

# E-ACT

## Annual Report and Financial Statements 2014-15

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Company Limited by Guarantee  
Company Registration 06526376  
An Exempt Charity

**E-ACT**

**Reference and administrative details**

**For the year ended 31 August 2015**

**Company number** 06526376

**Operational address** Unit 9.2.1  
The Leathermarket  
Weston Street  
London  
SE1 3ER

**Principal staff** Chief Executive Officer David Moran BSc (appointed 4 October 2013)  
  
Director of Finance & Resources James Nicholson FCA (appointed 7 July 2014)  
Director of Governance, Communications & Projects Samantha Beecham MA (appointed 8 November 2013)  
Director of Education Mike Westerdale BSc (appointed 1 November 2014)  
Director of Quality Assurance & Inspection David Hatchett BA(Hons), MA, PGCE (appointed 1 November 2014)

**Trustees** Michael Wemms MBA BA (Chair appointed 25th February 2015)\*  
Clive Lewis OBE DL (Vice Chair of the Board) \*\*\*  
Dr Stephen Hopkins MSc, Ph.D. \*\*\*  
Sean Alleyne BA, ACA \*  
David Roper FCA \*\* \*  
Jean Scott BA, MA (appointed 11 December 2014) \*\*\*  
Theresa Keating (appointed 15th May 2015) BA ACMA \*\*  
David Moran BSc (ex officio)

Dr Ann Limb (resigned 31st December 2014)  
Christopher Husbands (resigned 25th February 2015)

\* Audit and Risk Committee  
\*\* Finance Committee  
\*\*\* Education & Personnel Committee

**Members** Michael Wemms MBA BA(Chair of the Board)  
Clive Lewis OBE DL (Vice Chair of the Board)  
Sean Alleyne ACA

**Company Secretary** BWB Secretarial Limited  
10 Queen Street Place  
London  
EC4R 1BE

<b>Bankers</b>	HSBC 60 Queen Victoria Street London EC4N 4TR
<b>Solicitors</b>	Bates Well and Braithwaite 10 Queen Street Place London EC4R 1BE
<b>Auditors</b>	KPMG LLP One Snow Hill, Snow Hill Queensway Birmingham B4 6GH

## Contents

Report of the Trustees.....	2
Governance Statement.....	16
Statement of Regularity, Propriety and Compliance.....	23
Statement on Trustees' Responsibilities for the Financial Statements.....	24
Independent Auditor's Report to the Trustees of E-ACT.....	25
Independent Reporting Accountant's Assurance Report on Regularity to E-ACT and the Education Funding Agency.....	27
Statement of Financial Activities.....	29
Balance Sheet.....	30
Cash Flow Statement.....	31
Notes to the Financial Statements.....	32

## **A Letter from the Chief Executive Officer**

2014-15 was a notable year for E-ACT, and one in which we made significant progress on a number of fronts.

Operationally, we have continued to strengthen both our financial and governance systems and processes, leading to the formal lifting of the Financial Notice to Improve from the Education Funding Agency that we had been operating under since March 2013. This is testament to the hard work at both Head Office and the academies to make sure that we have embedded standardised practices across the organisation, and the significant role played by the Board in ensuring that there is sufficient scrutiny within this process.

In October we welcomed our new Director of Education – an experienced Principal from within the E-ACT group. Over the course of the year we celebrated four E-ACT Academies achieving a 'Good' Ofsted inspection at City Heights, Merritts Brook, St. Ursula's and Denham Green. Alongside this, Willenhall E-ACT Academy was moved out of the Special Measures category by Ofsted after evidencing significant improvement.

As a group we have continued to work together to build a culture based on trust, transparency and communication. In May 2015 we held our biggest annual stakeholder event to date, with over 120 Principals, Chairs of Governors, Business Managers, and Chairs of Finance Committees joining together to discuss the future strategic direction for E-ACT and sharing innovative ways of getting the best outcomes for our pupils. Our business partners were invited to this event, enabling us to fully fund the day whilst also learning from their business ideas and input. This annual event started a two month consultation where I held a number of Regional Conversations on setting a new strategy for E-ACT for 2015-16 and from these discussions five key themes of focus were agreed on for the future. Those themes are set out on page 7 of the Trustees' report.

In July E-ACT achieved its best ever primary results, with 74% of Year 6 pupils achieving a Level 4 combined in Reading, Writing and Mathematics. This was an improvement for the Trust of 5% on last year's results, which is particularly impressive when considering that two out of three of the children in this year's cohort are in receipt of free school meals and were in the lowest quartile of pupils nationally based on their prior attainment at Key Stage 1. Ilminster Avenue, Blackley, Denham Green and Merritts Brook academies performed particularly impressively, with results that show double the national rates of accelerated progress for their children. Collectively, these results create a strong platform to build on – for each of the academies to improve even more in future years, and critically for every pupil as they prepare for the next phase of their education as they move to secondary school.

Despite these successes, there is much work still to be done. The Key Stage 4 results released in August 2015 did not meet the Trusts' expectations and there has been a significant amount of work already undertaken in order to ensure that there are clear improvements for 2016. Fundamentally, the actions underway stem from the premise that every child should be taught by an "outstanding" teacher, who in turn is led by an exceptional Principal. Everything we are doing is designed to make that a reality and we have set out an ambitious programme designed to remove all obstacles so that our teachers can have a single, unrelenting focus on providing first class teaching to our pupils. We know that this is the most powerful lever of change in being able to realise and reach a child's potential, and we are determined to support every teacher to achieve this.

Finally, I want to say thank you to each and everyone involved at every E-ACT academy. Your roles are demanding, often tiring and require a huge amount of energy. Yet it's also one of great privilege, the biggest of all being that you have a direct impact on the lives and futures of children. I want to work with you to make sure that together we do everything we can to guarantee our children every opportunity of success, and in so doing are able to celebrate their achievements and the crucial role you have played in helping to secure it.



**David Moran**

## **Trustees Report**

The trustees present their annual report together with the financial statements and auditor's report of the Academy Trust for the year 1 September 2014 to 31 August 2015. The annual report serves the purposes of both a trustees report, and a director's report under company law.

The trust operates 23 Academies across England. As part of the restructuring programme at E-ACT 2 Academies left the group during the year, Forest and Sherwood. E-ACT has a pupil capacity of 18,926 and there were 14,284 pupils in our academies at the time of the spring 2015 school census.

Academy	Date joined E-ACT	Pupils	Pupils 17/18 Forecast	Capacity
Chalfont Valley E-ACT Primary Academy	Sep-12	112	127	260
City Heights E-ACT Academy	Sep-13	259*	797	1,100
The Crest Academies	Sep-09	1,301	1,301	2,000
Denham Green E-ACT Primary Academy	Sep-13	130	184	206
DSL V E-ACT Academy	Apr-12	1,295	1,295	1,400
E-ACT Blackley Academy	Jan-12	419	419	431
E-ACT Burnham Park Academy	Apr-12	611	666	800
E-ACT Pathways Academy	Sep-13	547	579	559
Greenfield E-ACT Primary Academy	Sep-12	360	360	360
Heartlands Academy	Sep-09	879	907	950
Ilminster Avenue E-ACT Academy	Jan-12	254	303	315
Mansfield Green E-ACT Primary Academy	Jan-13	419	420	420
Merritts Brook E-ACT Primary Academy	Jan-13	209	210	315
Nechells E-ACT Primary Academy	Sep-12	219	220	240
North Birmingham Academy	Jan-10	989	1,052	1,150
Parkwood E-ACT Academy	Sep-09	791	877	900
Reedwood E-ACT Primary Academy	Sep-12	422	445	460
Shenley Academy	Sep-09	1,012	1,147	1,150
St Ursula's E-ACT Academy	Sep-11	385	591**	420
The Oldham Academy North	Sep-10	783	856	1,200
The Parker E-ACT Academy	Sep-12	699	743	1,370
West Walsall E-ACT Academy	Sep-12	757	865	1,300
Willenhall E-ACT Academy	Jan-12	1,432	1,437	1,620
<b>Total</b>		<b>14,284</b>	<b>15,801</b>	<b>18,926</b>

\*City Heights is a new academy and is being built up year group by year group.

\*\* A new school building will increase capacity to 630

## **Structure, Governance and Management**

The Academy Trust is a company limited by guarantee and an exempt charity. The Academy Trust's memorandum and articles are its primary governing documents. The Academy Trust is known as E-ACT. E-ACT's trustees are also the directors of the Academy Trust for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative section of this report.

### **Members' Liability**

Each member of the Academy Trust undertakes to contribute to the assets of the Academy Trust 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.

### **Trustee Indemnities**

There are no qualifying third party indemnity provisions.

### **Board of Trustees**

E-ACT is an Academy Trust limited by guarantee (number 06526376) and is governed by its Memorandum and Articles of Association. The Board of Trustees, who are also the 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 23 of its academies is delegated to the Chief Executive.

### **Board Composition**

The Board may be comprised of no fewer than 3, and currently consists of 8, 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); and
- The Chief Executive, as an ex officio Trustee (Article 36).

### **Method of Recruitment and Appointment or Election of Trustees**

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 she has chosen not to exercise this entitlement.

Applications for Board membership are invited by national external advertisement. Applicants are interviewed by the Education & Personnel Committee and are appointed according to the relevant skills, competencies and experience required on the Board at that time.

### **Committee Composition**

The Board appoints members of the Audit and Risk Committee, the Finance Committee, the Education & Personnel Committee. The Education & Personnel 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 document no longer stipulates this and the composition of the Local Governing Bodies' reflects the individual agreements that have been entered into.

## **Policies and Procedures Adopted for the Induction and Training of Trustees**

Newly appointed Trustees receive one-to-one half day inductions and training meetings with the Chief Executive, the Director of Education, the Director of Finance & Resources, and the Director of Governance, Communications & Projects, immediately after their appointment. In preparation for this meeting they are provided with a Trustees handbook, which includes key policies such as the Conflicts of Interest Policy and the Trustee Expenses Policy, the Articles of Association, and the Committee Terms of References. Key information regarding the role and duties of a trustee are also provided, for example through guidance documentation such as CC3 (Charity Commission) Essential Trustee guidance.

