

Emmanuel Schools Foundation

Annual Report and Financial Statements

31 August 2017

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Company registration number
(England and Wales)
04464331

**Emmanuel Schools Foundation
Annual Report and Financial Statements
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Emmanuel Schools Foundation
Reference and Administrative Details

Members	Nigel Robson (appointed February 2017) Rev David Wilkinson (appointed February 2017) Dr Beverley Kenny (appointed February 2017) Kenneth Stone (appointed February 2017) United Learning Trust (resigned February 2017)
Directors	Nigel Robson (Chairman) * Martin Oldknow * Dr Mark Pike Don Hutton (resigned June 2017) Maura Regan (appointed February 2017) Peter Pickthall (appointed February 2017) * Anthony Bird (appointed February 2017) Stewart McKinley (appointed February 2017) Simon Goon (appointed June 2017) * Jonathan McAllister (appointed Feb 2017, resigned May 2017)
Accounting Officer	Dr Mark Pike (from 8 November 2017) Jonathan Winch (until 8 November 2017)
Chief Financial Officer	Darren Warburton * member of the finance and resources committee
Executive Team	Dr Mark Pike (Chief Executive Officer) Jonathan Winch (Executive Principal) Darren Warburton (Director of Finance & Support Services) Christopher Drew (resigned August 2017) Patricia Rowland (resigned February 2017)
Company Secretary	Christine Taylor
Registered office	Trinity House Bede Academy Sixth Avenue Blyth Northumberland NE24 2SY
Company Registration Number	4464331
Auditors	Kinnair and Company Aston House Redburn Road Newcastle upon Tyne NE5 1NB
Bankers	Lloyds Bank plc 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4BF

The governors present their annual report and financial statements and auditors report of the charitable company for the year ended 31 August 2017.

The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Structure, Governance and Management

Constitution

Emmanuel Schools Foundation (the company, the charitable company, the Foundation, the trust) is a company limited by guarantee (registered number 4464331) and an exempt charity. The company's memorandum and articles of association dated February 2017 are its primary governing documents.

Emmanuel Schools Foundation (company number 4464331), is a network of academies and one city technology college. Until 16 February 2017 Emmanuel Schools Foundation (ESF) was controlled by United Learning Trust which appointed the trustees and board members of ESF. United Learning Trust is a subsidiary of the United Church Schools Trust which operates a number of independent schools across England. The ultimate controlling organisation was the United Church Schools Foundation Limited.

On the 17th February 2017 Emmanuel Schools Foundation and United Learning Trust separated with Emmanuel Schools Foundation forming a Multi-Academy Trust. Emmanuel College in Gateshead, The King's Academy in Middlesbrough, Trinity Academy in Doncaster and Bede Academy in Northumberland joined the Multi-Academy Trust on the same date. A new Board for ESF and a revised governance structure is now in place, whilst the directors of the United Learning Trust have resigned from the ESF board. The ethos and character of Emmanuel Schools Foundation schools within the North East of England and Yorkshire has been maintained and the updated corporate structure and governance reflects the current needs.

The governing body of the charitable company is the board of governors who act as the trustees for the charitable activities of the school and are also the directors of the charitable company for the purposes of company law.

The governors who acted during the period and up to the date of this report are shown in the reference and administrative details on page 1.

Members' Liability

As a company limited by guarantee, the trust does not have share capital. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

Governors' Indemnities

The trust has purchased insurance to protect governors and officers from negligent acts, errors or omissions occurring whilst on trust business, as set out in note 12 to the financial statements.

Principal Activities

The principal activity of Emmanuel Schools Foundation is to provide education for pupils between the ages of 3 and 19 through the operation of schools in the North East of England and Yorkshire.

Structure, Governance and Management (continued)

Method of Recruitment and Appointment or Election of Governors

The power to appoint governors rests with the charitable company's members and the Secretary of State of Education. Governors may serve for four years but are eligible for re-election at the meeting at which they retire.

Policies and Procedures Adopted for the Induction and Training of Governors

Training and induction is provided for all new governors depending on their existing experience. All new governors are given a tour of the schools and the chance to meet with staff and students. All governors are provided with copies of any governing documents that are relevant to their role.

Organisational Structure

The Directors are responsible for setting policy, adopting the strategic development plan and the annual budget, monitoring the trust by the use of budgets and making major decisions about the direction of the trust, capital expenditure and senior staff appointments. The strategy of the Foundation is executed and monitored by the Executive Team consisting of the Chief Executive Officer, one Executive Principal and the Director of Finance and Support Services. The senior management team of each school is delegated responsibility to manage their school at an executive level with oversight from the Executive Team, ensuring policies agreed by the governors are followed correctly, and reporting back to the board. The group is responsible for the authorisation of spending within agreed budget limits and for the appointment of staff. The role of the accounting officer was held by the Executive Principal until 8 November 2017. From that date the Chief Executive Officer became the new accounting officer for all schools in the Foundation, though the Principal and senior management team of each school retain delegated authority to manage the operational activities of their school.

Risk Management

The governors have ensured that the major risks to which the trust is exposed have been identified and that risk management strategies have been implemented.

The governors have developed systems to respond quickly to evolving risks arising from factors within the school and to changes in the external environment including procedures for reporting failings immediately to appropriate levels of management and the trustees, together with details of corrective action being undertaken. They have embedded the control system in the trust's operations so that it becomes part of the culture of the trust and communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.

Connected Organisations including Related Party Relationships

Until 17 February 2017, United Learning Trust appointed the trustees and board members to Emmanuel Schools Foundation. United Learning Trust is a subsidiary of the United Church School Trust which operates a number of independent schools across England. The ultimate controlling organisation was the United Church Foundation Limited, but since 17 February 2017 Emmanuel Schools Foundation is a stand alone Multi Academy Trust.

Emmanuel Schools Foundation wholly owns the legal entities of Emmanuel College, The King's Academy, Trinity Academy and Bede Academy which operated the activities of their schools until the 16 February 2017. Since then these companies have been dormant and the companies will be dissolved in due course. In addition Emmanuel Schools Foundation is the sole shareholder of Emmanuel Academy Services which operates a uniform sales service across our schools.

