

**The Midland Academies Trust
(A Company Limited by Guarantee)**

Annual Report and Financial Statements

Year ended 31 August 2013



**Company Registration Number:
7191874 (England and Wales)**

The Midland Academies Trust

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The Midland Academies Trust

Reference and Administrative Details

Principal Addresses:

The George Eliot School
Raveloe Drive
Nuneaton
Warwickshire
CV10 7PD

Hartshill School
Church Road
Hartshill
Nuneaton
Warwickshire
CV10 0NA

The Midland Studio College (Hinckley)
Spa Lane
Hinckley
Leicestershire
LE10 1JB

The Midland Studio College (Nuneaton)
St David's Way
Bermuda Park
Nuneaton
Warwickshire
CV10 7SD

The Nuneaton Academy
Radnor Drive
Nuneaton
Warwickshire
CV10 7PD

Registered Office:

Hinckley Road
Nuneaton
Warwickshire
CV11 6BH

The Midland Academies Trust

Details of Serving Directors and Co-opted Chairs

The Directors and Co-opted Chairs who served on the Trust during the year and up to the date of signature of this report were as listed in the table below

Name	Appointment Date for Current Term	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mrs S Beckett	16 th March 2010	4 years to 31 st July 2014	-	Sponsor	-
Mr M Coult	9 th July 2013	1 year to 31 st July 2014	-	Co-opted Independent Chair	Audit
Mr I Dunn	27 th June 2013	4 years to 31 st July 2014	-	Sponsor	-
Ms A Melville	17 th June 2010	4 years to 31 st July 2014	-	Sponsor	F&RC*
Mrs C Miles	9 th July 2013	1 year to 31 st July 2014		LGB	PMC* / Audit
Dr M Motley	12 th July 2011	4 years to 31 st July 2015	-	Sponsor	PMC*
Mrs L Penrose	12 th July 2011	4 years to 31 st July 2015	-	Sponsor	PMC*
Mrs M Plant	16 th March 2010	4 years to 31 st July 2014	-	Sponsor	F&RC*
Mr T Render	16 th March 2010	4 years to 31 st July 2014	-	Sponsor	F&RC*
Dr R Sharif	11 th September 2012	4 years to 31 st July 2016	-	Sponsor	-
Dr J Walsh	5 th September 2011	4 years to 31 st July 2015	-	Sponsor	PMC* / Audit

*F&RC - Finance and Resources Committee / PMC - Performance Management Committee

All Directors (where appropriate and in accordance with Panels' constitutions and terms of reference) are available to sit on Hearings and Appeals Panels

The Midland Academies Trust

Directors' Attendance at Board Meetings for 2012-13

Attendance is noted below - all meetings were quorate

	11 9 12	23.10.12	18 12 12	26.2 13	23.4 13	9 7.13
Mrs S Beckett	✓	✓	✓	x	✓	✓
Mrs C Miles	-	-	-	-	-	✓
Mr I Dunn	-	-	-	-	-	✓
Ms A Melville		✓	✓	✓	✓	✓
Dr M Motley	✓	✓	✓	✓	✓	✓
Mrs L Penrose	✓	✓	✓	✓	✓	✓
Mrs M Plant	✓	✓	✓	✓	✓	✓
Mr T Render	✓	✓	✓	✓	✓	✓
Dr R Sharif	✓	✓	✓	✓	✓	✓
Dr J Walsh	✓	✓	✓	✓	✓	✓

Administrative Details

Chief Executive and Accounting Officer

Marion Plant OBE

Company Secretary

Rachel Marshall

Finance Director

Chris Knight

Finance Manager

Rick Van Driel

Auditors

Grant Thornton UK LLP
Colmore Plaza
20 Colmore Circus
Birmingham
B4 6AT

Bank

Lloyds TSB Bank plc
Great Hampton Street
Birmingham
B18 6AH

Solicitors

Eversheds LLP
Eversheds House
70 Bridgewater Street
Manchester M1 5ES

Company Number Registration Number

7191874 (England and Wales)

The Midland Academies Trust

Directors' Report

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31st August 2013

Structure, Governance and Management

Constitution

The Midland Academies Trust (the Trust) is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust.

The Directors act as the trustees for the charitable activities of The Midland Academies Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Midland Academies Trust.

Details of the Directors who served throughout the year are included in the Reference and Administrative Details on page 4.

Members' Liability

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

Directors and Governors' Indemnities [See Companies Act 2006 s236]

The Midland Academies Trust has in place Directors' and Governors' liability insurance indemnity cover to a limit of £5m.

