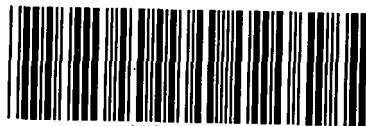


E-ACT

Annual Report and Financial Statements 2012-13

SATURDAY



A3506DEZ

A26

12/04/2014

#150

COMPANIES HOUSE

E-ACT

Reference and administrative details

For the year ended 31 August 2013

Company numbers	E-ACT 06526376 E-ACT Free Schools Trust 07610574 E-ACT Enterprises Limited 07474228
Registered office	2-6 Cannon Street London EC4M 6YH
Operational address	Third Floor 10 Whitfield Street London W1T 2RE
Principal staff	Chief Executive Officer David Moran (Acting from 25 April 2013 and formally appointed 4 October 2013) Director General Sir Bruce Liddington (in role from 1 September 2012 to 24 April 2013 on payroll until October 2013) Director of Education Inderjit Dehal (appointed 12 February 2013) Deputy Director of Education Delivery Jenny McWalter (appointed 1 October 2013) Deputy Director of Education Strategy David Hatchett (appointed 1 October 2013) Deputy Director of Governance and Values Samantha Roberts (appointed 8 November 2013) Director of Finance Clive Medlam (from 1 September 2012 to 5 August 2013)
Trustees	Dr Ann Limb (Chair of the Board) *** ***** Ben Green ** Gerard McCormack * ***** Dr Jamal Dardouk ** Clive Lewis (Vice Chair of the Board) *** Noran Flynn (from 28 September 2012) *** ***** Mary Shaw (from 28 September 2012) * ***** Dr Stephen Hopkins (from 28 September 2012) ** ***** Sir Bruce Liddington (resigned 7 May 2013) Stephen Perry (resigned 8 May 2013) David Mallen (not re-appointed by Board 12 July 2013) David Reynolds (not re-appointed by Board 12 July 2013) John Hall (term concluded 12 July 2013) Appointed on 4 October 2013: Sean Alleyne * Christopher Husbands Joy Warmington ***** * Audit and Risk Committee ** Finance Committee *** Remuneration Committee

**** Nominations and Governance Committee
***** Local Governing Bodies

Company Secretary

BWB Secretarial Limited
2-6 Cannon Street
London
EC4M 6YH

Bankers

HSBC
60 Queen Victoria Street
London
EC4N 4TR

Solicitors

Bates Well and Braithwaite
2-6 Cannon Street
London
EC4M 6YH

Auditors

KPMG LLP
1 Forest Gate Brighton Road Crawley
West Sussex RH11 9PT

Contents

A Message from Dr Ann Limb Chair of the Board of Trustees	2
Report of the Trustees	3
Governance Statement	15
Statement on Regularity, Propriety and Compliance	20
Statement on Trustees' Responsibilities for the Financial Statements.....	22
Independent Auditor's Report to the Trustees of E-ACT.....	23
Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education Funding Agency	25
Statement of Financial Activities	27
Balance Sheet.....	28
Cash Flow Statement.....	29
Notes to the Financial Statements.....	30

A Message from Dr Ann Limb Chair of the Board of Trustees

After a challenging year that saw a number of personnel changes and financial reviews, I am delighted with the progress E-ACT has made and am confident we now have the right focus, operations and leadership in place to develop E-ACT into an outstanding academy improvement organisation.

The Board of Trustees and the Executive Leadership Team are committed to building a culture of transparency and integrity throughout E-ACT built on renewed values, strong governance and excellence in education.

In February 2013 the Education Funding Agency (EFA) carried out a review of financial governance and operational systems at E-ACT. The subsequent report highlighted a number of areas of concern and issued E-ACT with a Financial Notice to Improve (FNtI). The Board of Trustees took swift action to address the FNtI and concerns around the operational systems at E-ACT.

In response to the FNtI a Programme Management Office (PMO) was established to develop and implement a robust action plan which addresses all of the issues raised by the EFA and our auditors, KPMG. E-ACT continues to work closely with Trustees, senior civil servants and KPMG to monitor the progress of the plan.

The most recent evaluation by the EFA external assurance team stated: *"The new executive management and leadership at Board level has responded well to the challenge. They have brought a structured, positive and transparent approach to getting improvements agreed and implemented."*

There has been a renewed focus on effective communication throughout the organisation, delivering clear, honest and open messages, reinforcing to all our stakeholders what it is we do and why we do it.

The changes that took place between 2012-2013 mark a fresh start for the organisation; one in which we hold ourselves to the same exacting standards as for each of our academies.

While we have achieved a great deal over the past few months, we are by no means complacent. The Board is aware that the next two years will be absolutely critical and our efforts will be firmly focused on our governance responsibilities. These are, ensuring we develop and sustain the financial control environment, deliver greater value for money through better procurement practices and systems and monitoring. This will ensure the increasing investment we will continue to direct into front line services achieves the exacting educational impacts we set out to achieve in our new Business Plan. There are great challenges ahead in the external environment and in order to face them effectively, a very real cultural shift is needed – one which needs to see us move to operate truly as One E-ACT.

I would like to take this opportunity to thank all the staff, Governors, students and parents / carers across E-ACT's head office and 34 academies for their continued support and commitment to our mission and core objective of breaking the link between poverty and under-achievement in education.



Dr Ann Limb

Report of the Trustees

Our Purpose and Strategic Objectives

E-ACT launched in 2009 with a mission to break the link between poverty and under-achievement in education. We currently sponsor 34 academies across the country, with over 3,000 staff and 20,000 students ranging from 4 to 18 years old. Our vision is a relentless one:

To transform the educational landscape of the UK, working with educationally under-performing schools in disadvantaged socioeconomic areas to accelerate student achievement and contribute to community cohesion – transforming school performance and students' life chances.

We aspire to become an outstanding school improvement organisation. Our aspiration and work is focused on two core objectives:

- Education Excellence; and
- Operational Excellence

Underpinning these objectives is a shared belief that creativity, collaboration and innovation are essential factors for teaching and learning to take place throughout each E-ACT academy.

Educational Excellence

We believe the better educated and more highly skilled people are, the better their life chances and the more likely they are to succeed in today's globalised world.

In order to achieve educational excellence across all E-ACT academies, we are focused on:

1. Raising our Sights: Ensuring all E-ACT academies achieve "Good" or "Outstanding" at their Ofsted inspections;
2. Introducing an academy improvement cycle into every E-ACT academy;
3. Identifying and implementing cross-chain enablers of performance; and
4. Creating an environment of competitive collaboration within our academies.

Operational Excellence

To achieve operational excellence we are seeking to put resources directly back into our classrooms, to ensure we are providing high quality, value for money services to support our academies on their individual journeys to "Outstanding". We are doing this by:

1. Investing in and developing our people and infrastructures;
2. Providing consistently high quality, value for money support services to all our academies;
3. Ensuring effective legal and financial compliance across E-ACT; and
4. Establishing outstanding governance and stakeholder engagement structures throughout E-ACT.

Report of the Trustees (Continued)

E-ACT Overview

Aldborough E-ACT Free School	Sep-11
Chalfont Valley E-ACT Primary Academy	Sep-12
City Heights E-ACT Academy	Sep-13
Crest Boys' Academy	Sep-09
Crest Girls' Academy	Sep-09
Dartmouth Academy	Sep-10
Denham Green E-ACT Primary Academy	Sep-13
DSL V E-ACT Academy	Apr-12
E-ACT Blackley Academy	Jan-12
E-ACT Burnham Park Academy	Apr-12
E-ACT Leeds East Academy	Sep-11
E-ACT Pathways Academy	Sep-13
Forest E-ACT Academy	Sep-12
Greenfield E-ACT Primary Academy	Sep-12
Hartsbrook E-ACT Free School	Sep-12
Heartlands Academy	Sep-09
Iminster Avenue E-ACT Academy	Jan-12
Leeds West Academy	Sep-09
Mansfield Green E-ACT Primary Academy	Jan-13
Merritts Brook E-ACT Primary Academy	Jan-13
Nechells E-ACT Primary Academy	Sep-12
North Birmingham Academy	Jan-10
Parkwood E-ACT Academy	Sep-09
Purston E-ACT Academy	Sep-12
Reedwood E-ACT Primary Academy	Sep-12
Shenley Academy	Sep-09
Sherwood E-ACT Academy	Sep-12
St Ursula's E-ACT Academy	Sep-11
The Oldham Academy North	Sep-10
The Parker E-ACT Academy	Sep-12
The Winsford E-ACT Academy	Sep-10
Trent Valley Academy	Sep-08
West Walsall E-ACT Academy	Sep-12
Willenhall E-ACT Academy	Jan-12

E-ACT in numbers

- 14 E-ACT academies opened between September 2012 to September 2013
- More than 20,000 students study at E-ACT academies across the country
- More than 3,000 academy staff work to break the link between poverty and under-achievement in education
- 459 Governors

Report of the Trustees (Continued)

Further information regarding our academies can be found on our website at www.e-act.org.uk

A Year in Focus

Primary academies

In 2013, E-ACT celebrated a 14% percentage point increase in pupils achieving the required standard in Key Stage 2 national curriculum assessments across its primary academies.

73% of E-ACT's Year 6 pupils, across eleven primary academies, attained the combined Level 4 or above in English (reading and writing) and mathematics.

Stephen Luke is Executive Principal of three E-ACT Primary academies in Bristol: Greenfield E-ACT Primary Academy, Ilminster Avenue E-ACT Academy and St Ursula's E-ACT Academy

Prior to becoming an E-ACT Academy, Ilminster Avenue E-ACT Academy was judged to require 'special measures' by Ofsted and in 2010 only 25% of pupils achieved Level 4 or above in both English and mathematics. Since becoming an E-ACT academy in January 2012 the academy has transformed. In 2012 32% of pupils achieved Level 4 or above in both English and mathematics. In 2013 this rose to 78%.

"I am delighted by the ongoing rapid improvements taking place across all three E-ACT academies in Bristol, especially in Ilminster Avenue E-ACT Academy. A 46% points improvement in the academy's results over the last year is testament to the changes my team and I have implemented and the hard work of the staff and pupils. Whilst we are still on a journey the academy's achievements are a shining example of how the right sponsor, structure, capacity and sharing of best practice can achieve outstanding results.

Secondary academies

In 2013, E-ACT saw 46% of all students attain 5 A*-C GCSEs including English and mathematics, a modest increase of 2.5 percentage point improvement on E-ACT's 2012 results.

100 Top Schools for pupil progress

The Rt Hon David Laws MP, Minister of State for Schools wrote to Heartlands Academy, Parkwood E-ACT Academy and The Oldham North Academy to congratulate them on being three of the UK's 100 best improving schools for pupil progress in 2012.

Report of the Trustees (Continued)

Glynis Jones is the Executive Principal of Heartlands Academy, Nechells Primary E-ACT Academy and Mansfield Green E-ACT Primary Academy.

Heartlands Academy was judged an 'Outstanding' secondary academy in February 2009 and January 2012. It is situated in the centre of Birmingham. In 2012 the academy moved in to a brand new £23 million centre of learning and in 2013 was recognised by the Department for Education as one of the top 100 schools in the country for improving pupil progress.

"At Heartlands Academy we pride ourselves on our relentless focus on the individual student and their specific needs. This year has seen further transformation in student progress, teaching and learning and opened up access to a 21st Century learning environment for the whole community. Since becoming an E-ACT academy we have welcomed and retained highly skilled staff whose teaching skills lie at the heart of our transformation.

Heartlands is a designated NLE/NSS establishment and has applied for Teaching School status this autumn. Staff benefit from a well-structured and supportive environment, sharing best practice across 'Outstanding' lessons. With strong foundations, the right leaders and a relentless focus on outstanding teaching and learning we are helping to transform students' life chances."

New buildings

Between Sept 2012 and Sept 2013 E-ACT opened six brand new academy buildings at a cost of £109 million funded by the EFA/BSF.

The E-ACT Games

Over 1,200 secondary school students from across 20 E-ACT sponsored academies celebrated the year anniversary of the London Olympics by taking part in a national athletics E-ACT Games event at the Alexandra Stadium, Birmingham. Throughout 2012-2013 E-ACT secondary academies saw a 65% increase in sport participation, with 30% introducing Paralympic sports into their curriculum and after school clubs, including wheelchair basketball, blind football and seated volleyball.