Trustees are kept up to date with developments through regular communications and they are included in training programmes, 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.

## **Organisational Structure**

The Board meets a minimum of four times per annum and additionally as required. The Board met five times in the course of the year under review, including a two day session in 2014 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 26 February, 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
- Education & Personnel Committee
- Local Governing Bodies

These Committees meet regularly through the year on a cycle to compliment 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 local 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, detailed 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 local governors have additional responsibilities (as set out in the E-ACT Local Governor Handbook) as chairs of finance and assets committees, safeguarding or special educational needs governors, and health and safety governors.

On 11 March 2013 E-ACT was issued with a Financial Notice to Improve (FNtI) 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 Chair of the Finance Committee, with attendance from the Chief Executive and Director of Finance and Resources, the EFA, and E-ACT's external auditors. This group met once more in 2014-15 to scrutinise both E-ACT's progress against the Financial Notice to Improve action plan and progress with transferring the approved academies to alternative sponsors. Progress was reported upwards to the Board of Trustees following the meeting. In July 2014 the EFA issued an updated FNtl to E-ACT.

On the first of July 2015 the EFA lifted the updated FNtl and acknowledged the huge amount of work that had been accomplished by everyone within E-ACT to enable this.

Throughout the course of the year the Board has also developed its structure in order to establish ways 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 a Local Governance Steering Group and development of the Corporate Risk Group, with membership from across E-ACT's 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 improvement is ongoing, some key governance developments throughout the year have included:

- **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 was updated in December 2014. It 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.
- **Creating strong accountability frameworks:** The Academy Support Package and the E-ACT Governance Framework provide transparency across the Trust in relation to the level of support each academy can expect from E-ACT, alongside a clear governance framework within which the Board will seek to provide increased or decreased delegation freedom based on academy performance in all areas of educational performance; people management; and financial management.
- **Strengthening the Board's Performance:** The Board of Trustees is currently undertaking a comprehensive Board Effectiveness Review led by the Deputy Chairman, which is investigating the Board's performance in the areas of: Structures, Processes, Meetings and Behaviours. This is building upon the previous review which resulted in a strong Board.

**Strengthening the Board's Membership:** The Education & Personnel Committee 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 trustees' search resulted in increasing both the business and educational skills base of the Board, with three trustee appointments in October 2013 and a further appointment in April 2014.

## Related Parties and other Connected Charities and Organisations

E-ACT is a Multi Academy Trust and Sponsor in its own right and is not part of a wider academy network. E-ACT is engaged with other organisations in the provision of education and also fundraising activities, and is starting to work with other trusts to enable them to have robust financial operations.

Academies and academy proprietors (otherwise known as Academy Trusts or academy companies) are exempt charities, which means they are exempt from day to day Charity Commission supervision (The 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 for every Academy Trust, since 1<sup>st</sup> August 2011, is the Secretary of State for Education through the Department for Education (DfE), with financial and governance overseen 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 was 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.

## Strategic Report and Key Performance Indicators – incorporating objectives, aims and activities.

E-ACT was established in 2009 with the purpose of establishing, maintaining, managing and developing centres of educational excellence for all irrespective of ability, gender, culture, faith, race or nationality. We work in some of the most challenging communities in England in schools which have historically failed to deliver a good education to the pupils attending them. E-ACT now sponsors 23 state-funded academies, educating over 14,000 students, working with under-performing schools in disadvantaged areas across England. We strive to accelerate student attainment and transform both school performance and pupils' life chances.

The current context within which E-ACT operates includes:

- **50.9%** of children at E-ACT secondary academies are in receipt of **free school meals** compared to a national average of **26.7%**
- **54%** of children at E-ACT primary academies are in receipt of **free school meals** compared to a national average of **26.2%**
- **31.2%** of children at E-ACT secondary academies speak **English as an additional language** compared to a national average of **13%**
- **26.2%** of children at E-ACT primary academies speak **English as an additional language** compared to a national average of **17.5%**
- On all other indicators including: **special educational needs** and **prior attainment** children at E-ACT academies start their educational experience disadvantaged when compared to their peers.

During the year the leadership team carried out a large-scale consultation on setting the new 3 year strategy for the organisation. This included a series of 'Regional Conversations' across our academies, led by the CEO. Overall, a total of 172 Principals, Chairs of Governors, staff members and pupils helped to feed into the strategic process. Following this consultation, the Trustees approved the following key strategic themes going forwards:

- Getting Great Outcomes
- Doing More with Less
- Developing Our People
- Transforming our communities and providing an experience journey for our pupils
- Driving change and continued improvement through strong governance

## **Public benefit**

The Academy Trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The Academy Trust promotes education for the benefit of the local communities in which its academies are situated, and offers educational and recreational facilities to local community groups outside academies' core hours for the benefit of the general public.

Community based projects and fundraising are also undertaken throughout the year by staff and students which further enhances the public benefit.

A core benefit of a Multi Academy Trust such as E-ACT is the ability to centralise professional and back office services. E-ACT has rationalised its central support in order to maximise efficiency and value for money in relation to central staffing costs. Further to this, during the year E-ACT has moved from a large office in Whitfield Street to 2 smaller offices, one based in Kettering, Northamptonshire and the other at the Leathermarket London, in this way central premises costs have been significantly reduced enabling more of the Academy Trust's funding to be directed towards education. Further regionalisation will be undertaken in the next academic year.

## **Achievements and Performance**

### **Education & Quality Assurance**

- Key Stage 2 results evidenced a continuing improvement, with 74% of E-ACT pupils achieving a Level 4 combined score in Reading, Writing and Maths and 92%, 98% and 91% respectively in expected progress within those subject areas.
- The System Leadership Model has become embedded within E-ACT's approach to School Improvement, with a System Leader allocated to every primary and secondary academy where additional capacity is needed.
- A new data portal has been established throughout the Trust, meaning that we can now access, analyse and address the actions required from regular data submissions throughout the year.
- E-ACT have a co-ordinated approach to Life After Levels that has been developed from Principals and Data Managers from within the Group.
- Heartlands E-ACT Secondary Academy achieved Teaching School status and E-ACT developed their own primary Teaching Academy at Blackley E-ACT Academy. These have become hubs of modelling and sharing outstanding educational practice. Through these Teaching Academies we have co-ordinated over 15 core subject middle leader forums for all secondary middle leaders in mathematics, English and Science, and 8 primary practitioner forums.
- An E-ACT Resident Inspector Training Programme has been established, aiming to raise awareness within the group of Ofsted's expectations. To date, 21 Principals, Vice Principals

and Heads of School have completed their training, led by E-ACT's Director of Inspection and Quality Assurance. Once delegates have completed the training, they are invited to take part in an internal review of another academy, so that their learning is embedded going forwards. All of the delegates who have completed this training have said that they would recommend the course to another colleague.

### Summary Table of Educational Performance

Region	Academy	Primary/ Secondary	Current Ofsted Judgement
Buckinghamshire	<u>Denham Green E-ACT Academy</u>	Primary	Good
Buckinghamshire	<u>Chalfont Valley E-ACT Academy</u>	Primary	Requires Improvement
Buckinghamshire	<u>E-ACT Burnham Park</u>	Secondary	Requires Improvement
London	<u>The Crest Academies</u>	Secondary	Special Measures
London	<u>City Heights E-ACT Academy</u>	Secondary	Good
Bristol	<u>Greenfield E-ACT Academy</u>	Primary	Good
Bristol	<u>St. Ursula's E-ACT Academy</u>	Primary	Good
Bristol	<u>Iminster Avenue E-ACT Academy</u>	Primary	Good
Birmingham	<u>Heartlands E-ACT Academy</u>	Secondary	Outstanding
Birmingham	<u>Shenley E-ACT Academy</u>	Secondary	Good
Birmingham	<u>E-ACT NBA Academy</u>	Secondary	Requires Improvement
Birmingham	<u>Merritts Brook E-ACT Academy</u>	Primary	Good
Birmingham	<u>Nechells E-ACT Academy</u>	Primary	Special Measures
Birmingham	<u>Mansfield Green E-ACT Academy</u>	Primary	Special Measures
Birmingham	<u>Reedwood E-ACT Academy</u>	Primary	Requires Improvement
Birmingham	<u>Willenhall E-ACT Academy</u>	Secondary	Requires Improvement
Birmingham	<u>West Walsall E-ACT Academy</u>	Secondary	Special Measures
Sheffield	<u>E-ACT Pathways Academy</u>	Primary	Requires Improvement
Sheffield	<u>E-ACT Parkwood Academy</u>	Secondary	Good
Daventry	<u>E-ACT The Parker Academy</u>	Secondary	Requires Improvement
Daventry	<u>E-ACT DSLV Academy</u>	All-through	Serious Weaknesses
Manchester	<u>E-ACT The Oldham Academy North</u>	Secondary	Requires Improvement
Manchester	<u>E-ACT Blackley Academy</u>	Primary	Good

## Finance & Resources

- The EFA's Financial Notice to Improve was removed in July 2015.
- A series of finance forums have been held with academy business managers to work with them in developing our practices for: Health & Safety, finance, procurement, risk management and IT. To date, over 15 focus group sessions have been held.
- Mid-year and end of year finance reviews have taken place with each Principal, Business Manager, Chair of Governor, Chair of the academy's Finance Committee, the Director of Finance & Resources and the CEO, to ensure that academy spending remains within budget and in line with the requirements of the academy.
- Every academy has been visited by a Finance Business Partner throughout the year in order to support strong financial management in each academy and disseminate best practice across the Academy Trust.
- E-ACT has negotiated a contract with a single electricity provider for all academies.
- E-ACT now has one payroll provider processing the payroll for every school and head office, creating savings of at least £170,000 over three years across the Academy Trust.
- Condition surveys for every E-ACT academy have been completed, and over £3.5m has been spent implementing our Estates Management Strategy to ensure that all of our academies are safe, warm and dry.
- Over 20 Freedom of Information requests have been processed and 8 insurance claims have been managed centrally.

