

# EMMANUEL SCHOOLS FOUNDATION

(A company limited by guarantee)

Annual Report and Financial Statements  
for the Year Ended 31 August 2018

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# **Emmanuel Schools Foundation**

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# Emmanuel Schools Foundation

## Reference and Administrative Details

<b>Members</b>	Dr B Kenny S McKinlay (appointed 1 August 2018) N Robson K Stone Revd Dr D Wilkinson
<b>Trustees (Directors)</b>	A Bird T W M Chambers (appointed 19 October 2018) S Goon S McKinlay, Chairman from 1 August 2018 M Oldknow P Pickthall Dr M Pike M Regan N Robson (resigned 31 July 2018)
<b>Company Secretary</b>	C Taylor
<b>Senior Management Team</b>	Dr M Pike, Chief Executive Officer J Winch, Executive Principal D Warburton, Director of Finance & Support Services
<b>Principal and Registered Office</b>	Trinity House Bede Avademy Sixth Avenue Blyth Northumberland NE24 2SY
<b>Company Name</b>	Emmanuel Schools Foundation
<b>Company Registration Number</b>	04464331
<b>Auditors</b>	Tait Walker LLP Bulman House Regent Centre Gosforth Newcastle Upon Tyne NE3 3LS
<b>Bankers</b>	Lloyds Bank Plc 102 Grey Street Newcastle upon Tyne NE1 6AG
<b>Solicitors</b>	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 2018**

The Trustees present their annual report together and financial statements for the year ended 31 August 2018.

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

The Academy Trust operates 4 schools across the North of England, with 3 academies and 1 city technology college. Its schools have a combined pupil capacity of 5,929 and had a roll of 5,581 in the school census on October 2018.

### **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. Trustees who are also employees must not exceed one third of the total number of Trustees. 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 2018 (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, and the school Principals. 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. The group is responsible for the authorisation of spending within agreed budget limits and for the appointment of staff. The role of the accounting officer was held by the Executive Principal until 8 November 2017. From that date the Chief Executive Officer became the new accounting officer for 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's 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
8	8

#### **Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	0
1% - 50%	8
51% - 99%	0
100%	0

# Emmanuel Schools Foundation

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

### Percentage of pay bill spent on facility time

Total cost of facility time	£2,386.80
Total pay bill	£26,210,352
Percentage of the total pay bill spend on facility time	0.0091%

### Paid trade union activities

Total spend on paid trade union activities as a percentage of total paid facility time hours	10%
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### 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 owned the legal entities of Emmanuel College, The King's Academy, Trinity Academy and Bede Academy which were dormant companies during this period until 1 May 2018 when they were dissolved. In addition Emmanuel Schools Foundation is the sole shareholder of Emmanuel Academy Services which operates a uniform sales service across our schools.

### Objectives and Activities

#### Objects and Aims

The 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 academies are situated, the provision of facilities for recreation or other leisure time with the object of improving the condition of life of the said 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 2018 (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 a recent 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 we have been in discussion with a number of schools over the period with a view to bringing them into the Trust. In November 2018 it was announced that Emmanuel Schools Foundation was named the preferred sponsor for the Joseph Swan Academy in Gateshead with a view to bringing the Academy into the Trust in 2019.

### ***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 2018 (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 the top performing state school in the North East of England. The Real Schools Guide has named Emmanuel as the best secondary school in the North East for the fourth year running in 2018. 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 improvements in recent years with very good progress in Maths and Science. Results at Bede Academy continue to be amongst the best in Northumberland whilst Trinity Academy's results have shown further encouraging improvements.

The 2018 external examination results continued Emmanuel College's history of high attainment with 88% of students achieving grade 4 or higher in Maths and English (standard Basics) and 62% grade 5 or higher (strong Basics). Emmanuel College's progress 8 score of 0.52 was the highest in Gateshead. The average attainment score at 57.6 was also the highest in Gateshead as was the EBacc average point score of 5.22. The A Level pass rate was again 100%, with 66% of grades at B or better. 88.6% of our students have gone on to further education with many at the top universities in the country.

The King's Academy remains extremely popular and is also a specialist centre in Teesside for students with visual, hearing and physical impairments, and learning difficulties. During the year the Academy has continued to work with the Discovery Alliance (an Umbrella Trust Plus) which comprises a group of five primary schools and The King's Academy. The purpose of the alliance is to improve standards and achievement in the local primary schools, such that students are in a position to progress at pace in their secondary education. The Summer 2018 external examination results were around the average at GCSE for progress 8, with figures close to those nationally. An Attainment 8 score of 45.2 and average EBacc score of 4.05 showed strong achievements despite the higher than national average numbers of disadvantaged and SEN students. A-level results continue to perform well.

Behaviour has also improved and the Academy's focus on teaching quality has led to further improvement in students' learning.

This year's GCSE results for Bede Academy saw a positive overall progress 8 score of +0.04 and attainment 8 at 50.7. The standard Basics measure was 68% and strong basics of 47%. The English Baccalaureate average points score of 4.63 was also very positive. The A level pass rate was 97% with 68% achieving C grades or better.