The E-ACT Games 2012 – 2013 were run entirely by 'E-ACT Trailblazer' volunteers. Similar to the Olympic 'Games Makers', a group of 40 Year 9 students from 20 E-ACT academies were trained by E-ACT's Parkwood and Heartlands Academy senior teams to lead and inspire the next generation and support the running of the E-ACT Games. Kitted out in their student designed Trailblazer uniforms the students were in charge of umpiring, scoring, organising, timekeeping, PA announcements and unveiling the winners.

Aisha Johnson, a Year 9 'Trailblazer' student from Heartlands Academy said:

"Being a Trailblazer was a great and fantastic opportunity. It was an exciting way to make new friends and learn new leadership skills. I think being part of the national events has given me real life experience in running events, taking on a leadership role and has helped build my confidence and self-esteem. It has also made me realise the kind of opportunities that are out there for everyone to be involved in.

Report of the Trustees (Continued)

Looking Forward: E-ACT's priorities for 2013 – 2015 E-ACT's CEO, David Moran

I was delighted to be appointed the CEO and Accounting Officer of E-ACT in October 2013 and am privileged to be leading the organisation through this significant period of change and improvement.

The previous year has seen the Board of Trustees make a number of key changes across E-ACT, each one helping to increase the pace of transformation at our academies and ensure our students have access to outstanding education and opportunities.

Academy improvement, raising achievement and delivering excellence in education are at the heart of E-ACT's work. In 2013 we introduced an academy improvement strategy based on the core principles of: Academy Improvement Planning; Networking and Collaboration; Brokering in effective support; Data analysis; self-review; and finally an external review to validate these areas of work. Underpinning all of these elements is the core of academy improvement – strong leadership, values, and governance. The model is based on significant academic and practitioner research from the Department for Education, NFER, Boston College and the Institute of Education, the evidence from which demonstrates that this approach leads to tangible school improvement outcomes.

Alongside educational intervention and academy improvement is E-ACT's new Business Plan, which focuses on collaboration and providing better value for money. This has been developed around our two core objectives: operational excellence and educational excellence and has a programme of key projects to deliver over 2013-2014, each with a consistent focus on academy improvement and raising aspiration.

I am committed to breaking the link between poverty and underachievement, and believe that through 'disciplined collaboration' across all E-ACT academies we will achieve this. We intend to unleash the potential of each and every one of our students, teachers, principals and governors. Starting with our values, developed by our students, we will demonstrate these in everything we do, from stepping in to the classroom to walking out of the Board room. Alongside developing our values is our core focus on strong and effective governance, creating sustainable platforms for all of our stakeholders' voices to be heard throughout the decision making process.

E-ACT is moving forward with a renewed focus on our core mission, supported by strong operational systems, governance and clear objectives around rapid academy improvement. It is an exciting time to be part of E-ACT. Through our 34 academies we are transforming the educational landscape of the UK and improving the life chances of over 20,000 children.

Jawaad Ashraf, Year 13, North Birmingham Academy Sixth Form

"Being a student at E-ACT's North Birmingham Academy has helped me achieve not only academically but has been, I believe, the most important factor in my personal and extracurricular successes to date.

In Year 9, when the school became an academy there was a massive change in culture and attitude. Suddenly a range of opportunities were available to students, which helped open up many doors. I joined the Student Council as a Tutor Rep and worked my way up to the year group council before eventually joining the school council. Now in 2013, I am Principal of student council and play an active role in helping to shape the academy and its future.

In 2011, the UK Youth Parliament visited North Birmingham Academy to look for candidates to join. With my confidence and experience from student council I was lucky enough to be nominated. I ran my own election campaign and won! I now have the pleasure of representing thousands of young people across the UK. Only recently I debated in the House of Commons, live on BBC. This is just one of the unbelievable experiences I have taken part in. None of this would have been possible without the help and support of the academy."

Report of the Trustees (Continued)

E-ACT is a charitable company limited by guarantee (number 06526376) and is governed by its Memorandum and Articles of Association. The Board of Trustees, who are also directors of the Company for the purposes of the Companies Act, have overall responsibility for the direction, management and control of E-ACT. As discussed below, the Board is supported in discharging these responsibilities by its Committees. Overall operational management of E-ACT across all 34 of its academies is delegated to the Executive Leadership Team

Board Composition

The Board may be comprised of no fewer than 3, and currently consists of 12, including the Chief Executive as an ex officio Trustee. All members of the Board are unpaid in their roles as Trustees.

At the time of approving the accounts, the Board of Trustees is currently made up as follows:-

- 7 Trustees appointed by the Members (Articles 35-37);
- 3 academy Trustees elected by academy Chairs of Governors (Articles 40 and 41);
- 1 Parent Trustee elected (Article 42); and
- the Chief Executive, as an ex officio Trustee (Article 36).

Each Trustee serves a term of four years, which is renewable. The Secretary of State is entitled to appoint a Member under Article 12b though has not chosen to exercise this entitlement.

Applications for Board membership are invited by national external advertisement. Applicants are interviewed by the Nominations and Governance Committee and are appointed according to the relevant skills, competencies and experience required on the Board at that time. In the year under review, a national recruitment campaign was undertaken, which resulted in the appointment of three new Trustees to the E-ACT Board.

Committee Composition

The Board appoints members of the Audit and Risk Committee, the Finance Committee, the Nominations and Governance Committee and the Remuneration Committee. The Nominations and Governance Committee appoints Chairs of the Local Governing Bodies, reporting all appointments to the Board meeting following the appointment. The committees are made up of Trustees and other individuals with relevant skills and experience. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings.

The Master Funding Agreements and early Supplemental Funding Agreements stipulate the number of Parent and Local Governors on each Local Governing Body. Since January 2011, the DfE model no longer stipulates this and the composition of the Local Governing Bodies' reflects the individual agreements they have entered into. Academy and Parent Trustees are appointed by election, where appropriate.

Induction, Training, and Performance Appraisal of Trustees

Newly appointed Trustees receive a half day induction and training meeting with the Chief Executive, the Director of Education, the Director of Finance, and the Deputy Director of Governance and Values, immediately after their appointment. In preparation for this meeting they are provided with copies of the previous year's minutes, terms of reference and delegation, a description of the expectations for a Trustee, and the Cabinet Office's guidance on the expectations of a charity Trustee and HMRC's description of a 'fit and proper' person.

Report of the Trustees (Continued)

The information provided to Trustees also includes the E-ACT Corporate Plan and Business Plan, key policies such as the Conflicts of Interest Policy and the Trustee Expenses Policy, the Governance Handbook and any other documentation that the Trustee in question may find useful. Trustees are kept up to date with developments through regular communications and they are included in training programs, where appropriate.

In line with the UK Corporate Governance Code, the Board of Trustees appraises its own performance and contribution on an annual basis. This year a half day workshop session was conducted to share the findings of their performance in terms of: structures, processes, meetings and behaviours. This has led to the creation of an action plan which will be implemented in the year ahead.

In addition, Trustees are appraised on an annual basis by the Chair of the Board (with the Vice Chair appraising the Chair) and discussions around the personal development of trustees in their role are held, alongside the identification of future training needs. To assist with the facilitation of these reviews, the Board approved a new policy in July 2013, which sets out a formal procedure for the appraisal of Chairs of Governors of Local Governing Bodies.

Organisational Structure

The Board meets a minimum of four times per annum and additionally as required. The Board met six times in the course of the year under review, including a two day session in 2013 where all Trustees, Principals and Chairs of Governors met to review ways in which E-ACT can strengthen its local governance. There was also one extraordinary meeting held on 22 April, called by the Chair of the Board using the powers granted under article 91.

The Board has the following Committee Structure:-

- Audit and Risk Committee
- Finance Committee
- Remuneration Committee
- Nominations and Governance Committee
- Local Governing Bodies

These Committees meet regularly through the year on a cycle to complement the Board meetings. Much of our detailed work is undertaken within our committees, and they address matters delegated to them in accordance with their terms of reference. Throughout the year, the Trustees and Executive Leadership Team have continued to monitor effectiveness and overall terms of reference for the various committees of the Board, to ensure that they are following best practice in the sector.

Our governing bodies and their committees have clear delegated authority, are required to carry on their activities as committees of the Board, and are required to run their meetings and cycle of business to fit into the E-ACT Board cycle and in the same style, i.e with interests declared and noted, proper agendas, papers circulated in advance of meetings, minutes produced promptly and actions implemented. These Local Governing Bodies have their own committees subject to the same rigour. Individual governors have additional responsibilities (as set out in the E-ACT Governor Handbook) as chairs of finance and assets committees, safeguarding or special educational needs governors, health and safety governors and serving on committees for delivery of new buildings.

On 11 March 2013 E-ACT was issued with a Financial Notice to Improve by the Education Funding Agency (EFA), highlighting a number of financial and governance issues which needed to be improved. In response, the Board of Trustees submitted a comprehensive action plan to address the concerns raised, and put arrangements in place for the action plan to be monitored at both an operational and strategic level. A *Trustees Strategic Review Oversight Group* was established, comprising of the Chair of the Board of Trustees, the Chair of the Audit and Risk Committee, and the

Report of the Trustees (Continued)

Chair of the Finance Committee, with attendance from the Chief Executive, the EFA, and our external auditors. This group has met on four occasions to date, and progress is communicated to the whole organisation following each meeting.

Throughout the course of the year the Board has also developed its structure in order to establish pathways in which E-ACT's stakeholders – including its Principals, teachers and Chairs of Governors – can more effectively contribute to the decision making process. As such, a network of steering groups have been created, including an Education Steering Group and a Local Governance Steering Group, and development of the Corporate Risk Group, with membership from across our stakeholders as well as regular invitations to external attendees to contribute their thoughts to relevant issues. The steering groups' thoughts and recommendations are then channelled into the appropriate Board Committees and the Board itself, where any formal decisions are made.

Organisational Governance

Whilst the Board recognises that there is still much work to be done, some key governance developments throughout the year have included:

- **Strengthening of E-ACT's governance structures, policies, and monitoring procedures:** Over the past year, and following the review of Board governance in 2011/12, E-ACT has embarked on a wholesale review of local governance across the organisation. This has become a core part of the newly formed Nominations and Governance Committee, which changed its terms of reference in February 2013 from a 'Nominations' Committee to include the remit of 'Governance' scrutiny and improvement. This Committee now drives forward the continuing improvements in governance policies and processes across E-ACT and over the previous year has established: a policy for the appointment and appraisals of Chairs of Governors of the Local Governing Body; a new Gifts and Hospitality policy; a new trustee expenses policy; and a new Conflicts of Interest policy, which enables greater trustee oversight of local governing body members' declarations of interest. This Committee is also a key mechanism through which sustained development of the actions listed in the local governance plan is monitored. In addition, and as discussed above, over the course of the year the Board has strengthened its structure and communication channels by creating a network of steering groups across E-ACT;
- **Clarifying the Scheme of Delegation and Financial Delegation:** Following an extensive consultation exercise with Principals, Chairs of Governors, Governors and Head Office Staff, the Board of Trustees has approved a Scheme of Delegation and Financial Delegation which sets out the delegations from the Board to: the Committees of the Board; the Chief Executive; the Principal; the Local Governing Body; the sub-Committees of the LGB; and the academy Principals;
- **Strengthening the Board's Performance:** The Board of Trustees has undertaken a comprehensive Board Effectiveness Review, which investigated the Board's performance in the areas of: Structures, Processes, Meetings and Behaviours, and held a half day workshop session to plan improvements for the year ahead. Trustees have also been appraised individually by the Chair of the Board; and
- **Strengthening the Board's Membership:** The Nominations and Governance Committee have led on an open, national and transparent recruitment campaign, following an assessment of the skills required on the Board. Following an application and interview process, the Board appointed three new Trustees to the Board. Five trustees have also stepped down from the Board.

Relationship with the Charity Commission and Department for Education

Academies and academy proprietors (otherwise known as Academy Trusts or Academy Companies) are Exempt Charities, which means they are exempt from Charity Commission supervision (The

Report of the Trustees (Continued)

Charities Act 1993). These charities cannot register with the Charity Commission and are outside their monitoring and investigative power, but they have the same status and tax benefits as other charities in England & Wales and must comply with general Charity Law. They are subject to the jurisdiction of the Courts and can ask the Charity Commission to exercise their support powers when necessary, for example, to authorise an action not otherwise allowed by their governing document.

The principal regulator is the Department for Education (DfE), assisted by the Education Funding Agency.

