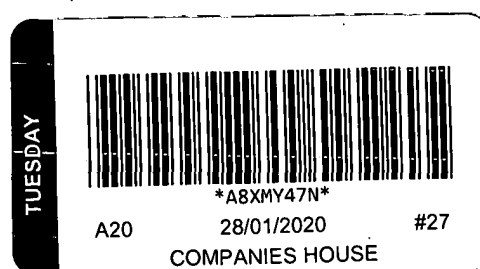


EMMANUEL SCHOOLS FOUNDATION

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



Emmanuel Schools Foundation

Contents

Reference and Administrative Details	1
Trustees Report	2 to 11
Governance Statement	12 to 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditor's Report on the Financial Statements	20 to 22
Independent Reporting Accountant's Report on Regularity	23 to 24
Statement of Financial Activities incorporating Income and Expenditure Account	25 to 26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29 to 59

Emmanuel Schools Foundation

Reference and Administrative Details

Members	Dr B Kenny S McKinlay N Robson K Stone Revd Dr D Wilkinson
Trustees (Directors)	W Adeniji (appointed 12 September 2019) A Bird T W M Chambers (appointed 19 October 2018) S Goon S McKinlay, Chairman M Oldknow P Pickthall Prof M Pike M Regan
Company Secretary	C Taylor
Senior Management Team	Dr M Pike, Chief Executive Officer J Winch, Executive Principal (Educational Standards) D Warburton, Director of Finance & Support Services
Principal and Registered Office	Trinity House Bede Avademy Sixth Avenue Blyth Northumberland NE24 2SY
Company Name	Emmanuel Schools Foundation
Company Registration Number	04464331
Auditors	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS
Bankers	Lloyds Bank Plc 102 Grey Street Newcastle upon Tyne NE1 6AG
Solicitors	Muckle LLP 32 Gallowgate Newcastle upon Tyne NE1 4BF Collingwood Legal 30 Riverside Studios Amethyst Road Newcastle upon Tyne NE4 7YL

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and the auditors report for the year ended 31 August 2019.

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

The Academy Trust operates 6 schools across the North of England, with 5 academies and 1 city technology college having brought 2 new schools into the Trust during the year. The Trust now operates 4 secondary schools and 2 all-through schools with a combined pupil roll of 7,283 in the summer 2019 school census.

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Emmanuel Schools Foundation are also the directors of the charitable company for the purposes of company law. The charitable company operates as Emmanuel Schools Foundation.

Details of the Trustees who served during the year, and to the date these accounts are approved are included 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.

Trustees' Indemnities

The trust has purchased insurance to protect Trustees and officers from negligent acts, errors or omissions occurring whilst on school business.

Method of Recruitment and Appointment or Election of Trustees

The power to appoint Trustees rests with the charitable company's members and the Secretary of State for Education. Trustees may serve for three years but are eligible for re-election at the meeting at which they retire. Subject to remaining eligible to be a particular type of trustee any trustee may be reappointed or re-elected for consecutive periods not exceeding 12 years in aggregate from the date of the original appointment but thereafter shall not be eligible for reappointment until one year after retirement unless there are exceptional circumstances.

Trustees may appoint Co-opted Trustees which means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. Members may appoint by ordinary resolution up to 11 Trustees. The Chief Executive Officer is the only employee who can be a Trustee. Parent trustees need not be appointed as the charitable company has local governing bodies at each school. The approach taken to recruit new Trustees is in accordance with constitutional documentation and the company's scheme of delegation.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

Policies and Procedures for the Induction and Training of Trustees and Governors

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

Organisational Structure

The Trustees 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, an Executive Principal and the Director of Finance and Support Services supplemented on an interim task force by two additional Executive Principals and the Head of Human Resources pending a full review of the leadership structure in 2020. 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 Trustees are followed correctly, and reporting back to the Board of Trustees. These groups are responsible for the authorisation of spending within agreed budget limits and for the appointment of staff. The Chief Executive Officer is the Accounting Officer for the Foundation, though the Principal and senior management team of each school retain delegated authority to manage the operational activities of their school.

Arrangements for setting pay and remuneration of key management personnel

Trustees do not receive any remuneration in their roles, except for the Chief Executive Officer. The pay and remuneration of the Academy Trust's key management personnel, being Executive and Principals, is approved by the Board of Trustees' delegated Remuneration Committee following consultation with the Chief Financial Officer, Head of HR and for Principals, the Chair of the relevant LGB. This is following a review against performance, 360 degree feedback and relevant benchmarks such as market recruitment surveys and STPCD headteacher pay groups.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
7	5.9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	3
1% - 50%	4
51% - 99%	0
100%	0

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

Percentage of pay bill spent on facility time

Total cost of facility time	£2,264
Total pay bill	£28,985,737
Percentage of the total pay bill spend on facility time	0.01%

Paid trade union activities

Total spend on paid trade union activities as a percentage of total paid facility time hours	10%
--	-----

Connected Organisations including Related Party Relationships

Emmanuel Schools Foundation is a stand-alone Multi Academy Trust and is governed by its members and Trustees, none of whom receive any remuneration for their positions, except for the Chief Executive Officer. Details of this and any expenses are detailed at note 10.

Emmanuel Schools Foundation wholly owns the legal entity of Joseph Swan Academy from acquisition on 1 April 2019 which was a dormant company from that point during this period. In addition Emmanuel Schools Foundation is the sole shareholder of Emmanuel Academy Services which operates a uniform sales service across four of our schools.

Objectives and Activities

Objects and Aims

The objects of the Trust are summarised below:

- to advance for the public benefit education in the United Kingdom by promoting schools with a Christian ethos offering a broad curriculum;
- to promote, for the benefit of the inhabitants of the areas in which the schools are situated, the provision of facilities for recreation or other leisure time with the object of improving the condition of life of the inhabitants.

The main aims 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;

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

- 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 strategic objectives for the year included:

- Building the character development of our students through better understanding of our culture and ethos, and practising the virtues underpinning good character, as well as improving attendance and punctuality
- Improving academic performance through developing better middle leadership, curriculum development and stronger key stage transition
- Strengthening communities through building relationships with key stakeholders and other schools, and seeking to grow the Foundation to extend spiritual, social, cultural and economic regeneration to further communities

In addition, there are additional objectives around further enhancing and improving our support functions, governance, staff development and financial performance. These strategic objectives have set out a series of measures and success criteria which will be presented to and reviewed by the Board of Trustees. More detailed school specific development plans, linked to the overall strategy, are monitored by local governing bodies.

Our objectives are focussed on 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 and character building activities. 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 and Director of Teaching School. Improvements are already being felt in the school and the last Ofsted monitoring visit noted improvements made in regard to pupil behaviour, leadership and systems, and the quality of teaching.