Objectives and Activities

Objects and Aims

The main objectives of the trust are summarised below:

- to raise the standard of educational achievement and to maximise the progress of all students;
- to ensure student's personal growth and character development;
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care;
- to be a catalyst for economic growth within the communities our schools serve by raising aspiration, challenging parochialism and providing enhanced qualifications;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct our business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The trust's objectives, strategies and activities are set to reflect the educational aims and the ethos of the Foundation. The key objectives for the year included maintaining and enhancing the academic success and reputation of our schools, promoting two-way community involvement, and encouraging students to support a wide range of charitable projects. To ensure that standards are continually raised both in the short term and long term, our schools operate a rigorous programme of monitoring and self evaluation, are visited by inspectors, inter-foundation departmental observations, departmental audits, teaching mentors and undertake a comprehensive comparison of results from entry to assess student level of progress and added value. In addition during the year we have focussed attention on our Trinity Academy with direct support from the Executive Principal. A plan is in place for next academic year to provide additional educational expertise from a wider pool of senior colleagues to Trinity from across the Foundation.

Public Benefit

The governors confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission and they are satisfied that the school's public benefit is clearly demonstrated in the strategies and objectives set out above and the achievements summarised below.

Disabled Persons

The policy of the trust is to support the teaching and employment of disabled persons both in recruitment and by retention of staff and students who become disabled during their time at the trust, as well as generally through training and career development. Lifts, ramps, automatic doors and disabled toilets are installed and door widths are suitable to enable wheelchair access to all the main areas of the trust.

Equal Opportunities

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

Achievements and Performance

Achievements in the year

Our schools continue to enjoy substantial popularity, particularly at Emmanuel College which continues to be one of the most successful state funded schools in the country and consistently recognised as the top performing state school in the North East of England. In areas of exam success, achievement in creative subjects and sport, and for the personal character-development of the students Emmanuel College has an outstanding reputation. In addition the results for The King's Academy have seen a significant improvement year-on-year with an 18 percentage point increase in the proportion of students achieving good passes in Maths and English. Results at Bede Academy continue to be amongst the best in Northumberland whilst Trinity Academy's results have shown further encouraging improvements.

The 2017 external examination results continued Emmanuel College's history of high attainment with 88.5% of students achieving 5 or more A*-C grades at GCSE including English and Mathematics (target 90%). 49% of students achieved the English Baccalaureate (target 62%). The A Level pass rate was again 100% (target 100%), with 42% of grades at A or A* and 65% at B or better (target 70%). Four students gained admission to Cambridge or Oxford and many others went on to the top universities in the country. Attendance for the whole school prior to study leave stood at 96.4%, with unauthorised absence at 0.2%.

The King's Academy remains extremely popular and is also a specialist centre in Teesside for students with visual, hearing and physical impairments, and learning difficulties. During the year the Academy has continued to work with the Discovery Alliance (an Umbrella Trust Plus) which comprises a group of five primary schools and The King's Academy. The purpose of the alliance is to improve standards and achievement in the local primary schools, such that students are in a position to progress at pace in their secondary education. The Summer 2017 external examination results were around the average at GCSE, with figures close to those nationally. This represented a significant improvement on last year, whilst A-level results were well above average.

Ofsted visited the academy in January 2017 and confirmed a grading of 'Good' being an endorsement of the sustained efforts of a highly dedicated team of staff. Behaviour has improved significantly and the academy's focus on teaching quality has led to rapid improvement in students' learning.

2017 saw the fourth set of A level results for Bede Academy. The A level pass rate was 100% with 13% A grades, 37% B grades and 72% C grades or better; 66 of the 77 students who completed year 13 are now at University. This year's GCSE results for Bede Academy include the new qualifications for GCSE mathematics and English. 62% of students achieved 5 GCSE's at a standard pass of a 4 or above. 57% achieved five GCSE including English and mathematics at a standard pass or above. The English Baccalaureate figure was 22% (this is based on students achieving a grade 5 or above). The progress score is lower than previous years at -0.22. This is due to a larger number of D grades across the majority of subjects. The AS level pass rate was 91% with 10% A grades, and 56% C grades or better. Key Stage 2 results improved to 70% reaching the expected standard in Reading, Writing, Teacher Assessment and Maths, whilst we gained a marked improvement to 16.7% achieving the higher standard.

Achievements in the year (continued)

Ofsted visited Trinity Academy in September 2017 and whilst the overall rating remained 'Requires Improvement' there have been improvements in the quality of leadership and behaviour. The Sixth Form provision was again rated as Good during this same time period and has been performing well across academic qualifications. The 2017 results show some further encouragements with the English department, especially, showing their quality with over 80% of students gaining a "standard" pass and 35% gaining a "secure" pass. In addition, there were 21 grade 9s in English Language and English Literature and a number of students gaining a grade 9 in both of these subjects. Mathematics saw an increase in pass rate and a pleasing performance for students entering the academy with High Prior Attainment (HPA). Overall this HPA group performed better and there has been an increase in the higher end grades. Further focus will be placed on improving outcomes this year on a trajectory to achieving Good or better.

The trust promotes community involvement by making its facilities available to individuals, groups and businesses in the respective local area for sports and conferencing activities. A number of community groups use our facilities on a weekly basis while Emmanuel College enjoys an active partnership with Whickham Fellside Youth Football Club with whom outdoor sports facilities are shared. We hope to develop further partnerships over the coming year that will enable community groups to thrive.

The trust is committed to encouraging students to promote charitable activities in their involvement in the community and awareness of those less fortunate in the world, which has led to a number of significant fundraising events being held during the year which raised money for charities including the Love Trust which aims to improve education in South Africa at the Nokuphila School; St Oswald's Hospice and Cancer Research.

The trust encourages students to be involved in activities in the community. Students visit primary schools and special schools in their local area; some work for charities and charity shops; others have given time to work in residential care homes and some act as reading mentors to younger students in their school. In addition students are encouraged to gain an understanding of the world and take part in outdoor activities including trips to Nokuphila School in South Africa, an outdoor centre in Zambia and sailing a Tall Ship across the North Sea.

Going Concern

After making appropriate enquiries, the governing body has a reasonable expectation that the trust has adequate resources to continue in operational existence for the foreseeable future. With the activities of our four schools and their funds being transferred to the Emmanuel Schools Foundation on 17 February 2017, this provides greater flexibility to allow short term financial impacts to be managed across our schools. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Key Financial Performance Indicators

The Directors approved budgets for the whole academic year 1 September 2016 – 31 August 2017 which forecasted a revenue surplus of £187k with £61k of that expected in the period since February, before depreciation charges. Actual results show a revenue deficit for this year including the 4 schools since 17 February of £36k excluding funds transferred in from the schools, fixed asset funds, pension administration costs and fund transfers, with the negative variance being mainly due to restructures required in order to make financial savings in future years, as well as later than budgeted staff savings implemented in this year.

