The income from other trading activities was £62,827 (2017: £115,652) of which £35,497 was unrestricted (2017: £38,604), £27,330 was restricted general (2017: £77,048) and £nil was restricted fixed assets (2017: £nil).

6. Investment income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Interest from short term deposits	1,515	-	1,515	1,396

The income from funding for investment income was £1,515 (2017: £1,396) of which £1,515 was unrestricted (2017: £1,396), £nil was restricted general (2017: £nil) and £nil was restricted fixed assets (2017: £nil).

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

7. Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other	2018	2017
	£	£	£	£	£
Academy's educational operations					
- Direct costs	8,893,925	922,620	1,074,150	10,890,695	10,051,529
- Allocated support costs	4,379,583	895,019	1,865,926	7,140,528	6,088,044
Total support costs	13,273,508	1,817,639	2,940,076	18,031,223	16,139,573

Net income for the year is stated after charging/(crediting):	2018	2017
	£	£
Operating lease rentals	51,383	172,755
Depreciation of tangible fixed assets	922,620	732,864
Gain on disposal of fixed assets	-	(1,800)
Other loan interest payable	3,735	2,538
Net interest on defined benefit pension liability	116,000	118,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	22,750	25,000
- Other services	1,250	4,000

8. Charitable activities

	Unrestricted Funds	Restricted Funds	Total	Total
	£	£	2018	2017
			£	£
Direct costs - educational operations	280,363	10,610,332	10,890,695	10,051,529
Support costs - educational operations	148,868	6,991,660	7,140,528	6,088,044
	429,231	17,601,992	18,031,223	16,139,573

The expenditure on educational operations was £18,031,223 (2017: £16,139,573) of which £429,231 was unrestricted (2017: £452,240), £16,679,372 was restricted general (2017: £14,956,269) and £922,620 was restricted fixed assets (2017: £731,064).

Analysis of support costs	2018	2017
	£	£
Support staff costs	4,379,583	3,608,822
Donated goods and services from sponsors	15,778	261,938
Technology costs	311,994	240,573
Premises costs	743,064	563,605
Other support costs	1,358,753	1,096,854
Governance costs	331,356	316,252
	7,140,528	6,088,044

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

9. Staff

Staff costs	2018 £	2017 £
Staff costs during the year were:.		
Wages and salaries	9,585,122	8,543,185
Social security costs	817,236	662,350
Operating costs of defined benefit pension schemes	2,206,884	1,749,065
Total staff costs	12,609,242	10,954,600
Supply staff costs	433,994	406,252
Staff restructuring costs	157,914	-
Staff development and other staff costs	72,358	62,536
	13,273,508	11,423,388
Staff restructuring cost comprises:		
Redundancy payments	157,914	-

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non statutory/non contractual severance payments totalling £43,385. Individually, the payments were: £19,322 made on 31 May 2018, £13,563 made on 30 September 2018 and £10,500 made on 30 September 2018.

Staff numbers

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

	2018 Number	2017 Number
Teachers	157	129
Administration and support	229	231
Management	21	29
	407	389

Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	6	4
£70,001 - £80,000	3	1
£80,001 - £90,000	1	-
£90,001 - £100,000	2	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	13	6

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

9. Staff (Continued)

Key management personnel

The key management personnel of the Trust comprise the Trustees, Heads of Schools and the Senior Management Team as listed on page 3. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £1,038,911 (2017: £903,893).

10. Central services

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

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

The Trust has charged for these services based on 8% of pupil based funding, excluding SEN funding, for schools in a category requiring improvements and 5% of pupil based funding, excluding SEN funding, for all other schools.

The amounts charged during the year were as follows:

	2018	2017
	£	£
Orchard Academy	61,918	59,133
Shepherdswell Academy	33,228	34,858
Castle Academy	83,976	134,036
Hardingstone Academy	38,469	59,054
Stimpson Avenue Academy	113,939	109,791
Prince William School	373,785	393,161
Northampton International Academy	176,780	57,792
	<hr/>	<hr/>
	882,095	847,825
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11. Trustees' remuneration and expenses

Two of the Trustees have been paid remuneration or have received other benefits from an employment with the Trust. The Heads of School and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Heads of School and staff members under their contracts of employment, and not in respect of their services as Trustees.