The Foundation is committed to growth to expand our ability to support children in disadvantaged areas with a quality education, and during the year we brought 2 more schools into the Trust. On 1 April 2019 we brought Joseph Swan Academy, a secondary school in Gateshead, into the Trust which was previously a single academy trust. On 1 May 2019 we brought Grindon Hall Christian School, an all-through free school in Sunderland, into the Trust which had previously been part of another Multi Academy Trust. On 1st September 2019 we renamed Joseph Swan as Grace College and Grindon Hall as Christ's College to reflect the significant changes we are making to these schools as part of our improvement plans for them.

Public Benefit

The Trustees 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 trust's public benefit is clearly demonstrated in the strategies and objectives set out above and the achievements summarised below.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

STRATEGIC REPORT

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 one of the top performing state schools in the North East of England. The Real Schools Guide has named Emmanuel in the top two secondary schools in the North East for five years running in 2019. 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 maintained their levels following improvements in recent years. Results at Bede Academy continue to be amongst the best in Northumberland whilst Christ's College had a very good set of GCSE results.

The 2019 external examination results continued Emmanuel College's history of high attainment with 83% of students achieving grade 4 or higher in Maths and English (standard Basics) and 63% grade 5 or higher (strong Basics). Emmanuel College's progress 8 score of +0.49 was the highest in Gateshead. The average attainment score at 57.4 was also the highest in Gateshead as was the EBacc average point score of 5.3. The A Level pass rate was again 100%, with 62% of grades at B or better and 17% at A*. Many of our students have gone on to further education at the top universities in the country. The school also increased its intake to 240 in year 7 as it looks to bring a high standard of education to more students.

The King's Academy remains extremely popular and has therefore increased its intake by 32 students a year. It is also a specialist centre, within a mainstream school setting, in Teesside for students with visual, hearing and physical impairments, and learning difficulties. The Summer 2019 external examination results were again around the average at GCSE for progress 8, with figures close to those nationally. An Attainment 8 score of 42.7 and average EBacc score of 3.69 showed strong achievements despite the higher than national average numbers of disadvantaged and SEN students. A-level results continue to perform well with a pass rate of 99% and 77% achieving C grades or higher.

This year's GCSE results for Bede Academy saw a good attainment 8 at 45.3 albeit progress 8 slipped a little to -0.2. The standard Basics measure was 65% and strong basics of 36%. The English Baccalaureate average points score of 3.94 was also very positive. The A level pass rate was 99% with 70% achieving C grades or better.

Key Stage 2 results were a good 74% reaching the expected standard in Reading, Writing, Teacher Assessment and Maths, with 16% achieving the higher standard. All attainment results were above national averages with the most significant being in reading and writing. Attainment was in the top 25% of schools for writing, top 30% for reading and top 35% for maths.

The 2019 GCSE results at Trinity showed attainment 8 at 40.4 but with the overall progress 8 measure still illustrating that further work is needed for the forthcoming year. A Level results continued to be positive with a 99% pass rate and 79% achieving a grade C or better. Further focus will be placed on improving outcomes this year on a trajectory to achieving Good with Ofsted who are due to visit again during 2019/20. The last Ofsted visit in September 2017 noted that, whilst the overall rating was 'Requires Improvement', there had been significant improvements in the quality of leadership and behaviour. The Sixth Form provision continues to be rated as Good.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

This year's GCSE results for Grace College (which joined mid-year and was known as Joseph Swan Academy until September 2019) saw attainment 8 at 43.4 with progress 8 below average. The standard Basics measure was 55% and strong basics of 29%. The A level pass rate was 93% with 56% achieving C grades or better. The Trust has embarked upon a major school improvement plan to significantly improve outcomes at Grace with a plan to achieve at least Good for the next Ofsted visit. Grace also saw an increase in the year 7 intake to 240 which will see the school grow over coming years and saw a significant investment by the Trust in the infrastructure of the building during the summer of 2019.

This year's GCSE results for Christ's College (which also joined mid-year and was known as Grindon Hall Christian School until September 2019) saw a very good progress 8 at +0.58 and attainment 8 at 52.7 which were the highest in Sunderland. The standard Basics measure was 72% and strong basics of 57%. The English Baccalaureate average points score of 4.56 was also very positive. The A level pass rate was 100% with 64% achieving C grades or better.

Key Stage 2 results saw 57% reaching the expected standard in Reading, Writing, Teacher Assessment and Maths, with 8% achieving the higher standard. Reading and EGPS remained above national averages and there was a 9 percentage point improvement in EGPS. The Trust has also embarked upon a major school improvement plan for Christ's to significantly improve outcomes following the school joining our trust this year. Christ's College has also seen a significant investment in the infrastructure of the school by the Trust with the help of grant funding from the DFE.

The Academy 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 including a plan to improve our sporting facilities at Grace College for the school and community.

The Academy 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 and sailing a Tall Ship across the North Sea. We also have a Combined Cadet Force centre at The King's Academy to offer additional opportunities to our students there.

Key Performance Indicators

Selection of key performance indicators:

	Emmanuel	The King's	Bede	Trinity	Grace	Christ's
Progress 8	+0.49	-0.05	-0.2	-0.39	-0.34	+0.58
Attainment 8	57.4	42.7	45.3	40.4	43.4	52.7
% Achieving basics	83	50	65	53	55	72

Current Ofsted ratings are: Emmanuel (Outstanding); Bede (Good); The King's (Good); Grace College (n/a); Trinity (Requires Improvement, with improvements being noted) and Christ's College (Requires Improvement).

The unrestricted fund reserves are £2,934,000 (2018 - £2,559,000).

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

The restricted general fund reserves are £133,000 (2018 - £595,000) excluding pension reserve.

Total free reserves are £3,067,000 (2018 - £3,154,000).

Going Concern

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

Financial Review

Review of the Financial Position of the Academy Trust

The Trust took on two new schools during the year. As such income received and expenditure incurred in relation to those two schools in 2019 do not reflect a full year of transactions. The other four schools were part of the Trust for the whole year.

Most of the Academy 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 main funding for our academies is covered by a master-funding agreement whilst Emmanuel College is subject to a separate city technology college funding agreement. The grants received during the year ended 31 August 2019 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 surplus for the period was £17,961,000. The revenue surplus for the year was £642,000 before transfers and pension administration costs.

At 31 August 2019 the net book value of tangible fixed assets was £90,364,000, and movements in tangible fixed assets are shown in Note 12 to the accounts. The assets are used exclusively for providing education and associated support services to the pupils of the Academy 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 2019 of £81,023,000 comprising £90,618,000 in the restricted fixed asset fund, a deficit of £12,529,000 in restricted income funds, including a pension reserve deficit of £12,662,000, and £2,934,000 in unrestricted income funds.

Reserves Policy

In order to alleviate the financial risks identified by the risk assessment and guarantee the continued activities of the Academy Trust, the Board of Trustees will accumulate a minimum reserve 2.5% of GAG income. The financial risk to the Academy Trust is balanced alongside the Academy Trust's vision to maintain the highest levels of educational provision for its beneficiaries. The Board of Trustees 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.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

Reserves held in excess of the maximum limit will be reviewed by the Board of Trustees on a regular basis and an appropriate range of options will be considered. These might include re-investing funds in capital projects or to generate extra income for the Academy Trust's activities. The reserves policy is reviewed annually taking into account new risks that have emerged. If funds are in deficit action plans will be formed to resolve the issue going forward through a review of a curriculum led financial planning model and central control over school spend.