Principal Activities

The principal activities of the Trust are as set out in its Articles of Association namely:

*To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("**the Academies**") offering a broad and balanced curriculum.*

The mission statement of the Trust is:

Working together to release potential and transform lives

The Trust's mission will be delivered through the following aims:

- i an inspirational learning experience,
- ii leading dynamic partnerships to increase participation in education and training,
- iii providing flexible business solutions which improve performance,
- iv creating enterprise and entrepreneurship

The Midland Academies Trust

Method of Recruitment and Appointment or Election of Directors and Governors

There are clearly defined and approved procedures for the selection and appointment of Directors and Local Governing Body Governors which are set out in the Trust's Standing Orders. These include application, shortlisting and interviewing procedures. Consideration is given to the skills of Directors and Governors which would enhance the effectiveness of the Trust. The Standing Orders are reviewed annually.

With regards to the appointment of parent and staff governors, procedures are in place for their nomination, election and appointment.

An induction seminar has been developed for Directors and Governors with the following aim:

To enable Directors and Governors to understand and become effective in the performance of their respective roles

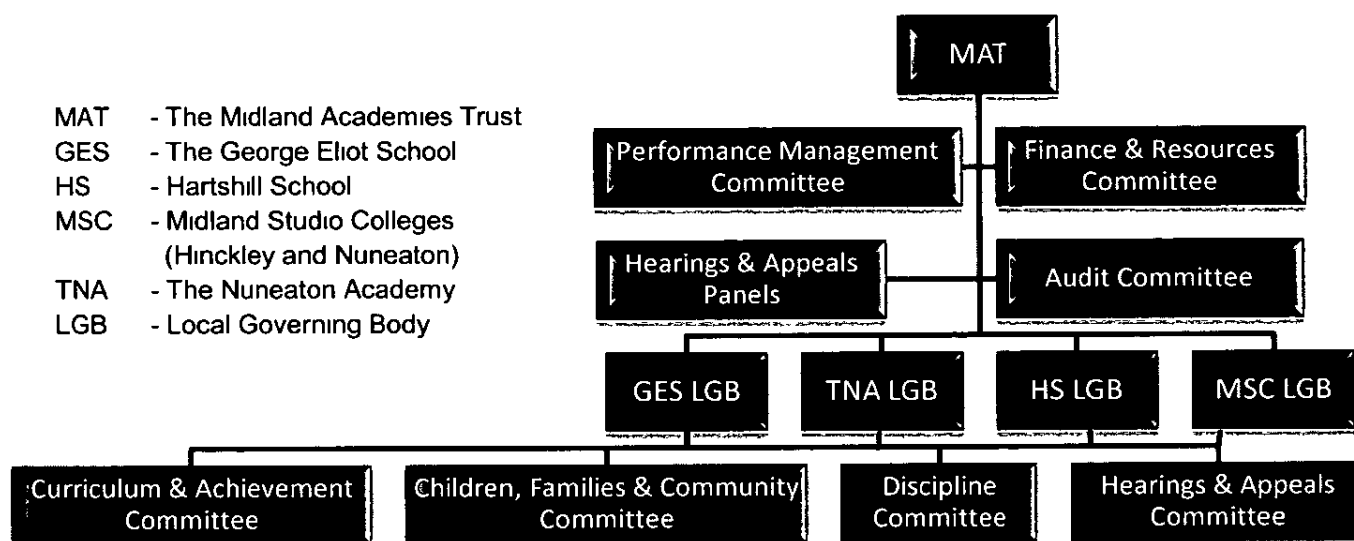
The objectives of the seminar have been designed so that at the end of the seminar Directors and Governors will be able to

- i summarise the Sponsor vision and role,
- ii identify the type of school an academy is and how it is different from a maintained school,
- iii outline the relevant governance structures which are in place to support the ownership and the running of the academies,
- iv highlight the relevant statutory and regulatory responsibilities of Directors and Governors,
- v describe the responsibilities, accountabilities and liabilities of Directors and Governors and how those roles interface,
- vi summarise the key characteristics of effective governance and suggest how directors and governors will work effectively together and with Principals,
- vii identify further development opportunities

All Directors and Governors were provided with a Handbook to assist them in their duties. Further training on areas of exclusion, health and safety, equality and diversity and safeguarding is planned.

The Midland Academies Trust

Organisational Structure



The Midland Academies Trust Board of Directors (the Board) is required to agree a formal schedule of matters reserved for its decision, i.e. those matters which should not be delegated. As provided by Article 105 of the Articles, the Board may delegate to any Director, committee (including any Local Governing Body), the Chief Executive Officer, any Principal or any other holder of an executive office, such of its powers or functions as it considers desirable, to be executed by them. Any such delegation may be made subject to any conditions the Board may impose and may be revoked or altered. To this end the Board has approved a Scheme of Delegation which it reviews annually.