The Charity Commission and DfE entered into a memorandum of understanding in July 2012 to formalise the details of the relationship as principal regulators. It is designed to ensure that academies are regulated appropriately and effectively as charities but through oversight mechanisms to ensure that regulation is proportionate and avoids duplication.

Trustees' Liability and Indemnities

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

Trustees and Governors are covered by E-ACT's insurance policy with Royal Sun Alliance under the Trustees and Officers policy – Head Office and Board £5m and academies £2m, for any one claim.

Connected Organisations and Related Party Relationships

E-ACT has two subsidiary companies, E-ACT Free Schools Trust (Company Number 07610574) and E-ACT Enterprises Limited (Company Number 7474228). E-ACT Enterprises Limited is currently dormant.

Financial Review

E-ACT's income is mainly derived from the DfE. Revenue and small capital grants are paid annually to each academy, and head office receives project management income to contribute to the cost of opening new academies. These grants and associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the year ended 31 August 2013 the total expenditure (excluding restricted fixed assets and pension funds) was £136m and income (excluding restricted fixed assets and pension funds) was £134.9m. Overall there has been a reduction in restricted general funds reserves due to the transfer of pension deficits in respect of new Academies amounting to £7.1m, and actuarial losses during the year totalling £247k. In addition, £4.1m unrestricted funds were applied against restricted general funds expenditure and a further £1m of opening reserves applied during the year as part of E-ACT's investment in its turnaround.

Restricted fixed asset income for the year is £152.7m, with £145.2m of this representing gifted land and buildings and computer equipment. Total restricted fixed asset expenditure during the year amounted to £3m.

Net pension liabilities, including new academies transferred in during the year, increased by £8.5m during the year and total £22m as at 31 August 2013.

At 31 August 2013, Restricted Reserves totalled £223m, and Unrestricted Reserves totalled £0.4m. The Restricted Reserves comprise £240.5m surplus in Fixed Asset Reserves (i.e. provision for future depreciation charges), £22m deficit in Pension Reserves, and £4.5m surplus in Restricted General Funds (i.e. usable reserves).

Report of the Trustees (Continued)

The accounts have been prepared on a going concern basis, but the aforementioned deficit resulting from the Local Government Pension Funds is required to be shown as a liability on the balance sheet by Financial Reporting Standards (FRS).

E-ACT academies' ability to undertake effective financial forward planning is heavily dependent on DfE funding announcements. We expect to continue to have very challenging savings targets to meet over the coming months at a time when we need to increase our investment to achieve our targeted educational impacts and a critical issue to be addressed in coming months, will be the negotiations towards implementation of the new Master Funding Agreement.

Principal Financial Risks and Uncertainties

Financial risks and uncertainties are outlined below, analysed between those that are more likely to impact in the next financial year and those that are longer-term considerations.

Financial Risks in 2013/14

- A lower number of pupils in the academies than the number on which they have been funded could result in a proportion of revenue grant funding being clawed back. This risk is managed by closely monitoring the pupil numbers from the start of the Autumn Term and ensuring academies adjust budgets in year in line with estimated clawback;
- Any unforeseen property related problem that is not covered by insurance would be a significant financial risk. See point below; and
- Costs of any planned reorganisations and capability procedures that are beyond thresholds that the DfE or local authorities can fund.

Financial Risks in Later Years

- A lower than expected intake of Nursery, Year 1 and Year 7 pupils impacts on funding not just in the year this arises but in all subsequent years as that intake works through to Year 6 or Year 11;
- Reduction in 16-19 funding until it reaches a par with college and FE college funding, combined with the greater mobility of older students, creates an annual risk for our academies that operate 6th Forms;
- The move towards a National Funding Formula will produce gainers and losers on a large scale. This risk is mitigated by monitoring the proposals that local authorities consult on through their Schools Forums;
- Pupil Premium is becoming a significant source of funding for our academies due to the high percentage of free school meals, such that there is a significant financial risk if the funding is not continued in some form beyond the current programme end in March 2015, our 2014/15 financial year. The risk is managed by our academies having a clear understanding of what activities they use Pupil Premium funding for, so they are in a better position to plan any potential budget reductions; and
- There is a long-term risk in the uncertainty of capital and maintenance funding. The annual Devolved Formula Capital allocations are low, and the annual Academies Capital Maintenance Fund (ACMF) is many times over-subscribed. E-ACT has access to no other funds for major, and often by their nature urgent, investment requirements (e.g. boiler, roof and window replacements), or for any significant on-going general refurbishment or ICT replacement (kit and infrastructure) programmes. We mitigate this risk by utilising the DfE national asset management survey to support any major funding bids we make to the ACMF.

Report of the Trustees (Continued)

Reserves Policy

Academies are funded on a monthly basis by DfE grants and income fairly matches expenditure, where around 70% is spent on teaching and other staffing.

The existing Master Funding Agreement allows academies to retain revenue reserves up to 2% cumulatively of the General Annual Grant, plus a further 10% cumulatively for capital purposes. This is likely to change under a new MFA. Pupil Premium funding can be carried forward without restriction. Start-up Grants can be carried forward during the period of years that they are paid.

The E-ACT Group has a reserves policy in respect of unrestricted funds. At the year-end these amounted to £421k, which is a slight decrease from the prior year and is not considered to be excessive.

The Local Government Pension Scheme (LGPS) liabilities are recognised in the accounts as a significant deficit within restricted funds, however this does not mean there is an immediate liability for the total amount, rather the balance reflects the potential for increases in employer pension contributions in later years.

E-ACT has no recourse to other revenue income streams of any significance and maintaining a level of reserves is essential. The reserves at 31 August 2013 total £223.5m. The Trustees have not set a target level of reserves in aggregate or for each academy because the policy is to ensure funding received is spent on the pupils that are currently within the academies. The Trustees would nevertheless want to see academies maintaining a reasonable level of reserves to enable them to cope with unexpected expenditure or income shortfalls. It has not been prescribed to academies what this reasonable level of reserves should be, rather academies are urged to prepare financial forward plans for at least the coming three years alongside the annual budget, and to actively maintain a financial risk register.

Investment Policy

The Board, on the recommendation of the Finance Committee, approved a revised Treasury Management Policy in January 2012. The principal consideration in this policy is risk minimisation.

Plans for Future Periods

E-ACT has no future plans to expand the number of Academies from the 34 it presently has.

E-ACT Enterprises Limited, a subsidiary of E-ACT, is expected to continue to be dormant in future years. E-ACT Free Schools Trust, a company limited by guarantee and an exempt charity, runs E-ACT's two free schools, Aldborough and Hartsbrook.

Funds Held as Custodian Trustee on behalf of others

None.

Report of the Trustees (Continued)

Going Concern

The going concern basis is set out in note 1 of the E-ACT financial statements.

Auditor

KPMG are the auditors for E-ACT.

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable Company's auditor is unaware; and
- They 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.

This report was approved by the Trustees on 6 February 2014 and signed on their behalf by



Dr Ann Limb

Chair of E-ACT

Governance Statement

As Trustees, we acknowledge we have overall responsibility for ensuring that E -ACT has an effective and appropriate system of internal 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.

During the financial year the E-ACT Group commissioned a procurement review of 2012/13. The review was undertaken with KPMG and covered approximately £17m of the 2012/13 spend of the Group. This review demonstrated that 84% of this expenditure had been competitively tendered in line with the group's policies. The review confirmed that E-ACT received the goods or services in all instances, however in the absence of supporting documentation value for money could not be proved. Whilst the results were better than anticipated, given the period of change the Group has undergone during the past 12 months, we recognise that there is a need to move towards 100% compliance and steps have been put in place to achieve this. Further information is provided in the Statement on Regularity, Propriety and Compliance.

The Board has delegated day-to-day responsibility to the Chief Executive as Accounting Officer who in turn has delegated responsibility within academies to their Principal, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned in the funding agreements with the Secretary of State for Education. Principals are responsible for reporting to their Local Governing Body, and the Chief Executive to the Board, on any material weaknesses or breakdowns in internal control.

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of E-ACT 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 was strengthened by many additional central controls during the financial year in response to the issuing of the Financial Notice to Improve. A number of these central controls were tested by KPMG as part of the year end audit. E-ACT's head office controls are largely manual and have been achieved by adding capacity through interim resource. Work will continue through 2013/14 on developing the system of controls along-side the operational staffing and governance model needed to deliver these on a consistent basis.

Capacity to handle risk

The Board has reviewed the key risks to which E-ACT is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board is of the view that there is a formal on-going process for identifying, evaluating and managing significant risks that has been in place for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board. The Board's focus on risk has been strengthened with the addition of professionals who have strong risk credentials, including the Chief Executive Officer, and an associate/trainee to the Board of Trustees who acts as a risk observer and adviser.

Governance Statement (Continued)

Risk and control framework

The Board Trustees are ultimately accountable for ensuring an adequate risk management process is in place. The Board Trustees have delegated executive responsibility for Risk Management to the Chief Executive who in turn has tasked the Head of Legal Services to lead in this area of work at senior management level. Risk Management is actively performed at all levels of the E-ACT organisation. Day-to-day risk management of each of E-ACT's academies is delegated to its Local Governing Body. Risk management is performed during each of the capital work projects.

Risk management processes and practices are reviewed at each academy and by the Audit and Risk Committee, which reports to the Board of Trustees. Relevant risk profiles have been prepared and reviewed by academies within E-ACT. The outcomes of the risk profiles for each academy are considered within E-ACT's corporate risk profile. The corporate risk profile is periodically reviewed and assessed at the Corporate Risk Group and by the Audit and Risk Committee.

The Corporate Risk Group has been established since 2011/12 and meets at least quarterly to review and monitor E-ACT's and its academies' risk arrangements.

E-ACT has been and will continue to face a number of challenges into the future. As a result, several strategic and operational risks and associated mitigation plans have been identified to overcome these challenges:

- Given the move towards a fully National Funding Formula, there is a risk that some academies will be negatively impacted by the reduction in the number of formula factors per local authorities. E-ACT is working with its Local Governing Bodies and academies to explore strategies (review of current budgeting process, strategic business arrangements) to overcome or minimise the flow on impacts;
- The new Ofsted framework makes it even harder for schools in challenging circumstances to achieve "Good" or "Outstanding" judgments. Whilst E-ACT faces this new challenge, management information has been reviewed and intervention plans are now in place to assist academies to improve on their performance in a sustainable and structured manner. E-ACT has established a developing school improvement strategy which is implemented in addressing and rectifying this situation by having better oversight of each academies' performance and making difficult yet necessary decisions at our academies. E-ACT has plans to invest £1.5M on school improvement this academic year. This will include investing in our academies which can demonstrate their effectiveness and provide the capacity, support and challenge to our academies which require the intervention;
- E-ACT has been negatively impacted from legacy issues under the previous management regime. The change in management structure, along with an underlying change in the way E-ACT works, has resulted in a culture shift which has been a key priority under the directorship of the new CEO. This new culture will allow E-ACT to increase the pace of change for the transformation of E-ACT. E-ACT is reinforcing its governance framework and processes which will be in line with its set of newly defined corporate values;
- The organisation has a number of transformational system and operational projects which will challenge its capacity, capability and adaptability. These changes are the foundations in achieving its business plan objectives. E-ACT is actively managing and engaging appropriate expertise to take the transformation projects forward; and
- E-ACT is committed and will continue to refine and improve its Risk Management Strategy, approach and processes over the current and ensuing years.

Governance Statement (Continued)

Governance

This information on governance supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The **Finance Committee** is a sub-committee of the Board. During the year it met on five occasions. Its principal responsibilities and areas of work are to:

- take responsibility on behalf of the Board for overseeing all financial aspects of the operations of E-ACT, E-ACT Enterprises Limited, and E-ACT Free Schools Trust, so as to ensure short and long-term viability;
- make recommendations to the Board on the long-term budget strategy, annual budget and financial forward plan, and monitor these once they are approved;
- determine the treasury management strategy, and monitor compliance and performance thereof; and
- monitor any financial targets and key performance indicators included within the Corporate Plan and Annual Business Plan.

The **Audit and Risk Committee** is a sub-committee of the Board. During the course of the year it met on seven occasions. Its principal responsibilities and areas of work are to:

- oversee the appointment and performance of external auditors;
- review the annual financial statements and external auditors report thereon;
- approve arrangements for ensuring effective internal control across E-ACT; and
- oversee arrangements for insurance and risk management, whistleblowing and fraud prevention.