The current level of free reserves (total funds less the amount held in fixed asset restricted funds and excluding the pension reserve) is £3,067,000 which is within the boundaries of our stated policy.

Investment Policy

The Trustees have the power to invest monies of the charitable company, not immediately required for the furtherance of its objects, in accordance with the Academies Financial Handbook. Any investments made will be in funds deemed by Trustees to be low risk such as bank deposit accounts. Investments must be made only in accordance with written procedures approved by the Board of Trustees. This should take account of the level of risk inherent in the investment and any social or ethical considerations.

All investments must be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment. Additional procedures will ensure any income receivable from the investment is received and monitored. Currently the only investments made are circa £3m held in a deposit account with Lloyds and up to £300,000 to the Trust's trading subsidiary Emmanuel Academy Services.

Principal Risks and Uncertainties

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

The Trustees have developed systems to respond quickly to evolving risks arising from factors within the Foundation 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 Academy Trust's operations so that it becomes part of the culture of the Academy Trust and communicated that employees have responsibility for internal control as part of their accountability for achieving objectives.

Current risks include uncertain levels of funding and pension contributions on the financial performance of the Foundation. We are continuing to work with an integrated curriculum and financial plan model to improve financial performance to mitigate future financial risks, and to build a succession plan for leaders.

Fundraising

The Foundation undertakes an element of charitable fundraising largely for other local and international charities. The Academy 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 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; Health and Hope to improve education and health in Myanmar; St Oswald's Hospice and Cancer Research.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

Our schools do not work with any commercial participators / professional fundraisers, nor do we employ dedicated fundraising staff. The Foundation is mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Academy Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate. Complaints are handled and monitored through the Academy Trust's complaints procedure.

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 will continue to follow our five year strategic development plan focussing on our three main goals supported by three key enablers:

- **Character Development:** We are working towards a first-principles approach to character development that will command national respect and generate international interest
- **Academic Excellence:** We are working to set all ESF schools on trajectory of 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 the schools as invaluable
- **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 continued focus on improving academic outcomes at Trinity Academy and our two new schools, Grace and Christ's; greater collaboration between our schools on curriculum and refreshing our IT strategy. In addition, we will continue to investigate options to expand our educational provision to a wider student body through expansion of the Multi-Academy Trust.

Disabled Employees

The Academy Trust aims to comply with its obligations under the Equality Act 2010. Thus, we do not have separate policies relating to protected characteristics in respect of recruitment or any other employment practice.

Where, under the Act, reasonable adjustments are required to be made for either prospective (in the case of recruitment) or existing employees the Academy Trust accommodates such adjustments.

As a public sector organisation appropriate steps have already been taken to ensure our premises are accessible e.g. lifts, ramps, automatic and wide doors; appropriate toilet facilities; braille signage etc. We listen to user feedback to ensure that we continue to meet the needs of the communities we serve.

Emmanuel Schools Foundation

Trustees Report for the Year Ended 31 August 2019 (continued)

Employee Involvement

Over the forthcoming year we will be establishing a series of employee consultation bodies across our schools and we also intend to undertake a staff survey. In addition we have a half termly newsletter from the Chief Executive sent to employees, informing them about events and news about the Academy Trust.

Auditor


In so far as the Trustees are aware:

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

Reappointment of Auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The Trustees Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 12/12/19 and signed on its behalf by:


S McKinlay
Trustee

Emmanuel Schools Foundation

Governance Statement

Scope of Responsibility

As Trustees, 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 Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of Trustees' responsibilities.

The Board of Trustees met seven times during the year. Attendance was as follows:

Director	Meetings attended	Out of a possible
Stewart McKinlay	4	7
Martin Oldknow	7	7
Dr Mark Pike	7	7
Maura Regan	1	7
Peter Pickthall	7	7
Anthony Bird	1	7
Mark Chambers	7	7
Simon Goon	7	7

Two Trustees are responsible for health and safety across the Academy Trust, one Trustee is the safeguarding lead and one Trustee is the CEO. Three committees have been formed namely a Finance and Resources Committee, an Education, Standards and Performance Committee and a Remuneration Committee. All have terms of reference. The Board of Trustees will meet at least six times a year.

The Finance and Resources Committee, which also acts as the Audit Committee, met three times during the year. Attendance was as follows:

Director	Meetings attended	Out of a possible
Stewart McKinlay	1	1
Martin Oldknow	3	3
Peter Pickthall	3	3
Simon Goon	3	3

Emmanuel Schools Foundation

Governance Statement (continued)

In 2018-19 the Board of Trustees and its committees discussed and dealt with a variety of issues covering, for example:-

- Strategic Development
- Exam results and plans for teaching, learning and curriculum
- Character development and ethos
- Expansion of the Trust to take on 2 new schools
- Implementation of the action plan for Trinity Academy
- Policy updates
- Updates to the Scheme of Delegation
- Review of finances across the Academy Trust and approval of budgets and forecasts
- Review of human resources, governance and premises management
- Leadership and succession planning

Governance Review

A review of board and committee effectiveness has been undertaken during 2019-20 and the Board are considering the skills matrix with a view to bringing in additional trustees. This led to Wendy Adeniji being appointed in September 2019. Local governing bodies continue to review their effectiveness and the results of which will be incorporated into governor/ Academy development plans.

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 Academy 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 Academy Trust has delivered improved value for money during the year by:

The raising of academic attainment

In 2019, 83% of Emmanuel College students achieved grade 4 or higher in maths and English (standard Basics) and 63% grade 5 or higher (strong Basics). The average points achieved for the English Baccalaureate was 5.3. The Progress 8 figure of +0.49 indicates that Emmanuel College has maintained the strong performances of previous years. At A Level, 62% of A Level grades were at grade B or higher, with 31% of all grades being A*-A.

When last inspected 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.

Emmanuel Schools Foundation

Governance Statement (continued)

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 Academy as 'Good'. This is the fourth such grading of "Good" in fourteen years, demonstrating a high degree of consistency in the standard of high quality education they provide. Behaviour has improved significantly and the Academy's focus on teaching quality has led to rapid improvement in students' learning. GCSE results improved in 2019 with a Progress 8 score of -0.05. In addition, the school had an attainment 8 of 42.7. At A Level, 77% of all grades were grade C or higher, with 23% of all grades being A*-A. 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.

Bede Academy continues to ensure that the highest support is in place to ensure an outstanding and transformational education from ages 3-19. GCSE results in 2019 showed a Progress 8 score of -0.2, a standard Basics measure of 65% and strong basics of 36%. At A Level, 70% of all grades were grade C or higher. In particular, improvements were made at Key Stage 2 with 74% achieving the expected standard in reading, writing teacher assessment and maths, and 16% achieving the higher standard. At its most recent Ofsted inspection in June 2017, the Academy was again rated as 'Good' in every category.