Where any power or function of the Board is exercised by any committee (including any Local Governing Body), any Director, the Chief Executive Officer, any Principal or any other holder of an executive office, that person or committee shall report to the Board in respect of any action taken or decision made with respect to the exercise of that power or function at a Board meeting immediately following the taking of the action or the making of the decision.

The exercise of any delegated power or functions does not include the further delegation of that power, unless expressly provided by the Board.

The objectives of the Scheme of Delegation are to ensure that

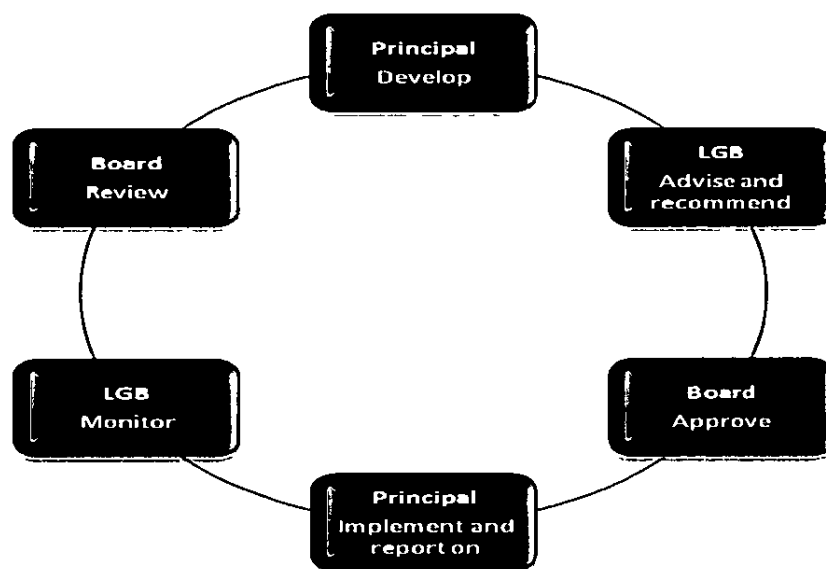
- i the exercise of delegated powers and functions occur at the correct level of the corporate governance structure,
- ii the process of delegating powers or functions is clear, open and transparent,
- iii the lines of accountability for the exercise of powers or functions are clearly understood by those who are delegated to.

The delegations are phrased so as to clearly express how the delegation is to be exercised and reflect the role of the person or body being delegated to. Therefore

- i a Principal or other executive office holder will develop, implement and report on a matter so delegated,
- ii Local Governing Bodies will advise on/recommend and monitor a matter so delegated,
- iii the Board will approve and review a matter so delegated.

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This forms a cyclical process as demonstrated below, which is given effect to in the Governance Business Planner



Two Schemes of Delegation have been approved

- i general delegations relating to twenty two key functions,
- ii specific financial delegations including a summary of authorisation levels

A comprehensive set of Financial Regulations is in place

The Midland Academies Trust senior leadership team is made up of the Chief Executive, supported by the Executive Director, the three Principals of the three Academies and the Executive Principal of the two Studio Schools. The Board is also advised by the Company Secretary and the Finance Director.

Connected Organisations, including Related Party Relationships

The Midland Academies Trust (originally registered as The Nuneaton Academy Trust) was incorporated on 16 March 2010 as a single academy trust. It was formed from two predecessor County Council schools (Manor Park Community School and Alderman Smith School) and operated for its first academic year, commencing 1 September 2010, on the two predecessor sites, moving to the single Radnor Drive site from 1 September 2011.

Subsequent developments have been as follows

- On 1 September 2011, the trust became a multi-academy trust and the company registered name was changed to The Midland Academies Trust,
- The change to multi-academy trust status was required as The George Eliot School joined the Trust on 1 September 2011,
- On the 1 September 2012 Hartshill School converted to academy status under the Trust,
- On the 1 September 2012, the Trust opened The Midland Studio College (Hinckley),
- On the 1 September 2013 a second studio college, The Midland Studio College (Nuneaton), was also opened

North Warwickshire and Hinckley College (NW&HC) is the sponsor of The Midland Academies Trust and all the academies and the studio colleges have strong links with the College. It should be noted that because Hartshill School converted to academy status and was not sponsored, NW&HC is the School's educational partner.