## Governance

- In May 2015 Trustees, Executive Leadership Team members, Principals, Chairs of Governors, Chairs of Finance Committees and Business Managers came together from across our academies to share learning with each other and celebrate staff members' achievement throughout the year.
- Incyte, our governor training partner, has delivered on site, tailored training sessions to 163 local governors across the regions. These training sessions included: data scrutiny, Ofsted preparation; and understanding effective governance. Following on from these training sessions 80% of respondents stated that they now feel more confident and able to fulfil their role as a direct result of the training provided.
- An induction was held with 8 Chairs of Governors and 10 Chairs of Finance Committee, helping local governors to understand their role, the Scheme of Delegation, the E-ACT Governance Framework, the requirements of the Academy Financial Handbook, effective procurement and the production of statutory accounts. Evaluations from these sessions showed that 83% of attendees better understood their role following the training, and 70% had a better understanding of the financial processes within E-ACT.
- This year the Governance Team launched:
  - The Academy Support Package to provide transparency and clarity across the Trust
  - The new E-ACT Governance Framework to provide a clear framework of how E-ACT allocates support and intervention to its academies

- E-ACT's new Local Governor Guidance to support E-ACT local governors in all areas of local governance, including being part of a multi-academy trust, the role of the LGB, understanding education data and planning and reporting
  - A termly governance newsletter, keeping all local governors up to date with key governance developments inside and outside of E-ACT
- Briefing sessions were held on the new safeguarding framework, the new SEND framework, how to handle complaints and the role of the Regional Schools Commissioner, which included a presentation from Sir David Carter the Regional Schools Commissioner for the South West.
- Raising Achievement Boards have been established and administered by E-ACT's Governance Team in 11 E-ACT Academies. Chaired by the CEO, these meetings ensure that there is a relentless focus on raising school improvement at pace and ensuring that the appropriate level of scrutiny and support is put into the academies to achieve this.
- E-ACT established its own intranet – *Insight* - which for the first time enables all staff within E-ACT to connect and share information with each other. Over the course of the year, *Insight* has evidenced a 22% increase in users, a 31% increase in individual page users, and a 30% increase in the average session duration. This is alongside the E-ACT Weekly Round-Up communications, rolled out during the year to make sure that everyone within E-ACT is kept up to date with all key developments.

### Going Concern

E-ACT's 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 Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has considerable financial resources together with long-term contracts under the Master Funding Agreement with the DfE.

Consequently, the Trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The Trustees have a reasonable expectation that the company 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. There is a deficit resulting from the Local Government Pension Funds, which the Financial Reporting Standards (FRS) require be shown as a liability in the balance sheet.

### Financial Review

During the year ended 31 August 2015 the total expenditure (excluding restricted fixed assets and pension funds) was £101m (2014 £135m) and income (excluding restricted fixed assets and pension funds) was £99m (2014 £134.9m). Overall there has been a decrease in restricted general funds reserves due to actuarial losses amounting to £1.5m. In addition, £0.5m of unrestricted funds were applied against restricted general funds expenditure.

Restricted fixed asset income for the year was £4.1m, and total restricted fixed asset expenditure during the year amounted to £4.9m.

At 31 August 2015, Restricted Reserves totalled £143m and Unrestricted Reserves totalled £2.4m. The Restricted Reserves comprise £163m surplus in Fixed Asset Reserves, £20.5m deficit in Pension Reserves, and £0.5m surplus in Restricted General Funds.

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).

The principal sources of income are Government grants accounting for 97.2 % of the Academy Trust's income. Revenue and small capital grants are paid annually to each academy together with a larger capital grant that is received by the Academy Trust and allocated, on a needs basis to the academies. The Trustees continue to deploying all net incoming resources to investing in the educational purposes and fabric of our academies although it is clear that funding from this source is getting tighter. These grants and associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

As an academy trust the parents and pupils in E-ACT's academies have the assurance that all of our income must be applied for educational purposes. As an educational charity E-ACT benefits from tax exemption on our educational activities and on its investment income and gains provided these are applied for our charitable aims. E-ACT is also entitled to an 80% reduction on our business rates on the property we occupy for our charitable purposes. The financial benefits we receive from these tax exemptions are all applied for educational purposes. E-ACT does however pay tax as an employer through the national insurance contributions that it makes.

In addition to the very substantial benefits E-ACT's academies brings to its pupils, the local community and society through the education it offers, our programme of community interaction and the letting out of our premises enables an even larger number of people to take advantage of our facilities.

E-ACT academies' ability to undertake effective financial forward planning is heavily dependent on DfE funding announcements. E-ACT expects to continue to have very challenging savings targets to meet over the coming years at a time when E-ACT needs to increase its investment in its academies to achieve its targeted educational aspirations.

The Academy Trust's reserves and investment policies are set out below.

### **Key Performance Indicators**

The Academy Trust operates under a number of key performance indicators, both financial and non-financial. The main KPIs are;

- Every pupil to maximise their potential in national examination results
- Every academy to demonstrate strong student progress
- Ofsted inspection outcomes (see page 8 for tabular summary)
- Overall salary costs to be between 70% and 75% of total income (currently 73.6%)
- Each academy to be financially viable over a three year planning horizon (projections show this to be met at the moment)

Across the Academy Trust attainment at Key Stage 2 increased by 5% in comparison to the previous year with 74% of E-ACT pupils achieving a Level 4 combined score in Reading, Writing and Maths and 92%, 98% and 91% respectively in expected progress within those subject areas. The Key Stage 4 results released in August 2015 did not meet the Trusts' expectations and there has been a significant amount of work already undertaken in order to ensure that there are clear improvements for 2016

### **Reserves Policy**

Academies are funded on a monthly basis by DfE grants and income fairly matches expenditure where around 75% of our income is spent on teaching and other staffing.

The original existing Master Funding Agreement (MFA) 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 which is currently being negotiated with the DfE. 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 reserves amounted to £2.428m, which is an increase from the prior year but is not considered to be excessive bearing in mind the Academy Trust's monthly operational costs. The Trustees' aim is to manage the reserves in line with the Department for Education's guidance on the carry forward of reserves.

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 to finance the deficits.

E-ACT has no recourse to other revenue income streams of any significance and maintaining a level of reserves is essential. The operating reserves at 31 August 2015 total £2.9m (£2.4m unrestricted plus £0.5m restricted). 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 and the academy trust has to work within the limits set by the MFA. 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. Academies prepare financial forward plans for at least the next three years alongside the annual budget, and actively maintain a financial risk register to enable the Academy Trust to foresee potential financial issues. The Academy Trust has increased reserves this year to enable it to manage reductions in the level of future funding received from the Government.

### **Investment Policy**

The Board, on the recommendation of the Finance Committee, approved a revised Treasury Management Policy in July 2014. The principal consideration in this policy is risk minimisation. Therefore temporary cash deposits are invested with UK high street banks. E-ACT does not hold any other investments.

### **Principal Risks and Uncertainties**

The major risks to which the Academy Trust is exposed, as identified by the trustees, have been reviewed, and systems and procedures have been established to manage those risks. Those risks are seen as;

#### **Educational Performance**

The Academy Trust's objective is to give every pupil in every one of its academies the best possible education. The schools that joined E-ACT are situated in challenging areas and significant work has been undertaken by the educationalists employed by E-ACT to raise pupils' attainment. There continues to be a relentless drive to continue to raise outcomes and achievement throughout the Academy Trust.

#### **The Level of Future Funding from the Government**

The future level of funding that the Academy Trust can expect is uncertain at this time. We set out below some of the potential risks in this area;

The reduction in 16-19 funding, combined with the greater mobility of older students, creates an annual risk for the Academy Trust's academies that continue to offer 6th Form education.



Pupil Premium has become a significant source of funding for our academies such that there is a financial risk if the funding is not continued in some form beyond the current academic year. This source of funding is directed to help the most vulnerable students in E-ACT's schools and a reduction would adversely affect their education. However, the risk is managed by our academies having a clear understanding of what activities they use Pupil Premium funding for, so that they are in a better position to plan any potential budget reductions should they be forced to do so.

The direct capital and maintenance allocations to the Academy Trust's academies are low, and the annual School Condition Allocation (SCA) is not guaranteed. E-ACT has access to no other funds for major, and often by their nature urgent, requirements such as boiler, roof and window replacements, or for any significant on-going general refurbishment of buildings or other infrastructure. We mitigate this risk by employing a national estates manager who prioritises expenditure across the Academy Trust's estate.

The move towards a National Funding Formula will produce winners and losers on a large scale. This risk is mitigated by monitoring the proposals that local authorities consult on through their Schools Forums. Many, but not all, of the Academy Trust's academies are situated in poorly funded areas and so E-ACT expects that these schools should benefit from the move to a national formula. Unfortunately, this cannot be guaranteed to be an immediate benefit to us, as one E-ACT academy experienced in the year under review when it was denied the significant uplift in funding that it should have expected through the DfE's Fairer School Funding programme.

#### **Recruitment of Staff**

The recruitment of the best staff to work in the Academy Trust is an ongoing challenge. Without the right people it will be harder to meet the Academy Trust's objectives. As an example, it is important that the right number of people are trained to become qualified teachers and E-ACT takes its role in this aspect of our work very seriously.

#### **Recruitment of Pupils**

A lower number of pupils in the academies than the number upon 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 of grant. E-ACT is currently operating at 74% of capacity (please see table on page 2) and projects that in 2017 this will rise to 83% through marketing of individual academies and rising educational outcomes.

Equally the popularity of E-ACT's academies is a direct consequence of the educational outcomes outlined above.

#### **Reorganisation Costs**

As a Multi-Academy Trust, E-ACT is committed to ensuring that public money is spent in the most efficient and effective way in order to produce the best educational outcomes for our pupils. If necessary, costs of any planned reorganisations and capability procedures that are beyond thresholds that the DfE is willing to fund will fall to be funded by the Academy Trust.