Jonathan Winch, the Executive Principal of ESF, has taken on the principalship of Trinity Academy and brought together a new leadership team that will drive rapid improvement along with support from a school improvement team drawn from across the Foundation. GCSE results in 2019 saw a Progress 8 score of -0.39. The standard Basics measure was 53% and strong Basics 24%. At A Level, 79% of all grades were grade C or higher, with 22% of all grades being A*-A.

Grace College joined ESF in April 2019 and the Trust quickly moved to appoint Mark Hall, former Vice Principal from Emmanuel College as the new Principal. With a refreshed leadership team and investment in staff and infrastructure the school has seen a number of improvements already. The exam results for 2019 saw an improved Progress 8 to -0.34 (from -0.52) before many of our improvement projects have progressed. Standard Basics also improved from 47% to 55%. The school leadership has a robust action plan to deliver improvements in future years.

Christ's College joined ESF in May 2019 and again the Trust appointed a new Principal from within; Julie Roberts the former Vice Principal from Bede Academy. With a new refreshed leadership team and further investment in staff and infrastructure the school has also seen some early improvements. GCSE results in 2019 saw Progress 8 rise from +0.04 to +0.58 although this swing is partly due to variability from small cohorts in the school. A further action plan is in place to deliver a long term sustainable future for the school.

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 one of the top performing state schools 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 consistent improvement with particularly strong progress being made in science and technology subjects. Results at Bede Academy continue to be amongst the best in Northumberland whilst Christ's College's results were very good at Key Stage 4.

Robust governance and oversight of the trust's finances

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

Emmanuel Schools Foundation

Governance Statement (continued)

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, Trustees and for school specific accounts by Principals 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 Academy development plans are approved by the Trustees and are monitored by the Finance Director.

As a result of financial pressures in the education sector, the staffing structure and curriculum has been reviewed across our schools with staff being deployed efficiently whilst ensuring that our student's education is not compromised.

Shared services and systems 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, Trustees 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 and premises costs are managed centrally to ensure the trust benefits from bulk purchasing of capital items and software supplies.

The Trustees, 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 trust, 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 schools 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 Academy 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.

Emmanuel Schools Foundation

Governance Statement (continued)

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 Trustees review the reserve levels of the Academy Trust at least annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

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

Reviewing budget holders accounts

Budget holders receive monthly 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, Principals and finance staff. Curriculum changes and any new strategies are identified in the Academy Trust strategic development plan and individual Academy 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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy 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 the Academy Trust for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with annual budget and periodic financial reports which are reviewed and agreed by the Board;

Emmanuel Schools Foundation

Governance Statement (continued)

- 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 Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed MHA Tait Walker, the external auditor, to perform additional checks.

The external auditors role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a termly basis the reviewer reports to the board on the operation of the systems of control and on the discharge of the board's financial responsibilities.

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

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 Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Governing Body on 12/12/19 and signed on its behalf by:


S McKinlay
Trustee


Prof M Pike
Accounting officer
Trustee

Emmanuel Schools Foundation

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Emmanuel Schools Foundation I have considered my responsibility to notify the Academy Trust Governing Body and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreements in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Prof M Pike
Accounting officer

Date: 12/12/19

Emmanuel Schools Foundation

Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the Board on 12/12/19 and signed on its behalf by:


S McKinlay
Trustee

Emmanuel Schools Foundation

Independent Auditor's Report on the Financial Statements to the Members of Emmanuel Schools Foundation

Opinion

We have audited the financial statements of Emmanuel Schools Foundation (the 'academy trust') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the Reference and Administrative Details, the Trustees Report the Governance Statement the Statement on Regularity, Propriety and Compliance, and the Statement of Trustees' Responsibilities)

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

Emmanuel Schools Foundation

Independent Auditor's Report on the Financial Statements to the Members of Emmanuel Schools Foundation (continued)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Emmanuel Schools Foundation

Independent Auditor's Report on the Financial Statements to the Members of Emmanuel Schools Foundation (continued)

Use of our report

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

MHA Tait Walker

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

Date: *12th December 2019*

MHA Tait Walker is a trading name of Tait Walker LLP.

Emmanuel Schools Foundation

Independent Reporting Accountant's Report on Regularity to Emmanuel Schools Foundation and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Emmanuel Schools Foundation during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 17 February 2017 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Governing Body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;

Emmanuel Schools Foundation

Independent Reporting Accountant's Report on Regularity to Emmanuel Schools Foundation and the Education & Skills Funding Agency (continued)

- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Consideration of governance issues.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to Emmanuel Schools Foundation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may 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.

MHA Tait Walker

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

Date: *12th December 2019*

MHA Tait Walker is a trading name of Tait Walker LLP.

Emmanuel Schools Foundation

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	2	-	741	743
Transfer in from existing academy	25	91	(1,887)	22,577	20,781
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	35,167	-	35,167
Teaching schools		130	46	-	176
Other trading activities	4	1,432	-	-	1,432
Investments	5	24	-	-	24
Total		1,679	33,326	23,318	58,323
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	1,304	36,396	2,637	40,337
Teaching schools	26	-	25	-	25
Total		1,304	36,421	2,637	40,362
Net income/(expenditure)		375	(3,095)	20,681	17,961
Transfers between funds		-	(944)	944	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(4,684)	-	(4,684)
Net movement in funds/(deficit)		375	(8,723)	21,625	13,277
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		2,559	(3,806)	68,993	67,746
Total funds/(deficit) carried forward at 31 August 2019		2,934	(12,529)	90,618	81,023

Emmanuel Schools Foundation

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

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2018 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	9	-	910	919
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	31,053	-	31,053
Teaching schools		98	50	-	148
Other trading activities	4	1,389	-	-	1,389
Investments	5	15	-	-	15
Total		<u>1,511</u>	<u>31,103</u>	<u>910</u>	<u>33,524</u>
Expenditure on:					
<i>Charitable activities:</i>					
Academy trust educational operations	7	1,196	31,701	2,436	35,333
Teaching schools		-	19	-	19
Total		<u>1,196</u>	<u>31,720</u>	<u>2,436</u>	<u>35,352</u>
Net income/(expenditure)		315	(617)	(1,526)	(1,828)
Transfers between funds		-	(483)	483	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	23	-	1,720	-	1,720
Net movement in funds/(deficit)		315	620	(1,043)	(108)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		<u>2,244</u>	<u>(4,426)</u>	<u>70,036</u>	<u>67,854</u>
Total funds/(deficit) carried forward at 31 August 2018		<u>2,559</u>	<u>(3,806)</u>	<u>68,993</u>	<u>67,746</u>

Emmanuel Schools Foundation

(Registration number: 04464331)

Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	12	90,364	68,613
Current assets			
Debtors	14	1,988	1,497
Cash at bank and in hand		<u>4,889</u>	<u>4,601</u>
		6,877	6,098
Creditors: Amounts falling due within one year	15	<u>(3,322)</u>	<u>(2,564)</u>
Net current assets		<u>3,555</u>	<u>3,534</u>
Total assets less current liabilities		93,919	72,147
Creditors: Amounts falling due after more than one year	16	<u>(234)</u>	<u>-</u>
Net assets excluding pension liability		93,685	72,147
Pension scheme liability	23	<u>(12,662)</u>	<u>(4,401)</u>
Net assets including pension liability		<u>81,023</u>	<u>67,746</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	17	133	595
Restricted fixed asset fund	17	90,618	68,993
Restricted pension fund	17	<u>(12,662)</u>	<u>(4,401)</u>
		78,089	65,187
Unrestricted funds			
Unrestricted income fund	17	<u>2,934</u>	<u>2,559</u>
Total funds		<u>81,023</u>	<u>67,746</u>

The financial statements on pages 25 to 59 were approved by the Trustees, and authorised for issue on 12/12/19 and signed on their behalf by:


 S McKinlay
 Trustee

Emmanuel Schools Foundation

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	1,051	494
Cash flows from investing activities	20	<u>(763)</u>	<u>(96)</u>
Change in cash and cash equivalents in the year		288	398
Cash and cash equivalents at 1 September		<u>4,601</u>	<u>4,203</u>
Cash and cash equivalents at 31 August	21	<u><u>4,889</u></u>	<u><u>4,601</u></u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The academy trust has taken advantage of the exemption from preparing consolidated financial statements contained in Section 402 of the Companies Act 2006 on the basis that the results of its subsidiary undertaking are not material to the results of the group.

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

Going concern

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

Income

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Grants

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

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

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

Donations

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

Other income

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

Investment income

Interest receivable is included in the statements of financial activities on an accruals basis.

Transfer of existing academies into the trust

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Expenditure on raising funds

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

Charitable activities

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

Tangible fixed assets

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

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

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

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

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

Asset class

Long leasehold land and buildings
Furniture and equipment
Computer equipment
Motor vehicles

Depreciation method and rate

over 50 years
over 5 years
over 5 years
over 5 years

Liabilities

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Provisions

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

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

Leased assets

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

Financial Instruments

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

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

Cash at bank - is classified as a basic financial instrument 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 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Pension benefits

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

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

1 Accounting policies (continued)

Critical accounting estimates and assumptions

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

Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The company has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £2,637,000 (2018: £2,444,000).

Critical areas of judgement

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

Assessing indicator of impairment

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Other voluntary income				
Capital grants	-	741	741	910
Other donations	2	-	2	9
	<u>2</u>	<u>741</u>	<u>743</u>	<u>919</u>
	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	
Total 2018	<u>9</u>	<u>910</u>	<u>919</u>	

3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
DfE/ESFA revenue grants			
General Annual Grant GAG	30,930	30,930	27,883
Other ESFA Group grants	<u>2,643</u>	<u>2,643</u>	<u>1,848</u>
	<u>33,573</u>	<u>33,573</u>	<u>29,731</u>
Other government grants			
Local authority grants	<u>1,218</u>	<u>1,218</u>	<u>956</u>
	<u>1,218</u>	<u>1,218</u>	<u>956</u>
Non-government grants and other income			
Other income from the academy trusts educational operations	<u>376</u>	<u>376</u>	<u>366</u>
Total grants	<u>35,167</u>	<u>35,167</u>	<u>31,053</u>
	Restricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>31,053</u>	<u>31,053</u>	

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Hire of facilities	139	139	108
Recharges and reimbursements	80	80	86
Catering income	1,213	1,213	1,195
	<u>1,432</u>	<u>1,432</u>	<u>1,389</u>
	Unrestricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>1,389</u>	<u>1,389</u>	

5 Investment income

	Unrestricted funds £ 000	Total 2019 £ 000	Total 2018 £ 000
Short term deposits	24	24	15
	<u>15</u>	<u>15</u>	
	Unrestricted funds £ 000	Total 2018 £ 000	
Total 2018	<u>15</u>	<u>15</u>	

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other costs	2019	2018
	£ 000	£ 000	£ 000	£ 000	£ 000
Academy's educational operations					
Direct costs	25,489	2,637	2,358	30,484	26,984
Allocated support costs	5,922	2,064	1,867	9,853	8,349
Expenses relating to the teaching school activities	-	-	25	25	19
	<u>31,411</u>	<u>4,701</u>	<u>4,250</u>	<u>40,362</u>	<u>35,352</u>
	Non Pay Expenditure			Total	
	Staff costs	Premises	Other costs	2018	
	£ 000	£ 000	£ 000	£ 000	
Total 2018	<u>27,149</u>	<u>4,299</u>	<u>3,904</u>	<u>35,352</u>	

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2019 £ 000	2018 £ 000
Depreciation	2,637	2,444
Fees payable to auditor - audit	9	9
Fees payable to auditor - other audit services	5	6

7 Charitable activities

	2019 £ 000	2018 £ 000
Direct costs - educational operations	30,484	26,984
Support costs - educational operations	9,853	8,349
	<u>40,337</u>	<u>35,333</u>

	Educational operations £ 000	2019 £ 000	2018 £ 000
Analysis of support costs			
Support staff costs	5,922	5,922	4,766
Technology costs	427	427	330
Premises costs	2,064	2,064	1,850
Other support costs	1,237	1,237	1,209
Governance costs	203	203	194
Total support costs	<u>9,853</u>	<u>9,853</u>	<u>8,349</u>

8 Staff

Staff costs

	2019 £ 000	2018 £ 000
Staff costs during the year were:		
Wages and salaries	23,368	20,659
Social security costs	2,342	1,967
Operating costs of defined benefit pension schemes	5,053	3,707
	<u>30,763</u>	<u>26,333</u>
Supply staff costs	645	774
Staff restructuring costs	3	42
	<u>31,411</u>	<u>27,149</u>
	2019 £ 000	2018 £ 000
Staff restructuring costs comprise:		
Redundancy payments	<u>3</u>	<u>42</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

Staff numbers

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

	2019 No.	2018 No.
Charitable Activities		
Teachers	416	411
Administration and support	497	472
Management	3	3
	<u>916</u>	<u>886</u>

Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	9	12
£70,001 - £80,000	5	5
£80,001 - £90,000	2	-
£90,001 - £100,000	-	2
£100,001 - £110,000	-	1
£110,001 - £120,000	2	-
£120,001 - £130,000	1	1
	<u>1</u>	<u>1</u>

Key management personnel

The key management personnel of the academy trust comprise the CEO, Executive Principal and Director of Finance. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £288,540 (2018 - £249,580).

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Central services

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

- Educational support services
- Financial Services
- Human resources, payroll, legal and governance services
- IT Services
- Facilities and project management and business

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

- on the basis of actual central costs split pro rata to grant income between the schools that were part of the Trust for the whole year.

