

E-ACT Financial Statements
for the year ended 31 August 2016

E-ACT

Annual Report and Financial Statements 2015–16

Company Limited by Guarantee
Company Registration 06526376
An Exempt Charity

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Reference and administrative details

For the year ended 31 August 2016

Company number

06526376

Operational address

Unit 9.2.1
The Leathermarket
Weston Street
London
SE1 3ER

Principal staff and dates of their appointment

Chief Executive Officer	David Moran BSc	4 Oct 2013 (25 Mar 2013 as E-ACT employee)
Director of Finance & Resources	James Nicholson FCA	7 Jul 2014
Director of Operations	Samantha Beecham MA	8 Nov 2013 (4 Jan 2013 as E-ACT employee)

Trustees

Michael Wemms MBA BA (Chair) *
Dr Stephen Hopkins MSc, PhD ***
Sean Alleyne BA, ACA *
David Roper BSc, FCA ** *
Jean Scott BA, MA (Vice Chair) ***
Theresa Keating BA ACMA **
Prof. Bryan Winchester (appointed 22 Mar 2016)
David Moran BSc (ex officio)

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

Clive Lewis OBE DL (term ended 22 Mar 2016)

Members

Michael Wemms MBA BA (Chair of the Board)
Clive Lewis OBE DL (member only)
Sean Alleyne BA, ACA

Company Secretary

BWB Secretarial Limited
10 Queen Street Place, London
EC4R 1BE

Solicitors

Veale Wasbrough Vizards LLP
Narrow Quay House, Narrow Quay, Bristol
BS1 4QA

Bankers

HSBC
60 Queen Victoria Street, London
EC4N 4TR

Stone King
Boundary House, 91 Charterhouse Street,
London
EC1M 6HR

Auditors

KPMG LLP
One Snow Hill, Snow Hill Queensway,
Birmingham
B4 6GH

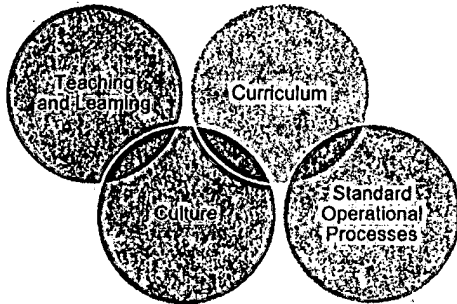
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Welcome from the Chair of the Board and the Chief Executive

E-ACT continues to learn, adapt and improve to make sure that every child at an E-ACT academy reaches their full potential and is able to experience a world of opportunity ahead of them.

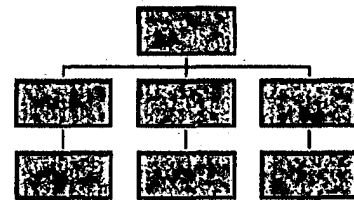
This year has been one of considerable change across the whole trust, with a new school improvement strategy established and a move towards a regionalised model of delivery in order to effectively support our new strategic aims of:



- **Teaching and Learning:** For every teacher to deliver good or better teaching, enabling every child to make outstanding progress in every lesson
- **Curriculum:** For every curriculum to be inspiring, pupil-appropriate, subject-appropriate and maximising on the strengths of our teachers
- **Culture:** For every child and staff member to think big, do the right thing and show team spirit
- **Standard Operational Processes:** To establish consistent and effective processes to support school improvement.

Our governance

The new regionalised model has seen seven regional teams established, each led by a Regional Education Director and a Regional Operations Director, with a series of subject specialist expert system leaders within each team. This model has given the trustees an enhanced level of assurance of the scrutiny, challenge and support taking place at every level across the trust – academy, regional and national – as well as bringing together neighbouring academies to regularly share great practice within their regional team.



Alongside this significant structural realignment, the Board have established an Advisory Body for local governance within each academy – called our Academy Ambassadorial Advisory Groups – with a specific remit of community engagement, academy celebration, academy complaints and effective academy communications. Each advisory group has a minimum of two elected parents, as well as stakeholders of the community and pupils, and each have a direct communication channel to Head Teachers, Regional Directors and the Board of Trustees. These volunteers give their time and energy to ensure that the views of their community are heard and reflected in the academy and trust's strategy. The Board are delighted to have welcomed so many members of the Advisory Groups this year, and thank them for their valued input.

The Board has reviewed its own performance through an evaluation, which was led by the former Vice Chair, Clive Lewis. As a group of trustees, we strive to continually improve our own effectiveness and regularly reflect on how we can better position ourselves and the organisation to best meet our mission and charitable objectives.

Following a four-year term of office as trustee and Vice Chair of E-ACT, Clive Lewis stepped down from the Board of Trustees in March this year. We would like to extend our gratitude to Clive for his time, dedication and contribution to the organisation during his time as a trustee. Jean Scott was nominated and appointed as Vice Chair of the Board following Clive's departure, and we are grateful for her stewardship in this role to date.

We are also delighted to have welcomed Professor Bryan Winchester as a new trustee on the board. Bryan is a Professor of Biochemistry at the University College London Institute of Child Health at Great Ormond Street Hospital and brings with him a wealth of experience to the Board.

In the coming year, the Board will be recruiting new trustees to further strengthen and broaden our existing skills-set.

Our performance

Our performance this year has seen a continuing upward trajectory, with 41% of pupils achieving at least 5 A*-C including English and Maths at GCSE level and 46% of pupils achieving the expected standard in Reading, Writing and Maths at Key Stage 2. Progress scores at Key Stage 2 showed that almost half of our academies were in the top 25% nationally for Maths and a third were in the top 25% for Reading. Progress scores were exceptionally high in E-ACT's academies in the South West region, with two academies with scores in the top 2% nationally.

While there were undoubtedly some impressive results amongst our academies, we know that we must continue to do more to raise standards across all of our academies and to reduce the variation in performance across the trust.

Our people

Our people are our most precious asset and we cannot hope to achieve all that we have set out to without recruiting, retaining and investing in the right staff. We know that outstanding teaching leads to outstanding outcomes, but a national shortage of teachers and a highly mobile workforce means that attracting and keeping the staff we need remains one of our biggest organisational challenges. To this end, the Board have this year approved our biggest ever investment in the professional learning of every single one of our teachers.

Through the work of our Education and Personnel Committee, we have designed a trust-wide CPD programme – teaming up with flagship education providers, such as *Teaching Leaders* and *Future Leaders*, as well as world-renowned change management specialists, such as *McKinsey*, and our very own Outstanding Teaching School at Heartlands, to develop an innovative, high-quality and impact-driven programme for leaders at every level: teaching leaders, middle leaders, senior leaders, subject specialist leaders and executive leaders.

We remain very proud of and impressed by the dedication and passion of staff at every level throughout the organisation and thank them for all that they do, day in and day out, to improve the lives and opportunities for the children in our care.

Making our money go further

The work of E-ACT is funded by the public purse. We take their trust very seriously and strive to make every penny work hard so that, wherever possible, we can release money back into the frontline of the classroom. This year, we have made savings of £1.8m through smarter procurement and ways of working, including in: recruitment; HR operational support services; training contracts; catering contracts; and office relocation.

Looking ahead

We now have a fully regionalised structure in place. We have one HR support partner and one recruitment partner. We have one intranet, one CPD offer and in the summer, for the first time ever, we held our One E-ACT National Pupil Celebration Event.

More than ever before, our people and our structures are ready to meet the challenges that lay ahead. We know there is more to do and we are excited about the acceleration in performance that we expect to see in the year ahead.

Fundamentally, we believe that by embedding a values-based culture that empowers all of our people to be the best they can be, by having a simple school improvement strategy that we implement with fidelity, and by establishing an effective operational model to delivery this strategy, we will be able to have our biggest impact yet on the lives of the pupils we serve.

Michael Wemms, Chair of the Board of Trustees
David Moran, Chief Executive



E-ACT in context

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 that have historically failed to deliver a good education to the pupils attending them. We strive to accelerate pupil attainment and transform both school performance and pupils' life chances.

14,470 pupils
as at the summer
2016 school census

23 academies

11 Primary
11 Secondary
1 All-through



Half of children in E-ACT academies
have been in receipt of free school meals
at some point in the last six years:
double the national average.



40% of children in E-ACT academies
speak English as an additional language.

	E-ACT	National average
Primary	34%	20%
Secondary	41%	16%

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.



E-ACT Financial Statements
for the year ended 31 August 2016

Our academies

☐ = Primary; ■ = Secondary;
☐ = All-through

	Date joined E-ACT	Current Ofsted Judgement	Date of Ofsted inspection	Pupils*
North				
E-ACT Blackley Academy	Jan 2012	Good	Jan 2014	440
Pathways E-ACT Primary Academy	Sep 2013	Requires Improvement	Jun 2015	549
Parkwood E-ACT Academy	Sep 2009	Good	Jan 2014	826
The Oldham Academy North	Sep 2010	Good	May 2016	854
Walsall				
Reedwood E-ACT Academy	Sep 2012	Good	May 2016	453
West Walsall E-ACT Academy	Sep 2012	Special measures	Mar 2016	726
Willenhall E-ACT Academy	Jan 2012	Requires Improvement	Mar 2015	1,336
Birmingham				
Mansfield Green E-ACT Academy	Jan 2013	Requires Improvement	Mar 2016	516
Merritts Brook Primary E-ACT Academy	Jan 2013	Good	Mar 2015	223
Nechells Primary E-ACT Academy	Sep 2012	Requires Improvement	Mar 2016	229
Heartlands Academy	Sep 2009	Outstanding	Feb 2014	910
North Birmingham Academy	Jan 2010	Requires Improvement	Feb 2016	981
Shenley Academy	Sep 2009	Good	Feb 2014	1,056
Daventry				
DSLVE-ACT Academy	Apr 2012	Serious weaknesses	Jun 2015	1,173
The Parker E-ACT Academy	Sep 2012	Requires Improvement	Dec 2015	683
London				
City Heights E-ACT Academy	Sep 2013	Good	May 2015	431**
The Crest Academy	Sep 2009	Special measures***	Jan 2015	1,163
Buckinghamshire				
Chalfont Valley E-ACT Primary Academy	Sep 2012	Good	Mar 2016	126
Denham Green E-ACT Academy	Sep 2013	Good	May 2015	143
The E-ACT Burnham Park Academy	Apr 2012	Special measures	Jul 2016	529
South West****				
Greenfield E-ACT Academy	Sep 2012	Good	Dec 2015	404
Ilminster Avenue E-ACT Academy	Jan 2012	Good	Jan 2014	270
St Ursula's E-ACT Academy	Sep 2011	Good	Jan 2015	449
Total				14,470

* As at the summer 2016 school census

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

*** As of autumn 2016, The Crest Academy is now judged Good by Ofsted.

**** Hareclive Academy in Bristol joined E-ACT on 1 September 2016.

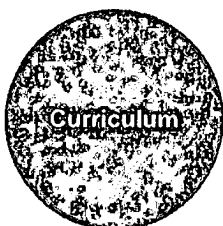
E-ACT's school improvement strategy

E-ACT's school improvement strategy is simple and focused on what matters most: developing people and getting the very best outcomes for our students.



A relentless focus on the quality of teaching and learning

- *Lessons that are well-structured with clear learning intentions that develop learning and enable students to achieve their best*
- *Teachers have good subject knowledge; planning, marking and assessment are rigorous so that teachers know the learning needs of every child in their class*



Develop and deliver an engaging and inspiring curriculum

- *A curriculum that is broad, balanced and engaging for all children*
- *Teaching styles and the learning environment reflect the broad and balanced curriculum; teachers share good practice*



Think big, do the right thing and show team spirit

- *A culture where children feel safe, enjoy their learning and have high aspirations for themselves and their school*
- *Every school has a culture of high expectations and aspirations for all children and staff; relationships are supportive and fair; poor behaviour, bullying and underperformance are never tolerated*



Effective and efficient standard operating procedures

- *Systems and processes that are efficient and maximise resources to enable each school to operate effectively to the benefit of all staff and children*

Key performance indicators for 2015/16

Every pupil to maximise their potential in national examination results

- Across all E-ACT secondary academies, 41% of E-ACT students achieved at least 5 GCSEs at grades A*–C, including English Language and Maths. Nine of the eleven secondary academies saw an improvement on 2015.
- Across all E-ACT primary academies, 47% of pupils achieved the expected standard in Reading, Writing and Maths.