#### **Plans for the Future**

In response to the recent Key Stage 4 results the Board has established a clear academy improvement plan which has at its core an unrelenting focus on making sure that every child is taught by an outstanding teacher. Following careful consideration, the Board has provided a number of non-negotiables for each academy within each of the following four fundamental areas:

- **Teaching and Learning:** setting expectations and providing clear support for staff to establish outstanding teaching and learning in every classroom across E-ACT academies so that pupils can make outstanding progress in every lesson. *Our initial focus will be on the quality of instruction, marking and feedback and differentiation.*
- **Curriculum:** establishing curriculums which engage, inspire and enable outstanding progress of our pupils. *Our initial focus will be on ensuring that minimum expectations are met regarding curriculum time and breadth, class size and length of the school day.*
- **Culture:** Creating the right climate, where everyone is happy, wants to learn and makes outstanding progress. *Our initial focus will be on delivering a whole academy self-evaluation programme across each academy.*
- **Standard Operational Processes:** ensuring consistent and effective processes are applied which enable teachers to remain focussed on their core purpose of teaching and learning. *Our initial focus will be on standardising the E-ACT policies which have now been agreed and moving towards one management information system (MIS).*

E-ACT has no immediate plans to expand the number of Academies from the 23 it presently has.

### **How will E-ACT deliver this change?**

We need to organise E-ACT differently so that we can provide the level of support and change needed this year. Going forwards, E-ACT will be moving towards a regionalised model of delivery.

Each region will be led by a Regional Director of Education and a Regional Director of Operations who will work closely together. This new structure aims to make sure that every teacher can have an unrelenting focus on teaching and learning, and that where additional support is needed, or where vacancies need to be filled, the regional model will be able to source expertise and capacity quickly. System Leadership remains at the heart of this model, but will enable us to build a network of system leaders that are co-ordinated and sourced regionally, so that we can ensure deep and sustainable support in our academies.

### **Employee involvement and employment of disabled persons**

The Academy Trust has a suite of employment policies that cover all aspects of personnel management. For example;

- Equalities Statement
- Managing and Developing Performance
- Safeguarding
- LGPS Pension Scheme Discretions
- Health and Safety

The Academy Trust has in place a national recognition agreement with the main teaching and support unions. Regular meetings of this Joint Negotiating Committee were held in the year when matters of mutual interest were discussed. The unions communicate to their members through locally appointed union representatives.

The Principal of each academy meets their staff regularly to ensure that they are aware of relevant issues and initiatives.

The Academy Trust has long established fair employment practices in the recruitment, retention, promotion and training of disabled staff. In the unfortunate circumstances of a current employee becoming disabled the Academy Trust will take every reasonable steps possible to support that member of staff.

#### **Funds held as Custodian Trustees on behalf of others**

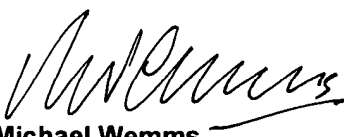
E-ACT does not hold any funds as custodian trustee.

#### **Auditor**

Insofar as the trustees are aware;

- There is no relevant audit information of which the Academy Trust's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees report incorporating a strategic report, was approved by order of the Board of Trustees, as the company's directors, on 17<sup>th</sup> December 2015 and signed on the boards behalf by:



**Michael Wemms**  
Chair of E-ACT

17<sup>th</sup> December 2015

## Governance Statement

### Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day operational responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between E-ACT and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

The Board may be comprised of no fewer than 3 people, and currently consists of 8, 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 currently comprises the following:-

- 7 Trustees appointed by the Members (Articles 35-37); 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 during the year.

Applications for Board membership are invited by national external advertisement. Applicants are interviewed by a trustee panel and are appointed according to the relevant skills, competencies and experience required on the Board at that time.

Over the course of the year the Members have appointed 3 new Trustees – Michael Wemms, Theresa Keating and Jean Scott. This has strengthened the Board further, with senior commercial, financial and educational experience gained from each trustee respectively. Two trustees stepped down from their posts on the Board during the year.

### Committee Composition

The Board appoints members of the Audit and Risk Committee, the Finance Committee, and the Education & Personnel Committee. The Education & Personnel 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 the relevant Executive Leadership Team lead are regular attendees to the meetings. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings.

### Induction, Training, and Effectiveness Reviews

Newly appointed Trustees receive one-to-one half day inductions and training meetings with the Chief Executive, the Director of Education, the Director of Finance & Resources, and the Director of Governance, Communications & Projects, immediately after their appointment. In preparation for this meeting they are provided with a Trustees handbook, which includes key policies such as the Conflicts of Interest Policy and the Trustee Expenses Policy, the Articles of Association, and the

Committee Terms of References. Key information regarding the role and duties of a trustee are also provided, for example through guidance documentation such as CC3 Essential Trustee guidance. Visits to academies are scheduled as part of the induction process to ensure that the trustees can meet the pupils and better understand the context of the organisation.

Trustees are kept up to date with developments through regular communications and they are included in training programmes, where appropriate. Over the course of the year the trustees have held two workshop sessions in order to receive further training on the new 'life after levels' assessment, risk management, and to provide additional time to discuss the strategic direction of the organisation.

The Board also held a two day session in April 2015 where all Trustees, Principals and Chairs of Governors and Chairs of Finance Committees came together to learn about academy progress and take part in sessions about the future strategic direction of E-ACT.

In January 2015 the Board reviewed its committee structure to ensure that it is operating under a structure that provides the best scrutiny, oversight and strategic direction for the organisation and at the same time makes the best use of the trustees' skills and time. This resulted in a committee restructure that involved the disbandment of the Nominations & Governance Committee and the Remuneration Committee in favour of a newly formed Education & Personnel Committee. This was founded on the belief that there is an intrinsic link between people and outcomes and that a single committee would allow greater understanding of the two.

The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Michael Wemms (Chair)	3	3
Clive Lewis	4	5
Dr Stephen Hopkins	5	5
Sean Alleyne	5	5
Jean Scott	3	3
Theresa Keating	2	2
David Roper	4	5
David Moran (ex officio)	5	5
Dr Ann Limb (Chair – resigned)	4	4
Christopher Husbands	1	2

The Board has the following Committee Structure:-

- Audit and Risk Committee
- Finance Committee
- Education & Personnel Committee

These Committees meet regularly through the year on a cycle to compliment 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 local 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. Local governors have additional responsibilities (as set out in the E-ACT

Local 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.

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

- **Lifting of the Financial Notice to Improve (FNti):** On 1<sup>st</sup> July 2015 the EFA formally lifted the FNti that had been placed on E-ACT since 11 March 2013. In doing so the EFA recognised the significant improvements that have been made within E-ACT's financial and governance systems.
- **Strengthening the Board's Membership:** The Nominations and Governance Committee 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 Trustee's search resulted in increasing both the business and educational skills base of the Board, with Trustee appointments in December 2014, February 2015 and May 2015.
- **Creating strong accountability frameworks:** The Academy Support Package and the new E-ACT Governance Framework provided transparency across the Trust in relation to the level of support each academy can expect from E-ACT, and provides direct feedback to the Board on stakeholder satisfaction with the key functional areas of E-ACT from Principals, Chairs of Governors, Chairs of Finance and Business Managers.
- **Embedding Risk Management across E-ACT:** The Audit & Risk Committee have led scrutiny and challenge in relation to the importance of embedding risk management across E-ACT. This work is ongoing but the trustees have set established regular scrutiny and support in ensuring that a culture of risk management is instilled across the organisation and that managing risk is seen as the responsibility of every employee.
- **Standardising all E-ACT Policies:** all of E-ACT's policies have been standardised for the first time in four key policy manuals, including: employment, parent/carers and pupil, operational, and health and safety. This has brought a level of consistency and clarity across the whole organisation.

The Board will carry out a further evaluation of its effectiveness which is to be completed by February 2016.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Scrutinise and recommend to the Board the academy and Head Office annual budgets, ensuring that they are based on the improvement priorities as identified in the Business Plan;
- Scrutinise and recommend to the Board a three year Group Financial Strategy in line with the Business Plan, and regularly scrutinise progress against this;
- Carry out quarterly budget monitoring of the E-ACT Group;
- Regularly review performance against the business plan and budget, ensuring that key projects are being delivered on time and to budget;
- Take responsibility on behalf of the Board for overseeing all financial aspects of operations within Head Office and across E-ACT academies, including: Pay and Personnel, premises/asset management, and marketing, so as to ensure short and long-term viability;
- Annually review and approve E-ACT's scheme of financial delegation, and approve expenditure within the approved limits of financial delegation, as approved by the Board.

- identify priorities for additional expenditure or for savings as actual income dictates, and regularly review the project plans for savings to be realised through E-ACT's value for money project
- annually review, approve and monitor compliance against E-ACT's reserves policy and expenses policy.

Throughout the year the Finance Committee has continued to scrutinise and supported the development of a comprehensive Estates Management Strategy across the organisation, monthly budget monitoring across academies and head office, the first mid-year financial review process, and engagement in moving towards a new Master Funding Agreement.

During the year Theresa Keating, who is a qualified accountant (a member of the Institute of Chartered Accountants in England and Wales), joined and was appointed Chair of the Committee. The Committee has met four times throughout the year. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Theresa Keating, Chair	1	1
David Roper	3	4
Sean Alleyne	3	4
Michael Wemms	2	2
David Moran	4	4

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to:

- Monitor the integrity of the financial statements of the company, including its annual and half-yearly reports, interim management statements, and any other formal announcement relating to its financial performance, reviewing and reporting to the board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.
- Where requested by the board, the committee should review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for members to assess the company's performance, business model and strategy.
- keep under review the adequacy and effectiveness of the company's internal financial controls and internal control and risk management systems
- Consider and review the processes for risk management annually to ensure adequate oversight of risks faced by the E-ACT and the system of internal controls and reporting of those risks within the business. The Committee will assess annually, the effectiveness of the Group's risk management function.
- Review the adequacy and security of the company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- review and approve the remit of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations;

- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team; and review the findings of the audit with the external auditor.