The actual amounts charged during the year were as follows:

	2019 £ 000	2018 £ 000
Emmanuel College	327	318
Bede Academy	350	328
The King's Academy	339	306
Trinity Academy	294	209
	<u>1,310</u>	<u>1,161</u>

10 Related party transactions - trustees' remuneration and expenses

During the year there was one staff member who was also a trustee of the academy trust.

Remuneration: £20,000 - £25,000 (2018 - £20,000 - £25,000)

Employer's pension contributions: £Nil (2018 - £Nil)

The directly paid remuneration stated is in addition to an amount invoiced by the University of Leeds who second Dr Pike to ESF. The combined remuneration from ESF and the University for this 0.5FTE totals in the band £65,000 - £70,000.

During the year ended 31 August 2019, travel and subsistence expenses totalling £3,650 (2018 - £6,784) were reimbursed or paid directly to 7 Trustees (2018 - 5).

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

11 Trustees' and officers' insurance

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Tangible fixed assets

	Land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Computer equipment £ 000	Assets under construction £ 000	Total £ 000
Cost						
At 1 September 2018	69,806	1,340	26	1,201	-	72,373
Additions	543	423	-	386	176	1,528
Inherited assets	22,771	61	-	28	-	22,860
At 31 August 2019	93,120	1,824	26	1,615	176	96,761
Depreciation						
At 1 September 2018	2,804	360	4	592	-	3,760
Charge for the year	2,004	296	6	328	3	2,637
At 31 August 2019	4,808	656	10	920	3	6,397
Net book value						
At 31 August 2019	88,312	1,168	16	695	173	90,364
At 31 August 2018	67,002	980	22	609	-	68,613

Included within land and buildings above, are leasehold properties which had a carrying value of £41,838,810 (2018 - £42,619,390) and freehold properties which had a carrying value of £45,641,697 (2018 - £24,076,610).

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

13 Investments

The academy owns 100% of the ordinary shares of Emmanuel Academy Services Limited, a company incorporated in England and Wales, company registration number 08809035. The principal activity of the company is uniform sales. Turnover for the year ended 31 August 2019 was £325,000, expenditure was £304,000 and the profit/(loss) for the year was £21,000. The assets of the company at 31 August 2019 were £264,000, liabilities were £237,000 and capital and reserves were £27,000.

The accounts present information about the academy trust as an individual undertaking and not as a group.

Group accounts have not been prepared on the grounds that the subsidiary undertaking results are not material to those of the academy trust.

14 Debtors

	2019 £ 000	2018 £ 000
Trade debtors	84	90
VAT recoverable	221	295
Other debtors	7	10
Prepayments and accrued income	1,483	902
Balances due from related entities	193	200
	<u>1,988</u>	<u>1,497</u>

15 Creditors: amounts falling due within one year

	2019 £ 000	2018 £ 000
Trade creditors	1,113	1,115
Other taxation and social security	622	471
Other creditors	67	38
Accruals	272	118
Deferred income	738	426
Pension scheme creditor	510	396
	<u>3,322</u>	<u>2,564</u>

	2019 £ 000	2018 £ 000
Deferred income		
Deferred income at 1 September 2018	426	459
Resources deferred in the period	738	426
Amounts released from previous periods	<u>(426)</u>	<u>(459)</u>
Deferred income at 31 August 2019	<u>738</u>	<u>426</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Creditors: amounts falling due within one year (continued)

At the year end, the academy trust held deferred income in respect of Universal Infant Free School Meals, Rates Relief, Devolved Capital Funding, Local Authority Funding, Cadet Funding, School meals and music lessons paid in advance and CIF Funding.

16 Creditors: amounts falling due after one year

	2019 £ 000	2018 £ 000
Other	234	-

Loans of £233,507 from Salix which is provided on the following terms: Salix Energy Efficiency loan - Interest free loan repayable through GAG in 6-monthly instalments of £25,945 from March 2017.

17 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General annual grant fund	554	31,056	(30,596)	(944)	70
Other DfE/ESFA grants fund	-	2,696	(2,696)	-	-
Other government grants	-	1,540	(1,540)	-	-
Parents, friends and family	9	-	-	-	9
Teaching school	32	46	(24)	-	54
	<u>595</u>	<u>35,338</u>	<u>(34,856)</u>	<u>(944)</u>	<u>133</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	54,520	23,318	(2,637)	944	76,145
Capital expenditure from GAG	4,611	-	-	-	4,611
Private sector sponsorship	5,656	-	-	-	5,656
Transfer from general funds	4,206	-	-	-	4,206
	<u>68,993</u>	<u>23,318</u>	<u>(2,637)</u>	<u>944</u>	<u>90,618</u>
Restricted pension funds					
Pension reserve	(4,401)	(2,012)	(1,565)	(4,684)	(12,662)
Total restricted funds	<u>65,187</u>	<u>56,644</u>	<u>(39,058)</u>	<u>(4,684)</u>	<u>78,089</u>
Unrestricted funds					
Unrestricted general reserve	2,209	1,679	(1,304)	-	2,584
Unrestricted trust fund	350	-	-	-	350
Total unrestricted funds	<u>2,559</u>	<u>1,679</u>	<u>(1,304)</u>	<u>-</u>	<u>2,934</u>
Total funds	<u>67,746</u>	<u>58,323</u>	<u>(40,362)</u>	<u>(4,684)</u>	<u>81,023</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General annual grant fund	818	27,837	(27,618)	(483)	554
Other DfE/ESFA grants fund	66	1,955	(2,021)	-	-
Other government grants	-	1,261	(1,261)	-	-
Parents, friends and family	9	-	-	-	9
Teaching school	-	50	(18)	-	32
	<u>893</u>	<u>31,103</u>	<u>(30,918)</u>	<u>(483)</u>	<u>595</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	56,046	910	(2,436)	-	54,520
Capital expenditure from GAG	4,128	-	-	483	4,611
Private sector sponsorship	5,656	-	-	-	5,656
Transfer from general funds	<u>4,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,206</u>
	70,036	910	(2,436)	483	68,993
Restricted pension funds					
Pension reserve	<u>(5,319)</u>	<u>-</u>	<u>(802)</u>	<u>1,720</u>	<u>(4,401)</u>
Total restricted funds	<u>65,610</u>	<u>32,013</u>	<u>(34,156)</u>	<u>1,720</u>	<u>65,187</u>
Unrestricted funds					
Unrestricted general reserve	1,972	1,511	(1,196)	(78)	2,209
Unrestricted trust fund	<u>272</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>350</u>
Total unrestricted funds	<u>2,244</u>	<u>1,511</u>	<u>(1,196)</u>	<u>-</u>	<u>2,559</u>
Total funds	<u>67,854</u>	<u>33,524</u>	<u>(35,352)</u>	<u>1,720</u>	<u>67,746</u>

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

The General Annual Grant (GAG) fund must be used for the normal running costs of the academy trust. Under the funding agreements with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

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

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

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019 £ 000	2018 £ 000
Emmanuel College	712	927
Bede Academy	717	571
The King's Academy	1,661	1,541
Trinity Academy	(832)	(301)
Central Services	492	416
Grace College	92	-
Christ's College	225	-
Total before fixed assets and pension reserve	3,067	3,154
Restricted fixed asset reserve	90,618	68,993
Pension reserve	(12,662)	(4,401)
Total	81,023	67,746

Trinity Academy is carrying a net deficit of £832,000 on these funds because the Trust has been investing in the school to improve results and to cover for a dip in pupil numbers with a transition to lagged funding.