Key Stage 2 results improved to 82% reaching the expected standard in Reading, Writing, Teacher Assessment and Maths, whilst we gained a further improvement to 17% achieving the higher standard.



# Emmanuel Schools Foundation

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

Ofsted visited Trinity Academy in September 2017 and whilst the overall rating remained 'Requires Improvement' there have been significant improvements in the quality of leadership and behaviour. The inspectors noted improvements made in regard to pupil behaviour, leadership and systems, alongside the quality of teaching. The Sixth Form provision continues to be rated as Good and has been performing well across academic qualifications. The 2018 GCSE results show some further encouragements with a significant improvement in the overall progress 8 measure as well as the attainment 8 measure, although further work is needed for the forthcoming year. A Level results continued to be positive with a 97.2% pass rate and 68.7% achieving a grade C or better. Further focus will be placed on improving outcomes this year on a trajectory to achieving Good or better with Ofsted.

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.

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 have also established a Combined Cadet Force centre at The King's Academy to offer additional opportunities to our students there. In addition we hosted a pilot for the government's holiday hunger programme at Bede Academy working with Children North East to deliver activities and healthy food to 90 children over the summer.

### **Key Performance Indicators**

Selection of Key financial performance indicators:

	Bede	Emmanuel	The King's	Trinity
Progress 8	+0.04	+0.52	-0.08	-0.27
% Achieving basics	68	88	66.5	56
% attendance	96.2	95.8	93.6	92.5

Current Ofsted ratings are: Emmanuel (Outstanding); Bede (Good); The King's (Good); Trinity (Requires Improvement, with improvements being noted).

The unrestricted fund reserves are £2,559k (2017 £2,244k)

The restricted general fund reserves are £595k (2017 £893k) excluding pension reserve

Total free reserves are £3,154k (2017 £3,137k)

# **Emmanuel Schools Foundation**

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

### **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 schools transferred into the Academy Trust in February 2017, although the company existed as a trading entity prior to this date. As such income received and expenditure incurred in relation to educational operations in 2017 do not reflect a full year of transactions.

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 2018 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 deficit for the period was £1,828k. The revenue surplus for the year was £500k before transfers and pension administration costs.

At 31 August 2018 the net book value of tangible fixed assets was £68,613k, 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 2018 of £67,746k comprising £68,993k in the restricted fixed asset fund, a deficit of £3,806k in restricted income funds, including a pension reserve deficit of £4,401k, and £2,559k 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 of £200,000 per school. 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.

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.

# **Emmanuel Schools Foundation**

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

The current level of free reserves (total funds less the amount held in fixed asset restricted funds and excluding the pension reserve) is £3,154k 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 investment made is £3m held in a deposit account with Lloyds.

### ***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 the impact of salary inflation and potential increased teacher's pension contributions on the financial performance of the Foundation. It is understood that DfE funding is available to mitigate this until March 2020, but there remains a risk around the next government spending review which we will monitor and prepare contingency plans for. In addition we are continuing to work with an integrated curriculum and financial plan model to improve financial performance to mitigate further 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 2018 (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, greater collaboration between our schools on curriculum and refreshed IT and HR strategies. In addition we will seek 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 2018 (continued)**

### **Employee Involvement**

Introduced in 2017-18, a half termly newsletter from the Chief Executive is sent to employees, informing them about events and news about the Academy Trust. Over the forthcoming year we also intend to undertake a staff survey and to establish further employee engagement opportunities.

### **Statement as to Disclosure of Information to 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**

Tait Walker LLP were appointed as auditors during the year replacing Kinnair & Company.

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting, in accordance with section 485 of the Companies Act 2006.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 17/12/18 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 agreement between the Academy 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 three times during the year. Attendance was as follows:

Director	Meetings attended	Out of a possible
Nigel Robson	3	3
Martin Oldknow	2	3
Dr Mark Pike	3	3
Maura Regan	3	3
Peter Pickthall	3	3
Anthony Bird	3	3
Stewart McKinlay	2	3
Simon Goon	3	3

On 31 July 2018 Nigel Robson retired as Chairman and Stewart McKinlay who was already a Trustee was elected Chairman on 1 August 2018. Mr McKinlay's expertise in growth strategy will be instrumental in growing the Academy Trust. Two Trustees are responsible for health and safety across the Academy Trust, and one Trustee was appointed CEO on 1 September 2017. Two committees have been formed namely a Finance and Resources Committee, and an Education, Standards and Performance Committee. Both have terms of reference. The Board of Trustees will meet at least six times a year from 2018/19 onwards.