Throughout the year the Committee has led on the scrutiny and challenge in relation to ensuring that all actions in the Financial Notice to Improve were complete, leading on establishing a risk management culture across the organisation, addressing all points from the audit management letter, and ensuring a substantive internal audit programme of work was completed.

The Committee met four times throughout the year. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Sean Alleyne	4	4
David Roper	3	4
Michael Wemms	2	2
Theresa Keating	1	1
David Moran	4	4

The Education & Personnel Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure:

- Systematic capacity building throughout the Trust (through staff recruitment, retention, career progression and deployment)
- Effective performance management, accountability and succession planning within key leadership positions to enable strong leadership and management across the Trust, resulting in strong outcomes within E-ACT's academies. This includes leadership at Trustee, Executive Leadership, System Leadership, Principal, Business Manager and Local Governing Body Level.
- Effective performance of pupils at academy and Trust level (academic, attendance and behaviour)
- Effective provision for the Social, Moral, Cultural and Personal development of E-ACT pupils
- The effective discharging of duties of the Trust as a good employer.
- Effective monitoring of the key educational and HR risks across the organisation.

The Committee was established by the Board in May 2015 and has met once during 2014-15. Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Dr. Stephen Hopkins	1	1
Jean Scott	1	1
Clive Lewis	1	1
Michael Wemms	1	1
David Moran	1	1



## **Review of Value for Money**

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

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

- Increased use of Trust-wide procurement to take advantage of the Academy Trust's overall economies of scale. Examples of this in the year have been, energy, maintenance and the provision of payroll services.
- Significant staff restructuring at a number of academies following the preparation of detailed multi-year financial forecasts. The aim is to ensure that as much resource is directed at teaching and learning as possible.
- A focus on generating more income from our academies' assets with an aim in the next academic year to increase letting income by at least 25%. During the year to 31<sup>st</sup> August 2015 overall letting income was increased by 4% even though the Trust was operating 10 fewer academies.

## **The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in E-ACT for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements.

## **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year to 31 August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

## **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes

- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has decided that to obtain best value for money an in-house internal audit function should be established in the year.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included review and testing of:

- purchase systems
- control account/ bank reconciliations
- controls around purchasing cards
- sales invoicing
- registers of third party interests
- gifts and hospitality register
- payroll controls
- compliance with the scheme of financial delegation

The internal auditor reports to the Board of Trustees, through the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Every academy was reviewed, as detailed in the schedule of work set out by the Trustees.

In accordance with the work that has been undertaken in response to the Financial Notice to Improve (FNtI), the Trust has continued to focus on undertaking compliant procurement of goods and services and maintaining up to date contracts registers.

The Trustees are very pleased to report that the Education Funding Agency lifted the FNtI on the 1st July 2015.


### **Review of Effectiveness**

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

- the work of the internal auditor
- the work of the external auditor
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework


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

Approved by order of the members of the Board of Trustees on 17<sup>th</sup> December and signed on its behalf by:

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**Michael Wemms**  
Chair of E-ACT

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**David Moran**  
Chief Executive Officer and Accounting Officer

## Statement of Regularity, Propriety and Compliance

As accounting officer of E-ACT I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



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**David Moran**

Chief Executive Officer and Accounting Officer

17<sup>th</sup> December 2015.

## Statement of 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:


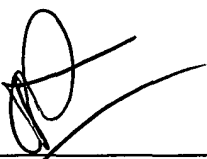
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material 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 17<sup>th</sup> December 2015 and signed on their behalf by

  
**Michael Wemms**  
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 2015 set out on pages 29 to 50. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2014 to 2015 (SORP 2005) 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 2014 to 2015 (SORP 2005) 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 2014 to 2015 (SORP 2005) 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 24, 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](http://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 Multi-Academy Trust's affairs at 31 August 2015, 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 2014 to 2015 (SORP 2005) issued by the EFA.


**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

18 December 2015

## **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 28 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by E-ACT during the period 1 September 2014 to 31 August 2015 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 2014, 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 2014 to 2015. 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 2014 to 31 August 2015 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 2014 to 2015 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 Multi-Academy Trust's income and expenditure.


The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility, Principals and Local Governing Bodies;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2014;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2014 to 2015.

## Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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Reporting Accountant  
for and on behalf of KPMG LLP  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

18 December 2015



## Consolidated Statement of Financial Activities

All Academies (including transferred)						
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 31 <sup>st</sup> August 2015	Total 31 <sup>st</sup> August 2014
	Notes	£'000	£'000	£'000	£'000	£'000
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds:</i>						
.Voluntary Income	3	57	-	-	57	78
.Activities for generating funds	4	2,816	-	-	2,816	4,213
.Investment Income	5	40	-	-	40	112
<i>Incoming resources from charitable activities:</i>						
	6	-	98,721	4,093	102,814	133,575
<i>Exceptional Income</i>						
Transfer of assets/(liabilities) from incoming schools		-	-	-	-	21,671
<b>Total Incoming resources</b>		<b>2,913</b>	<b>98,721</b>	<b>4,093</b>	<b>105,727</b>	<b>159,649</b>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Transfers of Academies moving out of the Trust	29	-	(1,744)	11,018	9,274	67,928
<i>Charitable activities:</i>						
Academy trust educational operations	8	1,007	99,697	10,697	111,401	150,969
Governance costs	9	57	312	-	369	608
<b>Total resources expended</b>	7	<b>1,064</b>	<b>98,265</b>	<b>21,715</b>	<b>121,044</b>	<b>219,505</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>1,849</b>	<b>456</b>	<b>(17,622)</b>	<b>(15,317)</b>	<b>(59,856)</b>
Gross transfers between funds*	18	(522)	522	-	-	-
<b>Net income/(expenditure) for the year</b>		<b>1,327</b>	<b>978</b>	<b>(17,622)</b>	<b>(15,317)</b>	<b>(59,856)</b>
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension schemes.	18	-	(1,501)	-	(1,501)	(1,620)
<b>Net movement in funds</b>		<b>1,327</b>	<b>(523)</b>	<b>(17,622)</b>	<b>(16,818)</b>	<b>(61,476)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2014		1,101	(19,516)	180,405	161,990	223,466
<b>Total funds carried forward at 31 August 2015</b>		<b>2,428</b>	<b>(20,039)</b>	<b>162,783</b>	<b>145,172</b>	<b>161,990</b>

\*£0.5m has been transferred from unrestricted funds into restricted funds. This represents unrestricted funds accumulated by the Academies transferring out of the Group that have been reclassified as they have been paid over to the new sponsors for educational purposes.


The reduction in Restricted Fixed Asset Funds is predominately due to 2 Academies leaving the group and hence £11m of Fixed Assets being gifted to new sponsors. Please see supplementary SOFA on the next page. Additionally depreciation has been charged in the year as is normal accounting practice.

The notes on pages 32 to 50 form part of the financial statements.


## Balance Sheet 31 August 2015

	Notes	E-ACT 31 <sup>st</sup> August 2015 £'000	E-ACT 31 <sup>st</sup> August 2014 £'000
<b>Fixed Assets</b>			
Tangible assets	14	162,458	179,485
<b>Current Assets</b>			
Stock	15	42	59
Debtors	16	6,354	11,212
Cash at bank and in hand		5,533	9,337
		<u>11,929</u>	<u>20,608</u>
<b>Current liabilities</b>			
Creditors: Amount falling due within one year	17	(8,689)	(18,225)
<b>Net current assets</b>		<u>3,240</u>	<u>2,383</u>
<b>Total assets less current liabilities</b>		<b>165,698</b>	<b>181,868</b>
 Pension scheme liability	27	 (20,526)	 (19,878)
<b>Net assets including pension scheme liability</b>		<b>145,172</b>	<b>161,990</b>
<b>Funds of the academy trust:</b>			
<b>Restricted funds</b>			
Fixed asset fund	18	162,783	180,405
General fund	18	487	362
Pension Reserve	18	(20,526)	(19,878)
<b>Total restricted funds</b>		<b>142,744</b>	<b>160,889</b>
<b>Unrestricted funds</b>			
General fund	18	2,428	1,101
<b>Total unrestricted funds</b>		<b>2,428</b>	<b>1,101</b>
<b>Total funds</b>		<b>145,172</b>	<b>161,990</b>

The financial statements on page 29 to 50 were approved by the trustees on 17 December 2015 and signed on their behalf by:

  
\_\_\_\_\_  
**Michael Wemms**

Chair of E-ACT

  
\_\_\_\_\_  
**David Moran**

Chief Executive Officer and Accounting Officer

**Cash Flow Statement for the Year Ended 31 August 2015**

	Notes	The Group 31 <sup>st</sup> August 2015 £'000	The Group 31 <sup>st</sup> August 2014 £'000
<b>Net cash inflow from operating activities</b>	<b>22</b>	(3,357)	(3,936)
Returns on investments and servicing of finance	<b>23</b>	40	112
Capital expenditure	<b>24</b>	(487)	(3,369)
<b>Increase (decrease) in cash in the year</b>	<b>25</b>	<b>(3,804)</b>	<b>(7,193)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at beginning of year		9,337	16,530
<b>Net funds at end of year</b>		<b>5,533</b>	<b>9,337</b>

## **Note 1: Statement of Accounting Policies**

### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention 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 2014-15 issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

### **Going Concern**

E-ACT's 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 Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial policy, and its exposures to risk. E-ACT has considerable financial resources together with long-term contracts under the Master Funding Agreement's with the Department for Education. Consequently, the Trustees believe that the company is well placed to manage its business risks successfully despite the current uncertain national economic outlook.

The Trustees have a reasonable expectation that the company 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. There is a deficit resulting from the Local Government Pension Funds, which the Financial Reporting Standards (FRS) require be shown as a liability in the balance sheet.