The Midland Academies Trust

The role of the sponsor/ educational partner is to

- i share its educational experience,
- ii appoint sponsor directors,
- iii appoint the first Principal of any sponsored academy,
- iv select the academy specialism;
- v develop the educational vision for the academy,
- vi support and assist the Trust and its academies

Objects and Aims

The principal object of the Trust as set out in its Articles of Association is specifically restricted to the following

to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the Academies") offering a broad and balanced curriculum

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements

The profile of each of the academies is as follows

- i **The George Eliot School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced with an emphasis in its secondary education on business and enterprise and provides for students of different abilities. The Academy offers its facilities within the local community
- ii **Hartshill School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced with an emphasis in its secondary education on science and the arts and provides for students of different abilities. The Academy offers its facilities within the local community
- iii **The Nuneaton Academy** - the curriculum provided by the Academy to students up to the age of 19 is broad and balanced with an emphasis in its secondary education on science and engineering and provides for students of different abilities. The Academy offers its facilities within the local community
- iv **The Midland Studio Colleges (Hinckley and Nuneaton)** - the curriculum provided by the Studio Schools to students up to the age of 19 is broad and balanced (including English, Maths and Science) and includes provision for obtaining employability skills through project based learning and provides for students of different abilities

The admission arrangements for the academies and the studio colleges are set out within the relevant supplemental funding agreements and comply with the Schools' Admissions Code

The Midland Academies Trust

Mission, principles and values of MAT

The mission, principles and values of MAT were defined in 2011 and are as follows

MAT Mission - "Working together to release potential and transform lives "

MAT mission will be delivered through

- i. an inspirational learning experience,
- ii leading dynamic partnerships to increase participation in education and training,
- iii providing flexible business solutions which improve performance,
- iv creating enterprise and entrepreneurship

MAT Principles

- i a cohesive cluster of education establishments which become the leading education provider of good quality provision in the college's own catchment area of Hinckley and Bosworth, Nuneaton and Bedworth and North Warwickshire
- ii excellent learning provision which will focus on the individual needs of young people, enabling them to successfully progress to FE, HE or employment
- iii a strong family of schools which benefit from the interaction of both NW&HC and the various schools involved
- iv a family in which all schools involved progress to an outstanding Ofsted category and outstanding in other external categories e.g EFQM
- v NW&HC being held in high esteem, as a sponsor organisation by the partnering schools, local community and beyond

MAT Values

- i to continue to strive for excellence,
- ii to constantly improve the learner experience which is at the heart of everything we do,
- iii to carry on valuing each member of the MAT community and treating them with dignity and respect,
- iv to continue to remove barriers to success, wherever possible,
- v to keep caring for our environment, ethically and efficiently,
- vi to carry on trusting and supporting each other,
- vii to continue to encourage co-operation with others in the development of our provision,
- viii to enable students and staff to flourish within an enterprising culture,
- ix to continue to work together for the collective good of MAT, in the context of what is 'best for all'

A set of strategic objectives has been developed for 2013-14 underpinned by the mission, principles and values for MAT and with the view to supporting the main objective of

Through sponsorship of North Warwickshire & Hinckley College, to create a network of outstanding schools which meet the needs of individual children and young people and which enables them to aspire to achieve their full potential, to become active and responsible citizens and to successfully progress to further and/or higher education, training and/or work.

The Midland Academies Trust

These key strategic objectives and their sub-objectives are as outlined below

Key Objective 1: School improvement and effectiveness

To ensure all MAT schools become outstanding and provide excellence in teaching and learning, encourage high expectations for all pupils, support rapid and consistent progress and are “learning” schools

Sub-Objectives

- i for each MAT school to achieve measurable progress towards meeting Ofsted's outstanding criteria in a specific timeframe, as set out in their school improvement plans,
- ii continuously improve the proportion of teaching judged to be outstanding, eradicate all classroom practice that is not judged to be good,
- iii to ensure all pupils in MAT schools are safe, exhibit desirable behaviours in accordance with schools' policies and procedures, have pride in their school and are engaged in a positive climate for learning and progression to further learning, training and/or work,
- iv each MAT school has outstanding Executive Principal-ship, leadership and management focused on becoming an outstanding school, this includes a deep understanding of the school's performance, a relentless focus on leading teaching and learning, ensuring effective frameworks for performance management and professional development and deployment of resource to the best effect,
- v each MAT school is proactive in delivery of careers education, information and guidance and is proactively working with employers, NW&HC and other FE colleges, and universities to support progression of its pupils,
- vi engagement and involvement of parents and the community in supporting teaching and learning outside the classroom activities and in developing parents' own aspirations and skills is a key feature of a MAT school,
- vii MAT as a leading edge academies trust that fosters each school as a “learning school” maximising collaborative working where appropriate, enabling effective Executive Principal-ship and leadership, reflective practice and consultation, and achieves the best outcomes for children, young people and their families