Trinity Academy is supported by facilities from the Academy Trust and an action plan is in place to bring reserves back into balance over the forthcoming years. This will benefit from a projected growth in pupil numbers.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2019 £ 000
Emmanuel College	5,676	1,013	305	1,052	8,046
Bede Academy	5,635	1,214	314	1,339	8,502
The King's Academy	5,616	1,173	300	984	8,073
Trinity Academy	5,317	1,217	249	1,014	7,797
Central Services	391	1,021	13	168	1,593
Christ's College	629	216	17	164	1,026
Grace College	2,066	227	61	334	2,688
Academy Trust	25,330	6,081	1,259	5,055	37,725

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

17 Funds (continued)

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
Emmanuel College	5,612	935	322	1,323	8,192
Bede Academy	5,815	1,207	275	1,618	8,915
The King's Academy	5,287	1,091	283	1,286	7,947
Trinity Academy	5,215	1,157	257	1,319	7,948
Central Services	359	66	5	(110)	320
Academy Trust	<u>22,288</u>	<u>4,456</u>	<u>1,142</u>	<u>5,436</u>	<u>33,322</u>

18 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	90,364	90,364
Current assets	2,934	3,406	539	6,879
Current liabilities	-	(3,273)	(51)	(3,324)
Creditors over 1 year	-	-	(234)	(234)
Pension scheme liability	-	(12,662)	-	(12,662)
Total net assets	<u>2,934</u>	<u>(12,529)</u>	<u>90,618</u>	<u>81,023</u>

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	68,613	68,613
Current assets	2,559	3,159	380	6,098
Current liabilities	-	(2,564)	-	(2,564)
Pension scheme liability	-	(4,401)	-	(4,401)
Total net assets	<u>2,559</u>	<u>(3,806)</u>	<u>68,993</u>	<u>67,746</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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

		2019	2018
		£ 000	£ 000
Net income/(expenditure)		17,961	(1,828)
Depreciation	6	2,637	2,444
Capital grants from DfE and other capital income		(741)	(910)
Assets transferred in from existing academies		(22,860)	-
Interest receivable	5	(24)	(15)
Defined benefit pension scheme obligation inherited	23	2,012	-
Defined benefit pension scheme cost less contributions payable	23	1,435	675
Defined benefit pension scheme finance cost	23	130	127
(Increase)/decrease in debtors		(491)	151
Increase/(decrease) in creditors		992	(150)
Net cash provided by Operating Activities		<u>1,051</u>	<u>494</u>

20 Cash flows from investing activities

	2019	2018
	£ 000	£ 000
Dividends, interest and rents from investments	24	15
Purchase of tangible fixed assets	(1,528)	(1,028)
Proceeds from sale of tangible fixed assets	-	7
Capital funding received from sponsors and others	741	910
Net cash used in investing activities	<u>(763)</u>	<u>(96)</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Analysis of cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank and in hand	4,889	4,601
Total cash and cash equivalents	4,889	4,601

22 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

23 Pension and similar obligations

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Middlesbrough Borough Council (Teesside Pension Fund), Northumberland County Council (Northumberland County Council Pension Fund), South Tyneside Council (Tyne and Wear Pension Fund) and South Yorkshire Pensions Authority (South Yorkshire Pension Fund). All are multi-employer defined benefit schemes.

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

Contributions amounting to £509,678 (2018 - £396,478) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

The Teachers' Pension Budgeting And Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Scheme Changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £2,719,009 (2018: £2,396,308).

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

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

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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 2019 was £239,000 (2018 - £197,000), of which employer's contributions totalled £178,000 (2018 - £143,000) and employees' contributions totalled £61,000 (2018 - £54,000). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees. The schemes are managed by Middlesbrough Borough Council, Northumberland County Council, South Tyneside Council and South Yorkshire Pensions Authority.

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

Local government pension schemes

Teesside Pension Fund

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.10	3.00
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumptions (CPI)	2.10	2.00
RPI increases	<u>3.10</u>	<u>3.10</u>

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

	2019	2018
Retiring today		
Males retiring today	21.90	22.90
Females retiring today	23.80	25.00
Retiring in 20 years		
Males retiring in 20 years	23.60	25.10
Females retiring in 20 years	<u>25.70</u>	<u>27.30</u>

Sensitivity analysis

	At 31 August 2019 £000	At 31 August 2018 £000
Discount rate +0.1%	9,410	7,480
Discount rate -0.1%	9,823	7,817
Mortality assumption – 1 year increase	9,288	7,431
Mortality assumption – 1 year decrease	9,944	7,872
CPI rate +0.1%	9,670	7,695
CPI rate -0.1%	<u>9,558</u>	<u>7,607</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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

	2019 £ 000	2018 £ 000
Equities	4,378	3,949
Property	481	417
Cash and other liquid assets	728	974
Other	143	70
Total market value of assets	<u>5,730</u>	<u>5,410</u>

The actual return on scheme assets was £210,000 (2018 - £279,000).

Amounts recognised in the statement of financial activities

	2019 £ 000	2018 £ 000
Current service cost	303	277
Past service cost	75	-
Interest income	(153)	(129)
Interest cost	213	194
Total amount recognised in the SOFA	<u>438</u>	<u>342</u>

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

	2019 £ 000	2018 £ 000
At start of period	7,651	7,798
Current service cost	303	277
Interest cost	213	194
Employee contributions	61	54
Actuarial (gain)/loss	1,440	(397)
Benefits paid	(129)	(275)
Past service cost	75	-
At 31 August	<u>9,614</u>	<u>7,651</u>

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

	2019 £ 000	2018 £ 000
At start of period	5,410	5,209
Interest income	153	129
Actuarial gain/(loss)	57	150
Employer contributions	178	143
Employee contributions	61	54
Benefits paid	(129)	(275)
At 31 August	<u>5,730</u>	<u>5,410</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

South Yorkshire Pension Fund

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.30	3.50
Rate of increase for pensions in payment/inflation	2.10	2.30
Discount rate for scheme liabilities	1.80	2.90
Inflation assumptions (CPI)	2.00	2.20

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

	2019	2018
Retiring today		
Males retiring today	23.10	23.00
Females retiring today	25.90	25.80

Retiring in 20 years

Males retiring in 20 years	25.30	25.20
Females retiring in 20 years	28.30	28.10

Sensitivity analysis

	At 31 August 2019	At 31 August 2018
	£000	£000
Discount rate +0.1%	2,899	1,335
Mortality assumption – 1 year increase	3,233	1,585
CPI rate +0.1%	3,265	1,608

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

	2019	2018
	£ 000	£ 000
Equities	2,756	2,538
Government bonds	754	682
Other bonds	385	348
Property	458	463
Cash and other liquid assets	169	219
Other	748	520
Total market value of assets	5,270	4,770

The actual return on scheme assets was £365,000 (2018 - £216,000).