Financial Review

Review of the Financial Position of the Trust

Most of the trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Expenditure for the year was mainly covered by grants from the ESFA, LEA and other income. The revenue deficit for the period was £36k before transfers and pension administration costs.

At 31 August 2017 the net book value of tangible fixed assets was £70,036,000, and movements in tangible fixed assets are shown in Note 14 to the accounts. The assets are used exclusively for providing education and associated support services to the pupils of the trust. The balance sheet restricted fixed asset fund is reduced by transfers of amounts equivalent to any depreciation charges over the expected useful life of the assets concerned to agree to the net book value.

The Foundation held fund balances at 31 August 2017 of £67,854,000 comprising £70,036,000 in the restricted fixed asset fund, a deficit of £4,426,000 in restricted income funds, including a pension reserve deficit of £5,319,000, and £2,244,000 in unrestricted income funds, including £272,000 in a trust fund which can be used for activities not normally funded by DfE funds.

The pension scheme liability relates to a non-cash provision for each school's share of the Local Government Pension Scheme and under the funding agreement the trust must show this pension liability on the balance sheet. However should operations cease this pension liability would be funded by the Department for Education.

Financial and Risk Management Objectives and Policies

The trust's financial objectives, policies and risk management are monitored by the central finance team.

Reserves Policy

In order to alleviate the financial risks identified by the risk assessment and guarantee the continued activities of the trust, the Board will accumulate a minimum reserve of £200,000 per school. The financial risk to the trust is balanced alongside the trust's vision to maintain the highest levels of educational provision for its beneficiaries. The Board will therefore set a maximum limit for its reserve funds of £1m per school. This equates to approximately two months of the delegated funding from the ESFA. Reserves held in excess of the maximum limit will be reviewed by the Board on a regular basis and an appropriate range of options will be considered. These might include releasing funds into the revenue budget in furtherance of the trust's objectives or re-investing the funds to generate extra income for the trust's activities. The reserves policy is reviewed annually taking into account new risks that have emerged. The current level of free reserves (total funds less the amount held in fixed asset restricted funds) is £3,137,000.

Financial Review (continued)

Investments Policy

The governors have the power to invest monies of the charitable company, not immediately required for the furtherance of its objects, as they see fit.

Principal Risks and Uncertainties

The principal risk areas for the trust are the protection of pupils, employees and assets; and systems and procedures to minimise these are constantly being reviewed and updated.

The charitable company has Safeguarding and Child Protection policies in place which focus on the need to ensure that its pupils are safe, feel safe and are fully supported in this respect by their school. These policies also provide a framework for the schools to develop secure processes for identifying and supporting pupils at risk of abuse. The implementation and effectiveness of these policies and procedures, which adhere to DfE guidelines on safeguarding and child protection, are regularly monitored and reviewed.

A large proportion of the company's costs relate to staff costs which are relatively fixed each year. There is a risk that a significant drop in grant income may lead to an inability to cover such costs. Senior management and directors aim to keep abreast of proposed changes to funding streams and these are taken into account when preparing financial forecasts.

Plans for Future Periods

Our schools aim to maintain and improve upon the high level of academic achievement already evident, as well as seeking to improve consistency, communication and collaboration within and across the schools. In addition we are embarking upon a five year strategic development plan to focus on our three main goals supported by three key enablers:

- **Character Development:** This is at the heart of an ESF education, as a value in its own right, but also for students to achieve their personal best.
- **Academic Excellence:** We are working to set all ESF schools on trajectory to Ofsted Outstanding.
- **Community Transformation:** We aspire to educate as many as possible of our students from early childhood so that the impact on our schools' communities can be strengthened and to expand into new communities.
- **Investment in Staff:** We are working to make ESF the employer of choice amongst Multi-Academy Trusts.
- **Support and Challenge:** We are committed to building a support team whose support and strategic guidance is recognised by schools as invaluable, with outstanding governance.
- **Wise Spending:** We are committed to ensuring that all of our activities are financially sustainable and offer excellent value for money.

The next academic year will see increased focus on improving academic outcomes at our Trinity Academy as well as moves to seek to expand our educational provision to a wider student body through expansion of the Multi-Academy Trust.

Auditor

In so far as the governors are aware:

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

Approval

This report was approved by the governing body on 11 December 2017 and signed on its behalf by:



Nigel Robson
Chair

Emmanuel Schools Foundation Governance Statement

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Emmanuel Schools Foundation 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 governing body has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the school and the Secretary of State for Education. He is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The Board has formally met 3 times during the period until 16 February 2017. Attendance at meetings of the Board, prior to MAT status, was as follows:

Director	Meetings attended	Out of a possible
Donald Hutton	3	3
Martin Oldknow	3	3
Dr Mark Pike	3	3
Nigel Robson	3	3

The board of directors met twice during the period since 17 February 2017. Attendance was as follows:

Director	Meetings attended	Out of a possible
Nigel Robson	2	2
Martin Oldknow	2	2
Dr Mark Pike	2	2
Don Hutton	2	2
Maura Regan	2	2
Peter Pickthall	2	2
Anthony Bird	2	2
Stewart McKinley	2	2
Simon Goon	1	1
Jonathan McAllister	1	1

Review of Value for Money

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

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

Emmanuel Schools Foundation Governance Statement

Review of Value for Money (continued)

The raising of academic attainment

In 2017 89% of Emmanuel College students achieved all grades at 4/ C or higher including Maths and English and 43% of students achieved the English Baccalaureate. Progress measures (Progress 8) at 0.57 show that Emmanuel College has maintained its strong performances in previous years. At A Level 39% of all grades were at A or A*, whilst 97% of students secured a place in further education, employment or training immediately after leaving the College.

When last inspected – in May 2013 – Emmanuel was graded 'Outstanding' in every category. Key findings included the following statements: Regardless of their starting points, all students make exceptional progress to exceed significantly the national average by the end of Year 11 and in the sixth form; behaviour is outstanding and provision in the sixth form is excellent.

The King's Academy continues to provide a very good quality education to the students of south Middlesbrough. In its most recent inspection (January 2017), Ofsted graded the school as 'Good'. This is the fourth grading of "Good" in fourteen years, demonstrating a high degree of consistency in the standard of high quality education we provide. As well as much strengthened GCSE results in 2017, in the Sixth Form, A-Level results were the best on record and significantly above national averages. 63% of all grades were A*-B, with 37% of all grades being A*-A. Many progressed from A-Level study to university, with over 70% gaining their first-choice places.