The **Remuneration Committee** is a sub-committee of the Board which deals with the overall pay and reward of all staff and with the appraisals and pay of the Chief Executive and of the Executive Leadership Team. It met on three occasions throughout the year. The Committee's principal responsibilities and areas of work are to:

- Review the Chair's annual appraisal of the Chief Executive, discuss the Chief Executive's targets for the year ahead; report the outcome of the appraisal and recommend the targets and incentive award or bonus to the Board;
- Approve the design of, and determine the targets for, any performance related pay schemes operated within E-ACT and approve the total annual payments made under such schemes;
- Receive the Chief Executive's annual appraisal of Executive Leadership Team members for comment and discussion;
- Annually review and make recommendations to the Board about the remuneration of the Chief Executive and Executive Leadership Team. The recommendations of Executive Leadership Team will be based on consultation with the Chief Executive;

Governance Statement (Continued)

- Consider and approve any performance management policy for the Principals, the Executive Leadership Team and other head office staff, and make recommendations to the Board as appropriate; and
- Keep under review policies relating to recruitment, equalities, equal opportunities and other related employment policies and make recommendations to the Board for the approval and adoption of any such policies.

Review the making of severance payments to employees on termination of any contract of employment where such payment has been made, and report to the Board on this tem annually. Severance payments made will be reported to the next available Committee meeting. Our Nominations and Governance Committee keeps our governance under review and deals with appointments to the Board and its committees. During the year the committee met on four occasions. It is a Committee of the Board and its principal responsibilities and areas of work are to:

- Annually review the current size, structure and composition of the Board and of Board Committees, and recommend to the Board any proposed changes;
- Evaluate the balance of skills, knowledge and experience required by the Board from its Trustee membership, and report to the Board on any recommendations for changes. In carrying out this process, the Committee will pay due regard to the need for diversity among Trustees and Board Committee members;
- Manage the process of search, selection and interview of potential Trustee candidates, and put forward to the Board, for Board decision, candidates for Trustee appointment;
- Provide oversight to the induction and continuous professional development of trustees;
- Keep under review all other governance arrangements, to commission appropriate consultative support and advice if needed, to carry out preparatory work for annual Board effectiveness reviews, and to make recommendations to the Board;
- Ensure that E-ACT's governance policies and procedures are fit for purpose and appropriate to its status as a major academy sponsor, and that all governance arrangements are compliant with charity and company law; and
- Help the Board ensure that it gives consideration to succession planning in good time prior to the retirement of the Chair, Vice Chair and Board Committee Chairs.


The **Nominations and Governance Committee** is a sub-committee of the Board. During the course of the year it met on three occasions. Its principal responsibilities and areas of work are to:

- Keep under review all other governance arrangements, to commission appropriate consultative support and advice if needed, to carry out preparatory work for annual Board effectiveness reviews, and to make recommendations thereon to the Board;

Governance Statement (Continued)

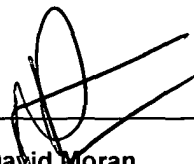
- Ensure that E-ACT's governance policies and procedures are fit for purpose and appropriate to its status as a major academy sponsor, and that all governance arrangements are compliant with charity and company law;
- Scrutinise and support the performance of local governing bodies across E-ACT, ensuring the necessary interventions and support mechanisms are in place to support effective governance; and
- Approve the appointments and removals of Chairs of Local Governing Bodies, based on the recommendation of the Executive Leadership Team and an assessment of the skills required on the LGB.

This report was approved by the Trustees on 6 February 2014 and signed on their behalf by



Dr Ann Limb

Chair of E-ACT



David Moran

Chief Executive Officer and Accounting
Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of E-ACT I have considered my responsibility to notify the academy trust Board and the Education Funding Agency of material irregularity, impropriety and non-compliance with Education Funding Agency terms and conditions of funding, under the funding agreements in place between E-ACT and the Secretary of State. As part of my consideration I have had due regard to the requirement of the Academies Financial Handbook.

This Regularity Opinion relates to the period 1 September 2012 to 31 August 2013. During this time E-ACT has undergone a period of significant change. Following the Financial Notice to Improve (FNtI) received by the Education Funding Agency in March 2013, the Board of Trustees appointed a new CEO who has successfully set about changing the culture of the organisation. Since the appointment of the new leadership within E-ACT, there has been a clear focus on addressing the financial issues of the organisation through openness, transparency and a fundamental review of systems and processes. There has been an emphasis on communications, quality training and an appreciation of the importance that better value for money in procurement equates to increased investment in education.

One element of the new management's response to the FNtI was that E-ACT commissioned a 100% review of 2012/13 purchases over what, during the period of review, had been the competitive quotes limit of £10,000. This covered over £17m of 2012/13 spend. This review demonstrated that 84% of expenditure had been competitively tendered in line with group policy and 77% of expenditure was covered by a formal contract. The review confirmed that there has been a slight upward trend in compliance over the year and that E-ACT received 100% of the goods or services, however in the absence of supporting documentation we are unable to confirm absolutely that value for money was achieved. This review was a significant undertaking and a strong signal of the seriousness with which management has taken this issue. Our goal is to move towards 100% compliance.

From 1st September 2013 the competitive quotes limits have been lowered from £10,000 for all Academies to £5,000 for secondaries and £2,500 for primaries. This will significantly increase the volume of spend that is subjected to competition in order to maximise value for money. Procurement training has been provided to staff during the 2012/13 year and more training is planned for 2013/14 to support the continued strengthening of controls across the organisation. A review of purchase order compliance demonstrated that adherence to procurement policy showed a gradual improvement throughout 2012/13. Investment in the procurement area has been made, with two interim procurement professionals now in post to focus on maximising savings. A review of procurement within a risk based sample of Academies will be undertaken as part of the internal assurance work being undertaken in our 2013/14 assurance plans.

Another area where improvements have been made in controls is that of corporate debit card spend. Out of a sample of £95k during 2012/13 spend, £31k items of spend on debit cards were identified as having insufficient backup, although no evidence of any fraud was noted. We note that a number of these items occurred before significant changes were implemented by the new management team in May 2013, including a reduction on debit card limits per card and per transaction to strengthen controls. A full debit card policy review is planned for December 2013 and this will be supported by extensive communications and training. Again this is an area which will feature in the 2013/14 assurance plans.

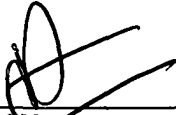
Overall, we are pleased that KPMG have reported that they found that good progress has been made during the year in implementing the previous year's audit recommendations. That said, management are by no means complacent and recognise there is still significant stabilisation and improvement work to be made and is dedicated to driving excellence in this area.

I confirm that I and the Board are able to identify any material irregular or improper use of funds by E-ACT, or material non-compliance with the terms and conditions of funding under E-ACT's Master Funding Agreement and the Academies Financial Handbook.

I can confirm that any instances of potential material irregularity, impropriety or funding non-compliance discovered to date have been notified to the governing body and the Education Funding Agency.

Statement on Regularity, Propriety and Compliance (Continued)

This report was approved by the Trustees on 6 February 2014 and signed on their behalf by

A handwritten signature in black ink, consisting of a large loop followed by a series of diagonal strokes.

David Moran
Chief Executive Officer and Accounting Officer

Statement on Trustees' Responsibilities for the Financial Statements

The Trustees for charitable activities of E-ACT are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education 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 Trust and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 Trust will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

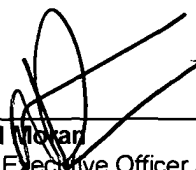
The Trustees are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for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

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

This report was approved by the Trustees on 6 February 2014 and signed on their behalf by



Dr Ann Limb
Chair of E-ACT



David Moran
Chief Executive Officer and Accounting Officer

Independent Auditor's Report to the Trustees of E-ACT

We have audited the financial statements of E-ACT for the year ended 31 August 2013 set out on pages 27 to 54. The financial reporting framework that has been applied in their preparation is applicable law, the Academies: Accounts Direction 2012/13 and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charitable company's (the Academy's) members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies: Accounts Direction 2012/13 issued by the Education Funding Agency ("EFA") on terms that have been agreed. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2012/13 issued by the EFA, those matters that we have agreed to state to them in our report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 22, the Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:-

- give a true and fair view of the state of the Academy's affairs at 31 August 2013, 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 UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006; and
- have been prepared in accordance with the Academies: Accounts Direction 2012/13 issued by the EFA.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent Auditor's Report to the Trustees of E-ACT (Continued)

Matters on which we are required to report by exception

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



Michael Rowley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

6 February 2014

Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education Funding Agency

In accordance with the terms of our engagement letter dated 09 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to E-ACT and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to E-ACT and the EFA 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 E-ACT and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of E-ACT's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of E-ACT's funding agreement with the Secretary of State for Education dated 29 July 2008 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 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 2013 issued by the EFA. 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.

**Independent Reporting Accountant's Assurance Report on Regularity to E-
ACT and the Education Funding Agency (Continued)**

Qualified Conclusion

In the course of our work, except for the matters listed in the Accounting Officer statement on Regularity, Propriety and Compliance on page 20 nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Michael Rowley

KPMG LLP
Chartered Accountants
1 Forest Gate
Brighton Road
Crawley
RH11 9PT

6 February 2014

E-ACT

Statement of Financial Activities

For the year ended 31 August 2013

		The Group			The Group
		Unrestricted	Restricted	Restricted	Total
		Funds	General	Fixed Asset	31st August
		£'000	Funds	Funds	2013
	Notes	£'000	£'000	£'000	£'000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	3	95	-	-	95
Activities for generating funds	4	3,648	-	-	3,648
Investment income	5	47	-	-	47
Other trading income	6	-	-	-	-
<i>Incoming resources from charitable activities</i>					
Funding for the Academy's educational operations	7	-	129,646	7,468	137,114
<i>Exceptional Income</i>					
Transfer of assets/(liabilities) from incoming schools	27	1,435	(7,067)	48,244	42,612
Transfer of assets from previously acquired schools	28	-	-	97,015	97,015
Total incoming resources		5,225	122,579	152,727	280,531
Resources expended					
<i>Cost of generating funds</i>					
Other trading costs	8	-	-	-	-
<i>Charitable activities</i>					
Academy's educational operations	9	1,107	134,360	3,064	138,531
<i>Governance costs</i>	10	162	402	0	564
Total resources expended	8	1,269	134,762	3,064	139,095
Net incoming/(outgoing) resources before transfers		3,956	(12,183)	149,663	141,436
Gross transfers between funds	18	(4,085)	4,085	-	-
Net (expenditure)/income for the year		(129)	(8,098)	149,663	141,436
Other recognised gains and losses					
Actuarial (losses) on defined benefit pension schemes	18	-	(247)	-	(247)
Net movement in funds		(129)	(8,345)	149,663	141,189
Reconciliation of funds					
Funds brought forward at beginning of year	18	550	(9,156)	90,883	82,277
Funds carried forward at end of year		421	(17,501)	240,546	223,466

All of the groups activities are derived from continuing operations in both years. There were 18 Academies and 1 free school in operation during the year to 31 August 2012. This number rose to 29 Academies and 2 Free Schools for the year ended 31 August 2013.

A statement of recognised gains and losses is not required as all gains and losses are included in the Statement of Financial Activities.

E-ACT

Balance Sheet

As at 31 August 2013

		The Group	The Group	The Parent	The Parent
		31st August	31st August	31st August	31st August
	Notes	2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	14	234,799	90,381	232,285	88,438
Current assets					
Stock	15	50	31	50	31
Debtors	16	6,723	7,270	6,203	6,921
Cash at bank and in hand	23	16,530	9,602	16,024	9,563
		<u>23,303</u>	<u>16,903</u>	<u>22,277</u>	<u>16,515</u>
Current liabilities					
Creditors: Amount falling due within one year	17	(12,653)	(11,447)	(12,229)	(11,116)
Net current assets		<u>10,650</u>	<u>5,456</u>	<u>10,048</u>	<u>5,399</u>
Net assets excluding pension liability		245,449	95,837	242,333	93,837
Pension scheme liability	26	(21,983)	(13,560)	(21,974)	(13,556)
Net assets		<u>223,466</u>	<u>82,277</u>	<u>220,359</u>	<u>80,281</u>
Restricted funds					
Fixed asset fund	18	240,546	90,883	237,921	88,438
General fund	18	4,482	4,404	3,992	4,849
Pension reserve	18	(21,983)	(13,560)	(21,975)	(13,556)
Total restricted funds		<u>223,045</u>	<u>81,727</u>	<u>219,938</u>	<u>79,731</u>
Unrestricted funds					
General fund	18	421	550	421	550
Total unrestricted funds		<u>421</u>	<u>550</u>	<u>421</u>	<u>550</u>
Total funds		<u>223,466</u>	<u>82,277</u>	<u>220,359</u>	<u>80,281</u>

The financial statements on page 27 to 54 were approved by the trustees on 6 February 2014 and signed on their behalf by:

A.G. Limb

Dr Ann Limb
Chair of E-ACT
Director

Company no. 06526376

E-ACT

Cash Flow Statement

For the year ended 31 August 2013

		The Group	The Group
		31st August 2013	31st August 2012
	Notes	£'000	£'000
Net cash inflow from operating activities	20	8,223	545
Returns on investments and servicing of finance	21	47	37
Capital expenditure	22	(1,342)	131
Increase in cash in the year	23	<u>6,928</u>	<u>713</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at beginning of year		9,602	8,889
Net funds at end of year		<u>16,530</u>	<u>9,602</u>

E-ACT

Notes to the Financial Statements

For the Year Ended 31 August 2013

Note 1 : Statement of Accounting Policies

These financial statements consolidate the results of E-ACT, E-ACT Free Schools Trust and E-ACT Enterprises Limited.