### **Incoming Resources**

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

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income is provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

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

- **Donated services and gifts in kind**

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

**Statement of accounting policies (continued)**

- **Interest receivable**

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

**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, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**

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

- **Charitable activities**

These are costs incurred on E-ACT's educational operations.

- **Governance costs**

These include the costs attributable to the company's compliance with constitutional and statutory requirements, including audit, strategic management, and trustee's meetings and reimbursed expenses.

All resources expended are inclusive of any irrecoverable VAT.

**Tangible Fixed Assets**

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost or valuation and depreciated over their expected 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 related asset on a basis consistent with the Trusts Depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund...

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

- Freehold Buildings – over 50 years, or useful economic life.
- Leasehold Land – over the length of lease, or useful economic life.
- Long leasehold buildings - lower of 50 years, length of lease, or useful economic life.
- Short leasehold buildings - over the period of the lease
- ICT equipment and software - 3 years, or useful economic life.
- Fixtures, fittings and equipment - 5 years, or useful economic life.
- Motor vehicles - 5 years, or useful economic life.

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

### Statement of Accounting Policies (Continued)

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 Trust occupies a number of buildings on an operating lease basis. These have been treated as donated facilities, at the value to the Trust in these financial statements.

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

### Stock

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

### Taxation

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

### Pensions Benefits

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

#### Define benefit schemes

##### i) Teachers' Pension Scheme

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 27, the TPS is a multi-employer scheme and the Academy Trust 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.

##### ii) Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 immediately, 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 adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

#### Defined Contribution Scheme

##### iii) 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.

**Statement of Accounting Policies (Continued)**

**Fund Accounting**

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

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

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

**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 2015

**a. Results and Carry Forward for the Year**

	31 <sup>st</sup> August 2015 £'000	31 <sup>st</sup> August 2014 £'000
GAG brought forward from previous year	2,264	4,992
GAG Allocation for the current year	94,919	124,303
<b>Total GAG available to Spend</b>	<b>97,183</b>	<b>129,295</b>
Recurrent expenditure from GAG	(94,250)	(127,031)
Fixed assets purchased from GAG	-	-
<b>GAG carried forward to next year</b>	<b>2,933</b>	<b>2,264</b>
	-	-
Maximum permitted GAG carry forward at end of current year (12% of allocation for current year)	11,390	14,916
	-	-
<b>GAG to surrender to DfE</b>	<b>no breach</b>	<b>no breach</b>

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

Recurrent expenditure from GAG in current year	(94,250)	(127,031)
GAG allocation for current year	94,919	124,303
GAG allocation for previous year x 2%	(2,486)	(2,221)
<b>GAG b/fwd from previous year in excess of 2%, used on recurrent expenditure in current year.</b>	<b>-</b>	<b>-</b>
	no breach	no breach

**3 Voluntary Income**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Other donations	57	-	57	78
	57	-	57	78

#### 4 Activities for Generating Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Hire of facilities	563	-	563	725
Catering income	413	-	413	943
Other income from sales and curriculum funding	1,840	-	1,840	2,545
	<u>2,816</u>	<u>-</u>	<u>2,816</u>	<u>4,213</u>

#### 5 Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Short term deposit	40	-	40	112
	<u>40</u>	<u>-</u>	<u>40</u>	<u>112</u>

#### 6 Funding for the Academy Trusts Educational Operational

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
<b>DfE/EFA capital grant</b>				
Academy fixed assets grant	-	4,093	4,093	2,531
	<u>-</u>	<u>4,093</u>	<u>4,093</u>	<u>2,531</u>
<b>DfE/EFA revenue grant</b>				
General annual grant (GAG)	-	94,919	94,919	124,303
Start-up grants	-	648	648	2,787
Project management grants	-	-	-	29
Other DfE/EFA Grants	-	1,488	1,488	3,925
Other Government Grants	-	1,666	1,666	-
	<u>-</u>	<u>98,721</u>	<u>98,721</u>	<u>131,044</u>
	<u>-</u>	<u>102,814</u>	<u>102,814</u>	<u>133,575</u>

#### 7 Resources Expended

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Cost of generating voluntary income	-	-	-	-	-
Costs of activities for generating funds	-	-	-	-	-
Cost of existing Academies moving out of the Trust	-	-	9,274	9,274	67,928
Academy's educational operations:					
Direct Costs	61,119	-	8,304	69,423	100,384
Allocated Support costs	13,706	28	27,306	41,040	47,246
Other Trading costs	-	-	938	938	3,339
	<u>74,825</u>	<u>28</u>	<u>45,822</u>	<u>120,675</u>	<u>218,897</u>
Governance costs including allocated support costs	-	-	369	369	608
	<u>74,825</u>	<u>28</u>	<u>46,191</u>	<u>121,044</u>	<u>219,505</u>



E-ACT Financial Statements  
For the year ended 31 August 2015

Please refer to note 30 for further detail of resources expended, on an Academy by Academy basis.

**Outgoing resources for the year include:**

	Total 31 <sup>st</sup> August 2015	Total 31 <sup>st</sup> August 2014
Land & Buildings	318	302
Plant and machinery	278	1,190
	<b>596</b>	<b>1,492</b>

**8 Charitable Activities – Academy's educational operations**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
<b>Direct costs – educational operations</b>				
Teaching and educational support staff costs	174	60,945	61,119	89,380
Educational supplies	571	4,409	4,980	7,283
Examination fees	-	1,047	1,047	1,452
Staff development	-	745	745	939
Educational consultancy	-	1,532	1,532	1,330
	<b>745</b>	<b>68,678</b>	<b>69,423</b>	<b>100,384</b>
<b>Support costs</b>				
Support staff costs	28	13,471	13,499	11,273
Depreciation	-	10,697	10,697	11,435
Recruitment and support	-	862	862	999
Maintenance of premises and equipment	28	1,077	1,105	1,464
Technology costs	-	2,348	2,348	3,346
Other occupancy costs	-	6,078	6,078	8,159
Catering	206	2,502	2,708	3,281
Legal and professional fees	-	581	581	797
Bank interest and charges	-	25	25	24
Other support costs	-	3,138	3,138	6,469
Project management and other operations	-	937	937	3,339
	<b>262</b>	<b>41,716</b>	<b>41,978</b>	<b>50,586</b>
	<b>1,007</b>	<b>110,394</b>	<b>111,401</b>	<b>150,969</b>

**9 Governance costs**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Legal and Professional fees	-	211	211	326
Auditors remuneration	-	93	93	94
Other fees payable to auditors for verification of pension returns	-	-	-	20
Support costs (including trustees expenses)	57	-	57	151
Governors reimbursed expenses	-	8	8	17
	<b>57</b>	<b>312</b>	<b>369</b>	<b>608</b>

**10 Staff  
and Staff Costs**

Staff costs during the period were:

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Wages and salaries	56,975	78,309
Social security costs	4,253	5,834
Pension costs	7,814	9,856
	<u>69,042</u>	<u>93,999</u>
Supply teacher costs	5,313	5,539
Staff restructuring costs	470	1,115
	<u>74,825</u>	<u>100,653</u>

**b Staff severance payments**

During the financial year the Group did not make any non-contractual payments.

**c Staff numbers**

The average number of persons employed by the Trust during the year expressed as full time equivalents was as follows;

	2015	2014
<b>Charitable Activities</b>		
Teachers	836	1,190
Administration	867	1,188
Management	169	186
	<u>1,872</u>	<u>2,564</u>

The number of employees whose emoluments exceeded £60,000 was:

	2015 No	2014 No
£60,001 - £70,000	27	31
£70,001 - £80,000	13	13
£80,001 - £90,000	4	3
£90,001 - £100,000	3	7
£100,001 - £110,000	5	4
£110,001 - £120,000	5	4
£120,001 - £130,000	-	1
£130,001 - £140,000	2	1
£150,001 - £160,000	1	1
£160,001 - £170,000	-	1

44 of the above employees participated in the Teachers' Pension Scheme (31 August 2014: 57). During the year ended 31 August 2015, pension contributions to this scheme amounted to £424,341 (31 August 2014 £771,266). 4 of the above employees participated in the Local Governmental Pension Scheme (31 August 2014: 4). During the year ended 31 August 2015 pension contributions to this scheme amounted to £39,641 (31 August 2014: £41,861). 8 of the above employees participated in the Scottish Widows Pension Scheme (31 August 2014: 4). During the year ended 31 August 2015, pension contributions to this scheme amounted to £39,066 (31 August 2014: £22,870).

## 11 Central Services

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

Chief Executives 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:

4.9% of the General Annual Grant.

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

	£'000
Blackley Academy	78
Burnham Park Academy	162
Chalfont Valley Academy	24
City Heights Academy	143
Crest	449
Danetre and Southbrook Learning Village Academy	316
Denham Green Academy	28
Forest Academy (transferred)	-
Greenfield Primary Academy	96
Heartlands Academy	298
Iminster Academy	77
Mansfield Green Academy	107
Merritts Brook Primary Academy	53
Nechells Primary Academy	58
North Birmingham Academy	345
Oldham Academy	242
Parker Academy	204
Parkwood Academy	250
Pathways Academy	101
Reedwood Primary Academy	91
Shenley Academy	319
Sherwood Academy (transferred)	-
St Ursula's Academy	86
West Walsall Academy	249
Willenhall Academy	389
<b>Total before fixed asset fund and pension reserve</b>	<b><u>4,165</u></b>

## 12 Related Party Transactions – Trustees Remuneration and Expenses

One trustee has been paid remuneration from employment with the Academy Trust. The staff trustee only receives remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees remuneration and other benefits was as follows;

Remuneration from 1 <sup>st</sup> September 2014 to 31 <sup>st</sup> August 2015	
David Moran (Chief Executive Officer)	£151,500
Employers Pension contributions	£9,090

During the period ended 31 August 2015, travel and subsistence expenses totalling £5,453 (2014 £44,818) were reimbursed or paid directly to 5 trustees (2014: 11 Trustees).