Bede Academy continues to ensure that the highest support is in place to ensure an outstanding and transformational education from 3-19 and that all students are achieving expected and more than expected levels of progress. Attendance remained at 96.3% in 2017 and GCSE results remained positive with 57.3% achieving 5 A*-C with English and mathematics. In particular, improvements were made at Key Stage 2 with 70% achieving the expected standard in reading, writing, teacher assessment and maths, and 16.7% achieving the higher standard. At its most recent Ofsted inspection in June, the school was again rated as 'Good' in every category.

David Page, the Principal, and Jonathan Winch, the Executive Principal of ESF as well as the senior team have led Trinity Academy through a period of consolidation over the last twelve months. The academy has needed substantial budget reductions in line with the pressures faced across the education sector. As a result, the school has had to undergo staffing restructures within and across departments. The school budget is balanced for next year with a leaner staffing structure and significant improvements in behaviour across the school. The recent Ofsted inspection retained the 'Requires Improvement' overall rating but did note the improvements made particularly in pupil behaviour, tracking performance and the vision of the school, and continued to rate the sixth form as 'Good'. The 2017 academic results show encouraging signs with the English department, especially, showing their quality with over 80% of students gaining a "standard" pass and 35% gaining a "secure" pass. In addition, there were 21 grade 9s in English Language and English Literature and a number of students gaining a grade 9 in both of these subjects.

Robust governance and oversight of the trust's finances

Monitoring of the trust's internal controls is carried out by Kinnair & Co (auditors) and gives assurance that controls are in place and carried out in accordance to set policies and procedures.

Financial control is managed by a central resource and comprehensive budgeting and monitoring, together with the production of timely management accounts which are produced by the Finance Director and reviewed by the accounting officer and members of the local governing boards. Joint tendering exercises are frequently carried out between the Emmanuel Schools Foundation schools to achieve economies of scale.

All major capital projects and financial costs associated with the trust's strategic development plan and school development plans are approved by the governors.

Emmanuel Schools Foundation Governance Statement

As a direct result of budget cuts the staffing structure and curriculum have been reviewed across our schools with staff being deployed efficiently whilst ensuring that our student's education is not compromised.

Shared Services are used across the Foundation schools to ensure value for money is being achieved.

Targets are set to measure financial and other performances and are reviewed by the accounting officer and governors.

Clearly defined purchasing guidelines have been put in place with delegated lines of authority and segregation of duties.

Risks have been identified and managed and are updated on a regular basis.

Contracts are reviewed to ensure we receive value for money whilst ensuring quality and effectiveness. Procurement of IT is managed centrally to ensure the trust benefits from bulk purchasing of capital items and software supplies.

The governors and senior staff apply the principles of best value when making decisions about the allocation of resources to best promote the aims and values of the school, targeting resources to best improve standards and the quality of the provision and the use of resources to best support the various educational needs of all pupils.

Ensuring the trust demonstrates good value for money and effective use of resources

The trust benchmarks financial performance against other academies and multi-academy trusts to demonstrate value for money and to learn where savings can be made.

Tender exercises are carried out regularly to ensure that high value purchases are competitive in the market place. All tenders are carried out in accordance with set policies and procedures.

Maximising income generation

Emmanuel Schools Foundation centrally employs a Business Development Manager that actively seeks to maximise income through the hire of the trust's facilities across its schools.

Reviewing controls and managing risks

Monthly Foundation management accounts are produced and reviewed by the Finance Director and the Chief Executive, and any significant variances that may have an impact on budgets are addressed and rectified.

Similarly, each school has monthly management accounts produced and reviewed by the Finance Director and the relevant Principal.

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

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

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

The trust ensures that all surplus cash balances are invested in an interest bearing account to maximise interest earning potential.

Emmanuel Schools Foundation Governance Statement

Reviewing budget holders accounts

Budget holders receive regular budget reports which are scrutinised to ensure the most effective use of resources to meet the objectives of the Foundation. These reports are reviewed on a monthly basis, and all transactions and up to date balances are available on the web portal to be viewed and monitored by budget holders and finance staff. Curriculum and any new strategies are identified in the trust strategic development plan and individual school development plans.

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 the trust's 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 for Emmanuel Schools Foundation for the year ended 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

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

The board of directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Board have appointed Kinnair and Company, the external auditor, to perform additional checks.

The external auditors' role includes performing a range of checks on the school's financial systems. On a quarterly basis the auditors report to the accounting officer on the operation of the systems of control and provide information to assist the governing body discharge their financial responsibilities. In particular the checks carried out in the current period included:

- testing of purchases
- testing of purchase systems
- testing of control account/bank reconciliations

The directors confirm that the external auditors have delivered their schedule of work as planned. The work performed revealed no material control weaknesses.

Emmanuel Schools Foundation Governance Statement

Review of Effectiveness

As accounting officer, the Chief Executive 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 external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the trust who have responsibility for the development and maintenance of the internal control framework.

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

Approval

This report was approved by the governing body on 11 December 2017 and signed by its order.



Nigel Robson - Governor



Mark Pike - Accounting Officer

Emmanuel Schools Foundation
Statement on Regularity, Propriety and Compliance

As accounting officer of Emmanuel Schools Foundation I have considered my responsibility to notify the trust governing body 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. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the Foundation's governing body 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 academy trust's funding agreement and the Academies Financial Handbook 2016.

I confirm that no instances of material irregularity, impropriety of 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 directors and the ESFA.

Mark Pike
Chief Executive Officer and accounting officer

11 December 2017

A handwritten signature in black ink, appearing to read 'Mark Pike', with a long horizontal line extending to the right.

Emmanuel Schools Foundation

Statement of Governors' Responsibilities

The governors (who act as trustees for the charitable activities of Emmanuel Schools Foundation and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the governors' 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 governors to prepare financial statements for each financial year. Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the governors are required to:

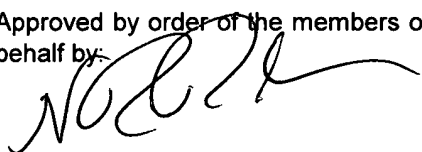
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The governors 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 governing body on 11 December 2017 and signed on its behalf by:



Nigel Robson
Chairman

Emmanuel Schools Foundation
Independent auditors' report
to the Members of Emmanuel Schools Foundation

Opinion

We have audited the accounts of Emmanuel Schools Foundation for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. 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 the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP (FRS 102) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

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

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP (FRS 102) and Academies Accounts Direction 2016 to 2017.