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

D Mills received remuneration of £nil in 2018 (2017: £101,670), and pension contributions paid by the Academy Trust in the year of £nil (2017: £17,291).

During the year EMLC, as sponsor of the Academy Trust, recharged remuneration for J Marshall of £56,667 (2017: £27,022).

During the year ended 31 August 2018 expenses totalling £4,842 (2017: £9,845) were reimbursed to seven trustees (2017: eight) for travel relating to their role as trustees. Of this, £1,159 was recharged by the sponsor.

Other related party transactions involving the Trustees are set out in note 24.

12. Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2018 was included within the costs of the Risk Protection Arrangement.

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

13. Tangible fixed assets

	L/Term Leasehold Property	Office Equipment	Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2017	26,046,741	802,598	655,777	12,750	27,517,866
Additions	6,390,581	565,731	446,357	-	7,402,669
At 31 August 2018	32,437,322	1,368,329	1,102,134	12,750	34,920,535
Depreciation					
At 1 September 2017	1,263,613	376,333	293,042	4,250	1,937,238
Charge for the year	520,954	225,532	173,584	2,550	922,620
At 31 August 2018	1,784,567	601,865	466,626	6,800	2,859,858
Net book value					
At 31 August 2018	30,652,755	766,464	635,508	5,950	32,060,677
At 31 August 2017	24,783,128	426,265	362,735	8,500	25,580,628

14. Debtors

	2018 £	2017 £
Trade debtors	95,607	32,684
Other debtors	375,414	306,908
Prepayments and accrued income	831,090	446,538
	1,302,111	786,130

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Other loans	-	19,101
Trade creditors	508,447	414,596
Other taxation and social security	243,386	180,072
Abatement of GAG	499,147	60,054
Other creditors	50,418	32,898
Accruals and deferred income (see note 17)	707,008	509,844
	2,008,406	1,216,565

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other loans	-	137,173
Analysis of loans		
Wholly repayable within five years	-	156,274
Less: included in current liabilities	-	(19,101)
Amounts included above	-	137,173
Loan maturity		
Debt due in one year or less	-	19,101
Due in more than one year but not more than two years	-	137,173
	-	156,274

17. Deferred income

The deferred income represents amounts received in advance for rates, school trips and infant school meals.

	2018 £	2017 £
Deferred income is included within:		
Creditors due within one year	279,637	232,046
Deferred income at 1 September	232,046	357,852
Released from previous years	(232,046)	(357,852)
Amounts deferred in the year	279,637	232,046
Deferred income at 31 August	279,637	232,046

18. Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	696,015	295,907
Carrying amount of financial liabilities		
Measured at amortised cost	905,149	678,765

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

19. Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant	1,150,318	13,429,201	(13,450,503)	(226,935)	902,081
Start-up grants	-	303,750	(303,750)	-	-
Other DfE / ESFA grants	-	1,220,245	(1,220,245)	-	-
Other government grants	-	758,823	(758,823)	-	-
Other restricted funds	-	63,051	(63,051)	-	-
Pension reserve	(4,502,000)	-	(883,000)	960,000	(4,425,000)
	(3,351,682)	15,775,070	(16,679,372)	733,065	(3,522,919)
Restricted fixed asset funds					
Assets purchased post conversion	997,500	813,449	(401,666)	226,935	1,636,218
Building valuation	24,783,128	6,319,834	(520,954)	-	30,582,008
	25,780,628	7,133,283	(922,620)	226,935	32,218,226
Total restricted funds	22,428,946	22,908,353	(17,601,992)	960,000	28,695,307
Unrestricted funds					
General funds	116,797	391,892	(429,231)	-	79,458
Total funds	22,545,743	23,300,245	(18,031,223)	960,000	28,774,765

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

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

Transfers from GAG and other government grants represent the shortfall of funding for capital expenditure.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. Funds (Continued)