## 13 Trustees' and Officers Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance providers cover up to £5,000,000 on any one claim and the cost for the period was included in the Groups Advantage cover which in total was £275k (2014: £350k). The cost of this insurance is included in the total insurance cost.

## 14 Tangible Fixed Assets

	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets in the course of construction	Total 31 <sup>st</sup> August 2015 £'000
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 September 2014	184,162	4,107	11,442	94	51	199,856
Additions	66	1,983	1,143	27	1,361	4,580
Transfer to new sponsor	(12,387)	(358)	(120)	(28)	-	(12,893)
Assets under construction	-	51	-	-	(51)	-
Disposals	-	-	-	-	-	-
<b>At 31 August 2015</b>	<b>171,841</b>	<b>5,783</b>	<b>12,465</b>	<b>93</b>	<b>1,361</b>	<b>191,543</b>
<b>Depreciation</b>						
At 1 September 2014	13,681	1,212	5,449	29	-	20,371
Charged in the year	5,821	973	3,497	16	-	10,307
Transfer out charged in year	371	2	14	3	-	390
Transfer out accumulated	(1,731)	(151)	(93)	(8)	-	(1,983)
Disposals	-	-	-	-	-	-
<b>At 31 August 2015</b>	<b>18,142</b>	<b>2,036</b>	<b>8,867</b>	<b>40</b>	<b>-</b>	<b>29,085</b>
<b>Net book values</b>						
At 31 August 2014	170,481	2,895	5,993	65	51	179,485
<b>At 31 August 2015</b>	<b>153,699</b>	<b>3,747</b>	<b>3,598</b>	<b>53</b>	<b>1,361</b>	<b>162,458</b>

During the accounting period the Trust did not acquire any land or buildings. 2 Academies did leave the trust during the period, Forest and Sherwood Academy, which included a transfer of Land and Buildings at Forest of £4.4m (nbv) and Sherwood of £6.7m (nbv).

## 15 Stock

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Clothing	42	59
	<u>42</u>	<u>59</u>

**16 Debtors**

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Trade Debtors	1,247	530
Prepayments and accrued income	3,187	3,161
VAT recoverable	397	5,397
Intercompany debtor	-	-
Amounts due from EFA in relation to transferring academies.	1,249	1,712
Other debtors	274	412
	<u>6,354</u>	<u>11,212</u>

**17 Creditors: amounts falling due within one year.**

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Trade creditors	2,175	4,922
Other taxation and social security	1,270	1,245
Amounts due to new sponsors in relation to transferring academies.	178	3,612
EFA Cash Advance	-	798
Other creditors	1,879	3,179
Accruals and deferred income	3,187	4,469
	<u>8,689</u>	<u>18,225</u>

	Total 31 <sup>st</sup> August 2015 £'000
Deferred income at 1 September 2014	665
Resources deferred in year	687
Amounts released from previous years	(665)
	<u>687</u>

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

E-ACT Financial Statements  
For the year ended 31 August 2015

**18 Funds**

	Balance at 1 <sup>st</sup> September 2014 £'000	Transfer in during the year £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 <sup>st</sup> August 2015 £'000
<b>Restricted General Funds</b>						
General annual grant (GAG)	(1,158)	-	94,919	(94,250)	596	105
Start-up grant	1,520	-	648	(1,786)	-	382
Other DfE/EFA grants	-	-	1,488	(1,488)	-	-
Other government grants	-	-	1,665	(1,665)	-	-
Pension Reserve	(19,878)	-	-	(2,318)	1,670	(20,526)
	<b>(19,516)</b>	-	<b>98,720</b>	<b>(101,509)</b>	<b>2,266</b>	<b>(20,039)</b>
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	<b>180,405</b>	-	<b>4,093</b>	<b>(10,697)</b>	<b>(11,018)</b>	<b>162,783</b>
	<b>180,405</b>	-	<b>4,093</b>	<b>(10,697)</b>	<b>(11,018)</b>	<b>162,783</b>
<b>Total restricted funds</b>	<b>160,889</b>	-	<b>102,813</b>	<b>(112,206)</b>	<b>(8,752)</b>	<b>142,744</b>
<b>Unrestricted funds</b>						
Unrestricted funds	<b>1,101</b>	-	<b>2,913</b>	<b>(1,064)</b>	<b>(522)</b>	<b>2,428</b>
<b>Total Unrestricted funds</b>	<b>1,101</b>	-	<b>2,913</b>	<b>(1,064)</b>	<b>(522)</b>	<b>2,428</b>
<b>Total funds</b>	<b>161,990</b>	-	<b>105,726</b>	<b>(113,270)</b>	<b>(9,274)</b>	<b>145,172</b>

Under the funding agreements with the Secretary of State, for some of the Groups Academies the Academy Trust was subject to a limit on the amount of GAG it could carry forward at 31 August 2015. Note 2 discloses whether the limit was exceeded.

Operating Funds for the Group are in surplus of £2,915m, (2014 £1,463m). Some Academies are however carrying a deficit of funds, and these include Burnham Park, Heartlands Academy, Shenley Academy and Head Office. The Group has developed and continues to refine the Financial and Budget monitoring across all areas, This has resulted in the production of a balanced 3 year forecast, thus ensuring the financial stability of E-ACT. Additionally the central finance model and structure has changed, with E-ACT now enhancing its *Financial Business partnering central support*, with Academies across the group moving towards having a dedicated person working with them through budgeting and forecasting processes. The Head Office budget for 14/15 is set to make a contribution towards the current cumulative deficit.

For the Restricted General Funds and Restricted Fixed Asset Funds, income has arisen direct from Government Grants. Unrestricted Funds arise from Academy operations outside of Education, and include lettings, schools trips and uniform sales.

The following restrictions apply to the Groups fund balances. The general annual grant 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 2015. Note 2 discloses whether the limits were exceeded.

As at 31 August 2015 unrestricted funds are £2.4m and restricted general funds are £487k.

19 Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Balance 31 <sup>st</sup> August 2015 £'000	Balance 31 <sup>st</sup> August 2014 £'000
Tangible fixed assets	-	-	162,458	162,458	179,485
Current assets	2,428	9,176	325	11,929	20,608
Current liabilities	-	(8,689)	-	(8,689)	(18,225)
Pension scheme liability	-	(20,526)	-	(20,526)	(19,878)
<b>Total net assets</b>	<b>2,428</b>	<b>(20,039)</b>	<b>162,783</b>	<b>145,172</b>	<b>161,990</b>

## 20 Capital Commitments

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Contracted for, but not provided for in the financial statements.	450	-

## 21 Financial commitments

At 31 August 2015 the Group had annual commitments under non-cancellable operating leases as follows;

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
<b>Land and Buildings</b>		
Expiring within one year	112	279
Expiring within two and five years	165	121
Expiring in over five years	9	54
	<b>286</b>	<b>454</b>
<b>Other</b>		
Expiring within one year	176	516
Expiring within two and five years	196	370
Expiring in over five years	-	-
	<b>372</b>	<b>886</b>

**22 Reconciliation of net income to net cash inflow from operating activities**

	Total 31 <sup>st</sup> August 2015 £'000	Total 31 <sup>st</sup> August 2014 £'000
Net incoming resources	(15,317)	(59,856)
Less fixed assets transferred in	-	(22,223)
Add fixed assets transferred out	12,893	80,730
Add Depreciation (note 14)	10,697	11,253
Less Dep'n on Academies Transferred out	(1,983)	(8,545)
Less Capital grants from DfE and other capital income	(4,093)	(2,531)
Less Interest receivable (note 5)	(40)	(112)
FRS 17 pension cost less contributions payable (note 27)	1,123	2,179
FRS17 pension finance income	(306)	(590)
Add pension liability transferred in	-	654
Less pension liability transferred out	(1,670)	(5,967)
(Increase)/decrease in stocks	17	(9)
Decrease/(increase) in debtors	4,858	(4,489)
(Decrease)/increase in creditors	(9,536)	5,570
<b>Net cash flow from operating activities</b>	<b>(3,357)</b>	<b>(3,936)</b>

**23 Returns on investment and servicing of finance**

	Balance 31 <sup>st</sup> August 2015 £'000	Balance 31 <sup>st</sup> August 2014 £'000
Interest Received	40	112
<b>Net cash flow from returns on investment and servicing of finance</b>	<b>40</b>	<b>112</b>

**24 Capital Expenditure and financial investment**

	Balance 31 <sup>st</sup> August 2015 £'000	Balance 31 <sup>st</sup> August 2014 £'000
Purchase of tangible fixed assets	(4,580)	(5,900)
Capital grants from DfE/EFA	4,093	2,531
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(487)</b>	<b>(3,369)</b>

**25 Analysis of changes in net funds**

	At 1 <sup>st</sup> September 2014 £'000	Cash flows £'000	At 31 <sup>st</sup> August 2015 £'000
Cash in hand and at bank	7,735	(2,202)	5,533
Surplus on local authority funds	1,602	(1,602)	-
	<b>9,337</b>	<b>(3,804)</b>	<b>5,533</b>



## 26 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.

## 27 Pension and similar obligations

E-ACT Academy employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the scheme managers listed 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 related to the period ended 31 March 2002 and of the LGPS 31 March 2013.

### Scheme managers

Greater Manchester Pension Fund - Blackley Academy  
Buckinghamshire County Council Pension Fund - Burnham Park Academy  
Buckinghamshire County Council Pension Fund - Chalfont Valley Academy  
Lambeth Pension Scheme - City Heights Academy  
London Borough of Brent Pension Fund – Crest Academy  
Northamptonshire County Council Pension Fund - Danetre and Southbrook Learning Village Academy  
Buckinghamshire County Council Pension Fund - Denham Green Academy  
Gloucestershire County Council Pension Fund - Forest Academy  
Avon Pension Fund - Greenfield Primary Academy  
West Midlands Pension Fund - Heartlands Academy  
Avon Pension Fund - Ilminster Academy  
West Midlands Pension Fund - Mansfield Green Academy  
West Midlands Pension Fund - Merritts Brook Primary Academy  
West Midlands Pension Fund - Nechells Primary Academy  
West Midlands Pension Fund - North Birmingham Academy  
Greater Manchester Pension Fund - Oldham Academy  
Northamptonshire County Council Pension Fund - Parker Academy  
South Yorkshire Pension Fund - Parkwood Academy  
South Yorkshire Pension Fund - Pathways Academy  
West Midlands Pension Fund - Reedswood Primary Academy  
West Midlands Pension Fund - Shenley Academy  
Nottinghamshire County Council Pension Fund - Sherwood Academy  
Avon Pension Fund - St Ursula's Academy  
West Midlands Pension Fund - West Walsall Academy  
West Midlands Pension Fund - Willenhall Academy

Contributions amounting to £899,632 (2014:£871,348) were payable to the schemes at 31 August and are included within creditors.