Every academy to demonstrate strong student progress

- Four E-ACT secondary academies achieved a Progress 8 score significantly above the national average. Students at the two academies in the North region achieved $\frac{1}{2}$ of a grade above their peers nationally with similar prior attainment.
- Five E-ACT primary academies were in the top 25% nationally for Maths and four were in the top 25% for Reading. Progress scores were exceptionally high in E-ACT's academies in the South West region, with two academies with scores in the top 2% in the country.

Ofsted inspection outcomes

- E-ACT received 16 Ofsted inspections in 2015/16.
- Out of seven Section 8 inspections, six stated that the trust was taking effective action to tackle areas requiring improvement.
- Out of nine Section 5 inspections, eight judged the academy to Require Improvement or be Good – in all cases, an improvement on the previous judgement.
- Three-quarters of E-ACT academies are currently judged to have Good or Outstanding leadership and management.

Overall salary costs to be 70–75% of total income

- In 2015/16, overall staffing costs across the trust accounted for 75.6% of total income. Of this, 50.6% included teaching staff salaries, 11.6% educational support staff and 13.4% operational support staff.

Each academy to be financially viable over a three-year planning horizon

- The regional staffing model was established this year, with every region now being operationally led by a Regional Operations Director. Each region now has an approved three-year financial plan and the Regional Operations Directors are securing further operational efficiencies to ensure that their region is sustainable for the future.

The year in review: performance and achievements

Teaching and Learning

Ofsted highlights

E-ACT enjoyed a successful year of inspection outcomes in 2015/16, with a number of academies improving their Ofsted grades. Sixteen inspections took place during this period and E-ACT also underwent a full trust-wide inspection in December 2015.

Six academies improved their Ofsted rating during this year. The Parker, Mansfield Green and Nechells were all **judged to no longer require special measures** and Reedswood, Chalfont Valley and The Oldham Academy North improved their ratings **from Requires Improvement to Good**.

8/11 E-ACT
primary
academies
are **Good**

No E-ACT primary academy is now rated as in need of special measures. The three that are rated Requires Improvement are showing rapid improvement, with two having been removed from Special Measures this year and the third being deemed to be "taking effective action".

**3 academies
improved to Good**

**3 academies were
removed from
Special Measures**

"The principal has a clear vision and strategy to move the school forward. He is well supported by a group of capable leaders."

The Crest Academy

"The dynamic leadership of the principal has brought a sweeping change across the school... A firm platform for future success has been laid."

The Oldham Academy North

"Aim high and reach for the stars' reflects the ambition of all staff and pupils. This means there is now a culture of achieving the best outcomes for pupils and developing pupils' sense of pride in themselves and the school."

Chalfont Valley

"The Trust has recruited academy leaders with good experience and knowledge."

Trust-wide inspection

"The Board of Trustees challenges the Trust's leaders effectively by focusing on pupils' progress, standards and improving the quality of teaching."

Trust-wide inspection

"The school is improving rapidly... Staff at all levels share the ambition to make sure that pupils do as well as they can."

Mansfield Green

"The executive headteacher is determined to make improvements and is uncompromising in his belief that all pupils must achieve their potential."

Nechells

"Since the focused inspections in 2014, the Trust has taken a more robust and direct approach to school improvement. This is evident from the outcomes of the seven focused inspections in December 2015, which were positive, and demonstrated that most leaders were taking effective action to remove the weaknesses from the underperforming academies."

Trust-wide inspection

Teaching and Learning

Student outcomes

Across all E-ACT primary academies, 46% of pupils achieved the expected standard in Reading, Writing and Maths.

46%
R/W/M

★ Denham Green: 86%

★ Ilminster Avenue: 84%

★ Greenfield: 79%

★ Merritts Brook: 72%

Key Stage 2

For the new progress measures, 5 of the 12 academies were in the top 25% nationally for Maths and 4 out of 12 were in the top 25% for Reading. These 'value added' measures aim to capture the progress that pupils make from the end of key stage 1 to the end of primary school, compared to other pupils nationally with similar prior attainment.

★ Ilminster Avenue: Top 1% for progress in Reading and Writing, top 2% for Maths

★ Greenfield: Top 1-2% for progress in Reading and Writing, top 5% for Maths

★ Denham Green: Top 25% for progress in Reading, Writing and Maths

In 2016, 41% of E-ACT students achieved at least 5 GCSEs at grades A*-C including English Language and Maths.

41%
5A*-C

9 of the 11 academies saw an improvement on 2015.

★ Heartlands: 62% (9 percentage point increase)

★ The Parker: 55% (11 percentage point increase)

★ Shenley: 51% (8 percentage point increase)

Key Stage 4

Four of the 11 academies achieved a Progress 8 score significantly above the national average. Students at the two academies in the North region achieved 1/3 of a grade above their peers nationally with similar prior attainment.

★ The Oldham Academy North: Progress 8 = 0.34

★ Parkwood: Progress 8 = 0.33

★ The Crest Academy: Progress 8 = 0.26

★ Heartlands: Progress 8 = 0.19

70% of E-ACT students who applied to university got the grades required for their first choice. In total, 68% of E-ACT's sixth form students will be going on to university. The average grade for non-vocational subjects was a D (just shy of a D+).

65%
2A*-E

★ DSLV and The Parker: 90% got a place at their first choice university

★ DSLV, The Parker and Heartlands: 100% achieved 2 A*-E

★ North Birmingham Academy: average grade = C

Key Stage 5

For vocational subjects, the average points score for E-ACT students, expressed as a grade, was Distinction+. This was an increase compared to 2015 at three of the seven academies offering these subjects.

Teaching and Learning

Attracting, retaining and rewarding high-performing staff

This year, the whole organisation has had an unrelenting focus on improving the quality of teaching and learning in every classroom within E-ACT academies.

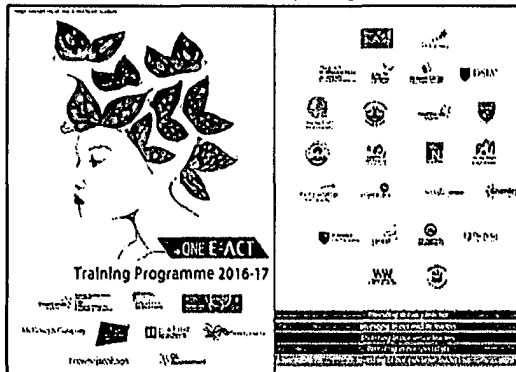
Following an all-staff survey on what employees would like to see in an E-ACT staff benefits package, in which 55% of staff stated that financial incentives are the most important benefit, followed by continuous professional development (33%) and work-life balance incentives (12%), the focus of the national team this year has been on:

- Establishing effective teacher pay and performance policies that will enable E-ACT to attract, retain and reward high-performing staff
- Investing in the professional development of our teaching staff
- Enhancing our lifestyle policies, including our maternity, paternity and adoption policy and our flexible working policy

Investing in our teachers' professional learning

The trustees approved E-ACT's first ever trust-wide professional development programme for every teacher across all our academies. This follows a significant investment of £420,000 from the trust and is based on the fundamental belief that outstanding teaching will lead to outstanding progress and outcomes for every single pupil.

We have teamed up with flagship education providers, such as *Teaching Leaders* and *Future Leaders*, as well as world-renowned change management specialists, such as *McKinsey*, and our very own Outstanding Teaching School at Heartlands, to develop an innovative, high-quality and impact-driven programme for leaders at every level: teaching leaders, middle leaders, senior leaders, subject specialist leaders and executive leaders.



Alongside the courses on offer, E-ACT has also invested funding for 2016/17 to allow for three additional days for teaching staff to use exclusively for tailored professional development. These days are in addition to the five statutory core INSET days. They are designed for teachers' individual development – whether that be through joint planning of an outstanding lesson alongside a recognised practitioner, joint lesson observations, focused visits to another school to observe an outstanding teacher, or the opportunity to have a lesson planned with, and then observed by, a qualified Ofsted inspector.

Recruiting the best

With a national shortage in teaching across the UK, recruitment and retention of the highest quality staff remains one of our biggest organisational challenges. Alongside our new CPD teacher training programme, we have undertaken a full tender process this year for a national recruitment partner to help E-ACT to attract the best teaching talent across the country. E-ACT has awarded a trust-wide recruitment advertising contract to The Guardian.



Becoming an employer of choice

In 2015/16, we worked closely with teaching unions to bring together differing pay and appraisal policies from across all our academies into two standard policies for all E-ACT teaching staff. There is now a clear and transparent objective setting and performance management process in place for all teaching staff, and our policies enable us to recruit, retain and reward the best talent in the organisation.

Alongside this, we have doubled our maternity, paternity and adoption package, making E-ACT a market leader in the sector. We have also established our first ever flexible working policy, setting out a clear process under which employees have a right for flexible working to be considered.

We have a new trust-wide information pack for every member of staff, which can be used to support inductions for new starters and to help existing staff to understand the organisation better. E-ACT has changed significantly over the past few years and this pack is intended to be a helpful resource to reinforce the organisation's vision and to guide employees through everything from the intranet and key contact information to the new HR service and sickness absence procedures.

Sharing best practice

The first E-ACT Primary Principals' Conference was held in September. The event focused on a number of key areas of school improvement, including target setting, assessment and being Ofsted-ready.



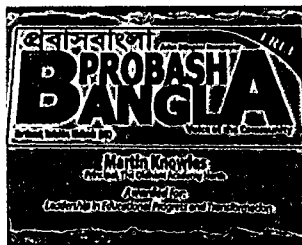
Integration of the Crest academies

The important integration of boys and girls together in one academy was achieved rapidly and seamlessly. Ofsted confirmed this in their monitoring inspection in March: "The integration of the boys and girls, still in its first term at the last visit, is now well established and the transition to co-education appears seamless".

Awards for The Oldham Academy North

In May, The Oldham Academy North was presented with an award for exceptional student progress from the SSAT. The academy is in the top 10% of schools nationally for value-added progress.

Head Teacher, Martin Knowles, was also presented with an award from local newspaper, the Probash Bangla in recognition of "his drive and commitment to push up teaching standards and quality of learning for the children of [the Bangladeshi] community".



Parkwood Academy: best in Sheffield

Parkwood E-ACT Academy was named best secondary school in Sheffield at the Star Best in Education Awards 2016.

The criteria for success was based around the much improved GCSE results and the positive Progress 8 score achieved by Parkwood staff and students.



Curriculum

Establishing engaging and inspiring curriculums

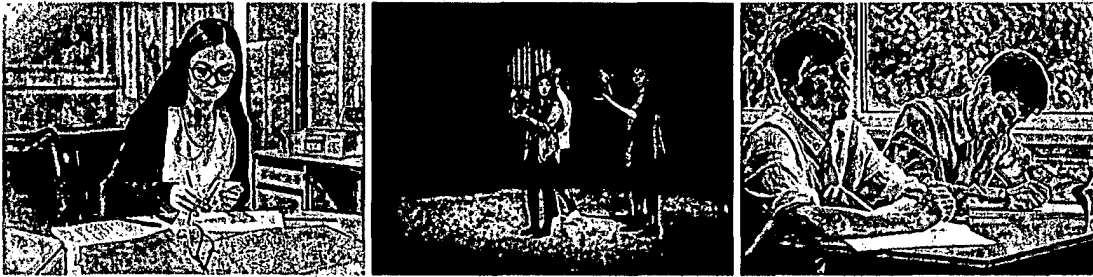
A core part of E-ACT's strategy this year has been to focus on establishing engaging and inspiring curriculums within each of our academies where that might not have been the case previously.

- ✓ A curriculum where our teachers are integral to its creation.
- ✓ A curriculum which looks at the whole child from 3 to 19.
- ✓ A curriculum which is deep, creative and classical but has global links too.
- ✓ A curriculum which has common and varied assessment opportunities.

While we believe that curriculums should be unique to every cohort of children in every academy, the national team set some minimum expectations for the whole trust. These included: ensuring that all key stage 4 timetables have a minimum teaching time of 20% per week in English and 20% in Maths, establishing consistent examination boards in English and Maths, and running consistent mock examinations across the whole organisation for effective benchmarking.

New joint Daventry sixth form

Over the course of the year, the two E-ACT academies in Daventry, Northamptonshire, worked on a collaborative venture to encourage more students to stay on to complete their post-16 studies. A taster day was held in July, where interested students could sample lessons in the post-16 courses. For 2016/17, the new Daventry Sixth Form is offering 21 A Level courses, 7 Level 3 BTECs and 10 Level 2 BTEC/GCSEs. More than 100 year 12 students are studying in the new Daventry Sixth Form for 2016/17 and student feedback has been very positive.