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2019 £ 000	2018 £ 000
Current service cost	373	371
Past service cost	152	-
Interest income	(140)	(113)
Interest cost	180	155
Admin expenses	5	5
Total amount recognised in the SOFA	<u>570</u>	<u>418</u>

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

	2019 £ 000	2018 £ 000
At start of period	6,240	6,293
Current service cost	373	371
Interest cost	180	155
Employee contributions	75	67
Actuarial (gain)/loss	1,464	(459)
Benefits paid	(134)	(187)
Past service cost	152	-
At 31 August	<u>8,350</u>	<u>6,240</u>

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

	2019 £ 000	2018 £ 000
At start of period	4,770	4,493
Interest income	140	113
Actuarial gain/(loss)	224	104
Employer contributions	195	180
Employee contributions	75	67
Benefits paid	(134)	(187)
At 31 August	<u>5,270</u>	<u>4,770</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Northumberland County Council Pension Fund

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	3.60	3.50
Rate of increase for pensions in payment/inflation	2.10	2.00
Discount rate for scheme liabilities	1.90	2.80
Inflation assumptions (CPI)	2.10	2.00
RPI increases	<u>3.10</u>	<u>3.10</u>

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

	2019	2018
Retiring today		
Males retiring today	21.90	22.90
Females retiring today	23.80	25.00
Retiring in 20 years		
Males retiring in 20 years	23.60	25.10
Females retiring in 20 years	<u>25.70</u>	<u>27.30</u>

Sensitivity analysis

	At 31 August 2019	At 31 August 2018
	£000	£000
Discount rate +0.1%	9,540	6,690
Discount rate -0.1%	10,000	7,010
Mortality assumption – 1 year increase	9,840	7,050
Mortality assumption – 1 year decrease	9,700	6,650
CPI rate +0.1%	9,840	6,900
CPI rate -0.1%	<u>9,700</u>	<u>6,800</u>

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

	2019	2018
	£ 000	£ 000
Equities	4,650	4,096
Corporate bonds	520	456
Government bonds	1,320	1,122
Property	260	246
Cash and other liquid assets	20	-
Other	<u>350</u>	<u>240</u>
Total market value of assets	<u>7,120</u>	<u>6,160</u>

The actual return on scheme assets was £470,000 (2018 - £290,000).

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2019 £ 000	2018 £ 000
Current service cost	710	710
Past service cost	350	-
Interest income	(180)	(140)
Interest cost	190	160
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	66	-
Total amount recognised in the SOFA	<u>1,136</u>	<u>730</u>

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

	2019 £ 000	2018 £ 000
At start of period	6,850	6,340
Current service cost	710	710
Interest cost	190	160
Employee contributions	150	140
Actuarial (gain)/loss	1,570	(460)
Benefits paid	(50)	(40)
Past service cost	350	-
At 31 August	<u>9,770</u>	<u>6,850</u>

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

	2019 £ 000	2018 £ 000
At start of period	6,160	5,410
Interest income	180	140
Actuarial gain/(loss)	290	150
Employer contributions	390	360
Employee contributions	150	140
Benefits paid	(50)	(40)
At 31 August	<u>7,120</u>	<u>6,160</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

Tyne & Wear Pension Fund

Principal actuarial assumptions

	2019
	%
Rate of increase in salaries	3.50
Rate of increase for pensions in payment/inflation	2.00
Discount rate for scheme liabilities	1.90
Inflation assumptions (CPI)	2.00
RPI increases	<u>2.00</u>

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

	2019
Retiring today	
Males retiring today	21.90
Females retiring today	25.10
Retiring in 20 years	
Males retiring in 20 years	23.60
Females retiring in 20 years	<u>26.90</u>

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

	2019
	£ 000
Equities	316
Corporate bonds	550
Government bonds	198
Property	415
Cash and other liquid assets	101
Other	<u>400</u>
Total market value of assets	<u>1,980</u>

The actual return on scheme assets was £250,000 (2018 - £Nil).

Amounts recognised in the statement of financial activities

	2019
	£ 000
Current service cost	166
Past service cost	181
Interest income	66
Interest cost	(46)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	<u>66</u>
Total amount recognised in the SOFA	<u>433</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

23 Pension and similar obligations (continued)

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

	2019 £ 000
Transferred in on existing academies joining the trust	6,385
Current service cost	166
Interest cost	66
Employee contributions	32
Actuarial (gain)/loss	985
Benefits paid	58
Past service cost	181
	<hr/>
At 31 August	7,873

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

	2019 £ 000
Transferred in on existing academies joining the trust	4,373
Interest income	46
Actuarial gain/(loss)	204
Employer contributions	112
Employee contributions	32
Benefits paid	58
	<hr/>
At 31 August	4,825

24 Related party transactions

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

There were no related party transactions in the year, other than certain Trustees' remuneration and expenses already disclosed in note 10.

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

25 Transfer of existing academies into the Trust

Joseph Swan Academy

	Value reported by transferring academy trust £ 000	Transfer in recognised £ 000
Tangible fixed assets		
Leasehold land and buildings	14,744	14,744
Furniture and equipment	12	12
Computer equipment	2	2
	<u>14,758</u>	<u>14,758</u>
Other assets		
Debtors due after one year	246	246
Cash in bank and in hand	357	357
	<u>603</u>	<u>603</u>
Liabilities		
Creditors due in less than one year	(436)	(436)
Creditors due in more than one year	(234)	(234)
	<u>(670)</u>	<u>(670)</u>
Pensions		
Pensions – pension scheme liabilities	(1,780)	(1,780)
Net assets	<u>12,911</u>	<u>12,911</u>

Grindon Hall Christian School

	Value reported by transferring academy trust £ 000	Transfer in recognised £ 000
Tangible fixed assets		
Leasehold land and buildings	8,027	8,027
Furniture and equipment	48	48
Computer equipment	26	26
	<u>8,101</u>	<u>8,101</u>
Pensions		
Pensions – pension scheme liabilities	(232)	(232)
Net assets	<u>7,869</u>	<u>7,869</u>

Emmanuel Schools Foundation

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

26 Teaching school trading account

	2019 £ 000	2018 £ 000
Income		
Direct Income		
Other income	92	100
Other Income		
Fundraising and other trading activities	<u>259</u>	<u>195</u>
Total Income	<u>351</u>	<u>295</u>
Expenditure		
Direct costs		
Direct staff costs	-	(1)
Other costs		
Other support costs	<u>(49)</u>	<u>(18)</u>
Total Expenditure	<u>(49)</u>	<u>(19)</u>
Surplus from all sources	<u>302</u>	<u>276</u>
Teaching school balances at 31 August 2019	<u>302</u>	<u>276</u>