The finance and resources committee met four times during the year. Attendance was as follows:

Director	Meetings attended	Out of a possible
Nigel Robson	4	4
Martin Oldknow	4	4
Peter Pickthall	4	4
Simon Goon	4	4

# **Emmanuel Schools Foundation**

## **Governance Statement (continued)**

In 2017-18 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
- Critical Incident Plans, and other policies
- Implementation of a Scheme of Delegation
- Implementation of the action plan for Trinity Academy
- Review of finances across the Academy Trust and approval of budgets and forecasts
- Review of human resources, governance and premises management
- Data protection and the General Data Protection Regulations

### **Governance Review**

As the Board of Trustees is relatively new, assessment of its own effectiveness has not yet taken place. This is written into a cycle of business and a review of board and committee effectiveness will take place in 2019-20. Local governing body and sub-committees are reviewing their effectiveness in 2018-19 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 2018, 88% of Emmanuel College students achieved grade 4 or higher in maths and English (standard Basics) and 62% grade 5 or higher (strong Basics). The average points achieved for the English Baccalaureate was 5.2. The Progress 8 figure of +0.52 indicates that Emmanuel College has maintained the strong performances of previous years. At A Level, 66% of A Level grades were at grade B or higher, with 33% of all grades being A\*-A. 92% of students secured a place in further education, employment or training immediately after leaving the College.

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

# **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 2018 with a Progress 8 score of -0.08, a standard basics measure of 67% and strong Basics of 47%. At A Level, 51% of all grades were grade B or higher, with 23% of all grades being A\*-A. 95% of students secured a place in further education, employment or training immediately after leaving the College. 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 improved in 2018 with a Progress 8 score of +0.04, a standard Basics measure of 68% and strong basics of 47%. At A Level, 37% of all grades were grade B or higher, with 13% of all grades being A\*-A. 94% of students secured a place in further education, employment or training immediately after leaving the College. In particular, improvements were made at Key Stage 2 with 82% achieving the expected standard in reading, writing teacher assessment and maths, and 17% 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. Ofsted's most recent monitoring inspection indicated that the Academy is now on trajectory to achieve a 'Good' rating at the next Section 5, and noted improvements made in regard to pupil behaviour, leadership and systems, alongside the quality of teaching. GCSE results improved by more than a third of a grade in 2018, with a Progress 8 score of -0.27. The standard Basics measure was 56% and strong Basics 31%. At A Level, 41% of all grades were grade B or higher, with 19% of all grades being A\*-A. 88% of students secured a place in further education, education or training immediately after leaving the Academy.

Our Academies continue to enjoy substantial popularity, particularly at Emmanuel College which continues to be one of the most successful state funded schools in the country and consistently recognised as the top performing state school in the North East of England. In areas of exam success, achievement in creative subjects and sport, and for the personal character-development of the students Emmanuel College has an outstanding reputation. In addition, the results for The King's Academy have seen an improvement year-on-year with particularly strong progress being made in science, technology and humanities subjects. Results at Bede Academy continue to be amongst the best in Northumberland whilst Trinity Academy's results have shown further encouraging improvements.

### **Robust governance and oversight of the trust's finances**

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

Financial control is managed by a central resource and comprehensive budgeting and monitoring, together with the production of timely management accounts which are produced by the Finance Director and reviewed by the Accounting Officer, 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 academies 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.



# **Emmanuel Schools Foundation**

## **Governance Statement (continued)**

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 from 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.

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.

# **Emmanuel Schools Foundation**

## **Governance Statement (continued)**

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 2018 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 2018 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;
- 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.

# Emmanuel Schools Foundation

## Governance Statement (continued)

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 Tait Walker LLP, 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

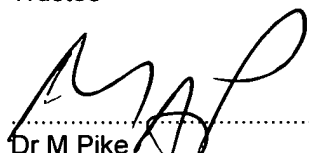
As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 17/12/18 and signed on its behalf by:

  
S McKinlay  
Trustee

  
Dr M Pike  
Accounting officer  
Trustee

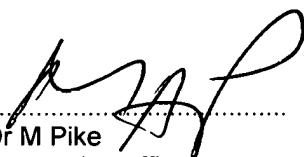
## Emmanuel Schools Foundation

### 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 2017.

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

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

  
.....  
Dr M Pike  
Accounting officer

Date: 17/12/18

# 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 Annual Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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


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

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

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

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

Approved by order of the members of the Board on 17/12/19 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 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

## **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.

## Emmanuel Schools Foundation

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

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

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

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

#### Use of our report

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



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

Date: 18th December 2018



## **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 1 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Emmanuel Schools Foundation during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

#### **Respective responsibilities of the Emmanuel Schools Foundation Accounting Officer and the Reporting Accountant**

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

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

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

## **Emmanuel Schools Foundation**

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

- Completion of regularity questionnaire by Accounting Officer; and
- Review of formal letter of representation from Trustees acknowledging responsibilities and specific representations provided.

#### **Conclusion**

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

This report is made solely to 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.