Cultural and creative curriculum projects

With the help of a substantial external grant, E-ACT's four primary academies in Bristol will be working with Bristol Plays Music, Bristol Old Vic Theatre and UWE Bristol to write a 'living' cultural curriculum consisting of lesson plans and resources for each year group. The project aims to explore how schools can work together to combine resources and subject knowledge to commission quality work for children to learn, experience and participate in the arts. This programme will run from September 2016 to July 2018.

City Heights E-ACT Academy is part of an exciting partnership with the Lambeth Music Service, hosting the Saturday Music Centre. The music centre offers a range of music instruction for every age and skill level, with the opportunity to learn a number of different instruments and to become involved in ensembles and bands, including rock bands, string orchestras and African drumming.

"Ensuring that young people are able to enjoy a rich creative and performing curriculum at school is very important in what we aim to achieve. I have been delighted with the work we are able to do with Lambeth Music Service to enrich our music provision both for our students and for a wide range of children in our community."

Jim Henderson – Head Teacher, City Heights E-ACT Academy

Curriculum

Young Enterprise programme

The Oldham Academy North's young enterprise team, Glassique, took part in the Greater Manchester Final after qualifying from the Oldham Final earlier in the year.

The team of twelve Year 10 students created unique, hand-painted and personalised glass items, inspired by design influences such as mehndi. They were required to set up a trade stand, take part in a rigorous interview with two sets of judges and pitch their business in a four minute presentation in front of a lecture theatre full of students and judges.

Competing against ten other teams, including students three years their senior from sixth forms and grammar schools across the county, Glassique were placed in the top five teams in the region, winning the award for Best Customer Service.

The Oldham Academy North was also awarded the first ever Oldham Business Leadership Group Enterprise Award at the Oldham Education Awards for showing strength and innovation in the business opportunities provided to students. The award recognises the work of the academy in linking to and supporting local businesses and for the academy's outstanding Young Enterprise programme.

Year 6 enrichment week at Chalfont Valley and Denham Green

In the summer term, the Year 6 classes of Denham Green and Chalfont Valley joined together for a week of enrichment activities, both as a reward for their efforts and achievements, and as way of making the bond between E-ACT's Buckinghamshire academies ever closer.

The week started with a camping trip to Chalfont Restore Hope, where the children worked together to put their tents up, and enjoyed team-building activities, games, a nature walk, barbecue and camp fire. On the Wednesday, all the children participated in an inter-academy sports day and on the Thursday they took the train to London Zoo, where they were complimented on their behaviour by several members of the public. On the Friday, Chalfont Valley pupils wrote their own end-of-year assembly, while Denham Green pupils were invited to the opening of the new outdoor play area at Denham Country Park, where they played and then built dens in the woods.

By the end of the week, the children were shattered and one was overheard to say it was



"the best week of my life".



Curriculum

The Duke of Edinburgh's Award (DofE) scheme

In May, Andrew Mackereth, Head Teacher at The Parker E-ACT Academy, attended a once in a lifetime Duke of Edinburgh's Award Gold Award Presentation at Buckingham Palace. He was presented with a special plaque from the DofE Charity acknowledging the academy's commitment to running the DofE and thanking it for giving young people the opportunity to transform their lives.

The Parker E-ACT Academy has been delivering the DofE for many years and dozens of its young people have achieved a DofE Award after volunteering in their community, learning a skill, getting fit, going on an expedition and, for Gold, taking part in a week-long residential. Doing a DofE programme significantly impacts young people's futures, enabling them to develop vital skills for life and work, such as confidence, commitment, resilience and team work; it is widely acknowledged as the world's leading achievement award for young people. The Parker E-ACT Academy holds a licence to deliver DofE programmes to anyone between the ages of 14 and 24.



Employability and apprenticeships

In December 2015, Aon, a leading global provider of risk management services, insurance brokerage and human capital consulting, visited a number of E-ACT's Birmingham academies to promote their apprenticeships. Staff from Aon's Birmingham office addressed a group of year 13 students to explain the benefits of becoming an apprentice, the roles on offer, and the application process. Current Aon apprentices also shared their own experiences, with a Q&A session at the end. Later in the year, following a rigorous recruitment process, a student from Shenley Academy was offered an actuarial apprenticeship with Aon to start in September 2016.

E-ACT has begun a partnership with Howdens Joinery. In the spring term, a team from Howdens Joinery visited Parkwood Academy to raise awareness about careers in the trade and to launch a one-day building competition with the students. Next year, this partnership will develop further by securing placements for E-ACT students on the Howdens Academy Apprenticeship programme.

In the summer term, a partnership was formed with Tesco when students at The Crest Academy partnered with a local store to learn about the life of a store manager – from stock handling to marketing and communications. The Tesco team visited the academy to raise awareness of careers within Tesco and students took advantage of work experience opportunities. Next year, this partnership will be rolled out to all secondary academies within E-ACT.

The Parker E-ACT Academy has been working with food retailer, Waitrose, to deliver a series of employability workshops to year 10 students in October. The sessions aim to equip students with the knowledge and skills they need to enter the world of work. The students will identify and develop their abilities, with each student completing a skills audit focused on key areas, such as problem solving, people skills, and communication. They will learn about the John Lewis Partnership, the types of jobs available, and how to produce a stand-out CV. Students will also be given experience of preparing for job interviews, working in groups to role play scenarios.

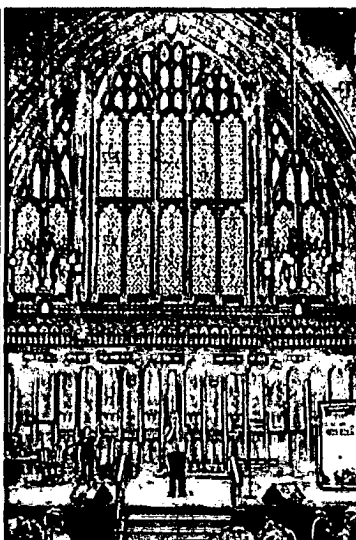
Culture

Many stories, many voices, one E-ACT: our first ever pupil celebration event

In July 2016, E-ACT held its first ever trust-wide pupil celebration event at the Guildhall in London. The event, attended by 130 pupils and more than 100 staff and trustees, included live performances from the music competition finalists, an exhibition of pupil artwork and short stories submitted for the art and short story competitions, pupil awards and a guest speaker – children's author, Chris Powling. In total, the competitions received 1,649 pupil entries and the event was an opportunity to celebrate our pupils' outstanding talents and to bring all our academies together as 'One E-ACT'.



"Today was fantastic. The kids had a great day and will never forget it. Well done!!!"
Kathy Allen, Regional Education Director (North)



"I thoroughly enjoyed being there and the acts were tremendous! Everyone was extremely welcoming and all the children came over to say 'Hi' and asked some very interesting questions. Looking forward to witnessing E-ACT going from strength to strength."
Devon Lovell, Impact Teachers General Manager (Sponsor)



"I really enjoyed the music, food and everything else. Also I won an iPad Air!"
E-ACT Pupil



"It was a really enjoyable day for adults and children. Everything about it was spot on – the venue, hospitality, brochure, etc. The children had a fabulous time; without doubt the highlight of my nearly five years with E-ACT."
Stephen Luke, Regional Education Director (South West)

Culture

Re-establishing our values

This year, we have really focused on creating and embedding a positive culture at academy, regional and national levels. This is fundamental to helping attract the very best people in education and operations who are aligned to our values, and enabling pupils, staff and parents to be proud of being part of E-ACT.

Earlier this year, we used employee interviews, workshops and an all-staff survey to explore the values that E-ACT embodies as an organisation today. When we asked what participants believed should be the values of the organisation, three key themes emerged from these discussions:

- Think big: for yourselves and for the world around you
- Do the right thing in everything you do, even when this means doing something that is hard, not popular or takes a lot of time
- Show team spirit, always supporting and driving your team forward

The Board of Trustees endorsed these values in the summer term and the process of embedding this values-based culture is well underway: in our governance, recruitment, performance management and communication processes.



Building our regional teams

In May, all Regional Education Directors, Regional Operations Directors and Regional Coordinators were brought together for a two-day training session encompassing strategy, education, governance and regional operations.

The national operations team also holds half-termly training days with the Regional Coordinators. These days are designed to ensure Regional Coordinators have a strong link to the national team, understand organisational priorities, receive the tools they need to support their regional teams and are able to raise issues and share learning with the national team and each other. The National Governance Manager and Governance Administrator provide support to Regional Coordinators on a day-to-day basis on organisational policy, procedure and practice.

Now, every member of E-ACT staff has attended a regional staff session, bringing together neighbouring E-ACT academies within their region to bring 'One E-ACT' to life.

Improving our communications

Our communications strategy has reinforced our values by identifying, sharing and celebrating the many amazing talents that exist across the organisation. This year, the national team have embedded this by establishing creative and collaborative communications, including:

- a weekly *Insight Mail* e-newsletter for all staff
- a termly *Insight Post* newsletter for all staff
- a half-termly *Heads Up* for all Head Teachers
- regular *Insight intranet* blogs
- a cross-region editorial group
- a strong social media presence to celebrate success across E-ACT



Culture

Peer tutor programme implemented in the Walsall academies

All three E-ACT academies in Walsall have implemented a peer tutor programme. This programme, led by UFA, helps to build knowledge, skills and character of tutors while supporting the learning of tutees. Peer tutors attend a training course, before being paired with children from lower years. The academies are particularly focusing on supporting literacy through reading, while improving confidence and leadership skills for the tutors. The programme was filmed and launched at the Mayor's Parlour in September 2016.

Awards for Parkwood Academy students

Parkwood's Anti-Bullying Ambassadors have had special recognition for their outstanding efforts, receiving a Diana Award at a ceremony at The Leeds College of Music this summer. The award is for young role models who are selflessly transforming the lives of others. The students have taken complete ownership of the anti-bullying project and have seen a huge reduction in the number of bullying incidents.



Two students from Parkwood E-ACT Academy were named "critics' choice winner" for their short video about the dangers of smoking. The competition was open to all young people in Rotherham, Doncaster and Sheffield. Their award-winning film can be seen at: <https://vimeo.com/194947540>

"Ryan and Sarah's short film really stood out for me as they managed to deal with a difficult subject in a light and accessible fashion."

Colin Pons, Judge and course leader in MA



film-making at Sheffield Hallam University



Ilminster Avenue's healthy lifestyle programme

Ilminster Avenue E-ACT Academy's breakfast club programme was recognised at the Kellogg's Breakfast Club Awards 2015, being named runner-up in the category of 'Promoting a Healthy Lifestyle'.

City Heights basketball success

City Heights E-ACT Academy's Wheelchair Basketball Team had an exciting win at the London Youth Games. Coached by Austin Kentebe, the squad has made steady progress – finishing third in the London Youth Games over the first two years and triumphing this year with a gold.

After qualifying as London champions, the team headed up to Worcester to represent London at the Inclusive Zone Basketball (IZB) National Finals.



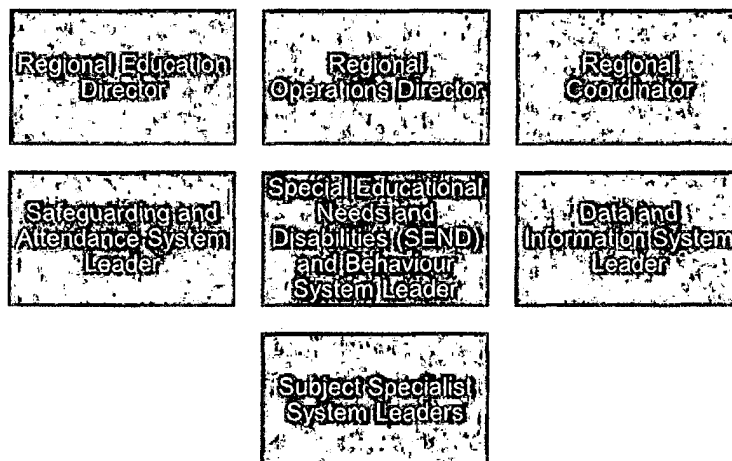
Standard Operational Processes

Regionalised structure now in place

In spring 2016, E-ACT began moving towards a regionalised model. This will enable us to have a much more in-depth understanding of each academy, to devise targeted school improvement approaches, to more easily share best practice and to be more flexible in our operational requirements.

Each region is led by a Regional Education Director and a Regional Operations Director, supported by a series of expert System Leaders (depending on the needs of the region).

With these roles filled, we have the right people and structures in place to deliver school improvement, to hold Head Teachers to account effectively, and to ensure that each academy quickly receives the support it needs to help improve student outcomes.