Basis of 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRS'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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors' 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 12 months from the date when the financial statements are authorised for issue.

Emmanuel Schools Foundation
Independent auditors' report
to the members of Emmanuel Schools Foundation (continued)

Other information

The other information comprises the information included in the report and accounts, other than the accounts and our auditor's report thereon. The governors are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the accounts are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of governors

As explained more fully in the Statement of Governors' Responsibilities (set out on page 18), the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 accounts, the governors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Emmanuel Schools Foundation

Independent auditors' report

to the members of Emmanuel Schools Foundation (continued)

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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



Mai Mak BSc FCA
Senior Statutory Auditor

for and on behalf of
Kinnair and Company
Accountants and Statutory Auditors

Aston House
Redburn Road
Newcastle upon Tyne
NE5 1NB

12/12/2017

Emmanuel Schools Foundation
Independent reporting auditors' assurance report on regularity to
Emmanuel Schools Foundation and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Emmanuel Schools Foundation during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Emmanuel Schools Foundation accounting officer and the reporting auditor

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

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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


The work undertaken to draw our conclusion includes:

- Documentation, evaluation and testing of internal controls;
- Establishing the intended purpose of grant funding;
- Performing substantive tests on relevant expenditure;

Emmanuel Schools Foundation
Independent reporting auditors' assurance report on regularity to
Emmanuel Schools Foundation and the Education and Skills Funding Agency
(continued)

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mai Mak BSc FCA
Senior Statutory Auditor
for and on behalf of Kinnair and Company
Statutory Auditors, Newcastle upon Tyne

...12/12/2017.

Emmanuel Schools Foundation

Statement of Financial Activities for the year ended 31 August 2017 (incorporating Income and Expenditure Account)

	Notes	Unrestricted funds £000	Restricted income funds £000	Restricted fixed asset funds £000	2017 Total £000	2016 Total £000
Income from:						
Donations and capital grants		30	1	136	167	38
Charitable activities:						
- Funding for the trust's educational operations	4	-	16,899	-	16,899	-
Other trading activities	5	1,217	-	-	1,217	1,098
Investments	6	9	-	-	9	1
Income from reserves of Academies		1,771	(3,492)	71,058	69,337	-
Total		3,027	13,408	71,194	87,629	1,137
Expenditure on:						
Charitable activities:						
- trust's educational operations	7	1,137	17,494	1,325	19,956	1,113
Total		1,137	17,494	1,325	19,956	1,113
Net income/(expenditure)		1,890	(4,086)	69,869	67,673	24
Transfers between funds	9	-	(167)	167	-	-
Net income/(expenditure) before other recognised gains and losses		1,890	(4,253)	70,036	67,673	24
Other recognised gains or (losses)						
Actuarial gains or (losses) on defined benefit pension schemes	24	-	(173)	-	(173)	-
Net movement in funds		1,890	(4,426)	70,036	67,500	24
Reconciliation of funds						
Total funds brought forward		354	-	-	354	330
Funds carried forward		2,244	(4,426)	70,036	67,854	354

All of the trust's activities derive from continuing operations during the above two financial years.


The statement of financial activities includes all gains and losses recognised in the year.

Emmanuel Schools Foundation
Balance Sheet
as at 31 August 2017

Company number 04464331

	Notes	2017 £000	2016 £000
Fixed assets			
Tangible assets	14	70,036	-
Investments	15	-	-
		<u>70,036</u>	<u>-</u>
Current assets			
Debtors	16	1,648	207
Cash at bank and in hand		<u>4,203</u>	<u>174</u>
		5,851	381
Liabilities			
Creditors: amounts falling due within one year	17	(2,714)	(27)
		<u></u>	<u></u>
Net current assets		3,137	354
Net assets excluding pension liability		<u>73,173</u>	<u>354</u>
Defined benefit pension scheme liability	24	(5,319)	-
		<u></u>	<u></u>
Total net assets		<u>67,854</u>	<u>354</u>
Funds of the academy trust:			
Restricted funds:			
- Fixed asset fund	18	70,036	-
- General annual grant fund	18	818	-
- Other DfE/ESFA grants fund	18	66	-
- Parents, friends and family fund	18	9	-
- Pension reserve	18	<u>(5,319)</u>	<u>-</u>
Total restricted funds		65,610	-
Unrestricted income funds:	18	<u>2,244</u>	<u>354</u>
Total funds		<u>67,854</u>	<u>354</u>

The financial statements on pages 22 to 44 were approved by the governors and authorised for issue on 11 December 2017 and signed on their behalf by:


Nigel Robson
Governor

Emmanuel Schools Foundation
Cash Flow Statement
for the year ended 31 August 2017

	Notes	2017 £000	2016 £000
Cashflows from operating activities			
Net cash provided by (used in) operating activities	20	4,186	73
Cashflows from investing activities	21	(157)	39
Change in cash and cash equivalents in the reporting period		<hr/> 4,029	<hr/> 112
Cash and cash equivalents at 1 September 2016		174	62
Cash and cash equivalents at 16 February 2017	22	<hr/> 4,203	<hr/> 174

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

1 Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the multi-academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006.

Emmanuel Schools Foundation meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Incoming Resources

All incoming resources are 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, its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

Capital grants are recognised in full when there is entitlement to the grant. Unspent amounts of capital grant 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.

Donations and sponsorship income

Donations and sponsorship income are included in the statement of financial activities on a cash received basis or on an accruals basis where they are assured with reasonable certainty and receivable by the balance sheet date.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent that the schools have provided the goods and services.

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

1 Statement of Accounting Policies (continued)

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 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 a basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Governance costs includes expenditure on the trust's compliance with constitutional and statutory requirements, including audit, strategic management and governors' meetings and reimbursed expenses.

Tangible Fixed Assets

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 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 life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Assets acquired from schools brought into the multi-academy trust are acquired at fair value which is equivalent to the net book value at the time of acquisition. These are then depreciated over their remaining useful economic life.

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

Long leasehold land and buildings	over 50 years
Fixtures and fittings	over 5 years
Computer equipment	over 5 years
Motor vehicles	over 5 years

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

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

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

1 Statement of Accounting Policies (continued)

Liabilities

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

Provisions

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

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

Investments

The trusts shareholding in the wholly owned subsidiary, Emmanuel Academy Services Limited, is included in the balance sheet at the cost of the share capital owned less any impairment. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

Financial assets - trade and other debtors are basic financial instruments and are debt instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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

**Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017**

1 Statement of Accounting Policies (continued)

Pensions

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

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

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

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

Fund accounting

Unrestricted income represents those resources which may be used towards meeting any of the charitable objectives of the trust at the discretion of the trustees.