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

Date: 

# 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
<b>Income and endowments from:</b>					
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		1,511	31,103	910	33,524
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	1,196	31,701	2,436	35,333
Teaching schools	24	-	19	-	19
Total		1,196	31,720	2,436	35,352
Net income/(expenditure)		315	(617)	(1,526)	(1,828)
Transfers between funds		-	(483)	483	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	22	-	1,720	-	1,720
Net movement in funds/(deficit)		315	620	(1,043)	(108)
<b>Reconciliation of funds</b>					
Total funds/(deficit) brought forward at 1 September 2017		2,244	(4,426)	70,036	67,854
Total funds/(deficit) carried forward at 31 August 2018		2,559	(3,806)	68,993	67,746

# Emmanuel Schools Foundation

## Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2017 £ 000
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	30	1	136	167
Transfer from local authority on conversion		1,771	(3,492)	71,058	69,337
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	16,874	-	16,874
Teaching schools		50	25	-	75
Other trading activities	4	1,167	-	-	1,167
Investments	5	9	-	-	9
Total		3,027	13,408	71,194	87,629
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Academy trust educational operations	7	1,137	17,494	1,325	19,956
Net income/(expenditure)		1,890	(4,086)	69,869	67,673
Transfers between funds		-	(167)	167	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	22	-	(173)	-	(173)
Net movement in funds/(deficit)		1,890	(4,426)	70,036	67,500
<b>Reconciliation of funds</b>					
Total funds brought forward at 1 September 2016		354	-	-	354
Total funds/(deficit) carried forward at 31 August 2017		2,244	(4,426)	70,036	67,854

The schools transferred into the Academy Trust in February 2017, although the company existed as a trading entity prior to this date. As such income received and expenditure incurred in relation to educational operations in 2017 do not reflect a full year of transactions.

# Emmanuel Schools Foundation

(Registration number: 04464331)  
Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Tangible assets	12	68,613	70,036
<b>Current assets</b>			
Debtors	14	1,497	1,648
Cash at bank and in hand		<u>4,601</u>	<u>4,203</u>
		6,098	5,851
Creditors: Amounts falling due within one year	15	<u>(2,564)</u>	<u>(2,714)</u>
Net current assets		<u>3,534</u>	<u>3,137</u>
Total assets less current liabilities		<u>72,147</u>	<u>73,173</u>
Net assets excluding pension liability		72,147	73,173
Pension scheme liability	22	<u>(4,401)</u>	<u>(5,319)</u>
Net assets including pension liability		<u><u>67,746</u></u>	<u><u>67,854</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted income fund	16	595	893
Restricted fixed asset fund	16	68,993	70,036
Restricted pension fund	16	<u>(4,401)</u>	<u>(5,319)</u>
		65,187	65,610
<b>Unrestricted funds</b>			
Unrestricted income fund	16	<u>2,559</u>	<u>2,244</u>
Total funds		<u><u>67,746</u></u>	<u><u>67,854</u></u>

The financial statements on pages 25 to 59 were approved by the Trustees, and authorised for issue on 17/12/18 and signed on their behalf by:

  
S McKinlay  
Trustee

## Emmanuel Schools Foundation

### Statement of Cash Flows for the Year Ended 31 August 2018

	Note	2018 £ 000	2017 £ 000
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	18	494	4,187
Cash flows from investing activities	19	<u>(96)</u>	<u>(158)</u>
Change in cash and cash equivalents in the year		398	4,029
Cash and cash equivalents at 1 September		<u>4,203</u>	<u>174</u>
Cash and cash equivalents at 31 August	20	<u><u>4,601</u></u>	<u><u>4,203</u></u>

# **Emmanuel Schools Foundation**

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

### **1 Accounting policies**

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

#### **Basis of preparation**

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

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

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.

#### **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 2018 (continued)**

### **1 Accounting policies (continued)**

#### ***Grants receivable***

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

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

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

#### ***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 accruals basis.



# Emmanuel Schools Foundation

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

### 1 Accounting policies (continued)

#### Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

#### *Expenditure on raising funds*

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

#### *Charitable activities*

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

#### Tangible fixed assets

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

Where tangible 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  
Fixtures and fittings

#### Depreciation method and rate

over 50 years  
over 5 years

# Emmanuel Schools Foundation

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

### 1 Accounting policies (continued)

Computer equipment	over 5 years
Motor vehicles	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.

#### 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 note 15. 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 2018 (continued)**

### **1 Accounting policies (continued)**

#### **Pension benefits**

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

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

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

#### **Fund accounting**

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

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

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

#### **Critical accounting estimates and areas of judgement**

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

# Emmanuel Schools Foundation

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

### 1 Accounting policies (continued)

#### *Critical accounting estimates and assumptions*

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

#### Defined Benefit Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### Depreciation

The 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 £2,444,000 (2017: £1,325,000).