New governance model

E-ACT's new governance model allows experts to be accountable for driving scrutiny and support, alongside Ambassadorial Advisory Groups with a strong emphasis on parental and community engagement. The model was praised in Ofsted inspections at Mansfield Green, Nechells and Reedswood: "The raising achievement board, well supported by the academy ambassadorial group, provides strong and effective governance and an appropriate balance of support and challenge."

As part of the model, E-ACT mapped out every aspect of its regulatory requirements and how these will be met and evidenced at local, regional and national levels. See *E-ACT's New Governance Structure: An Overview*, which is published on our website, for further details.

Ambassadorial Advisory Groups (AAGs)	Raising Achievement Boards (RABs)	Regional Performance Boards	Trustee Committees and the Board
<ul style="list-style-type: none"> Made up of parents, staff, students and community members Each AAG has four core areas of work: community, celebration, complaints and communication Two ambassadors sit on every hearing panel held by E-ACT (for exclusions, grievances and complaints) Projects include an awareness campaign on knife crime, improving school grounds and working in partnership with local community groups to deliver English language training for parents 	<ul style="list-style-type: none"> Six-weekly meetings to ensure the academy is being supported and scrutinised in terms of education performance Led by the Regional Education Director and attended by the relevant regional system leaders and the academy senior leadership team Every academy, regardless of current performance Managed with nationally developed guidance and tools to ensure scrutiny across the organisation is consistent and effective 	<ul style="list-style-type: none"> Six-weekly meetings to hold the regional directors to account for their region's performance Led by the CEO and Director of Finance & Resources, attended by the Regional Education Director and Regional Operations Director Focusing on both educational and operational performance Used to identify and share good practice and ideas across the region 	<ul style="list-style-type: none"> Six-weekly meetings to hold the Executive Leadership Team to account on educational performance (EPC) and operational performance (ARC/Finance) nationally

Standard Operational Processes

Board evaluation

In late 2015, the Chair of the Board commissioned a full board evaluation to examine whether there were areas that the board of trustees could improve, where E-ACT as a whole could improve, and to establish what could be done to achieve this throughout 2016. The evaluation focused on the following key areas:

- Strengths
- Opportunities to improve
- Our biggest fears
- The way forward
- Mechanics
- Message for the Chair

An action plan for the year was generated, leading to: the implementation of an online board portal to improve the sharing of information with the board; a recruitment campaign for a new trustee (to be appointed at the December 2016 board meeting); appointment of a Trust-wide Communications Manager; review of the scrutiny of teaching and learning standards at board level; and improved committee planners.

National finance team office move

The Northamptonshire office was relocated, giving the finance team a more permanent base in smaller offices within 3 minutes of the railway station. By saving $\frac{1}{3}$ of the previous rental cost, this equates to a saving of £8,000 per year.

**£8,000
saving
per year**

Delivery of capital estates programme

Over the course of the year, we have successfully completed £1.6 million of estates management projects across all of our academies, ensuring that they are safe, warm and dry.

In-house payroll function

In February 2016, we transitioned our payroll services to an in-house function, providing a saving of £40,000 and establishing a high-quality service for every member of staff.

**£40,000
saving**

One E-ACT...



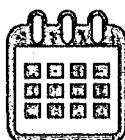
...one email

All E-ACT staff now have an @e-act.org.uk email address. This will simplify communication between academies, regional teams and the national teams.



...one HR provider

We have appointed Browne Jacobson, national experts in the education sector, as our HR and legal partners in respect of all staffing matters. This will improve the quality and consistency of HR advice and save approximately £288k.



...one organisational calendar

Following the implementation of regionalisation, internal communication has been improved, with the development of an organisational calendar for 2016/17 including dates for regional performance boards, raising achievement boards, academy inset days, committee dates, deadlines, etc.

Welcoming a new academy into the trust

Throughout the spring and summer terms, an extensive due diligence programme was completed in order to successfully transfer Hareclive Academy into the trust on 1 September 2016. We are delighted to welcome all pupils, staff and parents to the E-ACT family.



The year ahead

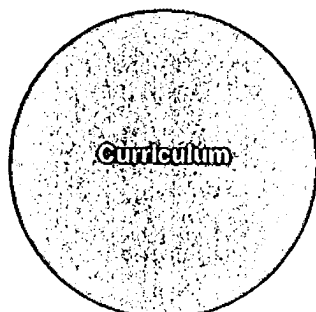
In 2016/17, E-ACT will continue to focus on the core elements of its school improvement strategy:



A relentless focus on the quality of teaching and learning

Our key strands of activity will include:

- ✓ ensuring consistency in assessment of teaching and learning
- ✓ ensuring regular reporting on core subject teaching
- ✓ engaging every teacher in E-ACT's CPD programme
- ✓ embedding a programme of peer review across the trust
- ✓ ensuring that the national recruitment strategy is leading to higher quality and volume of teaching applications
- ✓ establishing a programme of talent management across E-ACT
- ✓ establishing meaningful data collection and usage across E-ACT



Develop and deliver an engaging and inspiring curriculum

Our key strands of activity will include:

- ✓ ensuring every academy has links with their local Higher Education provider to enable students to access vocational courses where these will increase their chances of achievement and engagement
- ✓ focusing on all key stage transitions with a strategic post-16 offer
- ✓ promoting and building apprenticeships and partnerships for our pupils
- ✓ establishing a strategic approach to information, advice and guidance across the trust



Think big, do the right thing and show team spirit

Our key strands of activity will include:

- ✓ continually improving and sharing best practice in pupil safeguarding, behaviour and attendance strategies
- ✓ establishing a baseline of pupil, staff and parental satisfaction and happiness
- ✓ building our communications strategy and organisational identity so that everyone within E-ACT feels part of the organisation and is celebrated for their achievements
- ✓ building self-evaluation around the core strategy and E-ACT values
- ✓ building and developing our AAG membership across all academies



Effective and efficient standard operating procedures

Our key strands of activity will include:

- ✓ establishing an effective information management strategy for all of our data across the trust
- ✓ establishing an effective IT strategy that is fit for purpose in the context of a multi-academy trust
- ✓ embedding risk management at every level within the organisation
- ✓ establishing savings of at least £300,000 through value for money projects

Governance, structure and management

Board of Trustees

E-ACT is an academy trust limited by guarantee (number 06526376) and an exempt charity. It 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. The board is supported in discharging these responsibilities by its committees. Overall operational management of E-ACT across all of its academies is delegated to the Chief Executive.

The board meets a minimum of five times per annum and additionally as required. The board met five times in the course of the year under review.

Board composition

The board may be comprised of no fewer than three members. 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 45–50); and
- The Chief Executive, as an ex officio trustee (Articles 50B and 57).

Details of the trustees who served during the year are included on page 2 of this report.

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, although she has chosen not to exercise this entitlement.

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

Committee composition

The Board of Trustees appoints members of the:

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

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.

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

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 Finance & Resources and the Director of Operations 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. In January 2016, the former Vice Chair of the board conducted interviews with all trustees, the Executive Leadership team and the National Schools Commissioner to seek insight on the performance of the board. This led to the creation of an action plan which was implemented during the remainder of the academic year.

Trustees are appraised on an annual basis by the Chair of the Board (with the Vice Chair appraising the Chair) and discussions are held around the personal development of trustees in their role and the identification of future training needs.

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.

Trust indemnities

There are no qualifying third party indemnity provisions.

Organisational structure

During the year, the Board of Trustees approved a move towards a regionalised governance structure to support the newly formed regionalised model of delivering school improvement through the Education and Operations teams.

The new governance structure is based on the establishment of regional teams that are led by a Regional Education Director (RED) and a Regional Operations Director (ROD). The Regional Directors are supported by a series of expert System Leaders and a Regional Coordinator with a link to the external HR service.

For the Regional Education team, this includes:

- a Safeguarding and Attendance System Leader,
- a SEND and Behaviour System Leader,
- a Data System Leader; and
- subject specialist System Leaders (depending on the needs of the region)

For the Regional Operational Team, this includes:

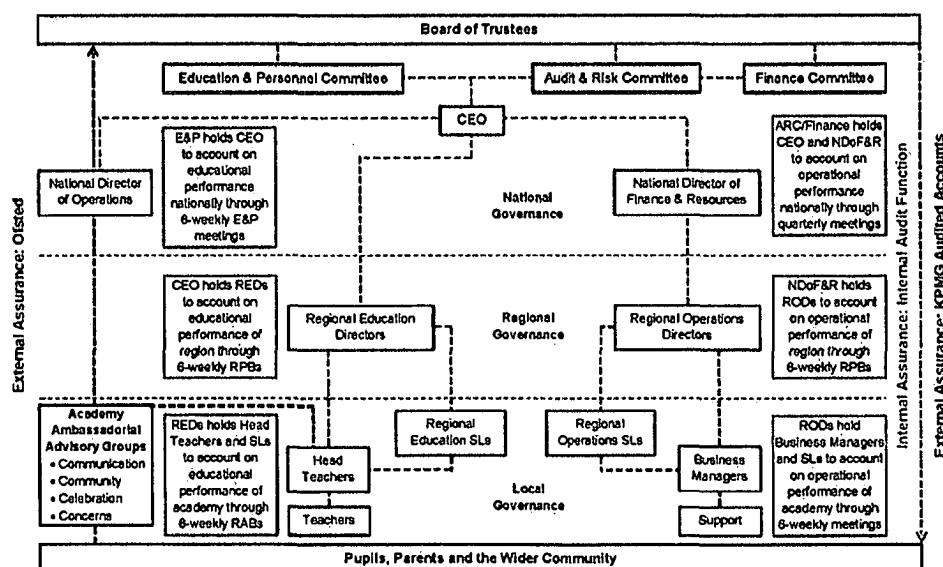
- a Finance System Leader
- a Procurement System Leader
- an Estates System Leader

The November 2015 DfE governance handbook for trustees of multi-academy trusts (MATs) recognises that MAT boards have "the opportunity to expand their central executive team as a means of exercising their responsibilities of oversight," whilst also noting that "as individual school principals become line managed by, for example, a chief executive, there is a risk of duplication or confusion between the role of the chief executive and the LGB in holding the school principal to account." In line with DfE guidance (para 19, November 2015), this model aims to be clear about how the Board of Trustees will exercise their governance and oversight through both executive and non-executive channels, and how the two fit together.

Within this model, the regional directors lead on many of the former scrutiny and challenge functions carried out by the local governing body: the REDs from an educational perspective and the RODs from an operational perspective, each assisted by their regional teams of system leaders.

The RED holds the Head Teacher to account on the performance of each academy within their region, acting under the delegated authority of the Board of Trustees. In turn, the REDs are held to account by the CEO for the academies within their region, and the CEO is directly accountable to the Board of Trustees.

The ROD holds the Academy Business Manager to account on the operational performance of each academy within their region, acting under the delegated authority of the board of trustees. In turn, the RODs are held to account by the Director of Finance & Resources for the academies within their region, and the Director of Finance & Resources and the CEO are directly accountable to the Board of Trustees.



Arrangements for setting pay and remuneration of key management personnel

In line with E-ACT's scheme of delegated authority, the pay and remuneration package of all of the Executive Leadership Team, Regional Directors and Head Teachers are formally approved by the Education and Personnel Committee.

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 exempt from day to day Charity Commission supervision (The Charities Act 2011). 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 and 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 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.

Public benefit

E-ACT'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.

E-ACT 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.

This year, E-ACT's Local Governing Bodies became Ambassadorial Advisory Groups (AAGs) with four key tenets: Communications, Celebration, Complaints and Community. As part of 'Community', AAGs are challenged to seek new ways for each academy to improve its relationships and role within the local community.

Employee involvement and employment of disabled persons

E-ACT 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

E-ACT 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 Head Teacher of each academy meets their staff regularly to ensure that they are aware of relevant issues and initiatives.

E-ACT has long-established fair employment practices in the recruitment, retention, promotion and training of disabled staff. In the unfortunate circumstance of a current employee becoming disabled, E-ACT will take all reasonable steps possible to support that member of staff.

Modern slavery and human trafficking

E-ACT is committed to ensuring that there is no modern slavery or human trafficking in our supply chain or in any part of the charity. Our anti-slavery policy reflects our commitment to acting ethically and with integrity in all our charitable and business relationships.

As an educational trust, E-ACT's immediate supply chain is entirely within the UK; we do not transact with organisations outside of the EU. Around 70% (£70m) of E-ACT's costs are direct employment costs. Our extended supply chain, second tier and third tier are predominately based within the UK. E-ACT does not consider, as a trust, that we transact with any countries or regions that are considered areas of risk.