Basis of Preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting & Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the Education Funding Agency (EFA) and the Companies Act 2006, and under the historical cost accounting rules. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

E-ACT's ('the Group') business activities, together with the factors likely to affect its future development, performance and position are set out within this report. In addition, the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. The Group has considerable financial resources together with long-term contracts under the Master Funding Agreements with the Department for Education. Consequently, the Trustees believe that the Group is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Incoming Resources

All incoming resources are recognised when the Group has entitlement to the funds, certainty of receipt and the amount can be measured with reliability.

i) 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 year is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

ii) Sponsorship income

Sponsorship income is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

iii) Donations

Donations are recognised in the Statement of Financial Activities in the period in which they are receivable, where there is certainty of receipt.

E-ACT

Notes to the Financial Statements

For the Year Ended 31 August 2013

Note 1 : Statement of Accounting Policies (Continued)

iv) Donated services and gifts in kind

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

v) Interest receivable

Interest earned on cash balances is recognised in the Statement of Financial Activities in the period in which it is receivable.

vi) Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or the service completed.

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, and with depreciation charges allocated on the portion of the asset's use.

i) Costs of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

ii) Charitable activities

These are costs incurred on the Group's educational operations.

iii) Governance costs

These include the costs attributable to the Group's compliance with constitutional and statutory requirements, including audit, strategic management, legal costs associated with the governance of the company and trustee expenses.

iv) Support costs

Support costs relate to the Group's educational operations and a small proportion of costs have been allocated on the basis of time spent.

All resources expended are inclusive of any irrecoverable VAT.

Tangible Fixed Assets

Tangible fixed assets costing more than £500 are capitalised and held at cost, net of depreciation and any provision for impairment. Items bought in bulk which individually cost less than £500 may be capitalised.

E-ACT

Notes to the Financial Statements

For the Year Ended 31 August 2013

Note 1 : Statement of Accounting Policies (Continued)

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 or market valuation and depreciated over their remaining useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the asset on a basis consistent with the Group's accounting policy.

The Group has received gifted land and buildings and equipment, which are accounted for as gifted assets in the restricted fixed asset funds, in accordance with the Charities SORP. Gifted Land and Buildings are subject to an independent valuation by a qualified Chartered Surveyor. Equipment is valued on a historic cost basis.

Depreciation is provided on all tangible fixed assets other than freehold land, to write off the cost of each asset on a straight-line basis over its expected useful life. The rates used by the Group are as follows:

Freehold Buildings - over 50 years or useful economic life

Leasehold Land - over the length of the lease

Long leasehold buildings - lower of 50 years, length of lease, or useful economic life

Short leasehold buildings - over the length of the lease

ICT equipment and software - 3 years

Fixtures, fittings and equipment - 5 years

Motor vehicles - 5 years

Assets in the course of construction are included at cost. Depreciation is not charged on these assets 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.

Leased Assets

Rentals under operating leases are charged to the Statement of Financial Activities evenly over the lease term.

The Group occupies a number of buildings on an operating lease basis. Where market rates are not paid, the leases have been treated as donated facilities and the market value cost included in these financial statements.

The Group occupies a number of buildings on a finance lease basis. These leases have been treated as gifted fixed assets at the value to the Group in these financial statements.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

E-ACT

Notes to the Financial Statements

For the Year Ended 31 August 2013

Note 1 : Statement of Accounting Policies (Continued)

Taxation

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

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets. Income and expenditure is otherwise shown net of VAT.

Conversion to an Academy Trust

The conversion from a state maintained school to an academy involves the transfer of identifiable assets and liabilities and the operations of schools. These assets and liabilities are recorded at fair value and have been accounted for under the acquisition method of accounting.

The assets and liabilities transferred on conversion to an academy have been valued at current market value, being a reasonable estimate of the value that the governors would expect to pay in an open market for an equivalent item. The valuation is in accordance with the accounting policies set out for the Group. The assets and liabilities have been recorded in the balance sheet, with corresponding amounts recognised in voluntary income in the Statement of Financial Activities under restricted fixed asset funds. Further details of the acquisitions in year are set out in Note 27.

Pensions Benefits

The Group's staff are members of one of three pension schemes, two of which are defined benefit schemes.

Defined benefit schemes

i) Teachers' Pension Scheme (TPS)

Full-time and part-time teaching staff employed under a contract of service are eligible to contribute to the TPS. It is an unfunded statutory scheme, with contributions to spread the cost of pensions over employees' working lives with the Group 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 quinquennial valuations using a prospective benefit method. The TPS is a multi-employer scheme and the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

E-ACT

Notes to the Financial Statements

For the Year Ended 31 August 2013

Note 1 : Statement of Accounting Policies (Continued)

ii) Local Government Pension Scheme (LGPS)

Non-teaching academy staff are offered membership of the Local Government Pension Schemes (LGPS). They are funded schemes and the assets are held separately from those of the Group 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits similar to interest. Actuarial gains and losses are recognised immediately in other gains and losses. More details of these schemes are given in note 26.

At the point that a school transfers as an academy to the Group, the related asset or liability under the LGPS is recognised in the Group's financial statements as restricted general funds.

Defined contribution scheme

Head office Pension Scheme

Head office employees have the option of joining a defined contribution scheme operated by Scottish Widows. The pension costs for the scheme represent the contributions payable in the period.

Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances held with commercial banks.

Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and for which a reliable estimate can be made for the amount of the obligation. Provisions reflect the best estimate of the expenditure required to settle the obligation.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Group. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the EFA where the asset acquired or created is held for a specific purpose. Restricted general funds comprise all other restricted funds received and include grants from the EFA.

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

	The Group	
	31st August 2013 £'000	31st August 2012 £'000

2 General Annual Grant (GAG)

Under the master funding agreements with the Secretary of State for Education, the Group was subject to limits at 31 August 2013 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

No Academies within the Group exceeded limits during the year ended 31 August 2013.

a. Results and Carry Forward for the Year

GAG brought forward from previous year *	6,281	5,284
GAG allocation for current year *	111,033	77,199
Total GAG available to Spend	117,314	82,483
Recurrent expenditure from GAG *	(109,632)	(76,202)
Fixed assets purchased from GAG *	(2,690)	-
GAG carried forward to next year	4,992	6,281

Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)

13,324	9,264
--------	-------

GAG to surrender to DfE

-	-
no breach	no breach

* Excluding start-up grants and pupil premium

b. Use of GAG brought forward from previous year for recurrent purposes

Recurrent expenditure from GAG in current year	(109,632)	(76,202)
GAG allocation for current year	111,033	77,199
GAG allocation for previous year x 2%	(1,544)	(1,243)

GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year

-	-
no breach	no breach

3 Voluntary Income

The Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Other donations	95	-	95	42
	95	-	95	42

4 Activities for Generating Funds

The Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Hire of facilities	588	-	588	557
Catering income	745	-	745	476
Other income from sales and curriculum funding	2,314	-	2,314	2,373
	3,648	-	3,648	3,406

5 Investment Income

The Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Short term deposit	47	-	47	37
	47	-	47	37

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

6 Trading Income

The Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Income from E-ACT Enterprises Limited	-	-	-	15
	-	-	-	15

7 Funding for Academy's educational operations

The Group

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
DfE/YPLA capital grant				
Academy fixed assets grants	-	7,468	7,468	5,239
	-	7,468	7,468	5,239
DfE/YPLA revenue grant				
General annual grant (GAG)	-	118,554	118,554	79,718
Start-up grants	-	4,346	4,346	4,546
Project management grants	-	869	869	2,624
Other DfE/YPLA grants	-	5,877	5,877	4,051
	-	129,646	129,646	90,939
	-	137,114	137,114	96,178

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

8 Resources Expended

	The Group		Total	Total
	Staff Costs	Non Pay Expenditure Premises Other Costs	31st August 2013	31st August 2012
	£'000	£'000	£'000	£'000
Cost of generating funds	-	-	-	15
Other trading costs	-	-	-	15
Academy's educational operations				
Direct costs	84,176	-	94,652	63,393
Allocated support costs	12,049	19,154	42,404	27,440
Project management and other operations	927	95	1,475	6,562
	<u>97,152</u>	<u>19,249</u>	<u>138,531</u>	<u>97,395</u>
Governance costs including allocated support costs	162	-	564	293
	<u>162</u>	<u>-</u>	<u>564</u>	<u>293</u>
Total resources expended	97,314	19,249	139,095	97,703

Outgoing resources for the year include:

	The Group	
	Total	Total
	31st August 2013	31st August 2012
	£'000	£'000
Depreciation	9,625	4,826
Loss on disposal of fixed assets	6	-
Operating leases - property	467	590
- other	347	265
Fees payable to auditor - audit fee in respect of the year to 31 August 2013	98	91
- other services	19	43
Chief Executives' remuneration	<u>334</u>	<u>288</u>

9 Charitable Activities - Academy's educational operations

	The Group		Total	Total
	Unrestricted	Restricted	31st August	31st August
	Funds	Funds	2013	2012
	£'000	£'000	£'000	£'000
Direct costs				
Teaching and educational support staff costs	-	84,176	84,176	55,667
Educational supplies	-	6,740	6,740	5,132
Examination fees	-	1,823	1,823	1,426
Staff development	-	601	601	516
Educational consultancy	-	1,312	1,312	652
	<u>-</u>	<u>94,652</u>	<u>94,652</u>	<u>63,393</u>
Allocated support costs				
Support staff costs	-	12,211	12,211	8,104
Depreciation	-	9,625	9,625	4,758
Recruitment and support	-	737	737	473
Maintenance of premises and equipment	294	1,616	1,910	1,247
Technology costs	-	2,483	2,483	1,652
Other occupancy costs	-	7,619	7,619	5,078
Catering	813	2,141	2,954	2,008
Legal and professional fees	-	635	635	1,028
Bank interest and charges	-	24	24	33
Other support costs	-	4,206	4,206	3,059
Project management and other operations	-	1,475	1,475	6,562
	<u>1,107</u>	<u>42,772</u>	<u>43,879</u>	<u>34,002</u>
	<u>1,107</u>	<u>137,424</u>	<u>138,531</u>	<u>97,395</u>

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

10 Governance costs

	The Group			
	Unrestricted Funds £'000	Restricted Funds £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Legal and professional fees	-	164	164	78
Auditor's remuneration				
Audit of financial statements - audit fee in respect of the year to 31 August 2012	-	92	92	91
Audit of financial statements - audit fee in respect of the year to 31 August 2013	-	98	98	-
Other services provided	-	19	19	78
Support costs (including trustees expenses)	162	-	162	71
Governors' reimbursed expenses	-	29	29	53
	162	402	564	371

11 Staff costs

	The Group	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Staff costs during the period were:		
Wages and salaries	76,040	53,912
Social security costs	6,873	4,383
Pension costs	9,885	6,665
	91,798	64,960
Supply teacher costs	3,506	1,938
Compensation payments	1,083	681
	96,387	67,579

The average number of persons (including senior management team) employed by the Group during the year expressed as full time equivalents were as follows:

	The Group	
	Total 31st August 2013 No.	Total 31st August 2012 No.
Charitable Activities		
Teachers	1,210	865
Administration and support	1,081	804
Management	201	129
	2,492	1,798

The number of employees whose emoluments fell within the following bands were:

	The Group	
	Total 31st August 2013 No.	Total 31st August 2012 No.
£60,001 - £70,000	37	40
£70,001 - £80,000	10	9
£80,001 - £90,000	4	3
£90,001 - £100,000	9	2
£100,001 - £110,000	4	9
£110,001 - £120,000	5	6
£120,001 - £130,000	-	3
£130,001 - £140,000	2	1
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-
£270,001 - £280,000	-	1
£280,001 - £290,000	1	-

57 of the above employees participated in the Teachers' Pension Scheme (31 August 2012: 53). During the year ended 31 August 2013, pension contributions to this scheme amounted to £630,472 (31 August 2012: £524,848). None of the above employees participated in the Local Governmental Pension Scheme (31 August 2012: 12). During the year ended 31 August 2013, no pension contributions were payable (31 August 2012: £94,796). None of the above employees participated in the Scottish Widows' Pension Scheme (31 August 2012: 9). During the year ended 31 August 2013, no pension contributions were payable (31 August 2012: £60,120).