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact 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 2017. 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 critical areas of judgment are depreciation and the loss on the valuation of the pension liability

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

1 Statement of Accounting Policies (continued)

The trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the trust was subject to limits at 31 August 2017 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The trust has not exceeded these limits during the year ended 31 August 2017.

3 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	136	136	-
Donations	30	-	30	-
Parent, families and friends fund	-	1	1	38
	<u>30</u>	<u>137</u>	<u>167</u>	<u>38</u>

Income from donations and capital grants is £137,000 (2016: £38,000) of which £137,000 (2016 - £nil) is restricted fixed assets.

4 Funding for the Trust's Educational Operations

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
General annual grant GAG	-	15,396	15,396	-
Other DfE / ESFA grants	-	795	795	-
	<u>-</u>	<u>16,191</u>	<u>16,191</u>	<u>-</u>
Other government grants				
Local authority revenue grants	-	541	541	-
	<u>-</u>	<u>541</u>	<u>541</u>	<u>-</u>
Other income				
Non-government sources - revenue	-	167	167	-
	<u>-</u>	<u>167</u>	<u>167</u>	<u>-</u>
	<u>-</u>	<u>16,899</u>	<u>16,899</u>	<u>-</u>

Funding for the Trust's Educational Operations is £16,899,000 (2016 - £nil) which is all restricted.

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

5 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Facilities hire	52	-	52	-
Catering income	551	-	551	-
Teaching School	50	-	50	-
Recharged expenses	564	-	564	1,098
	<u>1,217</u>	<u>-</u>	<u>1,217</u>	<u>1,098</u>

Income from other trading activities of £1,217,000 (2016 - £1,098,000) is all unrestricted (2016 - all unrestricted).

6 Investments

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Interest on cash deposits	9	-	9	1
	<u>9</u>	<u>-</u>	<u>9</u>	<u>1</u>

Income from investments of £9,000 (2016 - £1,000) is all unrestricted (2016 - all unrestricted).

7 Expenditure

	Staff costs £000	Non-pay expenditure Premises £000	Other costs £000	Total 2017 £000	Total 2016 £000
Expenditure on raising funds					
Trust's educational operations:					
- Direct costs	13,100	1,140	1,466	15,706	982
- Allocated support costs	2,051	1,202	997	4,250	131
	<u>15,151</u>	<u>2,342</u>	<u>2,463</u>	<u>19,956</u>	<u>1,113</u>

Total expenditure is £19,956,000 (2016 - £1,113,000) of which £1,137,000 (2016 - £1,113,000) is unrestricted, £17,494,000 (2016 - £nil) is restricted and £1,325,000 (2016 - £nil) is restricted fixed assets.

Net income/(expenditure) for the period includes:

	2017 £000	2016 £000
Depreciation	1,325	-
Fees payable to auditor for:		
-audit	13	4
-other services	<u>2</u>	<u>-</u>

Emmanuel Schools Foundation
Notes to the Financial Statements
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8 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Direct costs - educational operations				
Teaching and educational support staff	564	12,536	13,100	861
Depreciation	-	1,140	1,140	-
Technology costs	-	27	27	82
Educational supplies	-	320	320	23
Examination fees	-	355	355	-
Staff development	-	43	43	8
Educational consultancy	-	13	13	-
Other direct costs	-	708	708	8
	<u>564</u>	<u>15,142</u>	<u>15,706</u>	<u>982</u>
Support costs - educational operations				
Support staff costs	409	1,642	2,051	-
Depreciation	-	185	185	-
Technology costs	-	176	176	-
Recruitment and support	-	65	65	6
Maintenance of premises and equipment	-	380	380	-
Cleaning	-	34	34	-
Rent and rates	-	127	127	20
Energy costs	-	414	414	-
Insurance	-	82	82	-
Security	-	62	62	-
Transport	-	7	7	-
Catering	159	107	266	3
Other occupancy costs	-	32	32	10
Governance costs	-	232	232	87
Bank interest and charges	-	14	14	-
Other support costs	5	118	123	5
	<u>573</u>	<u>3,677</u>	<u>4,250</u>	<u>131</u>
Total costs of educational operations	<u>1,137</u>	<u>18,819</u>	<u>19,956</u>	<u>1,113</u>

Included within governance costs are any costs associated with the strategic as opposed to day to day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustee's, the cost of any administrative support provided to trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

9 Transfers between funds

The gross transfer of £167,000 (2016 - £nil) to the restricted fixed asset fund from unrestricted funds represents capital expenditure of £167,000 (2016 - £nil) financed from general funds, less the amount spent out of the Devolved Formula Capital Grant on capital repairs of £nil (2016 - £nil).

Emmanuel Schools Foundation
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10 Staff

Staff costs

Staff costs during the period were:

	2017	2016
	£000	£000
Wages and salaries	11,902	714
Social security costs	1,067	36
Operating costs of defined benefit pension schemes	2,141	105
Other staff costs	3	22
Apprenticeship levy	38	-
	<u>15,151</u>	<u>877</u>
Supply teacher costs	319	-
Staff restructuring costs	76	-
	<u>15,546</u>	<u>877</u>
Staff restructuring costs comprise:		
Redundancy payments	76	-
	<u>76</u>	<u>-</u>

Average staff numbers	2017	2016
	Number	Number
Teaching	228	2
Educational support/ Admin	218	15
Management	4	-
	<u>450</u>	<u>17</u>

Staff numbers are averaged across the whole year, with staff at the schools transferred in during the year only included for the period since 17 February 2017.

Higher paid staff

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

	2017	2016
	Number	Number
£60,000 to £70,000	12	1
£70,001 to £80,000	5	-
£90,001 to £100,000	3	-
£100,001 to £110,000	1	-
£110,001 to £120,000	2	2

All of the above staff participated in the teachers' pension scheme or LGPS. During the year ended 31 August 2017 employers' contributions for these staff amounted to £324,629 (2016 - £39,552).

Key management personnel

The key management personnel of the trust comprise the directors and the executive team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the trust was £49,412 (2016: £nil)

Emmanuel Schools Foundation
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11 Related party transactions - governors' remuneration and expenses

During the year there were no staff members who were directors of the trust.