Should the position arise where E-ACT transacts with an area considered to be a potential risk, the relevant Regional Operations Director will ensure a risk assessment along with necessary investigations, due diligence and appropriate training are carried out prior to engagement with the supplier.

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 even though, in practice, these deficits will be funded through future contributions to the pension funds. Those future contributions will be funded by future grants received from the Department for Education.

Financial review

During the year ended 31 August 2016, the total expenditure (excluding restricted fixed assets and pension funds) was £97.4m (2015: £101m) and income (excluding restricted fixed assets and pension funds) was £96.4m (2015: £99m). Excluding the LGPS liability, available funds have decreased by £373k. In total the Trust at year end has reserves of £2,867k, of which £2,375k is classified as unrestricted within the balance sheet.

Restricted fixed asset income for the year was £3.4m, and total restricted fixed asset expenditure during the year amounted to £4.1m.

At 31 August 2016, Restricted Reserves totalled £121m and Unrestricted Reserves totalled £2.4m. The Restricted Reserves comprise £157m surplus in Fixed Asset Reserves, £36.4m 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 97.4% of E-ACT's income. Revenue and small capital grants are paid annually to each academy, together with a larger capital grant that is received by E-ACT and allocated, on a needs basis, to the academies. The trustees continue to deploy all net incoming resources to investing in the educational purposes and fabric of our academies, although it is clear that funding from this source continues to get 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 largest portion of the bad debt write off totalling £233,000 comprises amounts relating to the following academies:

Purston:	£ 41,000
Dartmouth and Winsford:	£192,000

These amounts were, in the trustees' view, correctly requested from the Education Funding Agency (EFA) in accordance with its technical guidance notes relating to transferring academies. They relate to excesses of costs incurred by E-ACT in relation to the value of grant income received to operate each of these academies. However, despite prolonged negotiation concerning these amounts, the EFA decided that it would not fully reimburse E-ACT. The trustees note that the EFA increased its initial offers of reimbursement in relation to Dartmouth and Winsford from 52% to 86% of the amount that E-ACT had calculated it was properly due under the EFA's technical guidance note.

E-ACT's reserves and investment policies are set out below.

Reserves policy

Academies are funded on a monthly basis by DfE grants and income which fairly matches expenditure where around 70% 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. The new DfE Master Funding Agreement, which was signed by the Board of Trustees in March 2016, enables all funding to be carried forward without restriction.

E-ACT has a reserves policy in respect of unrestricted funds. At the year end, reserves amounted to £2.866m, which is a decrease of £374k from the previous year. This level of reserves is not considered to be excessive, bearing in mind the 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 (£36.4m); 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 2016 total £2.9m (£2.4m unrestricted plus £0.5m restricted). In 2016, the trustees set a target level of reserves for the organisation as follows:

- 5% of turnover for general use linked to E-ACT's charitable objects
- 1% of turnover to fund future estates needs
- 1% of turnover to fund future ICT needs

These are long-term aims and the Trust's reserves are currently some way below these aspirations, however while some E-ACT academies are still in an Ofsted category the key priority is to ensure funds are directed into education improvements for these academies, rather than building up reserves. Academies prepare financial forward plans for at least the next three years alongside the annual budget and actively maintain a risk register to enable the trust to foresee potential issues that might affect the viability.

Investment policy

The Board of Trustees, 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.

Funds held as Custodian Trustees on behalf of others

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

Principal risks and uncertainties

The major risks to which E-ACT is exposed, as identified by the trustees, have been reviewed, and systems and procedures have been established to manage those risks.

Safeguarding

The safety of our pupils and staff is E-ACT's highest priority. Through the new regionalised model of delivery, every region has an appointed Regional Safeguarding System Leader to scrutinise and support effective systems and processes in every academy. At the national level, a National Safeguarding Leader coordinates themes and trends emerging across the trust in order that the trustees and Executive Leadership Team can proactively manage risk. The National Safeguarding System Leader attends the Education and Personnel Committee every six weeks for regular monitoring of progress.

Educational performance

E-ACT'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 staff 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 E-ACT can expect is uncertain at this time. We set out below some of the potential risks in this area.

- **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 E-ACT'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.
- **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 reduction in 16–19 funding**, combined with the greater mobility of older students, creates an annual risk for E-ACT academies that continue to offer post-16 education.
- **The direct capital and maintenance allocations** to E-ACT 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 ongoing general refurbishment of buildings or other infrastructure. We mitigate this risk to some extent by employing a National Estates Manager, who prioritises expenditure across the trust's estate.

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 E-ACT'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 its work very seriously.

Recruitment of pupils

The popularity of E-ACT's academies is a direct consequence of the educational outcomes outlined above. Failure to deliver improved standards leads to a loss of income in future years, hence the trustees' continued drive to improve standards. The risk is further mitigated by the move to a devolved decision-making system based on six regions that will increase speed of decisions to improve standards.

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.

EU Referendum result

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU.

The effect of this result remains inherently uncertain and at this time the Trustees are unable to fully quantify the impact on the operations of the charity and the investments held maybe subject to volatility as a result. The Trustees, will continue to monitor this situation and take actions where necessary to mitigate the effect of this result.

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

The trustees report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company's directors on 14 December 2016 and signed on the board's behalf by:



Michael Wemms

Chair of E-ACT

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 to 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 three people, and currently consists of eight, 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 45-50); and
- The Chief Executive, as an ex officio trustee (Articles 50B and 57).

Each trustee serves a term of four years, which is renewable.

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 one new trustee – Professor Bryan Winchester. Bryan Winchester is an Emeritus Professor of Biochemistry at the University College London Institute of Child Health at Great Ormond Street Hospital. He has taught Biochemistry and carried out research on rare genetic diseases in children at London University for over 40 years. On retirement, he became a trustee of a charity that supports the children with these rare diseases. He was also an elected parent governor and on the parents' committee of his local primary school.

One trustee, Clive Lewis (also Vice Chair of the Board), reached the end of his four-year term and chose not to renew his appointment. Currently, Clive Lewis remains as an independent member of E-ACT.

Jean Scott was appointed as Vice Chair of the Board.

Committee composition

The Board of Trustees appoints members of the Audit and Risk Committee, the Finance Committee, and the Education and Personnel Committee. The committees are made up of trustees and the relevant Executive Leadership Team leads are regular attendees to the meetings. Both external and internal auditors are invited to attend the Audit and Risk Committee meetings.

New governance model

During the year, the Board of Trustees approved a move towards a regionalised governance structure to support the newly formed regionalised model of delivering school improvement through our educational and operations teams.

The November 2015 DfE governance handbook for trustees of multi-academy trusts recognises that MAT boards have the *"the opportunity to expand their central executive team as a means of exercising their responsibilities of oversight,"* whilst also noting that *"as individual school principals become line managed by, for example, a chief executive, there is a risk of duplication or confusion the role of the chief executive and the LGB in holding the school principal to account."* In line with DfE guidance, the model aims to be clear about how the Board of Trustees will exercise their governance and oversight through both executive and non-executive channels, and how the two will fit together.

Within the model, the regional directors of education and operations lead on many of the former scrutiny and challenge functions carried out the local governing bodies, each assisted by their regional teams of system leaders.

Alongside Raising Achievement Boards (RABs), Ambassadorial Advisory Groups (AAGs) have been created in each academy. These groups will focus on the key areas of: communication, celebration, complaints and community engagement. All members of the AAG also have an invitation to attend the academy's RAB meetings so that the AAGs can take part in the scrutiny process.

The Board of Trustees has ensured that the new governance model includes an appropriate level of independence and transparency through the following checks and balances:

- All trustees of the board are totally independent and are unpaid volunteers.
- As in charities and commercial companies, independent assurance is gained by the trustees through internal audit functions, as well as external assurance from Ofsted regulation and our external auditors, KPMG.
- All members of the Academy Ambassadorial Advisory Group are invited to attend and take part in all Raising Achievement Board meetings so that the formal mechanism of academy scrutiny and support is open, transparent, and enables members of the local community to be part of the process.
- All disciplinary, grievance and exclusion appeals will have a majority of non-staff parent or community member Academy Ambassadors on the panel, ensuring that non-E-ACT employees are in the majority on any of these decisions.

Each Academy Ambassadorial Advisory Group has a mechanism within the structure whereby they can ensure that their voice is heard at all levels of the organisation. This includes:

- The Head Teacher's attendance at a minimum of three Advisory Group meetings within each academic year.
- A minimum of one meeting per year with trustees
- Each Academy Ambassadorial Group has a minimum of two parent Ambassadors, elected by the parent body of the academy.

This change of direction follows the powers granted by the DfE in their model Articles of Association, which the Board of Trustees approved in December 2015.

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 Finance and Resources, and the Director of Operations 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.

Trustees are kept to date with developments through regular communications and they are included in training programmes, where appropriate. Over the course of the year trustees have attended the

national pupil celebration event and attended a national strategy event with the executive leadership team and regional directors.

The Board of Trustees

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

Trustee	Meetings attended	Out of a possible
Michael Wemms (Chair)	5	5
Clive Lewis (Vice Chair – resigned)	3	3
Jean Scott (Vice Chair)	4	5
Sean Alleyne	4	5
Theresa Keating	2	5
Dr Stephen Hopkins	3	5
David Roper	4	5
Prof. Bryan Winchester (newly appointed)	3	3
David Moran (ex officio)	5	5

The Board has the following Committee Structure:

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

These committees each meet five times per year on a cycle to complement the board meetings. Much of the board's detailed work is undertaken within the committees, and they address matters delegated to them in accordance with their terms of reference and the scheme of delegation. 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.

While the trustees recognise that there is still much work to be done, key governance developments throughout the year have included:

- **Approval of the new governance model** (details on page 33) and scheme of delegation
- **Strengthening the Board's membership and appointment of a new Vice Chair** (page 32)
- **Evaluation of the Board's performance** (details on page 21 of the Trustee's Report)
- **Embedding risk management across E-ACT:** the Audit and Risk Committee have led scrutiny and challenge in relation to the importance of embedding risk management across E-ACT. In 2015/16, risk management has been built into every level of the organisation's governance, including: performance management meetings at all levels; Raising Achievement Boards at academy level; Regional Performance Boards at regional level; and Executive Leadership Team meetings.
- **Development of the Education and Personnel Committee:** the Education and Personnel Committee was established and held its first meeting in 2014/15. During 2015/16, it developed into a significant sub-committee of the Board of Trustees, overseeing organisational strategy and performance on education, professional development, staff benefits and performance management (further details on page 36).
- **Approval of a single pay and appraisal policy for teaching staff** (full details on page 13 of the Trustee's Report)
- **Launch of a trust-wide continuing professional development programme** (full details on page 12 of the Trustee's Report)
- **Approval of the addition of Hareclive Academy to E-ACT's South West region.**

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to ensure the quality and integrity of the organisation's risk management framework; accounting and reporting practices, controls and financial statements; legal and regulatory compliance; the auditor's qualifications and independence; and the performance of the company's internal audit function and independent auditors.

The work of the Audit and Risk Committee this year has included:

- Approval of an organisational business continuity process and disaster recovery plan.
- Oversight of the KPMG Audit 2014/15 and 2015/16.
- Closure of the Audit Management Letter actions, all of which are completed.
- Strategic oversight and scrutiny of the internal audit plan and approval of the appointment of a new internal auditor.
- Scrutiny and challenge in relation to improving procurement compliance and processes.
- Review and oversight of health and safety incidents and compliance.
- Recommendation of the statutory accounts to the board.
- Strategy oversight and scrutiny of the organisational risk register, along with scrutiny and challenge relating to the embedding of risk within the new regional model.
- Scrutiny of the due diligence process in relation to Hareclive Academy.
- Re-appointment of the external auditor.

The committee met five times throughout the year. Attendance at these meetings was as follows:

Trustee	Meetings attended	Out of a possible
Sean Alleyne (Chair)	5	5
David Roper	3	5
David Moran (ex officio)	5	5
Michael Wemms (attendee)	5	5
Theresa Keating (attendee)	5	5

Finance Committee

The Finance Committee is a sub-committee of the main Board of Trustees. The overall purpose of the committee is to support the board in ensuring the maintenance of systems of financial management and control to assure financial probity and transparency, and effective financial stewardship and management of the organisation.