#### *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 2018 (continued)

### 2 Donations and capital grants

	Unrestricted funds £ 000	Restricted fixed asset funds £ 000	Total 2018 £ 000	Total 2017 £ 000
<b>Other voluntary income</b>				
Capital grants	-	910	910	136
Other donations	9	-	9	30
Donated fixed assets	-	-	-	1
	<u>9</u>	<u>910</u>	<u>919</u>	<u>167</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2017 £ 000
Total 2017	<u>30</u>	<u>1</u>	<u>136</u>	<u>167</u>

### 3 Funding for the Academy Trust's educational operations

	Restricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
<b>DfE/ESFA revenue grants</b>			
General Annual Grant GAG	27,883	27,883	15,248
Other ESFA Group grants	<u>1,848</u>	<u>1,848</u>	<u>918</u>
	<u>29,731</u>	<u>29,731</u>	<u>16,166</u>
<b>Other government grants</b>			
Local authority grants	<u>956</u>	<u>956</u>	<u>541</u>
	956	956	541
<b>Non-government grants and other income</b>			
Other income from the academy trusts educational operations	<u>366</u>	<u>366</u>	<u>167</u>
Total grants	<u>31,053</u>	<u>31,053</u>	<u>16,874</u>
	Restricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>16,874</u>	<u>16,874</u>	

# Emmanuel Schools Foundation

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

### 4 Other trading activities

	Unrestricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Hire of facilities	108	108	52
Recharges and reimbursements	86	86	564
Catering income	1,195	1,195	551
	<u>1,389</u>	<u>1,389</u>	<u>1,167</u>
	Unrestricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>1,167</u>	<u>1,167</u>	

### 5 Investment income

	Unrestricted funds £ 000	Total 2018 £ 000	Total 2017 £ 000
Short term deposits	15	15	9
	<u>15</u>	<u>15</u>	<u>9</u>
	Unrestricted funds £ 000	Total 2017 £ 000	
Total 2017	<u>9</u>	<u>9</u>	

# Emmanuel Schools Foundation

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

### 6 Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other costs	2018	2017
	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Academy's educational operations</b>					
Direct costs	22,383	2,449	2,152	26,984	15,706
Allocated support costs	4,766	1,850	1,733	8,349	4,250
Expenses relating to the teaching school activities	-	-	19	19	-
	<u>27,149</u>	<u>4,299</u>	<u>3,904</u>	<u>35,352</u>	<u>19,956</u>
	Non Pay Expenditure			Total	
	Staff costs	Premises	Other costs	2017	
	£ 000	£ 000	£ 000	£ 000	
Total 2017	<u>15,546</u>	<u>2,342</u>	<u>2,068</u>	<u>19,956</u>	

# Emmanuel Schools Foundation

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

### 6 Expenditure (continued)

Net income/(expenditure) for the year includes:

	2018 £ 000	2017 £ 000
Depreciation	2,444	1,325
Fees payable to auditor - audit	9	13
Fees payable to auditor - other audit services	6	2
	<u>2,459</u>	<u>1,340</u>

### 7 Charitable activities

	2018 £ 000	2017 £ 000
Direct costs - educational operations	26,984	15,706
Support costs - educational operations	8,349	4,250
	<u>35,333</u>	<u>19,956</u>

	Educational operations £ 000	2018 £ 000	2017 £ 000
<b>Analysis of support costs</b>			
Support staff costs	4,766	4,766	2,052
Depreciation	-	-	185
Technology costs	330	330	176
Premises costs	1,850	1,850	1,017
Other support costs	1,209	1,209	588
Governance costs	194	194	232
Total support costs	<u>8,349</u>	<u>8,349</u>	<u>4,250</u>

### 8 Staff

#### Staff costs

	2018 £ 000	2017 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	20,659	11,905
Social security costs	1,967	1,105
Operating costs of defined benefit pension schemes	3,707	2,141
	<u>26,333</u>	<u>15,151</u>
Supply staff costs	774	319
Staff restructuring costs	42	76
	<u>27,149</u>	<u>15,546</u>



# Emmanuel Schools Foundation

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

### 8 Staff (continued)

	2018 £ 000	2017 £ 000
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	<u>42</u>	<u>76</u>

### Staff numbers

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

	2018 No.	2017 No.
<b>Charitable Activities</b>		
Teachers	411	228
Administration and support	472	218
Management	<u>3</u>	<u>4</u>
	<u>886</u>	<u>450</u>

### Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	12	12
£70,001 - £80,000	5	5
£90,001 - £100,000	2	3
£100,001 - £110,000	1	1
£110,001 - £120,000	-	2
£120,001 - £130,000	<u>1</u>	<u>-</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 £249,580 (2017 - £49,412).

# Emmanuel Schools Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2018 (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 development

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

The actual amounts charged during the year were as follows:

	2018 £ 000	2017 £ 000
Emmanuel College	318	153
Bede Academy	328	153
The King's Academy	306	153
Trinity Academy	290	153
	<u>1,242</u>	<u>612</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.

Dr M Pike (CEO):

Remuneration: £20,000 - £25,000 (2017 - £Nil)

Employer's pension contributions: £Nil (2017 - £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 £60,000 - £65,000.

During the year ended 31 August 2018, travel and subsistence expenses totalling £6,784 (2017 - £3,879) were reimbursed or paid directly to 5 Trustees (2017 - 1).

Other related party transactions involving the Trustees are set out in note 23.