Other directors did not receive payments, other than expenses, from the trust in respect of their role as directors.

There were no staff governors during the year.

Travelling, subsistence or other expenses totalling £8,379 (2016 - £489) were reimbursed to one governor during the year.

12 Governors' and officers insurance

In accordance with normal commercial practice the trust has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the year ended 31 August 2017 was £1,150 (2016 - £0). The cost of this insurance is included in the total insurance cost.

13 Central services

The trust has provided the following central services to its schools during the year.

- educational support services
- financial services
- human resources and payroll
- legal and governance services
- IT services
- facilities and project management
- business development

During the year, the trust charged for these services on the basis of actual budgeted central costs split equally between the schools.

The actual amounts charged during the year were as follows:

	2017	2016
	£000	£000
Emmanuel College	153	-
Bede Academy	153	-
The King's Academy	153	-
Trinity Academy	153	-
	<u>612</u>	<u>-</u>

The figures shown cover the period from the school's transferring into the multi-academy trust at the 17 February until the year end.

Emmanuel Schools Foundation
Notes to the Financial Statements
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14 Tangible fixed assets

	Land and buildings £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost					
At 1 September 2016	-	-	-	-	-
Additions from schools	69,325	823	906	4	71,058
Additions in the year	39	65	199	-	303
At 31 August 2017	<u>69,364</u>	<u>888</u>	<u>1,105</u>	<u>4</u>	<u>71,361</u>
Depreciation					
At 1 September 2016	-	-	-	-	-
Charge for the year	961	148	215	1	1,325
At 31 August 2017	<u>961</u>	<u>148</u>	<u>215</u>	<u>1</u>	<u>1,325</u>
Net book value					
At 31 August 2017	<u>68,403</u>	<u>740</u>	<u>890</u>	<u>3</u>	<u>70,036</u>
At 31 August 2016	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The trust's transactions relating to land and property included:

- the acquisition of the freehold on Emmanuel College and Trinity Academy, introduced into the trust upon conversion into the multi-academy trust and subsequent additions to the value of £25,103,667
- the acquisition of the leasehold on Bede Academy North and Bede Academy South, introduced into the trust on conversion into the multi-academy trust for £28,223,908 over a term of 117 years.
- the acquisition of the leasehold on The King's Academy, introduced into the trust on conversion into the multi-academy trust over a term of 185 years and subsequent additions of £16,036,254.

Emmanuel Schools Foundation
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15 Investments

			Investments in subsidiary undertakings	
			£	£
			2017	2016
			£000	£000
Cost				
At 1 September			<u>1</u>	<u>1</u>
At 31 August			<u>1</u>	<u>1</u>
Company	Shares held		Capital and reserves	Profit (loss)
	Class	%	£000	for the year
				£000
Emmanuel College	Ordinary	100	-	(162)
Bede Academy	Ordinary	100	-	814
The King's Academy	Ordinary	100	-	1,154
Trinity Academy	Ordinary	100	-	110
Emmanuel Academy Services Ltd	Ordinary	100	8	-

All except Emmanuel Academy Services Ltd are companies limited by guarantee and do not have share capital. The balance sheet value of investments is therefore just £1 (2016 - £1).

The profit/(loss) of each school represents the trading up until the 16 February at which point the operations of the schools transferred into the multi-academy trust. The remaining legal entities, which now hold no residual balances, will be dissolved.

Emmanuel Schools Foundation
Notes to the Financial Statements
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16 Debtors	2017	2016
	£000	£000
Trade debtors	156	1
Amounts owed by associated undertakings	200	150
VAT recoverable	437	-
Other debtors	41	15
Prepayments and accrued income	814	41
	<u>1,648</u>	<u>207</u>

17 Creditors: amounts falling due within one year	2017	2016
	£000	£000
Trade creditors	929	11
Taxation and social security costs	513	-
Other creditors	414	10
Accruals and deferred income	858	6
	<u>2,714</u>	<u>27</u>

Deferred income included above:

Deferred income at 1 September 2016	38	-
Resources deferred in the year	459	38
Amounts released from previous years	(38)	-
Deferred income at 31 August 2017	<u>459</u>	<u>38</u>

Deferred income comprises grants received specifically for use in the next financial period and includes Universal Infant Free School Meals. Income has also been deferred where the school has been paid in advance for music tuition relating to the next financial period.

Emmanuel Schools Foundation
Notes to the Financial Statements
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18 Funds

	At 1 Sep 2016 £000	Income £000	Expenditure £000	Gains, losses & transfers £000	At 31 Aug 2017 £000
Restricted general funds					
General annual grant (GAG)	-	16,512	(15,527)	(167)	818
Other DfE/ESFA grants	-	885	(819)	-	66
Other government grants	-	541	(541)	-	-
Restricted general reserve	-	167	(167)	-	-
Parents, friends and family	-	9	-	-	9
Pension reserve	-	(4,706)	(440)	(173)	(5,319)
	-	13,408	(17,494)	(340)	(4,426)
Restricted fixed asset funds					
DfE/ESFA capital grants	-	56,928	(1,049)	167	56,046
Capital expenditure from GAG	-	4,302	(96)	-	4,206
Private sector sponsorship	-	5,765	(109)	-	5,656
Transfers from general funds	-	4,199	(71)	-	4,128
	-	71,194	(1,325)	167	70,036
Total restricted funds	-	84,602	(18,819)	(173)	65,610
Unrestricted income funds					
Unrestricted general reserve	354	2,997	(1,029)	(350)	1,972
Unrestricted trust fund	-	30	(108)	350	272
Total unrestricted funds	354	3,027	(1,137)	-	2,244
Total funds	354	87,629	(19,956)	(173)	67,854

Comparatives

	At 1 Sep 2015 £000	Income £000	Expenditure £000	Gains, losses & transfers £000	At 31 Aug 2016 £000
Unrestricted income funds					
Unrestricted general reserve	330	1,137	(1,113)	-	354
Total unrestricted funds	330	1,137	(1,113)	-	354
Total funds	330	1,137	(1,113)	-	354

Emmanuel Schools Foundation
Notes to the Financial Statements
for the year ended 31 August 2017

18 Funds (continued)

Analysis of fund balance by school

Fund balances at 31 August 2017 were allocated as follows:

	2017	2016
	£000	£000
Emmanuel College	892	-
Bede Academy	710	-
The King's Academy	1,220	-
Trinity Academy	43	-
Central Services	272	354
	<u>3,137</u>	<u>354</u>
Restricted fixed asset fund	70,036	-
Pension reserve	(5,319)	-
Total Funds	<u>67,854</u>	<u>354</u>

The fund balance held at The King's Academy is required to fund capital programmes in the coming years to allow for the planned expansion of student numbers.