The work of the Finance Committee this year has included:

- Regular review of the management accounts.
- Scrutiny of the new Master and Supplemental Funding Agreements and Model Articles of Association.
- Strategic oversight and guidance on the introduction of regional budgets, with a focus on ensuring there is appropriate financial accountability at academy, regional and national levels.
- 2016/17 budget approval and three-year plan.
- Oversight and approval of a comprehensive estates strategy.
- Oversight of the organisation's reserves and approval of a new reserves policy.
- Scrutiny of the trust-wide continuing professional development offer costs.
- Approval of a new financial scheme of delegation.
- Strategic oversight of the move to a new in-house payroll system.
- Oversight of the recovery of debts due from the EFA.

The committee met five times throughout the year. Attendance at these meetings was as follows:

Trustee	Meetings attended	Out of a possible
Theresa Keating (Chair)	5	5
Michael Wemms	5	5
David Roper	3	5
David Moran (ex officio)	4	5
Sean Alleyne (attendee)	3	5

Education and Personnel Committee

The Education and Personnel Committee is a sub-committee of the main Board of Trustees. Its core purpose is to provide strategic direction, scrutiny, challenge and support for:

- a) The development, implementation and reporting of the academic and personnel aspects of E-ACT's organisational strategy;
- b) Systematic capacity building throughout the organisation (through staff recruitment, retention, career progression and deployment);
- c) Effective performance management, accountability and succession planning within key leadership positions to enable strong leadership and management across the organisation, resulting in strong outcomes within E-ACT's academies;
- d) The progress and improvement of pupil's performance at academy and organisation level (academic, attendance and behaviour) in line with internal and external standards;
- e) Effective provision for the enrichment of E-ACT pupils through social moral cultural and personal development;
- f) The effective discharging of duties of the organisation as a good employer;
- g) Effective monitoring of the key educational and HR risks across the organisation and reporting of risks to the Audit and Risk Committee.

The work of the Education and Personnel Committee this year has included:

- Regular review of the performance of each of E-ACT's academies, identifying risks and challenging interventions.
- Review and approval of E-ACT's School Improvement Plan.
- Strategic input on trust-wide education strategies, for example maths, post-16 and attendance.
- Review and approval of the new trust-wide performance management process and teacher pay and appraisal policies.
- Strategic development and approval of the trust-wide continuing professional development plan and external HR provision.
- Regular oversight of safeguarding incidents, policy compliance and strategy.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr Stephen Hopkins (Chair)	6	6
Jean Scott	5	6
Prof. Bryan Winchester	3	3
Clive Lewis	2	3
David Moran (ex officio)	6	6
Michael Wemms (attendee)	6	6

Review of value for money

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

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

- A relentless focus on education to improve the quality of teaching and learning, curriculum planning and development and staff continuous professional development (CPD);
- A more devolved delivery model, ensuring more staff in the regional structures and a significantly reduced national team;
- Improved procurement to cancel inefficient contracts and to remove duplication and, wherever possible, aggregate contracts for goods, services and works to a regional or national level to take advantage of the greater purchasing power at those levels of aggregation.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of E-ACT's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realized; 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 2016 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 E-ACT 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 ongoing process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 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

E-ACT'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 to continue to employ an Internal Auditor who covers that full range of the trust's business, including educational performance and governance, as well as financial matters. E-ACT's former Internal Auditor, Tanya Harrison, resigned and was replaced by David McVean on 1 October 2016. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on E-ACT's financial systems. Tests during this period were made on all key financial systems, including

- Gifts and Hospitality
- Control around the purchasing cards

The Internal Auditor reports to the Board of Trustees, through each meeting of the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. E-ACT also has an Internal HR Auditor, who works in conjunction with the Internal Auditor.

During the financial year the Internal Auditor has delivered their scheduled work as planned, no material control issues have been found as a result of this work.

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.

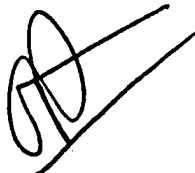
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address any weaknesses and drive continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 14 December 2016 and signed on its behalf by:



Michael Wemms

Chair of E-ACT



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 the following instance of material irregularity, impropriety or funding non-compliance discovered to date has been notified to the board of trustees and EFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA:

- discrepancy regarding the reporting of free school meals from one of our academies.



David Moran

Chief Executive Officer and Accounting Officer

14 December 2016

Statement of Trustees' responsibilities for the financial statements

The Trustees (who are also the directors of the charitable trust for the purposes of company law) 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.

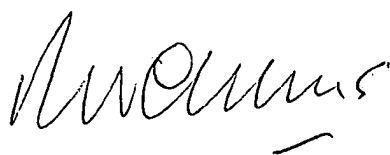
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies 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 EFN DfE have been applied for the purposes intended.

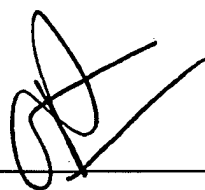
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Trustees on 14 December 2016 and signed on their behalf by:



Michael Wemms

Chair of E-ACT



David Moran

Chief Executive Officer and Accounting Officer

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 2015 to 2016, 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 2015 to 31 August 2016 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 27 April 2016 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 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:

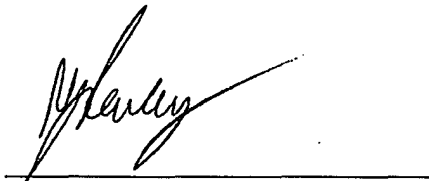
- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment 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 Senior Leadership Teams;
- 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 2015;
- 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 2015 to 2016.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

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

Date: 14 December 2016

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 2016 set out on pages 45 to 67. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland].

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 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 2015 to 2016 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 Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 40, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, 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;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 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:

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



Michael Rowley (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 14 December 2016

**Statement of financial activities for year ended 31 August 2016
(including income and expenditure account)**

	Notes	All Academies			Consolidated	
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 31 August 2016	Total 31 August 2015
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and Capital grant	3	165	–	3,448	3,613	4,150
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	4	593	93,793	–	94,386	99,134
Other trading activities	5	1,766			1,766	2,403
Investments	6	43			43	40
Total		2,567	93,793	3,448	99,808	105,727
Expenditure on:						
Transfers of Academies moving out of the Trust	7	–	–	–	–	9,274
<i>Charitable activities:</i>						
Academy trust educational operations	8	1,207	96,193	9,426	106,826	112,233
Total		1,207	96,193	9,426	106,826	121,507
Net income / (expenditure)		1,360	(2,400)	(5,978)	(7,018)	(15,780)
Transfer between funds	18	(1,413)	1,079	334	–	–
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	18, 29	–	(14,540)	–	(14,540)	(1,038)
Net movement in Funds		(53)	(15,861)	(5,644)	(21,558)	(16,818)
Reconciliation of funds						
Total funds brought forward at 1 September 2015		2,428	(20,039)	162,783	145,172	161,990
Total funds carried forward at 31 August 2016		2,375	(35,900)	157,139	123,614	145,172

Under E-ACT's funding agreement, the trust is permitted to transfer funds from within unrestricted funds to restricted general funds, and also from restricted general funds to restricted fixed asset funds. During the year and as planned, the trust moved unrestricted funds to cover educational spend and fixed asset spend.

Consolidated statement of financial activities for year ended 31 August 2015 (including income and expenditure account)

All Academies					
		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 31 August 2015
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and Capital grant	3	57	–	4,093	4,150
<i>Charitable activities:</i>					
Funding for the academy trust's educational operations	4	413	98,721	–	99,134
Other trading activities	5	2,403			2,403
Investments	6	40			40
Transfer of assets/(liabilities) from incoming schools		–	–	–	–
Total		2,913	98,721	4,093	105,727
Expenditure on:					
Raising Funds	7	–	–	–	–
Transfers of Academies moving out of the Trust	7	–	(1,744)	11,018	9,274
<i>Charitable activities:</i>					
Academy trust educational operations	8	1,064	100,472	10,697	112,233
Total		1,064	98,728	21,715	121,507
Net income / (expenditure)		1,849	(7)	(17,622)	(15,780)
Transfer between funds	18	(522)	522	–	–
Other recognised gains and losses					
Actuarial (losses) gains on defined benefit pension schemes.	18, 29	–	(1,038)	–	(1,038)
Net movement in Funds		1,327	(523)	(17,622)	(16,818)
Reconciliation of funds					
Total funds brought forward at 1 September 2014		1,101	(19,516)	180,405	161,990
Total funds carried forward at 31 August 2015		2,428	(20,039)	162,783	145,172

The Prior Year SOFA (Statement of Financial Activities) has been included again this year to show the figures under FRS 102 format.

Balance Sheet 31 August 2016

Company Number 0652 6376

	Notes	E-ACT 31 August 2016 £'000	Consolidated 31 August 2015 £'000
Fixed Assets			
Intangible assets	12	141	96
Tangible assets	13	156,998	162,362
Current Assets			
Stock	14	57	42
Debtors	15	3,285	6,354
Cash at bank and in hand		8,038	5,533
		<u>11,380</u>	<u>11,929</u>
Liabilities			
Creditors: Amount falling due within one year	16	(8,513)	(8,689)
Net current assets		<u>2,867</u>	<u>3,240</u>
Total assets less current liabilities		160,006	165,698
Creditors: Amounts falling due after more than one year	17	—	—
Net Assets excluding pension scheme liability		160,006	165,698
Defined benefit pensions scheme liability	29	(36,392)	(20,526)
Total net assets		123,614	145,172
Funds of the academy trust:			
Restricted funds			
Fixed asset fund	18	157,139	162,783
Restricted income fund	18	492	487
Pension Reserve	18	(36,392)	(20,526)
Total restricted funds		121,239	142,744
Unrestricted income funds	18	2,375	2,428
Total funds		123,614	145,172

The financial statements on pages 45 to 67 were approved by the trustees on 14 December 2016 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 2016

	Notes	E-ACT 31 August 2016 £'000	Consolidated 31 August 2015 £'000
Cash Flow from operating activities			
Net cash provided by (used in) operating activities	22	3,120	(3,357)
Cash flows from investing activities	24	(615)	(447)
Cash flows from financing activities	23	–	–
Change in cash and cash equivalents in reporting period		<u>2,505</u>	<u>(3,804)</u>
 Cash and cash equivalents at 1 September 2015		 5,533	 9,337
Cash and cash equivalents at 31 August 2016	25	<u>8,038</u>	<u>5,533</u>

Notes to the financial statements

1. Statement of accounting policies

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

E-ACT meets the definition of a public-funded benefit entity under FRS 102.

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

Income

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

- **Grants receivable**

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

General Annual Grant is recognised in full in the 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 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 are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. The income is recognised within 'Income from other trading activities'

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Interest receivable**

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

Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of any irrecoverable VAT.

Intangible fixed assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software – over 3 years, or useful economic life.

Tangible fixed assets

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

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

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

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.

Liabilities

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

Financial instruments

Debtors and Creditors are accounted for at the point when they become due and are calculated for on an accruals basis. Cash is counted for at the point of either receipt or payment.

Provisions

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

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

Leased assets

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

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 a charitable company for UK corporation tax purposes.

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of triennial valuations using a prospective unit credit method. As stated in note 29, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is

therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the 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 the costs of scheme inductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Defined contribution scheme

i) 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. This is a defined contribution scheme, and contributions for the year amounted to £137k.

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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

FRS102

The 2015/16 annual accounts are the first to incorporate the accounting requirements of FRS102. Prior year figures have been restated where applicable. Key changes are, interest on pension costs are recognised within educational costs within the statement of financial activities whereas previously they were included within actuarial gains and losses. Fixed asset spend on ICT software is now split out separately from ICT fixed asset hardware spend, and depreciation calculated accordingly.

2. General Annual Grant (GAG)

Under the master funding agreements with the Secretary of State for Education the Academy trust was subject to limits at 31 August 2016 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy trust has not exceeded these limits during the year ended 31 August 2016.

Following the signing of the new master funding agreement, the Trust is able to carry forward all funds without restriction.