# Emmanuel Schools Foundation

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

### 11 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £Nil (2017 - £1,150).

The cost of this insurance is included in the total insurance cost.

### 12 Tangible fixed assets

	Land and buildings £ 000	Furniture and fixtures £ 000	Motor vehicles £ 000	Computer equipment £ 000	Total £ 000
<b>Cost</b>					
At 1 September 2017	69,364	888	4	1,105	71,361
Additions	442	452	22	113	1,029
Disposals	-	-	-	(17)	(17)
At 31 August 2018	69,806	1,340	26	1,201	72,373
<b>Depreciation</b>					
At 1 September 2017	961	148	1	215	1,325
Charge for the year	1,843	212	3	386	2,444
Eliminated on disposals	-	-	-	(9)	(9)
At 31 August 2018	2,804	360	4	592	3,760
<b>Net book value</b>					
At 31 August 2018	67,002	980	22	609	68,613
At 31 August 2017	68,403	740	3	890	70,036

Included within land and buildings above, are leasehold properties which had a carrying value of £42,619,390 (2017: £44,260,162 ) and freehold properties which had a carrying value of £24,076,610 (2017: £25,103,667).

# Emmanuel Schools Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2018 (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 2018 was £312,166, expenditure was £283,612 and the profit/(loss) for the year was £28,554. The assets of the company at 31 August 2018 were £299,583, liabilities were £262,636 and capital and reserves were £36,947.

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

	2018 £ 000	2017 £ 000
Trade debtors	90	156
VAT recoverable	295	437
Other debtors	10	41
Prepayments and accrued income	902	814
Balances due from related entities	200	200
	<u>1,497</u>	<u>1,648</u>

### 15 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	1,115	929
Other taxation and social security	471	513
Other creditors	38	334
Accruals	118	399
Deferred income	426	459
Pension scheme creditor	396	80
	<u>2,564</u>	<u>2,714</u>

	2018 £ 000	2017 £ 000
<b>Deferred income</b>		
Deferred income at 1 September 2017	459	38
Resources deferred in the period	426	459
Amounts released from previous periods	(459)	(38)
Deferred income at 31 August 2018	<u>426</u>	<u>459</u>

# Emmanuel Schools Foundation

## Notes to the Financial Statements for the Year Ended 31 August 2018 (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 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
<b>Restricted general funds</b>					
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>
<b>Restricted fixed asset funds</b>					
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
<b>Restricted pension funds</b>					
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>
<b>Unrestricted funds</b>					
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>

# Emmanuel Schools Foundation

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

### 16 Funds (continued)

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
<b>Restricted general funds</b>					
General annual grant fund	-	16,512	(15,527)	(167)	818
Other DfE/ESFA grants fund	-	885	(819)	-	66
Other government grants	-	541	(541)	-	-
Restricted general reserve	-	167	(167)	-	-
Parents, friends and family	-	9	-	-	9
	-	18,114	(17,054)	(167)	893
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	-	56,928	(1,049)	167	56,046
Capital expenditure from GAG	-	4,302	(96)	-	4,206
Private sector sponsorship	-	5,765	(109)	-	5,656
Transfer from general funds	-	4,199	(71)	-	4,128
	-	71,194	(1,325)	167	70,036
<b>Restricted pension funds</b>					
Pension reserve	-	(4,706)	(440)	(173)	(5,319)
Total restricted funds	-	84,602	(18,819)	(173)	65,610
<b>Unrestricted funds</b>					
Unrestricted general reserve	354	2,997	(1,029)	(350)	1,972
Unrestricted trust fund	-	30	(108)	350	272
Total unrestricted funds	354	3,027	(1,137)	-	2,244
Total funds	354	87,629	(19,956)	(173)	67,854

# Emmanuel Schools Foundation

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

### 16 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
<b>Restricted general funds</b>					
General annual grant fund	-	44,349	(43,145)	(650)	554
Other DfE/ESFA grants fund	-	2,840	(2,840)	-	-
Other government grants	-	1,802	(1,802)	-	-
Restricted general reserve	-	167	(167)	-	-
Parents, friends and family	-	9	-	-	9
Teaching school	-	50	(18)	-	32
	-	49,217	(47,972)	(650)	595
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	-	57,838	(3,485)	167	54,520
Capital expenditure from GAG	-	4,302	(96)	483	4,689
Private sector sponsorship	-	5,765	(109)	-	5,656
Transfer from general funds	-	4,199	(71)	-	4,128
	-	72,104	(3,761)	650	68,993
<b>Restricted pension funds</b>					
Pension reserve	-	(4,706)	(1,242)	1,547	(4,401)
Total restricted funds	-	116,615	(52,975)	1,547	65,187
<b>Unrestricted funds</b>					
Unrestricted general reserve	354	4,508	(2,225)	(428)	2,209
Unrestricted trust fund	-	30	(108)	428	350
Total unrestricted funds	354	4,538	(2,333)	-	2,559
Total funds	354	121,153	(55,308)	1,547	67,746

## **Emmanuel Schools Foundation**

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

#### **16 Funds (continued)**

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 2018.