### Teachers' Pension Scheme

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

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

### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

## E-ACT Financial Statements For the year ended 31 August 2015

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.
- The assumed real rate of return is 3% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £5,167,416 (2014:£6,614,011).

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

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions made for the year ended 31 August 2015 was £3,761,000, of which employer's contributions totalled £2,871,000 and employees' contributions totalled £890,000. The agreed contribution rates for future years range from 12% to 29.2% per cent for employers dependant on Local Authority and range from 5.5% to 12.5% per cent for employees dependant on salary.

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

### Principal Actuarial Assumptions (Group)

	31 <sup>st</sup> August 2015 Range (top)	31 <sup>st</sup> August 2015 Range (bottom)	31 <sup>st</sup> August 2014 Range (top)	31 <sup>st</sup> August 2014 Range (bottom)
Rate of increase salary	4.6%	3.7%	4.5%	3.4%
Rate of increase for pension in payment/inflation	2.7%	2.2%	2.9%	2.1%
Discount rate for scheme liabilities	4.0%	3.4%	4.2%	3.7%
Inflation assumption (CPI)	2.7%	2.2%	2.7%	2.1%
Commutation of pensions to lump sums	50%	50%	25%	25%

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

	31 <sup>st</sup> August 2015 Range (top)	31 <sup>st</sup> August 2015 Range (bottom)	31 <sup>st</sup> August 2014 Range (top)	31 <sup>st</sup> August 2014 Range (bottom)
Retiring Today				
Males	23.7	21.4	23.6	21.4
Females	26.1	24	26.0	24.0
Retiring in 20 years				
Males	26	24	25.8	24.0
Females	28.8	26.6	28.7	26.5

E-ACT Financial Statements  
For the year ended 31 August 2015

The Trusts share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected Return		Fair Value	Expected Return		Fair Value
	31 <sup>st</sup> August 2015 Range (top)	31 <sup>st</sup> August 2015 Range (bottom)	£'000	31 <sup>st</sup> August 2014 Range (top)	31 <sup>st</sup> August 2014 Range (bottom)	£'000
Equities	6.5%	3.7%	17,358	7.5%	6.3%	21,615
Bonds	5.9%	3.1%	5,414	3.6%	2.9%	6,637
Property	6.1%	3.7%	2,321	6.8%	4.5%	2,750
Cash	5.9%	0.5%	1,024	3.6%	0.5%	1,408
Private Equity	6.5%	4%	1,581	7.5%	0.0%	3,006
Total Market Value of Assets			<u>27,698</u>			<u>35,416</u>
Present Value of Scheme Liabilities – Funded			(49,894)			(61,260)
Less liabilities of transferring Academies			1,670			5,966
(Deficit)\Surplus in Schemes			<u>(20,526)</u>			<u>(19,878)</u>

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

The actual return on scheme assets was £865,000 (2014: £3,444,000)

Amounts recognised in the statement of financial activities.

	2015 £'000	2014 £'000
Current Service cost (net of employee contributions)	3,357	3,937
Past Service cost	-	-
Curtailement and settlement	25	8
Total Operating cost	<u>3,382</u>	<u>3,945</u>
<b>Analysis of pension finance</b>		
Expected return on pension scheme assets	1,397	1,927
Interest on pension liabilities	(1,703)	(2,516)
Pension finance income/(costs)	<u>(306)</u>	<u>(589)</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 FRS 17 is a £625,000 loss (2014: £876,000 gain).

Movements in the present value of defined benefit	2015 £'000	2014 £'000
At 1 September	43,552	52,725
Current service cost	3,357	3,937
Interest cost	1,703	2,516
Employee contributions	890	1,091
Actuarial gain/(loss)	966	476
Benefits paid	(600)	(563)
Past service cost	-	-
Curtailements and settlements	25	8
Business Combinations	1	416
Transfer in from new academies	-	654
Academies transferring out	(3,215)	(17,708)
At 31 August	<u>46,679</u>	<u>43,552</u>

E-ACT Financial Statements  
For the year ended 31 August 2015

Movements in fair value academy shares of scheme assets	2015 £'000	2014 £'000
At 1 September	23,674	30,743
Expected return on assets	1,397	1,927
Actuarial gain/(loss)	(535)	(1,145)
Employer contributions	2,871	3,257
Employee contributions	890	1,091
Benefits paid	(599)	(563)
Transfer in from new academies	-	106
Academies transferring out	(1,545)	(11,742)
At 31 August	<u>26,153</u>	<u>23,674</u>

The estimated value of employer contributions for the year ended 31 August 2016 is £2,737,000.

The five year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations	(49,894)	(61,260)	(52,725)	(33,995)	(22,158)
Fair value of share of scheme assets	27,698	35,416	30,743	20,435	14,564
Less Academies transferred out	1,670	5,966	-	-	-
<b>(Deficit)/Surplus in the scheme</b>	<b>(20,526)</b>	<b>(19,878)</b>	<b>(21,982)</b>	<b>(13,560)</b>	<b>(7,594)</b>
Experience adjustments on share of scheme assets Amount £'000	(535)	(1,143)	1,886	301	(1,611)
Experience adjustments on scheme liabilities Amount £'000	38	3,137	-	(231)	1,354

## 28 Conversion of schools leaving the Academy Trust

Two schools left the Group during the Financial Year 2014-15. Forest and Sherwood Academy. The balances below which are included in the Statutory Accounts are as a result of these Academies leaving. The £11m of Fixed Assets represents the gift of the Academies fixed assets to the new sponsor.

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Fund £'000	Total 31 <sup>st</sup> August 2015 £'000
Tangible Fixed Assets	-	-	(11,018)	(11,018)
Budget surplus	-	233	-	233
LGPS pension deficit	-	1,670	-	1,670
	-	<u>1,903</u>	<u>(11,018)</u>	<u>(9,115)</u>

E-ACT Financial Statements  
For the year ended 31 August 2015

29 Analysis of general funds breakdown by Academy	£'000
Blackley Academy	172
Burnham Park Academy	(631)
Chalfont Valley Academy	145
City Heights Academy	281
The Crest Academy (Combined Boys & Girls School)	736
Danetre and Southbrook Learning Village Academy	98
Denham Green Academy	0
Greenfield Primary Academy	670
Heartlands Academy	(163)
Iminster Academy	499
Mansfield Green Academy	908
Merritts Brook Primary Academy	165
Nechells Primary Academy	139
North Birmingham Academy	540
Oldham Academy	269
Parker Academy	888
Parkwood Academy	565
Pathways Academy	503
Reedwood Primary Academy	171
Shenley Academy	(630)
St Ursula's Academy	135
West Walsall Academy	210
Willenhall Academy	1,712
Head Office	(4,467)
<b>Total before fixed asset fund and pension reserve</b>	<b><u>2,915</u></b>
 Restricted fixed asset fund	 162,783
Pension reserve	(20,526)
<b>Total</b>	<b><u>145,172</u></b>

Operating Funds for the Group are in surplus of £2.9m. Some Academies are however carrying a deficit of funds, and these include Burnham Park, Heartlands Academy, Shenley Academy and Head Office. The Group have developed and continue to develop the Financial and Budget monitoring across all areas, and continue to look at the finances on a minimum of a rolling 3 year basis.

The central finance support model and structure has continued to develop with further strength being added to the Finance Business Partner function, and very stable staffing during the 2015/16 financial year.

E-ACT Financial Statements  
For the year ended 31 August 2015

30 Analysis of Academies by Cost	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total
Academy	£000	£000	£000	£000	£000
Blackley Academy	1,382	275	399	253	2,309
Burnham Park Academy	2,278	267	740	300	3,585
Chalfont Valley Academy	477	52	43	78	650
City Heights Academy	1,563	252	534	346	2,695
The Crest Academies	6,156	1,091	1,186	1,019	9,452
Danetre and Southbrook Learning Village Academy	5,078	409	1,259	557	7,303
Denham Green Academy	500	98	128	112	838
Forest Academy	573	83	376	140	1,172
Greenfield Primary Academy	1,463	257	323	214	2,257
Heartlands Academy	4,689	762	936	579	6,966
Iminster Academy	1,042	182	262	148	1,634
Mansfield Green Academy	1,452	342	673	285	2,752
Merritts Brook Primary Academy	698	199	216	220	1,333
Nechells Primary Academy	866	218	343	157	1,584
North Birmingham Academy	4,820	609	1,457	690	7,576
Oldham Academy	3,311	791	1,142	514	5,758
Parker Academy	2,946	219	665	237	4,067
Parkwood Academy	3,371	576	1,226	298	5,471
Pathways Academy	1,651	285	336	198	2,470
Reedwood Primary Academy	1,419	267	375	124	2,185
Shenley Academy	4,210	607	1,656	429	6,902
Sherwood Academy	1,152	63	241	256	1,712
St Ursula's Academy	1,007	234	361	203	1,805
West Walsall Academy	3,740	404	1,172	303	5,619
Willenhall Academy	5,246	698	1,430	910	8,284
Head Office	67	973	2,574	677	4,291
<b>Totals</b>	<b>61,157</b>	<b>10,213</b>	<b>20,053</b>	<b>9,247</b>	<b>100,670</b>

### 31 Related Party Transactions

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

During the year no related party transactions took place.