Key Objective 2: Business efficiencies and effectiveness

To ensure that that the Trust has business arrangements that are efficient and effective and enable it to deliver on its commitments, and to grow and prosper, to be delivered through the adoption of best practice, minimisation of risk, and for management of resources to be concentrated to the front line

Sub-Objectives

- i that business management structures, systems and ways of working, enable Trust resources (whether finance, staff, buildings, systems or information) to be primarily directed to supporting the learner, and not to back office or administrative activities,
- ii that all procurement, whether from third parties or the Trust's sponsor, add value to the learner and to the business, are effective and efficient, avoiding inconsistency, duplication and unnecessary bureaucracy,

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- iii the creation of a "Whole Trust" arrangement for internal support which enables good and best practice to be disseminated across all academies, in an efficient and effective manner and allows support to be provided across the whole Trust,
- iv that responsibility, accountability and authority are clearly and properly aligned,
- v arrangements ensure that growth can be easily accommodated within existing frameworks,
- vi income generation is planned to deliver strategic objectives

Key Objective 3: Communicating and marketing the benefits of the MAT offer and ethos

All MAT and MAT schools' communications, PR and marketing reflect a clear ethos and narrative based on the MAT values, mission and successes which builds reputation and confidence in MAT and its sponsor, NW&HC, among all stakeholders

Sub-Objectives

- i develop the MAT brand to ensure it is accessible and effectively communicates MAT's core values and success,
- ii create a compelling suite of communication and PR tools to successfully engage existing and new members and partners and creates a sense of community and ownership,
- iii build MAT's reputation for delivery and impact among key stakeholders and to attract new partners towards the group,
- iv position MAT as an example of best practice in schools-FE collaboration and as an outstanding Academy Trust

Key Objective 4: Effective and efficient estates and facilities management

Outstanding facilities are provided for the purposes of teaching and learning The quality of the estate and facilities increases learner aspiration and success, enhances staff satisfaction and gives confidence to other stakeholders

Sub-Objectives

- i to carry out a 'health check' or gap analysis on the facilities management provision within the Trust, primarily focusing on meeting minimum legal and regulatory standards or approved codes of practice by 28th June 2013,
- ii to ensure robust and consistent measures are put in place to address any deficiencies which the gap analysis brings to light with immediate effect,
- iii to commission an asset management plan for the Trust, that begins a planning process which sets out the information needed and the criteria used to make objective and transparent decisions about spending on school premises and facilities,
- iv to develop a MAT Estates Strategy document which describes the process whereby the Trust estate can best meet the needs of the curriculum, within financial constraints,
- v to develop and implement a single facilities management provision across the Trust estate to ensure from September 2013
 - maximum benefit is derived from economies of scale,
 - consistent quality is assured,
 - risk to Trust Directors is minimised

The Midland Academies Trust

Key Objective 5: Effective governance to ensure successful schools

To ensure that the Board of Directors acts on behalf of its moral and legal owners in the best interests of the Trust, governing lawfully in accordance with its Articles of Association and having governance arrangements that demonstrate, legitimate and visionary leadership, clarity of governing and managerial relationships, effective oversight, adequate support structures for sustainability and the greatest possible economy

Sub-Objectives

- i Implementation of a governance review including the development of a governance policy and associated structure, governance manual, annual calendar, development plans and ownership linkage plans,
- ii Undertake a regular skills audit and analysis of current Directors and local governing body (LGB) Governors, leading to succession planning recommendations and action planning,
- iii Preparing Directors and Governors to ensure that they are able to actively participate in discussions on school improvement e.g. understanding of data, and, when required, contribute to Ofsted inspections and monitoring visits, and are able to demonstrate compliance with the Ofsted expectation of the role of governance within the Trust,
- iv Design and implementation of an annual Board and LGB development programme with Safeguarding prioritised for September 2013

A delivery plan is in place to support the implementation of the strategic objectives listed above

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Public Benefit

The Board of Directors 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

'Public benefit' is the legal requirement that every organisation set up for one or more charitable purposes must be able to demonstrate that its aims are for the public benefit. The charitable purpose of the Trust is the advancement of education.

The main benefits that can be seen in 2012-13 are the continuing improvements over time, in educational achievements for the students at The George Eliot School and The Nuneaton Academy since they joined the Trust, as is demonstrated below.