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

12 Trustee's remuneration and expenses

The trustees are not remunerated other than the Chief Executive, who receives remuneration in respect of the services provided undertaking this role, and not in respect of services provided in his capacity as a Trustee. Other trustees did not receive any payments, other than expenses, from the Group in respect of their roles as trustees. The value of Chief Executives' remuneration for the year was as follows:

Sir Bruce Liddington (Chief Executive from 1 September 2012 to 24 April 2013) *	£193,734
David Moran (Chief Executive from 25 April 2013 to 31 August 2013)	£49,919

* During the period 25 April 2013 to 31 August 2013 Sir Bruce Liddington continued to receive a salary and employers pension contribution in his capacity as an employee of the Group. The value of these payments totalled £90,109. Therefore, the total payments received by Sir Bruce Liddington for the year to 31 August 2013 was £283,843.

Trustee		Payments by Head Office			Total 2012/13	Payments by Head Office
		Board & Operating Expenses	Chair of Governor	Professional Services		Total 2011/12
		£	£	£	£	£
G. McCormack	Full year	-	-	-	-	-
S. Perry	To 08.05.13	139	-	-	139	815
B Green	Full year	1,402	-	-	1,402	1,510
A. Limb	Full year	7,572	-	-	7,572	2,078
D. Mallen	To 12.07.13	1,937	18,000	4,400	24,337	1,082
D. Reynolds	To 12.07.13	1,508	-	-	1,608	9,048
J. Dardouk	Full year	52	-	-	52	787
J. Hall	To 12.07.13	119	-	2,220	2,339	-
B. Liddington	To 07.05.13	2,430	-	-	2,430	12,052
C. Lewis	Full year	1,349	-	-	1,349	1,417
M.Shaw	From 28.09.12	2,180	900	-	3,080	-
S.Hopkins	From 28.09.12	1,571	-	1,650	3,221	-
N.Flynn	From 28.09.12	167	-	-	167	-
		20,426	18,900	8,270	47,596	28,789

Trustee		Payments by Academies			Total 2012/13	Payments by Academies
		Expenses	Chair of Governor	Professional Services		Total 2011/12
		£	£	£	£	£
G. McCormack	Full year	-	-	-	-	-
S. Perry	To 08.05.13	-	-	-	-	-
B Green	Full year	-	-	-	-	-
A. Limb	Full year	-	-	-	-	-
D. Mallen	To 12.07.13	885	-	-	885	-
D. Reynolds	To 12.07.13	-	-	-	-	-
J. Dardouk	Full year	-	-	-	-	-
J. Hall	To 12.07.13	-	10,221	-	10,221	9,300
B. Liddington	To 07.05.13	-	-	-	-	-
C. Lewis	Full year	-	-	-	-	-
M.Shaw	From 28.09.12	-	10,347	-	10,347	-
S.Hopkins	From 28.09.12	740	12,600	-	13,340	-
N.Flynn	From 28.09.12	-	-	-	-	-
		1,624	33,168	-	34,792	9,300

13 Governors', Officers' and Trustees' Insurance

The Group has purchased insurance to protect governors, officers and trustees from claims arising from negligent acts, errors or omissions committed in good faith whilst on academy business. The insurance provides total cover of up to £5m per annum.

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

14 Tangible Fixed Assets

	The Group					Total 31st August 2013 £'000
	Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Assets in the Course of Construction £'000	
Cost						
At 1 September 2012	89,001	2,142	6,750	72	-	97,965
Transfers in	144,885	-	308	-	-	145,193
Opening balance difference	289	137	144	-	-	570
Additions	1,148	1,375	3,046	5	3,236	8,810
Disposals	-	(42)	(9)	(24)	-	(75)
At 31 August 2013	235,323	3,612	10,239	53	3,236	252,463
Depreciation						
At 1 September 2012	3,596	1,005	2,941	42	-	7,584
Opening balance difference	451	-	54	-	-	505
Charged in year	6,818	635	2,164	10	-	9,627
Disposals	-	(27)	(5)	(18)	-	(50)
At 31 August 2013	10,865	1,613	5,152	34	-	17,664
Net book values						
At 31 August 2012	85,405	1,137	3,809	30	-	90,381
At 31 August 2013	224,458	1,999	5,087	19	3,236	234,799

	The Parent					Total 31st August 2013 £'000
	Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Assets in the Course of Construction £'000	
Cost						
At 1 September 2012	87,196	1,981	6,785	72	-	96,034
Transfers in	144,885	-	308	-	-	145,193
Opening balance difference	198	237	-	-	-	435
Additions	659	1,020	3,035	5	3,236	7,955
Disposals	-	(41)	(9)	(24)	-	(74)
At 31 August 2013	232,938	3,197	10,119	53	3,236	249,543
Depreciation						
At 1 September 2012	3,686	987	2,881	42	-	7,596
Opening balance difference	364	-	-	-	-	364
Charged in year	6,558	571	2,209	10	-	9,347
Disposals	-	(27)	(5)	(18)	-	(50)
At 31 August 2013	10,608	1,531	5,085	34	-	17,258
Net book values						
At 31 August 2012	83,510	994	3,904	30	-	88,438
At 31 August 2013	222,330	1,666	5,034	19	3,236	232,285

15 Stock

	The Group		The Parent	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Clothing	50	31	50	31
	50	31	50	31

16 Debtors

	The Group		The Parent	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Trade debtors	520	1,083	513	1,083
Prepayments and accrued income	3,076	4,912	2,363	4,560
VAT recoverable	2,878	762	2,512	634
Inter company debtor	-	-	582	167
Other debtors	249	513	233	477
	6,723	7,270	6,203	6,921

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

17 Creditors: amounts falling due within one year

	The Group		The Parent	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Trade creditors	4,616	2,562	4,391	2,238
Other taxation and social security	363	1,031	363	1,024
Other creditors	3,265	2,970	3,132	2,970
Accruals and deferred income	4,409	4,884	4,343	4,884
	<u>12,653</u>	<u>11,447</u>	<u>12,229</u>	<u>11,116</u>

	Total 31st August 2013 £'000
Deferred income	
Deferred income at 1 September 2012	484
Resources deferred in year	848
Amounts released from previous years	(484)
Deferred income at 31 August 2013	<u>848</u>

The deferred income balance at the end of the financial year was due to the Group holding funds received in advance mainly relating to devolved formula capital grant and lettings booked in advance.

18 Funds

	The Group				
	Balance at 1st September 2012 £'000	Transfer in during year £'000	Incoming Resources £'000	Resources Expended £'000	Balance at 31st August 2013 £'000
Restricted general funds					
General annual grant (GAG)	1,269	-	118,554	(124,086)	4,085
Start up grant	1,689	-	4,346	(2,221)	-
Other DfE/YPLA grants	339	-	6,746	(7,085)	-
Other government grants	1,107	-	-	(261)	-
Pension reserve	(13,560)	(7,067)	-	(1,109)	(247)
	<u>(9,156)</u>	<u>(7,067)</u>	<u>129,646</u>	<u>(134,762)</u>	<u>3,838</u>
Restricted fixed asset funds					
DfE/YPLA capital grants	90,883	145,259	7,468	(3,064)	-
	<u>90,883</u>	<u>145,259</u>	<u>7,468</u>	<u>(3,064)</u>	<u>-</u>
Total restricted funds	<u>81,727</u>	<u>138,192</u>	<u>137,114</u>	<u>(137,826)</u>	<u>3,838</u>
Unrestricted funds					
Unrestricted funds	550	1,435	3,790	(1,269)	(4,085)
Total unrestricted funds	<u>550</u>	<u>1,435</u>	<u>3,790</u>	<u>(1,269)</u>	<u>(4,085)</u>
Total funds	<u>82,277</u>	<u>139,627</u>	<u>140,904</u>	<u>(139,095)</u>	<u>(247)</u>

	The Parent				
	Balance at 1st September 2012 £'000	Transfer in during year £'000	Incoming Resources £'000	Resources Expended £'000	Balance at 31st August 2013 £'000
Restricted general funds					
General annual grant (GAG)	1,711	-	117,021	(123,485)	4,085
Start up grant	1,689	-	4,081	(1,956)	-
Other DfE/YPLA grants	342	-	6,656	(6,998)	-
Other government grants	1,107	-	-	(261)	-
Pension reserve	(13,556)	(7,067)	-	(1,109)	(243)
	<u>(8,707)</u>	<u>(7,067)</u>	<u>127,758</u>	<u>(133,809)</u>	<u>3,842</u>
Restricted fixed asset funds					
DfE/YPLA capital grants	88,438	145,259	6,509	(2,285)	-
	<u>88,438</u>	<u>145,259</u>	<u>6,509</u>	<u>(2,285)</u>	<u>-</u>
Total restricted funds	<u>79,731</u>	<u>138,192</u>	<u>134,267</u>	<u>(136,094)</u>	<u>3,842</u>
Unrestricted funds					
Unrestricted funds	550	1,435	3,743	(1,222)	(4,085)
Total unrestricted funds	<u>550</u>	<u>1,435</u>	<u>3,743</u>	<u>(1,222)</u>	<u>(4,085)</u>
Total funds	<u>80,281</u>	<u>139,627</u>	<u>138,010</u>	<u>(137,316)</u>	<u>(243)</u>

E-ACT

Notes to the Financial Statements

For the year ended 31 August 2013

18 Funds (continued)

Fund balances at 31 August 2013 are represented by:

	The Group			Balance at 31st August 2013 £'000	Balance at 31st August 2012 £'000
	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000		
Tangible fixed assets	-	-	234,799	234,799	90,381
Current assets	421	22,882	-	23,303	16,903
Current liabilities	-	(12,653)	-	(12,653)	(11,447)
Pension scheme liability	-	(21,983)	-	(21,983)	(13,560)
Total net assets	421	(11,754)	234,799	223,466	82,277

	The Parent			Balance at 31st August 2013 £'000	Balance at 31st August 2012 £'000
	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000		
Tangible fixed assets	-	-	232,285	232,285	88,438
Current assets	421	21,856	-	22,277	16,515
Current liabilities	-	(12,229)	-	(12,229)	(11,116)
Pension scheme liability	-	(21,974)	-	(21,974)	(13,556)
Total net assets	421	(12,347)	232,285	220,359	80,281

The following restrictions apply to the Group's fund balances. The general annual grant funding is restricted to spend on Academies educational operations. Other general funds are restricted in line with their particular conditions, including capital grants which may only be applied to future capital expenditure and the pension reserve which reflects the pension liability in the balance sheet.

Under the funding agreement with the Secretary of State, some academies within the trust were subject to limits on the amount of GAG that they could carry forward at 31 August 2013. Note 2 discloses whether the limits were exceeded.

19 Financial commitments

Operating Leases

At 31 August 2013 the Group had annual commitments under non-cancellable operating leases as follows:

	The Group		The Parent	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000	Total 31st August 2013 £'000	Total 31st August 2012 £'000
<u>Land and buildings *</u>				
Expiring within one year	276	277	211	231
Expiring within two and five years inclusive	365	216	300	-
Expiring in over five years	54	22	54	22
	695	515	565	253
<u>Other</u>				
Expiring within one year	346	587	346	539
Expiring within two and five years inclusive	354	176	354	157
Expiring in over five years	-	3	-	1
	700	766	700	697

* The Land and buildings lease includes portacabins at the Hartsbrook Academy, the Group also has leases in eight Academies for which it pays a peppercorn rate.