Total cost analysis by school

	Teaching and Education Support Costs £'000	Other support Staff Costs £'000	Education Supplies £'000	Other Supplies £'000	Total 2017 £'000
Emmanuel College	3,137	394	63	619	4,213
Bede Academy	3,369	516	106	760	4,751
The King's Academy	3,063	326	82	774	4,245
Trinity Academy	2,882	423	61	809	4,175
Central Services	649	392	8	198	1,247
Total	<u>13,100</u>	<u>2,051</u>	<u>320</u>	<u>3,160</u>	<u>18,631</u>
Incoming:					
ESFA Income	16,456				
LEA Income	409				
Other Income	1,215				
School Meals	551				
	<u>18,631</u>				
Outgoing					
Education	17,054				
	<u>17,054</u>				
Add: Fixed asset transfers	167				
	<u>17,220</u>				

Emmanuel Schools Foundation
Notes to the Financial Statements
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18 Funds (continued)

The General Annual Grant (GAG) fund must be used for the normal running costs of the trust. Under the funding agreement with the Secretary of State, the trust was subject to a limit on the amount of GAG it could carry forward at 31 August 2017. Note 2 discloses whether the limit was exceeded.

Restricted funds are grants received from the ESFA and local authorities and are specifically used for the running of the school apart from the pension reserve which reflects the movements and closing deficit relating to the schools' share of the local government pension scheme.

The restricted fixed assets funds represent capital grants, sponsorship and other funding received to finance the capital costs of the trust.

The trust is carrying a net deficit on revenue funds of £4,426,000 representing a surplus of £818,000 on the general annual grant fund, a deficit of £5,319,000 on the restricted pension reserve, a surplus of £9,000 on parents, friends and family fund and a surplus of £66,000 on the Other/ESFA grants fund.

19 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £000	Restricted income funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	70,036	70,036
Current assets	2,244	3,607	-	5,851
Current liabilities	-	(2,714)	-	(2,714)
Pension scheme liability	-	(5,319)	-	(5,319)
Total net assets	<u>2,244</u>	<u>(4,426)</u>	<u>70,036</u>	<u>67,854</u>

Comparatives

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £000	Restricted income funds £000	Restricted fixed asset funds £000	Total funds £000
Current assets	381	-	-	381
Current liabilities	(27)	-	-	(27)
Total net assets	<u>354</u>	<u>-</u>	<u>-</u>	<u>354</u>

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Notes to the Financial Statements
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20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	67,673	24
Depreciation charges and loss on disposal of assets	1,325	-
Capital grants from DfE and other capital income	(167)	(38)
Asset additions transfer into MAT	(71,028)	-
Interest receivable	(9)	(1)
Actuarial gain/(loss) on pension scheme	(173)	-
(Increase)/decrease in debtors	(1,441)	74
Increase in creditors	8,006	14
Net cash provided by (used in) operating activities	4,186	73

21 Cashflows from investing activities

	2017 £000	2016 £000
Interest received	9	1
Purchase of tangible fixed assets	(333)	-
Capital grants from DfE/ESFA	167	38
Net cash provided by/ (used in) investing activities	(157)	39

22 Analysis of cash and cash equivalents

	At 31 Aug 2017 £000	At 31 Aug 2016 £000
Cash at bank and in hand	4,203	174
Total cash and cash equivalents	4,203	174

23 Members' liability

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

**Emmanuel Schools Foundation
Notes to the Financial Statements
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24 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016

Contributions amounting to £412,000 (2016 - £nil) were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

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

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

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

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from April 2019.

The pension costs paid to TPS in the period amounted to £2,074,081 (2016 - £nil).

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

**Emmanuel Schools Foundation
Notes to the Financial Statements
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24 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £508,205, of which employer's contributions totalled £359,243 and employees' contributions totalled £148,962. The agreed contribution rates for future years are 13.8% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in any event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. This guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	At 31 Aug 2017	At 31 Aug 2017
There are two actuaries involved in the valuation of the pensions due to the schools being in different council boroughs. Both assumptions are disclosed.		Emmanuel College, Bede Academy, The King's Academy and ESF
	Trinity Academy	Aon
	Mercer	
<i>Financial assumptions</i>		
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment/inflation	2.2%	2.0%
Discount rate for scheme liabilities	2.5%	2.5%
Inflation assumption (RPI)	n/a	3.1%
Inflation assumption (CPI)	2.2%	2.0%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. Life expectancy assumptions on retirement age 65:

Retiring today:	Males	22.9	22.8
	Females	24.9	24.9
Retiring in 20 years:	Males	25.1	25.0
	Females	28.0	27.2

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24 Pension and similar obligations (continued)

Sensitivity analysis	At 31 Aug 2017 £ 000
Discount rate +1%	19,979
Discount rate -1%	21,369
Mortality assumption - 1 year increase	20,971
Mortality assumption - 1 year decrease	20,314
Salary increase +1%	20,546
Salary increase -1%	20,403

The academy's share of the assets in the scheme were:

	Fair values 2017 £ 000
Equities	10,495
Property	958
Gilts	1,545
Other bonds	727
Cash	762
Other	625
Total fair value of assets	15,112
Present value of scheme liabilities	(20,431)
Net pension asset/(liability)	(5,319)

The actual return on scheme assets was £679,000 (2016 - £nil).

Amounts recognised in the statement of financial activities:

	2017 £ 000
Current service cost	394
Net interest cost	65
Total operating charge	459

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24 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations:

	2017
	£ 000
At 1 September	18,527
Service cost	718
Interest cost	298
Actuarial loss/(gain)	862
Employee contributions	139
Benefits paid	(113)
At 31 August	<u>20,431</u>

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

	2017
	£ 000
At 1 September	13,821
Interest income	224
Administration charge	(3)
Actuarial (loss)/gain	689
Employer contributions	355
Employee contributions	139
Benefits paid	(113)
At 31 August	<u>15,112</u>

25 Related party transactions

No related party transactions took place in the period of account, other than certain governors remuneration and expenses already disclosed in note 11.

26 Agency arrangements

The trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £26,467 and disbursed £24,279. An amount of £65,923 is included in restricted funds balance to disburse in the coming year.

On 17 February 2017 four schools joined the trust therefore the figures quoted are for a part year only.