Headline success rates (GCSEs 5+, A-C, including English and Mathematics)

	The George Eliot School	The Nuneaton Academy	Hartshill School	The Midland Studio College (Hinckley)
2010-11		40%		
2011-12	56%	49%		
2012-13	58%	45%	54%	n/a

Greyed out cells relate to years before joining the Trust

The Midland Studio College (Hinckley), is a new educational centre, and as such does not have a history of success rates to report, nor will have until after its second year of operation.

The achievements of the Trust in 2012-13 include

- i the on-going work undertaken in developing a shared services model to realise economies of scale and reduce costs for academies,
- ii close working relationships between academies and the sponsor, particularly in respect of sharing staff members to reduce cost and share knowledge and expertise,
- iii the conversion of the Hartshill School to an academy within The Midland Academies Trust on 1 September 2012,
- iv the opening of Midland Studio College (Hinckley) on 1 September 2012 to provide a different learning experience to students by obtaining employability skills through project based learning and work placements,
- v the opening of Midland Studio College (Nuneaton) on 1 September 2013 to provide a different learning experience to students by obtaining employability skills through project based learning and work placements,
- vi the significant progression of the capital project development at The Nuneaton Academy to refurbish and rebuild the premises, thereby providing significant improvements to the learning environment of students

Going Concern

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

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Key Financial Performance Indicators

The Finance and Resources Committee monitor actual performance against budget and cash flow forecast during the period being reported. Further financial and non-financial indicators will be developed as the Trust develops.

Financial Review

The principal source of funding for the Trust is the General Annual Grant (GAG), together with Pupil Premium and Start-up Grants (SUG). Expenditure has supported the key financial objectives of the Trust which are to

- i Efficiently expend Trust funds to effectively support the Trust's educational plans and ambitions,
- ii Ensure the on-going solvency of each Academy,
- iii Work efficiently with the sponsor and other educational institutions to efficiently share costs,
- iv Minimise the scope for claw-back,
- v Improve the Trust estate over the short and medium term

Summary revenue income and expenditure

	2013 £	2012 £
Revenue income		
<i>Revenue grants</i>		
General Annual Grant (GAG)	15,605,435	10,218,130
Pupil premium	798,601	144,887
Start-Up Grants (SUG)	451,265	738,993
Other revenue grants	907,879	617,687
<i>Self-generated income</i>		
Inherited current assets and liabilities (cash)	102,828	436,106
Activities for generating funds	394,596	101,547
Other self-generated income	105,039	143,864
Total revenue income	18,365,643	12,401,214
Revenue expenditure		
Staff costs	13,564,319	8,974,601
<i>Non-pay expenditure</i>		
- Estate costs	978,863	694,915
- Educational supplies & services	1,564,609	1,033,275
- Other supplies & services	1,237,783	736,343
- Governance costs	88,340	91,634
Total revenue expenditure	17,433,914	11,530,768
Net revenue income/(expenditure) for the year	931,729	870,446
Revenue funding used to pay for capital expenditure	(335,827)	(404,539)
Revenue surplus/(deficit) for the year	595,902	465,907

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The above summary only represents cash accounting of revenue income and expenditure, shown in the Statement of Financial Activities under 'Unrestricted Funds' (net income/(expenditure) for the year £417,403) and 'Restricted General Funds' (net income/(expenditure) for the year £178,499) and therefore does not include depreciation and amortisation of £859,936. This is accounted for under capital resources expended as shown in the Statement of Financial Activities under 'Restricted Fixed Assets Funds'.

Future (planned and unplanned) capital expenditure will be funded either through bidding for capital grants with the Department for Education or by using a portion of the allocated GAG - as permitted under the funding agreement - or unrestricted general funds.

Excluding transfers between restricted funds, and before gains and losses associated with pensions, during the period ending 31 August 2013, total expenditure of £18,293,850 (2012 £11,945,338) was less than recurrent grant funding of £19,794,677 (2012 £13,176,928), transfer of assets from Local Authority on conversion of £10,327,559 (2012 £10,555,092), and other incoming resources of £499,635 (2012 £245,411). The excess of income over expenditure for the period was £12,328,021 (2012 £12,032,093).

At 31 August 2013 the net book value of fixed assets was £24,067,573 (2012 £12,527,558), and movements in fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Trust's non-teaching staff is entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy's balance sheet shows a net liability of £2,343,000 (2012 £1,864,000).