20 Reconciliation of net income to net cash inflow from operating activities

	The Group	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Net incoming resources	141,436	64,231
Less fixed assets transferred in	(145,193)	(65,252)
Add pension liability transferred in	7,067	3,241
Add Depreciation (note 14)	9,625	4,826
Less Capital grants from DfE and other capital income	(7,468)	(5,239)
Less Interest receivable (note 5)	(47)	(37)
FRS 17 pension cost less contributions payable (note 26)	1,069	492
(Increase) in stocks	(19)	(31)
Decrease/(increase) in debtors	547	(4,691)
Increase in creditors	1,206	3,005
Net cash inflow from operating activities	8,223	545

Notes to the Financial Statements

For the year ended 31 August 2013

21 Returns on investments and servicing of finance

	The Group	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Interest received	47	37
Net cash inflow from returns on investment and servicing of finance	47	37

22 Capital expenditure and financial investment

	The Group	
	Total 31st August 2013 £'000	Total 31st August 2012 £'000
Purchase of tangible fixed assets	(8,810)	(5,108)
Capital grants from DfE/EFA	7,468	5,239
Net cash (outflow)/inflow from capital expenditure and financial investment	(1,342)	131

23 Analysis of changes in net funds

	The Group		
	At 1st September 2012 £'000	Cash flows £'000	At 31st August 2013 £'000
Cash in hand and at bank	9,602	5,428	15,030
Surplus on local authority funds	-	1,500	1,500
	9,602	6,928	16,530

24 Members' Liability

Each member of the Group undertakes to contribute to the assets of the Group 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.

25 Related Party Transactions

Trustees' may from time to time undertake consultancy work for the Group. In all such cases this work would be approved by the Board before it commences. All payments to trustees are disclosed in Note 12.

26 Pension and similar obligations

Academy and Free School 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 Schemes (LGPS) for non-teaching staff, which are managed by a number of local authorities (see schedule below). Both are defined benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010 (main funds). There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme.

The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay- as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account ('the Account'), to be kept of receipts and expenditure (including the cost of pensions increases).

Notes to the Financial Statements

For the year ended 31 August 2013

26 Pension and similar obligations (continued)

From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Government Actuary ("GA"), using normal actuarial principles, conducts formal actuarial reviews of the TPS. The aim of the reviews is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166.5 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163.2 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate will range between 5.5% and 7.5%, depending on a member's Full Time Equivalent (FTE) salary. Further changes to the employee contribution rate will be applied in 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Group is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Group has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Group has set out above the information available on the scheme and the implications for the Group in terms of the anticipated contribution rates.

26a Pension and similar obligations (in respect of the E-Act Group)

Local Government Pension Schemes

The LGPS are funded defined-benefit schemes, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £3,900,000, of which employer's contributions totalled £2,908,000 and employees' contributions totalled £992,000. For the agreed contribution rates for future years please see list at end of note.

	31st August 2013 Range (Top)	31st August 2013 Range (Bottom)	31st August 2012 Range (Top)	31st August 2012 Range (Bottom)
Principal Actuarial Assumptions				
Rate of increase salary	5.10%	3.90%	4.50%	3.70%
Rate of increase for pension in payment/inflation	2.90%	2.40%	2.30%	1.90%
Discount rate for scheme liabilities	4.80%	4.50%	4.50%	4.10%
Inflation assumption (CPI)	2.90%	2.40%	2.30%	0.00%

Notes to the Financial Statements

For the year ended 31 August 2013

26a Pension and similar obligations (continued)

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

	31st August 2013 Range (Top)	31st August 2013 Range (Bottom)	31st August 2012 Range (Top)	31st August 2012 Range (Bottom)
Retiring Today				
Males	23.8	18.7	23.8	20.0
Females	26.6	22.8	26.6	22.9
Retiring in 20 years				
Males	25.6	20.7	25.6	22.0
Females	28.6	24.6	28.6	24.7

The Group's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected Return 31st August 2013 Range (Top)	2013 Range (Bottom)	Fair Value 31st August 2013 £'000's	Expected Return 2012 Range (Top)	2012 Range (Bottom)	Fair Value 2012 £'000's
Equities	7.90%	6.20%	19,029	7.50%	5.50%	13,197
Bonds	4.30%	3.50%	5,374	5.90%	2.80%	3,586
Property	7.40%	4.70%	2,264	7.00%	3.70%	1,554
Cash	3.60%	0.50%	958	3.00%	0.50%	725
Private Equity	10.00%	0.00%	3,118	10.00%	0.00%	1,373
Total Market Value of Assets			<u>30,743</u>			<u>20,435</u>
Present Value of Scheme Liabilities - Funded			(52,726)			(33,995)
Deficit in the Schemes			<u>(21,983)</u>			<u>(13,560)</u>

The overall expected rate of return is based on the reports provided by the scheme Actuaries.

The actual return on scheme assets was £3,765,000 (2012: £1,394,000).

Amount recognised in the statement of financial activities

	2013 £'000's	2012 £'000's
Current service cost (net of employee contributions)	3,372	2,031
Past service cost	-	51
Curtailed and settlement	40	-
Total operating cost	<u>3,412</u>	<u>2,082</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	1,389	1,103
Interest on pension liabilities	(1,994)	(1,418)
Pension finance income/(costs)	<u>(605)</u>	<u>(315)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £247,000 loss this year (2012: £392,000 loss).

Notes to the Financial Statements

For the year ended 31 August 2013

26a Pension and similar obligations (continued)

	2013 £'000's	2012 £'000's
Movements in the present value of defined benefit		
At 1 September	33,995	22,158
Current service cost	3,372	2,031
Interest cost	1,994	1,418
Employee contributions	992	2,531
Actuarial loss	2,206	693
Benefits paid	(354)	(222)
Past Service cost	1	51
Curtailments and settlements	40	3
Transfer in from new academies	10,480	5,332
At 31 August	<u>52,726</u>	<u>33,995</u>

	2013 £'000's	2012 £'000's
Movements in fair value academy shares of scheme assets		
At 1 September	20,436	14,564
Expected return on assets	1,389	1,103
Actuarial gain	1,959	301
Employer contributions	2,908	1,903
Employee contributions	992	695
Benefits paid	(354)	(222)
Transfer in from new academies	3,413	2,091
At 31 August	<u>30,743</u>	<u>20,435</u>

Notes to the Financial Statements

For the year ended 31 August 2013

26a Pension and similar obligations (continued)

The estimated value of employer contributions for the year ended 31 August 2014 is £2,865,000.

The five-year history of experience adjustments is as follows:

	2013 £'000's	2012 £'000's	2011 £'000's	2010 £'000's	2009 £'000's
Present value of defined benefit obligations	(52,725)	(33,995)	(22,158)	(17,130)	(1,961)
Fair value of share of scheme assets	30,743	20,435	14,564	9,309	1,236
Deficit in scheme	(21,982)	(13,560)	(7,594)	(7,821)	(725)
Experience adjustments on share of	1,886	301	(1,611)	126	(167)
Experience adjustments on scheme	-	(231)	1,354	30	(230)

Scheme managers	Employers Contributions %
Greater Manchester Pension Fund - Blackley Academy	15.70
Buckinghamshire County Council Pension Fund - Burnham Park Academy	22.80
London Borough of Brent Pension Fund - The Crest Boys Academy	27.30
London Borough of Brent Pension Fund - The Crest Girls Academy	27.30
Buckinghamshire County Council Pension Fund - Chalfont Valley Academy	23.15
Devon County Council Pension Fund - Dartmouth Academy	19.67
Northamptonshire County Council Pension Fund - Danetre and Southbrook Learning Village Academy	22.35
Gloucestershire County Council Pension Fund - Forest Academy	29.31
Avon Pension Fund - Greenfield Primary Academy	17.03
West Midlands Pension Fund - Heartlands Academy	15.03
Avon Pension Fund - Ilminster Academy	18.81
West Yorkshire Pension Fund - Leeds West Academy	12.05
West Yorkshire Pension Fund - Leeds East Academy	16.00
West Midlands Pension Fund - Mansfield Green Academy	15.65
West Midlands Pension Fund - Merritts Brook Primary Academy	22.22
West Midlands Pension Fund - North Birmingham Academy	15.86
West Midlands Pension Fund - Nechells Primary Academy	22.80
Greater Manchester Pension Fund - Oldham Academy	16.93
South Yorkshire Pension Fund - Parkwood Academy	8.11
Northamptonshire County Council Pension Fund - Parker Academy	22.45
West Yorkshire Pension Fund - Purston Academy	18.27
West Midlands Pension Fund - Reedswood Primary Academy	23.15
Nottinghamshire County Council Pension Fund - Sherwood Academy	18.30
West Midlands Pension Fund - Shenley Academy	16.63
Lincolnshire Pension Fund - Trent Valley Academy	14.19
Avon Pension Fund - St Ursula's Academy	11.86
Cheshire Pension Fund - Winsford Academy	18.67
West Midlands Pension Fund - Willenhall Academy	19.39
West Midlands Pension Fund - West Walsall Academy	19.59
London Borough of Redbridge Pension Fund - Aldborough Free School	18.64
London Borough of Haringey Pension Fund - Hartsbrook Free School	17.60

Whole-time equivalent pay bands from April 2013 - LGPS Employee contribution rate (%)

1	Up to £13,700	5.5
2	£13,701 to £16,100	5.8
3	£16,101 to £20,800	5.9
4	£20,801 to £34,700	6.5
5	£34,701 to £46,500	6.8
6	£46,501 to £87,100	7.2
7	More than £87,100	7.5

Notes to the Financial Statements

For the year ended 31 August 2013

26b Pension and similar obligations (in respect of the Parent)

Local Government Pension Schemes

The LGPS are funded defined-benefit schemes, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2013 was £3,833,000, of which employer's contributions totalled £2,853,000 and employees' contributions totalled £980,000. For the agreed contribution rates for future years please see list at end of note.

	31st August 2013 Range (Top)	31st August 2013 Range (Bottom)	31st August 2012 Range (Top)	31st August 2012 Range (Bottom)
Principal Actuarial Assumptions				
Rate of increase salary	5.10%	3.90%	4.50%	3.70%
Rate of increase for pension in payment/inflation	2.90%	2.40%	2.30%	1.90%
Discount rate for scheme liabilities	4.80%	4.50%	4.50%	4.10%
Inflation assumption (CPI)	2.90%	2.40%	2.30%	0.00%

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

	31st August 2013 Range (Top)	31st August 2013 Range (Bottom)	31st August 2012 Range (Top)	31st August 2012 Range (Bottom)
Retiring Today				
Males	23.8	18.7	23.8	20.0
Females	26.6	22.8	26.6	22.9
Retiring in 20 years				
Males	25.6	20.7	25.6	22.0
Females	28.6	24.6	28.6	24.7

The Parent's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected Return		Fair Value	Expected Return		Fair Value
	31st August 2013 Range (Top)	31st August 2013 Range (Bottom)	31st August 2013 £'000's	31st August 2012 Range (Top)	31st August 2012 Range (Bottom)	31st August 2012 £'000's
Equities	7.90%	6.20%	18,966	7.50%	5.50%	13,186
Bonds	4.30%	3.50%	5,352	5.90%	2.80%	3,577
Property	7.40%	4.70%	2,256	7.00%	3.70%	1,553
Cash	3.60%	0.50%	957	3.00%	0.50%	724
Private Equity	10.00%	0.00%	3,118	10.00%	0.00%	1,373
Total Market Value of Assets			30,649			20,413
Present Value of Scheme Liabilities - Funded			(52,623)			(33,969)
(Deficit)/Surplus in the Schemes			(21,974)			(13,556)

Notes to the Financial Statements

For the year ended 31 August 2013

26b Pension and similar obligations (continued)

Amount recognised in the statement of financial activities

	2013 £'000's	2012 £'000's
Current service cost (net of employee contributions)	3,316	2,014
Past service cost	-	51
Curtailment and settlement	40	-
Total operating cost	<u>3,356</u>	<u>2,065</u>
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	1,386	1,102
Interest on pension liabilities	(1,991)	(1,417)
Pension finance income/(costs)	<u>(605)</u>	<u>(315)</u>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £243,000 loss this year (2012: £390,000 loss).