Funds Prior Year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant	692,897	12,809,120	(12,268,847)	(82,852)	1,150,318
Start-up grants	-	239,050	(239,050)	-	-
Other DfE / ESFA grants	-	812,499	(812,499)	-	-
Other government grants	-	769,853	(752,253)	(17,600)	-
Other restricted funds	-	400,620	(400,620)	-	-
Pension reserve	(5,472,000)	-	(483,000)	1,453,000	(4,502,000)
	(4,779,103)	15,031,142	(14,956,269)	1,352,548	(3,351,682)
Restricted fixed asset funds					
Assets purchased post conversion	367,646	748,362	(240,886)	122,378	997,500
Building valuation	23,247,032	2,050,000	(490,178)	(23,726)	24,783,128
	23,614,678	2,798,362	(731,064)	98,652	25,780,628
Total restricted funds	18,835,575	17,829,504	(15,687,333)	1,451,200	22,428,946
Unrestricted funds					
General funds	70,390	496,847	(452,240)	1,800	116,797
Total funds	18,905,965	18,326,351	(16,139,573)	1,453,000	22,545,743

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

19. Funds (Continued)

Total funds analysis by academy

Fund balances at 31 August were allocated as follows:

	Total 2018 £	Total 2017 £
Orchard Academy	94,668	93,067
Shepherdswell Academy	12,434	22,155
Castle Academy	513,612	416,890
Hardingstone Academy	53,151	21,081
Stimpson Avenue Academy	(58,884)	23,676
Prince William School	298,488	562,578
Northampton International Academy	219,812	92,750
Central services	(151,742)	34,918
Total before fixed assets fund and pension reserve	981,539	1,267,115
Restricted fixed asset fund	32,218,226	25,780,628
Pension reserve	(4,425,000)	(4,502,000)
Total funds	28,774,765	22,545,743

Stimpson Avenue school experienced exceptional leadership costs in the 2017-18 autumn term that gave rise to the deficit. The board agreed a deficit recovery plan for Stimpson academy in December 2017. The deficit will be recovered over a two-year period. The one off costs of separation from our sponsor and rebranding of the trust following the name change gave rise to exceptional one off costs of £177,898. These will be recovered over a two-year period through the organic growth of the trust and income increases.

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Orchard Academy	978,596	319,184	10,044	376,613	1,684,437	1,703,228
Shepherdswell Academy	622,404	180,154	3,024	186,629	992,211	1,036,332
Castle Academy	1,419,482	63,733	-	502,174	1,985,389	2,025,414
Hardingstone Academy	606,184	134,762	1,571	200,974	943,491	896,555
Stimpson Avenue Academy	1,143,158	240,522	-	379,672	1,763,352	1,703,225
Prince William School	2,694,469	1,719,087	111,830	869,475	5,394,861	5,168,640
Northampton International Academy	1,422,761	406,657	31,659	465,009	2,326,086	1,140,813
Central services	-	721,483	-	414,293	1,135,776	1,614,974
	8,887,054	3,785,582	158,128	3,394,839	16,225,603	15,289,181

EAST MIDLANDS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

19. Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	32,060,677	32,060,677
Current assets	177,491	2,812,454	157,549	3,147,494
Creditors falling due within one year	(98,033)	(1,910,373)	-	(2,008,406)
Defined benefit pension scheme liability	-	(4,425,000)	-	(4,425,000)
Total net assets	79,458	(3,522,919)	32,218,226	28,774,765
	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	25,580,628	25,580,628
Current assets	116,797	2,504,056	200,000	2,820,853
Creditors falling due within one year	-	(1,216,565)	-	(1,216,565)
Creditors falling due after one year	-	(137,173)	-	(137,173)
Defined benefit pension scheme liability	-	(4,502,000)	-	(4,502,000)
Total net assets	116,797	(3,351,682)	25,780,628	22,545,743

20. Commitments under operating leases

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

	2018	2017
	£	£
Amounts due within one year	36,325	35,470
Amounts due between one and five years	33,458	85,021
	69,783	120,491

One of the Trust's academies, Castle Primary School, is also part of a Private Finance Initiative (PFI) arrangement for the use of its site. Under this agreement the academy is committed to a charge of £144,098 per annum. The charge is subject to indexation each year.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £	2017 £
Net income for the reporting period (as per the Statement of Financial Activities)	5,269,022	2,186,778
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(7,133,283)	(2,798,362)
Interest receivable	(1,515)	(1,396)
Interest payable	3,735	2,538
Defined benefit pension scheme cost less contributions payable	594,000	365,000
Defined benefit pension scheme finance cost	116,000	118,000
Defined benefit pension scheme net settlement cost	173,000	-
Depreciation of tangible fixed assets	922,620	732,864
Profit on disposal of fixed assets	-	(1,800)
Movements in working capital:		
(Increase) in debtors	(192,743)	(96,021)
Increase/(Decrease) in creditors	682,540	(77,362)
 Net cash provided by operating activities	 433,376	 430,239

22. Members' liability

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

23. Pension and similar obligations

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

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

Contributions amounting to £81,087 (2017: £63,129) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 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 in 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 in June 2014.