The Trust's budget for 2013-14 shows a planned deficit of £503,451 (2013 surplus of £7,407) for that year. Reserves generated in previous financial years will be used to balance the budget. Including the cumulative funds to be carried forward of £24,755,586 for the current year, results in a total of unrestricted and restricted funds available of £24,252,135 for academic year 2013/14. The vast majority of these funds is represented by fixed assets. Given the subsequent increase in the size of the Trust and the uncertainty over levels of funding, it is not possible to reliably predict the Trust's financial position beyond this planning period, although three year financial plans have been prepared.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its

- i Official budgets,
- ii Scheme of Delegation,
- iii Financial Regulations,
- iv Risk Management Policy

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

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Risk Management and Principal Risks and Uncertainties

The Board has considered the risks faced by the Trust throughout its normal operational business. It has sought to address the risks faced by the Trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board has established a formal risk management policy, which will formally document the managerial action that is taking place, and enables risk management to be systematic.

At the time of reporting, the Trust's identified key risks are

- i Not meeting academic targets,
- ii Low post 16 student numbers academic year 2013/14,
- iii Low pupil numbers in sixth form,
- iv Leadership continuity,
- v Loss of water supply (building closure).

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Reserves Policy

The Trust's policy on reserves is to maintain sufficient reserves to enable the Trust to operate effectively in what is becoming a less certain economic and funding environment, and also to fund future capital improvements. At the end of the year being reported, the Trust held unrestricted reserves of £1,153,433 (2012 £736,030). The level of unrestricted reserves shall be reviewed annually by the Board, with the eventual aim of holding at least one month's expenditure (budgeted monthly revenue expenditure £1.5 million) in hand. At present, the level of reserves is approximately 77% (2012 46%) of this desired level.

Restricted general reserves amount to £1,538,803 (2012 £1,153,304). These funds will be spent or held in accordance with the terms of the relevant funding agreements. The Trust plans to spend these funds either to address any current year shortfall in funding, or to use them in the on-going investment in the Academy estate, subject to satisfying the terms and conditions of the grant funding.

Investment Policy

All investments are made in accordance with the policy of the Trust. The Trust's policy on investments is one of minimum risk, with all investments being held with the Trust's bankers. The Trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

Plans for Future Periods

The future plans for the Trust include

- i the inclusion of an additional secondary school within the Trust,
- ii the completion of The Nuneaton Academy's major refurbishment and subsequent transfer of assets from Warwickshire County Council to the Trust,
- iii continued development of governance and management processes and structures in light of experience over time and the growing size of the Trust.

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Auditor

In so far as the Directors are aware

- i there is no relevant audit information of which the charitable company's auditor is unaware, and
- ii the Directors 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.

Approved by order of the Trust Board of Directors on 17 December 2013 and signed on its behalf by

Signed



Tim Render
[Chair]

The Midland Academies Trust

Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to each of the academy Principals, to ensure financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Trust and the Secretary of State for Education. The Principals are also responsible for reporting to the Board any material weaknesses or breakdown in internal control

The Accounting Officer for the Trust is the Chief Executive, Marion Plant OBE, who was also the Chair of the Board until 1st October 2013, at which date she became the Chief Executive of the Trust

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Trust for the year ended 31 August 2013 and up to the date of approval of the annual report and financial statements

Capacity to Handle Risk

The Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board has established a risk management policy to provide a formal on-going process for identifying, evaluating and managing the Trust's significant risk. This has been in place throughout the period September 2012 - August 2013 and up to the date of signing the financial statements and the Board is of the view that risks have been adequately considered and managed throughout this period

The Risk and Control Framework

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

- i budgeting and monitoring systems with an annual budget recommended by the Finance and Resources Committee and approved by the Board,
- ii periodic financial reports which are reviewed and agreed by the Board's Finance and Resources Committee,
- iii the establishment of an experienced management framework, to oversee financial management within the Trust,

The Midland Academies Trust

- iv the development of robust financial regulations and procedures, and the establishment of audit requirements,
- v delegation of authority and segregation of duties,
- vi identification and management of risks on a more systematic basis for all academies and the Trust

At its meeting on 6 September 2011, Directors approved the appointment of UHY Hacker Young as the Trust's Responsible Officer, and this appointment remained effective throughout 2012-13. No material control issues have been identified by the management, the Responsible Officer, or the Board.

On 9th July 2013 the Board appointed Mazars LLP as the internal auditors for the Trust, effective from 1 September 2013.

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

- i the work of the Responsible Officer,
- ii the work of the external auditor,
- iii the financial management and governance self-assessment process,
- iv the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust on 17 December 2013 and signed on its behalf by

Signed



Marion Plant OBE

[Chief Executive & Accounting Officer]

The Midland Academies Trust

Statement of Regularity, Propriety and Compliance

As Accounting Officer of The Midland Academies Trust I have considered my responsibility to notify the academy trust governing body 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. 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 governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of irregularity, impropriety or funding non-compliance have been discovered to date.