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

The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from 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 2018 (continued)

### 16 Funds (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000	2017 £ 000
Emmanuel College	927	892
Bede Academy	571	710
The King's Academy	1,541	1,220
Trinity Academy	(301)	43
Central Services	416	272
Total before fixed assets and pension reserve	3,154	3,137
Restricted fixed asset funds	68,993	70,036
Pension reserve	(4,401)	(5,319)
Total	67,746	67,854

Trinity Academy is supported by facilities from the Trust and an action plan is in place to bring reserves back into balance over the forthcoming years.

#### Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
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	660	5	(1,110)	(86)
Academy Trust	22,288	5,050	1,142	4,436	32,916

# Emmanuel Schools Foundation

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

### 16 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 2017 £ 000
Emmanuel College	3,137	394	63	619	4,213
Bede Academy	3,369	516	106	760	4,751
The King's Academy	3,063	326	82	774	4,245
Trinity Academy	2,882	423	61	809	4,175
Central Services	649	392	8	198	1,247
Academy Trust	<u>13,100</u>	<u>2,051</u>	<u>320</u>	<u>3,160</u>	<u>18,631</u>

### 17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	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 2018 (continued)

### 17 Analysis of net assets between funds (continued)

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	-	-	70,036	70,036
Current assets	2,244	3,607	-	5,851
Current liabilities	-	(2,714)	-	(2,714)
Pension scheme liability	-	(5,319)	-	(5,319)
Total net assets	<u>2,244</u>	<u>(4,426)</u>	<u>70,036</u>	<u>67,854</u>

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

		2018 £ 000	2017 £ 000
Net (expenditure)/income		(1,828)	67,673
Depreciation	6	2,444	1,325
Capital grants from DfE and other capital income		(910)	(136)
Assets transferred on conversion from Local Authority		-	(71,058)
Interest receivable	5	(15)	(9)
Defined benefit pension scheme obligation inherited	22	-	4,709
Defined benefit pension scheme cost less contributions payable	22	675	363
Defined benefit pension scheme finance cost	22	127	74
Decrease/(increase) in debtors		151	(1,441)
(Decrease)/increase in creditors		<u>(150)</u>	<u>2,687</u>
Net cash provided by Operating Activities		<u>494</u>	<u>4,187</u>

### 19 Cash flows from investing activities

	2018 £ 000	2017 £ 000
Dividends, interest and rents from investments	15	9
Purchase of tangible fixed assets	(1,029)	(303)
Proceeds from sale of tangible fixed assets	8	-
Capital funding received from sponsors and others	<u>910</u>	<u>136</u>
Net cash used in investing activities	<u>(96)</u>	<u>(158)</u>

# Emmanuel Schools Foundation

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

### 20 Analysis of cash and cash equivalents

	2018 £ 000	2017 £ 000
Cash at bank and in hand	4,601	4,203
Total cash and cash equivalents	4,601	4,203

### 21 Members' liability

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

### 22 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) and South Yorkshire Pensions Authority (South Yorkshire Pension Fund). Both are multi-employer defined benefit schemes.

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

Contributions amounting to £396,478 (2017 - £80,347) were payable to the schemes at 31 August 2018 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

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

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

# **Emmanuel Schools Foundation**

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

### **22 Pension and similar obligations (continued)**

#### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £2,396,308 (2017 - £1,317,886). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

#### **Local government pension scheme**

The Academy Trust is an approved employer within 3 LGPS Pension Schemes and accordingly the combined deficit has been accounted for.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £949,000 (2017 - £849,000), of which employer's contributions totalled £688,000 (2017 - £355,000) and employees' contributions totalled £261,000 (2017 - £494,000). The agreed contribution rates for future years are 14.8 - 16.6 per cent for employers and 5.5 - 12.5 per cent for employees. The schemes are managed by Middlesbrough Borough Council (Teesside Pension Fund), Northumberland County Council (Northumberland County Council Pension Fund) and South Yorkshire Pension Authority (South Yorkshire Pension Fund).

# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

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

	2018 %	2017 %
Rate of increase in salaries	3.00	3.00
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	2.00	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:

	2018	2017
<b>Retiring today</b>		
Males retiring today	22.90	22.80
Females retiring today	25.00	24.90
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.10	25.00
Females retiring in 20 years	<u>27.30</u>	<u>27.20</u>

##### Sensitivity analysis

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

## Emmanuel Schools Foundation

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

#### 22 Pension and similar obligations (continued)

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Equities	3,949	4,120
Corporate bonds	-	5
Property	417	333
Cash and other liquid assets	974	667
Other	70	84
Total market value of assets	<u>5,410</u>	<u>5,209</u>

The actual return on scheme assets was £279,000 (2017 - £388,000).

# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	277	163
Interest income	(129)	(74)
Interest cost	194	112
Total amount recognised in the SOFA	342	201

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

	2018 £ 000	2017 £ 000
At start of period	7,798	-
Conversion of academy trusts	-	7,244
Current service cost	277	163
Interest cost	194	112
Employee contributions	54	30
Actuarial (gain)/loss	(397)	305
Benefits paid	(275)	(56)
At 31 August	7,651	7,798

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

	2018 £ 000	2017 £ 000
At start of period	5,209	-
Conversion of academy trusts	-	4,770
Interest income	129	74
Actuarial gain/(loss)	150	314
Employer contributions	143	77
Employee contributions	54	30
Benefits paid	(275)	(56)
At 31 August	5,410	5,209



# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

#### South Yorkshire Pension Fund

#### Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	2.90	2.50
Inflation assumptions (CPI)	<u>2.20</u>	<u>2.20</u>

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

	2018	2017
<b>Retiring today</b>		
Males retiring today	23.00	22.90
Females retiring today	25.80	25.70
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.20	25.10
Females retiring in 20 years	<u>28.10</u>	<u>28.00</u>

#### Sensitivity analysis

	At 31 August 2018 £000
Discount rate +0.1%	1,335
Mortality assumption – 1 year increase	1,585
CPI rate +0.1%	<u>1,608</u>

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

	2018 £ 000	2017 £ 000
Equities	2,538	2,731
Government bonds	682	620
Other bonds	348	306
Property	463	409
Cash and other liquid assets	219	90
Other	<u>520</u>	<u>337</u>
Total market value of assets	<u>4,770</u>	<u>4,493</u>

The actual return on scheme assets was £216,000 (2017 - £265,000).

# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

#### Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	371	195
Interest income	(113)	(70)
Interest cost	155	96
Total amount recognised in the SOFA	413	221

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

	2018 £ 000	2017 £ 000
At start of period	6,293	-
Conversion of academy trusts	-	5,713
Current service cost	371	195
Interest cost	155	96
Employee contributions	67	39
Actuarial (gain)/loss	(459)	277
Benefits paid	(187)	(27)
At 31 August	6,240	6,293

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

	2018 £ 000	2017 £ 000
At start of period	4,493	-
Conversion of academy trusts	-	4,118
Interest income	113	70
Actuarial gain/(loss)	104	195
Employer contributions	185	98
Employee contributions	67	39
Benefits paid	(187)	(27)
Effect of non-routine settlements	(5)	-
At 31 August	4,770	4,493

# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

#### Northumberland County Council Pension Fund

##### Principal actuarial assumptions

	2018 %	2017 %
Rate of increase in salaries	3.50	3.50
Rate of increase for pensions in payment/inflation	2.00	2.00
Discount rate for scheme liabilities	2.80	2.50
Inflation assumptions (CPI)	2.00	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:

	2018	2017
<b>Retiring today</b>		
Males retiring today	22.90	22.80
Females retiring today	25.00	24.90
<b>Retiring in 20 years</b>		
Males retiring in 20 years	25.10	25.00
Females retiring in 20 years	<u>27.30</u>	<u>27.20</u>

##### Sensitivity analysis

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

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

	2018 £ 000	2017 £ 000
Equities	4,096	3,641
Corporate bonds	456	417
Government bonds	1,122	925
Property	246	216
Cash and other liquid assets	-	5
Other	<u>240</u>	<u>206</u>
Total market value of assets	<u>6,160</u>	<u>5,410</u>

# Emmanuel Schools Foundation

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

### 22 Pension and similar obligations (continued)

The actual return on scheme assets was £290,000 (2017 - £260,000).

#### Amounts recognised in the statement of financial activities

	2018 £ 000	2017 £ 000
Current service cost	710	360
Interest income	(140)	(80)
Interest cost	160	90
Total amount recognised in the SOFA	730	370

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

	2018 £ 000	2017 £ 000
At start of period	6,340	-
Conversion of academy trusts	-	5,570
Current service cost	710	360
Interest cost	160	90
Employee contributions	140	70
Actuarial (gain)/loss	(460)	280
Benefits paid	(40)	(30)
At 31 August	6,850	6,340

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

	2018 £ 000	2017 £ 000
At start of period	5,410	-
Conversion of academy trusts	-	4,930
Interest income	140	80
Actuarial gain/(loss)	150	180
Employer contributions	360	180
Employee contributions	140	70
Benefits paid	(40)	(30)
At 31 August	6,160	5,410

### 23 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.

# Emmanuel Schools Foundation

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

### 23 Related party transactions (continued)

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

### 24 Teaching school trading account

	2018 £ 000	2017 £ 000
<b>Income</b>		
<b>Direct Income</b>		
Other income	50	-
<b>Other Income</b>		
Fundraising and other trading activities	98	75
Total Income	148	75
<b>Expenditure</b>		
<b>Direct costs</b>		
Direct staff costs	(1)	-
<b>Other costs</b>		
Other support costs	(18)	-
Total Expenditure	(19)	-
Surplus from all sources	129	75
Teaching school balances at 31 August 2018	129	75