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

23. Pension and similar obligations (continued)

The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), 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 the TPS in the period amounted to £871,802 (2017: £864,355).

Under the definition set out in FRS102, the TPA is an underfunded multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it was a defined benefit contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.1% for employers and variable % for employees.

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

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Total contributions made	2018 £	2017 £
Employer's contributions	604,000	514,000
Employees' contributions	177,000	140,000
Total contributions	781,000	654,000

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2017 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increases in salaries	2.7/3.8	2.7/4.2
Rate of increase for pensions in payment/inflation	2.4/2.3	2.4/2.7
Discount rate for scheme liabilities	2.8/2.65	2.5/2.6
Inflation assumption (CPI)	2.4/2.3	2.4/2.7

EAST MIDLANDS ACADEMY TRUST
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FOR THE YEAR ENDED 31 AUGUST 2018

23. Pension and similar obligations (continued)

The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	22.1/24.0	22.1/23.9
- Females	24.2/26.1	24.2/26.0
Retiring in 20 years		
- Males	23.9/26.3	23.9/26.2
- Females	26.1/28.5	26.1/28.3

The Trust's share of the assets in the scheme

	2018 Fair Value £	2017 Fair Value £
Equities	3,228,000	2,521,720
Bonds	681,000	555,480
Gilts	195,000	105,000
Cash	194,000	115,340
Property	376,000	261,460
Other assets	167,000	117,000
Total fair value of assets	4,841,000	3,676,000

The actual return on scheme assets was £192,000 (2017: £249,000).

Amount recognised in the statement of financial activities	2018 £	2017 £
Current service cost	1,198,000	879,000
Net interest cost	115,000	118,000
Settlement Cost	173,000	-
Total operating charge	1,486,000	997,000

Changes in the present value of defined benefit obligations

	£
At 1 September 2017	8,178,000
Current service cost	1,198,000
Interest cost	218,000
Employee contributions	177,000
Actuarial gain	(871,000)
Benefits paid	(9,000)
Settlement prices	375,000
At 31 August 2018	9,266,000

EAST MIDLANDS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

23. Pension and similar obligations (continued)

Changes in the fair value of the Trust's share of scheme assets

	£
At 1 September 2017	3,676,000
Interest income	102,000
Return on plan assets (excluding net interest on the net defined pension liability)	89,000
Employer contributions	604,000
Employee contributions	177,000
Settlement prices received	202,000
Benefits paid	(9,000)
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At 31 August 2018	4,841,000
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24. Related party transactions

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

One trustee is a director of Third Wave Enterprises Limited (TWE), the Trust's provider of school improvement services until 31 March 2018. During the period to 31 March 2018 the Trust made sales to TWE of £4,572 (2017: £4,531) and £130,205 (2017: £541,858) were charged by TWE to the Trust at cost. At 31 August 2018 TWE owed the Trust £nil (2017: £18,593).

EMLC, which sponsored the Trust until July 2018, charged the Trust £216,998 (2017: £258,278) at cost for secondment of personnel and rent during the year. In addition, the sponsor provided goods and serviced valued at £15,778 (2017: £261,938) to the Trust free of charge. This amount has been recognised in the financial statements and is included as both income from donations and as a direct cost. At 31 August 2018 the Trust owed EMLC £5,281 (2017: £349). The Trust also made sales during the year to EMLC of £nil (2017: £500). No balance was outstanding relating to sales to EMLC at 31 August 2018 (2017: nil).

In entering into these transactions, the Trust has complied with the requirements of the Academies Financial Handbook 2017.

25. Agency arrangements

The Academy Trust distributes 16-19 Bursary Funds to students as an agent for the ESFA. In the year it received £5,028 and disbursed £5,028 with an amount of £Nil repayable by the Academy Trust at 31 August 2018 (2017: £Nil). The Academy Trust has used 0% of the allocation received towards its own administration costs and this is recognised as income in the Statement of Financial Activities of £Nil.