3. Donated and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Capital grants	–	2,734	2,734	4,093
Donated Fixed assets	–	714	714	–
Other donations	165	–	165	57
	<u>165</u>	<u>3,448</u>	<u>3,613</u>	<u>4,150</u>

4. Funding for the Academy Trusts Education Operational

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2016 £'000	Total 31 August 2015 £'000
DfE/EFA Grants				
General Annual Grant (GAG)	–	91,238	91,238	94,919
Start Up Grants	–	258	258	648
Other DfE/EFA grants	–	254	254	1,488
	<u>–</u>	<u>91,750</u>	<u>91,750</u>	<u>97,055</u>
Other Government grants				
Local authority grants	–	2,043	2,043	1,666
Special educational projects	–	–	–	–
	<u>–</u>	<u>2,043</u>	<u>2,043</u>	<u>1,666</u>
Other income from the academy Trusts educational operations	593	–	593	413
	<u>593</u>	<u>93,793</u>	<u>94,386</u>	<u>99,134</u>

5. Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Hire of facilities	565	–	565	563
Other income from sales and curriculum funding	1,201	–	1,201	1,840
	<u>1,766</u>	<u>–</u>	<u>1,766</u>	<u>2,403</u>

6. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Short term deposit	43	–	43	40
	<u>43</u>	<u>–</u>	<u>43</u>	<u>40</u>

7. Expenditure

	Staff Costs £'000	Non Pay Premises £'000	Expenditure Other Costs £'000	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Expenditure on raising funds	—	—	—	—	—
Cost of existing Academies moving out of the Trust	—	—	—	—	9,274
Academy's educational operations:					
Direct Costs	60,336	—	7,027	67,363	69,423
Allocated Support costs	14,350	6,153	18,960	39,463	42,810
	74,686	6,153	25,987	106,826	121,507

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

Net income / (expenditure) for the period includes:

	Total 31 August 2016	Total 31 August 2015
Operating lease rentals	418	596
Depreciation	9,342	10,573
(Gain)/loss on disposal of fixed assets	16	—
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	67	124
Fees payable to auditors for:		
- Audit	73	93
- Other services	—	—

Included within expenditure are the following transactions.

	Total	Individual Items above £5,000 Amount	Reason
Compensation payments	—	—	
Gifts made by the trust	—	—	
Fixed asset losses	—	—	
Stock losses	—	—	
Unrecoverable debts	283,345	283,345	EFA
Cash losses	—	—	
	Total	Individual Items Amount	Reason/nature
Ex-gratia payments	—	—	

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency. For the Financial Year ended 31 August 2016, there were no ex-gratia payments.

E-ACT Financial Statements
for the year ended 31 August 2016

8. Charitable activities

	Total 31 August 2016	Total 31 August 2015
Direct costs – educational operations	67,363	69,423
Support costs – educational operations	39,463	42,810
	<u>106,826</u>	<u>112,233</u>

Analysis of Support costs

	Educational Operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	12,493	12,493	13,499
Depreciation	9,409	9,409	10,697
Technology costs	2,085	2,085	2,348
Premises costs	6,363	6,363	7,183
Other support costs	8,844	8,844	8,714
Governance costs	269	269	369
Total support costs	<u>39,463</u>	<u>39,463</u>	<u>42,810</u>

9. Staff costs

a. Staff costs during the period

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Wages and salaries	55,145	56,975
Social security costs	4,706	4,253
Operating costs of defined benefit pension scheme	7,951	7,814
	<u>67,802</u>	<u>69,042</u>
Supply teacher costs	4,565	5,313
Staff restructuring costs	285	470
	<u>72,652</u>	<u>74,825</u>

Staff restructuring costs comprise:

Redundancy Payments	–	–
Severance Payments	284	470
Other restructuring costs	–	–
	<u>284</u>	<u>470</u>

b. Non Statutory/non-contractual 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 period was as follows:

	2016	2015
Teachers	872	878
Administration and Support	1,126	1,131
Management	171	163
	<u>2,169</u>	<u>2,172</u>

d. Higher paid staff

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

	2016 (No.)	2015 (No.)
£60,001–£70,000	28	27
£70,001–£80,000	12	13
£80,001–£90,000	7	4
£90,001–£100,000	5	3
£100,001–£110,000	3	5
£110,001–£120,000	5	5
£120,001–£130,000	–	–
£130,001–£140,000	–	2
£140,001–£150,000	1	–
£150,001–£160,000	1	1
£160,001–£170,000	–	–

e. Key Management Personnel

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £3,449,230 (2015: £2,917,283).

Included in the above figures are 2016: Central Executive Leadership Team, Regional Education Directors, Regional Operations Directors and Academy Head Teachers (2015: Central Executive Leadership Team, Academy Executive Head Teachers and Academy Head Teachers).

f. 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:

	2016 £'000	2015 £'000
Blackley Academy	91	78
Burnham Park Academy	153	162
Chalfont Valley Academy	25	24
City Heights Academy	184	143
Crest Academy	403	449
Danelre and Southbrook Learning Village Academy	301	316
Denham Green Academy	32	28
Greenfield Primary Academy	96	96
Heartlands Academy	294	298
Ilminster Avenue Academy	76	77
Mansfield Green Academy	105	107
Merritts Brook Primary Academy	56	53
Nechells Primary Academy	56	58
North Birmingham Academy	336	345
Oldham Academy	249	242
Parker Academy	181	204
Parkwood Academy	257	250
Pathways Academy	101	101
Reedwood Primary Academy	83	91
Shenley Academy	321	319
St Ursula's Academy	91	86
West Walsall Academy	225	249
Willenhall Academy	371	389
Total before fixed asset fund and pension reserve	4,087	4,165

10. Related Party Transactions – Trustees Remuneration and Expenses

E-ACT trustees are unpaid volunteers. The ex officio trustee is the Chief Executive. The ex officio trustee only receives remuneration in respect of services they provide undertaking the role of Chief Executive under their contract of employment, and not in respect of their role as trustee.

The value of trustees remuneration and other benefits was as follows:

Remuneration from 1 September 2015 to 31 August 2016	
David Moran (Chief Executive Officer):	£153,014
Employer's Pension contributions:	£9,181

During the period ended 31 August 2016, travel and subsistence expenses totalling £2,664 (2015: £5,453) were reimbursed or paid directly to five trustees (2015: 5 Trustees).

11. Trustees' and Officers' Insurance

In previous years and in accordance with normal commercial practice E-ACT as a group has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provided cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2016 was included in the Groups Advantage cover which in total was £275k for 2014/15. The cost of this insurance was included in the total insurance cost. For the year ended 31 August 2016 E-ACT substituted the commercial arrangement with the DfE's RPA (Risk Protection Arrangement). The risk protection arrangement is an alternative to commercial insurance for academy trusts. Under RPA, the UK government covers the losses of commercial insurance.

12. Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2015	582	582
Additions	116	116
Disposals	(7)	(7)
At 31 August 2016	691	691
Amortisation		
At 1 September 2015	486	486
Charged in the year	67	67
Disposals	(3)	(3)
At 31 August 2016	550	550
Carrying amount		
At 31 August 2015	96	96
At 31 August 2016	141	141

13. Tangible Fixed Assets

	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets in the course of construction	Total 31 August 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 September 2015	171,841	5,783	11,883	93	1,361	190,961
Additions	2,044	1,060	480	10	396	3,990
Transfer to new sponsor	—	—	—	—	—	—
Assets under construction	927	434	—	—	(1,361)	—
Disposals	—	(222)	(237)	—	—	(459)
At 31 August 2016	174,812	7,055	12,126	103	396	194,492
Depreciation						
At 1 September 2015	18,142	2,036	8,381	40	—	28,599
Charged in the year	5,901	1,417	2,010	14	—	9,342
Transfer out charged in year	—	—	—	—	—	—
Transfer out accumulated	—	—	—	—	—	—
Disposals	—	(211)	(236)	—	—	(447)
At 31 August 2016	24,043	3,242	10,155	54	—	37,494
Net book values						
At 31 August 2015	153,699	3,747	3,502	53	1,361	162,362
At 31 August 2016	150,769	3,813	1,971	49	396	156,998

14. Stock

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Clothing	57	42
	57	42

15. Debtors

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Trade Debtors	381	1,247
Prepayments and accrued income	2,567	3,187
VAT recoverable	271	397
Intercompany debtor	—	—
Amounts due from EFA in relation to transferring academies	—	1,249
Other debtors	66	274
	3,285	6,354

Debtors are accounted for at the point when they become due and are calculated for on an accruals basis.

16. Creditors: amounts falling due within one year

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Trade creditors	1,924	2,175
Other taxation and social security	1,400	1,270
Amounts due to new sponsors in relation to transferring academies	-	178
EFA Creditor: abatement of GAG	-	-
EFA Cash Advance	-	-
Other creditors	1,934	1,879
Accruals and deferred income	3,255	3,187
	<u>8,513</u>	<u>8,689</u>

	Total 31 August 2016 £'000
Deferred income at 1 September 2015	687
Resources deferred in year	1,086
Amounts released from previous years	(687)
Deferred income at 31 August 2016	<u>1,086</u>

At the balance sheet date the trust was holding funds received in advance for devolved formula capital grant for 2016/17 academic year.

17. Creditors: amounts falling due in greater than one year

	2016 £'000	2015 £'000
Other Creditors	-	-
	<u>-</u>	<u>-</u>

18. Funds

	Balance at 1 September 2015 £'000	Transfer in during the year £'000	Income £'000	Expenditure £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2016 £'000
Restricted General Funds						
General annual grant (GAG)	105	-	84,043	(84,855)	1,079	372
Start-up grant	382	-	258	(640)	-	-
Pupil Premium	-	-	7,195	(7,075)	-	120
Other grants	-	-	2,297	(2,297)	-	-
Pension Reserve	(20,526)	-	-	(15,866)	-	(36,392)
	<u>(20,039)</u>	<u>-</u>	<u>93,793</u>	<u>(110,733)</u>	<u>1,079</u>	<u>(35,900)</u>
Restricted fixed asset funds						
DfE/EFA capital grants	162,783	-	3,448	(9,426)	334	157,139
Capital expenditure from GAG	-	-	-	-	-	-
	<u>162,783</u>	<u>-</u>	<u>3,448</u>	<u>(9,426)</u>	<u>334</u>	<u>157,139</u>
Total restricted funds	<u>142,744</u>	<u>-</u>	<u>97,241</u>	<u>(120,159)</u>	<u>1,413</u>	<u>121,239</u>
Total Unrestricted funds	<u>2,428</u>	<u>-</u>	<u>2,567</u>	<u>(1,207)</u>	<u>(1,413)</u>	<u>2,375</u>
Total funds	<u>145,172</u>	<u>-</u>	<u>99,808</u>	<u>(121,366)</u>	<u>-</u>	<u>123,614</u>

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On opening, a start-up grant (SUG) is paid to full-sponsored academies in order to assist them to raise standards and transform educational attainment. This funding is not hypothecated and the academy can direct it to educational priorities as it sees fit.

Start-up funding received to date has been fully utilised. Going forward, City Heights is the only academy that will receive significant funding and it is expected to be spent in the year of receipt.

Total funds analysis by academy

Funds balances at 31 August 2016 were allocated as follows:

	2016 £'000	2015 £'000
Blackley Academy	5	172
Burnham Park Academy	3	(631)
Chalfont Valley Academy	1	145
City Heights Academy	5	281
The Crest Academy (Combined Boys & Girls School)	7	736
Danetre and Southbrook Learning Village Academy	7	98
Denham Green Academy	1	0
Greenfield Primary Academy	5	670
Heartlands Academy	9	(163)
Ilminster Avenue Academy	4	499
Mansfield Green Academy	5	908
Merritts Brook Primary Academy	3	165
Nechells Primary Academy	3	139
North Birmingham Academy	9	540
Oldham Academy	8	269
Parker Academy	3	888
Parkwood Academy	8	565
Pathways Academy	5	503
Reedwood Primary Academy	4	171
Shenley Academy	8	(630)
St Ursula's Academy	2	135
West Walsall Academy	6	210
Willenhall Academy	9	1,712
Head Office	2,747	(4,467)
Total before fixed asset fund and pension reserve	2,867	2,915
 Restricted fixed asset fund	 157,139	 162,783
Pension reserve	(36,392)	(20,526)
Total	123,614	145,172

Operating Funds for the Group are in surplus of £2.9m. The group continues to work on extend financial plans to ensure financial stability for Academies and students.