	2013 £'000's	2012 £'000's
Movements in the present value of defined benefit		
At 1 September	33,969	22,158
Current service cost	3,316	2,014
Interest cost	1,991	1,417
Employee contributions	980	2,526
Actuarial (gain)/loss	2,201	690
Benefits paid	(354)	(222)
Past Service cost	-	51
Curtailments and settlements	40	3
Transfer in from new academies	10,480	5,332
At 31 August	<u>52,623</u>	<u>33,969</u>

	2013 £'000's	2012 £'000's
Movements in fair value academy shares of scheme assets		
At 1 September	20,413	14,564
Expected return on assets	1,386	1,102
Actuarial (gain)/loss	1,958	300
Employer contributions	2,853	1,888
Employee contributions	980	690
Benefits paid	(354)	(222)
Transfer in from new academy	3,413	2,091
At 31 August	<u>30,649</u>	<u>20,413</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £2,821,000.

The five-year history of experience adjustments is as follows:

	2013 £'000's	2012 £'000's	2011 £'000's	2010 £'000's	2009 £'000's
Present value of defined benefit obligations	(52,623)	(33,969)	(22,158)	(17,130)	(1,961)
Fair value of share of scheme assets	30,649	20,413	14,564	9,309	1,236
Deficit in scheme	<u>(21,974)</u>	<u>(13,556)</u>	<u>(7,594)</u>	<u>(7,821)</u>	<u>(725)</u>
Experience adjustments on share of	1,885	301	(1,611)	126	(167)
Experience adjustments on scheme	-	(231)	1,354	30	(230)

Notes to the Financial Statements

For the year ended 31 August 2013

26b Pension and similar obligations (continued)

Scheme managers	Employers Contributions %
Greater Manchester Pension Fund - Blackley Academy	15.70
Buckinghamshire County Council Pension Fund - Burnham Park Academy	22.80
London Borough of Brent Pension Fund - The Crest Boys Academy	27.30
London Borough of Brent Pension Fund - The Crest Girls Academy	27.30
Buckinghamshire County Council Pension Fund - Chalfont Valley Academy	23.15
Devon County Council Pension Fund - Dartmouth Academy	19.67
Northamptonshire County Council Pension Fund - Danetre and Southbrook Learning Village Academy	22.35
Gloucestershire County Council Pension Fund - Forest Academy	29.31
Avon Pension Fund - Greenfield Primary Academy	17.03
West Midlands Pension Fund - Heartlands Academy	15.03
Avon Pension Fund - Ilminster Academy	18.81
West Yorkshire Pension Fund - Leeds West Academy	12.05
West Yorkshire Pension Fund - Leeds East Academy	16.00
West Midlands Pension Fund - Mansfield Green Academy	15.65
West Midlands Pension Fund - Merritts Brook Primary Academy	22.22
West Midlands Pension Fund - North Birmingham Academy	15.86
West Midlands Pension Fund - Nechells Primary Academy	22.80
Greater Manchester Pension Fund - Oldham Academy	16.93
South Yorkshire Pension Fund - Parkwood Academy	8.11
Northamptonshire County Council Pension Fund - Parker Academy	22.45
West Yorkshire Pension Fund - Purston Academy	18.27
West Midlands Pension Fund - Reedswood Primary Academy	23.15
Nottinghamshire County Council Pension Fund - Sherwood Academy	18.30
West Midlands Pension Fund - Shenley Academy	16.63
Lincolnshire Pension Fund - Trent Valley Academy	14.19
Avon Pension Fund - St Ursula's Academy	11.86
Cheshire Pension Fund - Winsford Academy	18.67
West Midlands Pension Fund - Willenhall Academy	19.39
West Midlands Pension Fund - West Walsall Academy	19.59
Whole-time equivalent pay bands from April 2013 - LGPS Employee contribution rate (%)	
1 Up to £13,700	5.5
2 £13,701 to £16,100	5.8
3 £16,101 to £20,800	5.9
4 £20,801 to £34,700	6.5
5 £34,701 to £46,500	6.8
6 £46,501 to £87,100	7.2
7 More than £87,100	7.5

27 Conversion of Schools to the Academy Trust

Eleven schools converted to Academy status between 1 September 2012 and 31 August 2013 under the Academies Act 2010. In addition, one free school was formed on 1 September 2012 under the Academies Act 2010. All operations and assets and liabilities were transferred to the Group at a net asset value of £42.6 million.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the relevant sections with the corresponding net amount recognised as net incoming resources in the Statement of Financial Activities.

Notes to the Financial Statements

For the year ended 31 August 2013

27 Conversion of Schools to the Academy Trust (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and as an analysis of their recognition in the Statement of Financial Activities.

The Parent

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000	Prior Year Total £'000
Tangible fixed assets	-	-	48,178	48,178	64,052
Budget surplus on local authority funds	1,435	-	66	1,500	245
LGPS pension deficit	-	(7,067)	-	(7,067)	(3,241)
Total net assets/(liabilities)	1,435	(7,067)	48,244	42,612	61,056

The Group

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total £'000	Prior Year Total £'000
Tangible fixed assets	-	-	48,178	48,178	65,252
Budget surplus on local authority funds	1,435	-	66	1,500	245
LGPS pension deficit	-	(7,067)	-	(7,067)	(3,241)
Total net assets/(liabilities)	1,435	(7,067)	48,244	42,612	62,256

As part of the transfer the following buildings were leased to the Group at a peppercorn rate:

	Market Rents £'000
Academies	8

These market rents have been calculated by Pulse Associates, an independent valuer and have been accounted for as a gift in kind.

28 Transfer of assets from Schools previously converted to the Academy Trust

During the 2012/13 year five previously converted schools acquired new buildings which were constructed by Local Authorities. The new buildings were acquired by the Group on long term finance leases and accordingly total assets of £97m, consisting of land and buildings, were gifted to the Group.

Notes to the Financial Statements

For the year ended 31 August 2013

29 Central Services

The E-ACT trust has provided the following central services to its academies during the year:

Chief Executive's Office, Business Planning and Strategy, Central HR and Training, Legal, Internal and External Communications, IT, Central Finance, Governance, Educational Improvement and Estates Support.

The E-ACT trust charges for these services on the following basis:

5% of the General Annual Grant notified in 2012 for the 2012/13 year.

The actual amounts charged to the E-ACT Academies during the year were as follows:

	£'000
Blackley Academy	69
Burnham Park Academy	157
The Crest Boys Academy	176
The Crest Girls Academy	323
Chalfont Valley Academy	28
Dartmouth Academy	162
Danetre and Southbrook Learning Village Academy	356
Forest Academy	110
Greenfield Primary Academy	81
Heartlands Academy	309
Ilminster Academy	74
Leeds West Academy	338
Leeds East Academy	209
Mansfield Green Academy	73
Merritts Brook Primary Academy	35
North Birmingham Academy	346
Nechells Primary Academy	60
Oldham Academy	278
Parkwood Academy	273
Parker Academy	249
Purston Academy	152
Reedwood Primary Academy	94
Sherwood Academy	148
Shenley Academy	318
Trent Valley Academy	273
St Ursula's Academy	49
Winsford Academy	308
Willenhall Academy	416
West Walsall Academy	308
Total	5,772

The actual amounts charged to the E-ACT Free Schools during the year were as follows:

	£'000
Hartsbrook Academy	27
Aldborough Academy	46
Total	73

Notes to the Financial Statements

For the year ended 31 August 2013

30 Analysis of funds breakdown by Academy

Fund balances at 31 August 2013 were allocated as follows:

	£000
Aldborough Academy	199
Chalfont Valley Academy	57
The Crest Boys Academy	(438)
The Crest Girls Academy	382
Dartmouth Academy	(231)
Danetre and Southbrook Learning Village Academy	639
Blackley Academy	241
Leeds East Academy	108
Burnham Park Academy	(373)
Parker Academy	473
Forest Academy	302
Greenfield Primary Academy	241
Hartsbrook Academy	282
Heartlands Academy	(4)
Ilminster Academy	49
Leeds West Academy	354
Mansfield Green Academy	543
Merritts Brook Primary Academy	37
Nechells Primary Academy	294
North Birmingham Academy	829
Parkwood Academy	489
Purston Academy	417
Reedwood Primary Academy	100
Shenley Academy	227
Sherwood Academy	115
St Ursula's Academy	(3)
Oldham Academy	314
Winsford Academy	(350)
Trent Valley Academy	394
West Walsall Academy	195
Willenhall Academy	1,196
Central Services	(2,175)
Total before fixed asset fund and pension reserve	4,903
Restricted fixed asset fund	240,546
Pension reserve	(21,983)
Total	223,466

The Crest Boys Academy has a carry forward net deficit of £438k, resulting from one off restructure costs incurred during the year. The restructure introduced a joint staffing arrangement between the Crest Boys and Crest Girls Academies which will deliver educational improvements and a reduction in future staff costs. The reduction in staffing costs will address the deficit position going forward.

Dartmouth Academy has a carry forward net deficit of £231k. A budget forecast has been prepared by the Academy which provides details of how they plan to reduce this deficit over the coming years and return the Academy to a surplus position by no later than 2016/17. E-ACT central services will work closely with the Academy to ensure the budget and forecast plans are adhered to and where possible expedited.

Burnham Park Academy has a carry forward net deficit of £373k. E-ACT central services are working closely with the Academy to finalise future budgets and ensure forecast plans detail how the school intends to return to a surplus position in the future.

Heartlands Academy has a carry forward net deficit of £4k. The Academy's 2013/14 budget forecast includes an in year surplus of £201k which will clear the deficit at 31 August 2013. This improvement is due to contributions from the Academy Improvement Service within E-ACT central services to compensate the Academy for on-going outreach and support services that the Academy undertakes for other E-ACT Group Academies.

St Ursula's Academy has a carry forward net deficit of £3k. The Academy's 2013/14 budget includes an in year surplus of £6k which will clear the deficit at 31 August 2013. It is anticipated that during the 2013/14 year further efficiencies and savings will be identified to improve this position further.

Notes to the Financial Statements

For the year ended 31 August 2013

30 Analysis of funds breakdown by Academy (continued)

Winsford Academy has a carry forward net deficit of £350k. E-ACT central services are working collaboratively and in conjunction with the Academy's senior leadership team to review current costs, income projections, structures and curriculum models to identify areas where efficiencies and savings can be made. In addition, a robust recovery plan is being developed to bring the Academy back into a surplus position going forward.

The central services deficit of £2,175k is being addressed through a combination of planned major procurement savings and a planned review of structures, which will be undertaken during 2014/15 in line with the development of service level agreements. Both these initiatives will deliver savings in the medium term. In the short term, the Board considers a deficit at central services to be inevitable, whilst central services picks up the costs associated with dealing with intensive Ofsted inspections, progresses the work needed to lift the Financial Notice to Improve and makes the upfront investments necessary to realise procurement savings.

Analysis of academies by cost

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

Academy	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total £000
Aldborough Academy	591	23	58	194	866
Chalfont Valley Academy	504	5	144	108	761
The Crest Boys Academy	4,046	331	449	995	5,821
The Crest Girls Academy	4,578	481	539	1,037	6,635
Dartmouth Academy	2,974	84	544	727	4,329
Danetre and Southbrook Learning Village Academy	5,573	49	631	1,084	7,337
Blackley Academy	1,073	21	173	374	1,641
Leeds East Academy	3,418	377	656	796	5,247
Burnham Park Academy	2,517	119	440	717	3,793
Parker Academy	4,102	90	376	614	5,182
Forest Academy	2,413	18	231	468	3,130
Greenfield Primary Academy	1,521	36	121	255	1,933
Hartsbrook Academy	410	49	40	151	650
Heartlands Academy	4,559	56	795	1,208	6,618
Ilminster Academy	1,058	28	127	253	1,466
Leeds West Academy	5,062	78	877	1,247	7,264
Mansfield Green Academy	1,988	14	137	243	2,382
Merritts Brook Primary Academy	845	11	62	165	1,083
Nechells Primary Academy	1,203	24	155	197	1,579
North Birmingham Academy	5,295	111	598	1,373	7,377
Parkwood Academy	4,024	99	648	953	5,724
Purston Academy	2,467	57	532	554	3,610
Reedwood Primary Academy	2,518	54	101	310	2,983
Shenley Academy	4,788	84	1,071	1,211	7,154
Sherwood Academy	2,654	58	273	487	3,472
St Ursula's Academy	745	22	63	221	1,051
Oldham Academy	4,401	(84)	560	1,042	5,919
Winsford Academy	5,639	18	501	1,009	7,167
Trent Valley Academy	4,435	210	556	901	6,102
West Walsall Academy	6,581	172	466	1,017	8,236
Willenhall Academy	6,228	144	777	1,374	8,523
Central Services	4,163	915	128	2,857	8,063
	102,373	3,754	12,829	24,142	143,098