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Total cost analysis by academy

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	Total £'000	Total 2015 £'000
Blackley Academy	1,437	247	481	270	2,435	2,321
Burnham Park Academy	2,509	218	655	468	3,850	3,598
Chalfont Valley Academy	481	76	97	109	763	655
City Heights Academy	2,580	437	625	548	4,190	2,695
The Crest Academy	5,020	1,166	1,219	1,361	8,766	9,503
Danetre and Southbrook Learning Village Academy	4,462	377	1,073	907	6,819	7,327
Denham Green Academy	534	90	163	123	910	842
Greenfield Primary Academy	1,461	224	334	267	2,286	2,263
Heartlands Academy	4,682	659	949	791	7,081	6,989
Ilminster Avenue Academy	1,136	190	228	196	1,750	1,644
Mansfield Green Academy	1,552	305	668	430	2,955	2,768
Merritts Brook Primary Academy	710	175	253	215	1,353	1,340
Nechells Primary Academy	806	242	239	192	1,479	1,592
North Birmingham Academy	4,679	539	1,151	1,158	7,527	7,618
Oldham Academy	3,476	702	1,245	778	6,201	5,803
Parker Academy	2,849	162	606	388	4,005	4,080
Parkwood Academy	3,539	595	1,187	643	5,964	5,538
Pathways Academy	1,600	245	445	280	2,570	2,473
Reedwood Primary Academy	1,316	165	404	328	2,213	2,196
Shenley Academy	4,253	602	1,502	793	7,150	6,953
St Ursula's Academy	1,269	220	306	311	2,106	1,809
West Walsall Academy	3,622	427	1,069	628	5,746	5,644
Willenhall Academy	4,919	616	1,666	1,325	8,526	8,301
Region: South	60	2	27	-	89	-
Region: Bucks	41	3	21	-	65	-
Region: Bristol	120	1	53	-	174	-
Region: Walsall	114	6	35	4	159	-
Region: Birmingham	-	1	26	3	30	-
Region: North	164	13	37	-	214	-
Region: Daventry	72	3	25	-	100	-
Forest Academy						1,177
Sherwood Academy						1,721
Head Office						4,337
Total	59,463	8,708	16,789	12,516	97,476	101,187

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

Operating Funds for the Group are in surplus of £2,867m, (2015 £2,915m), consisting of £2.375k unrestricted funds and £492k restricted general funds. All funds will be applied to education for E-ACT students in line with E-ACT charitable objectives. Due to E-ACT adopting a new funding agreement funds are largely retained centrally and hence no single Academy is now carrying a deficit of funds.

19. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Balance 31 August 2016 £'000	Balance 31 August 2015 £'000
Intangible fixed assets			141	141	96
Tangible fixed assets	–	–	156,998	156,998	162,362
Current assets	2,375	9,005	–	11,380	11,929
Current liabilities	–	(8,513)	–	(8,513)	(8,689)
Pension scheme liability	–	(36,392)	–	(36,392)	(20,526)
Total net assets	2,375	(35,900)	157,139	123,614	145,172

20. Capital Commitments

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Contracted for, but not provided for in the financial statements.	315	450

21. Commitments under operating leases

At 31 August 2016, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Amounts due within one year	350	288
Amounts due between one and five years	192	361
Amounts due after five years	–	9
	542	658

22. Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	Total 31 August 2016 £'000	Total 31 August 2015 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(7,018)	(15,780)
Adjusted for:		
Add fixed assets transferred out	–	12,893
Amortisation (note 12)	67	124
Depreciation (note 13)	9,342	10,573
Dep'n on Academies Transferred out	–	(1,983)
Capital grants from DfE and other capital	(3,448)	(4,093)
Interest receivable (note 6)	(43)	(40)
(Profit) / Loss on disposals	16	–
Defined benefit pension scheme cost less contributions payable (note 29)	524	486
Defined benefit pension scheme finance cost (note 29)	802	794
Less pension liability transferred out	–	(1,670)
(Increase)/decrease in stocks	(15)	17
Decrease/(increase) in debtors	3,069	4,858
(Decrease)/increase in creditors	(176)	(9,536)
Net cash provided by / (used in) operating activities	3,120	(3,357)

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23. Cash flows from financing activities

	Balance 31 August 2016 £'000	Balance 31 August 2015 £'000
Repayment of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24. Cash flows from investing activities

	Balance 31 August 2016 £'000	Balance 31 August 2015 £'000
Dividends, interest and rents from investments	43	40
Purchase of intangible fixed assets	(116)	(84)
Purchase of tangible fixed assets	(3,276)	(4,496)
Capital grants from DfE/EFA	2,734	4,093
Net cash provided by / (used in) investing activities	(615)	(447)

25. Analysis of cash and cash equivalents

	At 1 September 2015 £'000	Cash flows £'000	At 31 August 2016 £'000
Cash in hand and at bank	5,533	2,505	8,038
Surplus on local authority funds	-	-	-
	5,533	2,505	8,038

26. Guarantees, letters of comfort and indemnities

There were no guarantees, letters of comfort or indemnities as at 31 August 2016.

27. Contingent liabilities

During the year, a discrepancy was discovered internally in the underlying data for free school meals at one academy. Financial effect is uncertain as the EFA has been unable to furnish reliable data to allow a complete review to be undertaken. Following internal analysis and work a repayment of £69k has been proposed by E-ACT to the EFA.

28. Members Liability

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

29. Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the scheme managers listed below. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Scheme managers

Greater Manchester Pension Fund – Blackley Academy, Oldham Academy.
Buckinghamshire County Council Pension Fund – Burnham Park Academy, Chalfont Valley Academy, Denham Green 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, The Parker Academy.
Avon Pension Fund – Greenfield Primary Academy, Ilminster Avenue Academy, St Ursulas Academy.
West Midlands Pension Fund – Heartlands Academy, Mansfield Green Academy, Merrills Brook Primary Academy, Nechells Primary Academy, North Birmingham Academy, Reedswood Primary Academy, Shenley Academy, West Walsall Academy, Willenhall Academy.
South Yorkshire Pension Fund – Parkwood Academy. Pathways Academy

Contributions amounting to £271,196 (2015:£255,979) 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:

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

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015. The next valuation of the TPS will be 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 £5,499,292 (2015 £5,167,416).

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

Under the definitions set out in FRS 102, the TPS is 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 2016 was £3,612,000 (2015: £3,761,000), of which employer's contributions totalled £2,762,000 (2015: £2,871,000) and employees' contributions totalled £850,000 (2015: £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

	31 August 2016 Range (top)	31 August 2016 Range (bottom)	31 August 2015 Range (top)	31 August 2015 Range (bottom)
Rate of increase salary	4.1%	3.3%	4.6%	3.7%
Rate of increase for pension in payment/inflation	2.3%	1.9%	2.7%	2.2%
Discount rate for scheme liabilities	3.4%	2.0%	4.0%	3.4%
Inflation assumption (CPI)	2.3%	1.8%	2.7%	2.2%
Commutation of pensions to lump sums	50%	50%	50%	50%

E-ACT has not conducted a sensitivity analysis on the key assumptions used within the actuarial valuations. It is deemed that the figures are subjective and are not referred to by wider government when actually calculating funding for the schemes. The output of any sensitivity analysis is therefore of little help. E-ACT finance and trustees continue to monitor LGPS pension rates and the valuations as necessary.

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 August 2016 Range (top)	31 August 2016 Range (bottom)	31 August 2015 Range (top)	31 August 2015 Range (bottom)
Retiring Today				
Males	23.8	21.4	23.7	21.4
Females	26.2	24.0	26.1	24.0
Retiring in 20 years				
Males	26.1	24.0	26.0	24.0
Females	28.9	26.6	28.8	26.6

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The academy trusts share of the assets in the scheme was:

	Fair Value at 31 August 2016 £'000	Fair Value at 31 August 2015 £'000
Equity instruments	20,965	16,086
Bonds	6,499	5,177
Property	2,859	2,228
Cash	1,468	955
Other	2,377	1,707
Total Market Value of Assets	34,168	26,153

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

The actual return on scheme assets was £5,290,000 (2015: £865,000)

Amounts recognised in the statement of financial activities

	2016 £'000	2015 £'000
Current Service cost (net of employer contributions)	3,286	3,357
Net Interest cost	—	—
Benefit changes, gain/(loss) on curtailment and gain / (loss) on settlement	(43)	25
Total Operating cost	3,243	3,382

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

	2016 £'000	2015 £'000
At 1 September	46,679	43,552
Upon conversion		
Current service cost	3,286	3,357
Interest cost	1,847	1,703
Employee contributions	850	890
Actuarial (gain)/loss	18,822	966
Benefits paid	(856)	(599)
Plan introductions, benefits changes, curtailments and settlements	(68)	25
Business Combinations	—	—
Transfer in from new academies	—	—
Academies transferring out	—	(3,215)
At 31 August	70,560	46,679

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

	2016 £'000	2015 £'000
At 1 September	26,153	23,674
Interest income	1,074	953
Administrative expenses	(25)	(19)
Return on plan assets (excluding net interest on the defined pension liability)	4,210	(72)
Actuarial gain / (loss)		
Employer contributions	2,762	2,871
Employee contributions	850	890
Benefits paid	(856)	(599)
Plan introductions, benefit changes, curtailments and settlements	—	—
Transfer in from new academies	—	—
Academies transferring out	—	(1,545)
At 31 August	34,168	26,153

The estimated value of employer contributions for the year ended 31 August 2017 is £2,671,852.

30. 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.

One related party transaction took place during the year and this was a donation from Howdens Joinery of £40,000. One E-ACT Trustee is a board members at Howdens Joinery, another E-ACT Trustee is an executive committee member at Howdens.

31. FRS 102 Transition

As a result of the FRS102 transition minor presentational adjustment were made in the statement of financial activities in relation to actuarial pension valuation in addition software costs has been split out separately from ICT cost within fixed assets and are now classed as intangible fixed assets.

32. Post Balance sheet events

Following the 2015/16 Year end, Hareclive Academy has joined E-ACT on the 1 September 2016 which is a result of another smaller MAT breaking up.

In addition St Ursula's Academy has moved into a new building which has been built and funded by the priority schools build programme. St Ursula's moved into their new build on the 28 October.

Images in this report

(page)	
5	E-ACT students and staff enjoy the National Celebration Event on 8 July 2016.
12 i	E-ACT CPD brochure featuring an illustration by Heartlands student Khadijah Younis, year 9.
12 ii	Hareclive teacher Phil Allen was featured in E-ACT's two page recruitment advert in The Guardian.
13 i	The Oldham Academy North Head Teacher Martin Knowles accepts his award from Probash Bangla newspaper.
13 ii	Students Anthony Boatang and Daniella Suliman with head teacher Victoria Simcock and staff from Parkwood Academy celebrate their award for 'Best Secondary School' in Sheffield at the Star Best in Education Awards 2016.
14	Students from the E-ACT joint Daventry sixth form (l-r) Paige Houston, Jeffly Jolly & Michelle Chihota, Chris Harrod & Aaron Carlton.
15 i	The Oldham Academy North 'Glassique' stand at the Greater Manchester Young Enterprise final.
15 ii	Year 6 students from Chalfont Valley and Denham Green enjoying their enrichment week activities in the summer term.
16	The Parker head teacher Andrew Macareth at the Duke of Edinburgh's Award Gold Award Presentation at Buckingham Palace.
17 i	Lauren Wraith from year 9, Parkwood Academy reads her winning short story <i>Discovery</i> .
17 ii	Ebony Tunnicliffe from year 6 at Ilminster Avenue E-ACT Academy performs 'A Thousand Years'.
17 iii	Hassan Ahmed and Talib Smith from year 11 at Parkwood Academy perform their song 'Freestyle'.
17 iv	Primary and secondary award winners: Mohammed Kayaani-Deen Rehman & Rayaana Khalid (Reedswood), Latay Pennant-McIntosh, Naa Adei Kotey, Keana Miller, Sabrina Chim Sania Tahsin, Ismail Olanrewaju, Alex Gallagher & Anood Tariq (Heartlands), David Batista (City Heights), Ismael Elmi (Heartlands), Abigail Clarke (Willenhall), Charlie Hannam (Shenley) and Luke McMurtry (The Parker).
17 v	Rayaan Khalid from Year 4 at Reedswood Academy, joint winner of the primary award for outstanding academic achievement.
17 vi	Heartlands Rock- Latay Pennant-McIntosh, Naa Adei Kotey, Keana Miller, Sabrina Chim Sania Tahsin, Ismail Olanrewaju, Alex Gallagher and Anood Tariq (years 9, 10 & 11) performing their medley 'Get Lucky/Thinking Out Loud/Uptown Funk'.
19 i	Ryan Allison and Sarah Williams with their Critics' Choice Diana Award from The Leeds College of Music.
19 ii, iii	The City Heights Academy wheelchair basketball team, Nassim Messaoud, Tyler Crossdale, Zac Berry, Kamall Nsudoh-Parish, David Batista Quezada, Sapphire Rashid Morgan Griffiths, Kevaniel Robinson Perkins, Crystian Czopek, Joye Bonilla Carriel and D'eli Lewis.
19 iv	E-ACT's Outstanding Sporting achievement winner (secondary) David Batista Quezada, year 10 City Heights.