Signed

m. g. Plant

Marion Plant OBE

[Chief Executive and Accounting Officer]

The Midland Academies Trust

Statement of Directors' Responsibilities

The Directors (who act as trustees for charitable activities of the Trust and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education Funding Agency (EFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

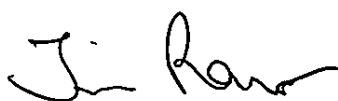
- i select suitable accounting policies and then apply them consistently,
- ii observe the methods and principles in the Charities SORP,
- iii make judgements and estimates that are reasonable and prudent,
- iv state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- v prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business

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

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

Approved by order of the members of the Trust on 17 December 2013 and signed on its behalf by

Signed



Tim Render

[Chair]

The Midland Academies Trust

Independent Auditor's Report to the Directors of The Midland Academies Trust

We have audited the financial statements of The Midland Academies Trust for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Academies Accounts Direction 2012/13 issued by the Education Funding Agency and applicable law.

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. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities on page 23, the Directors (who are the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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 standards require us to comply with the Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the Financial Statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- have been prepared in accordance with the requirements of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the Academies Accounts Direction 2013 issued by the Education Funding Agency.

Opinion on Other Matters Prescribed by the Companies Act 2006

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

The Midland Academies Trust

Matters on Which We are required to Report by Exception

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

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

Kyla Bellingall

Kyla Bellingall,

Senior Statutory Auditor

for and behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date 19 December 2013

The Midland Academies Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Midland Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 16 October 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2012/13, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Midland Academies Trust during the period 1 September 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

This report is made solely to The Midland Academies Trust and the EFA in accordance with the terms of our engagement letter dated 16 October 2013. Our work has been undertaken so that we might state to The Midland Academies Trust 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 The Midland Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of The Midland Academies Trust's accounting officer and the reporting auditor

The accounting officer is responsible, under the requirements of The Midland Academies Trust's funding agreement with the Secretary of State for Education dated 28 July 2011, and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2012/13. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2012/13 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion. Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure

The Midland Academies Trust

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 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Birmingham

Date *19 December 2013*

The Midland Academies Trust

Statement of Financial Activities for the Year to 31 August 2013

(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds</i>						
- Voluntary income	3	96,645	0	0	96,645	51,047
- Voluntary income - transfer from Local Authority on conversion	4	102,828	0	10,224,731	10,327,559	10,555,092
- Activities for generating funds	5	394,596	0	0	394,596	101,547
- Investment income	6	2,909	0	0	2,909	315
- Other income	7	5,485	0	0	5,485	92,502
<i>Incoming resources from charitable activities</i>						
- Funding for the academy trust's educational operations	8	0	17,763,180	2,031,497	19,794,677	13,176,928
Total incoming resources		602,463	17,763,180	12,256,228	30,621,871	23,977,431
Resources expended						
<i>Cost of generating funds,</i>						
- Costs of generating voluntary income	10	67,414	0	0	67,414	39,950
- Costs of activities for generating funds	11	107,646	0	0	107,646	33,589
<i>Charitable activities</i>						
- Academy trust's educational operations	12	0	17,170,514	859,936	18,030,450	11,780,165
Governance costs	13	0	88,340	0	88,340	91,634
Total resources expended		175,060	17,258,854	859,936	18,293,850	11,945,338
Net incoming / (outgoing) resources before transfers		427,403	504,326	11,396,292	12,328,021	12,032,093
Gross transfers between funds	24	(10,000)	(325,827)	335,827	0	0
Net income/(expenditure) for the year		417,403	178,499	11,732,119	12,328,021	12,032,093
Other recognised gains and losses						
Brought forward defined benefit pension scheme liability	24, 35	0	(1,533,000)	0	(1,533,000)	(736,000)
Actuarial gains / (losses) on defined benefit pension schemes	35	0	1,261,000	0	1,261,000	(388,000)
Net movement in funds		417,403	(93,501)	11,732,119	12,056,021	10,908,093
Reconciliation of funds						
Funds brought forward at 1 September 2012	24	736,030	(710,696)	12,674,231	12,699,565	1,791,472
Funds carried forward at 31 August 2013		1,153,433	(804,197)	24,406,350	24,755,586	12,699,565

All of the academy trust's activities derive from continuing operations during the above two financial periods

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

The Midland Academies Trust

Balance Sheet as at 31st August 2013

	Notes	2013 £	2013 £	2012 £	2012 £
Fixed Assets					
Tangible assets	18		23,933,170		12,480,760
Intangible assets	19		134,403		46,798
Total fixed assets			<u>24,067,573</u>		<u>12,527,558</u>
Current Assets					
Stock	20	10,616		26,543	
Debtors	21	767,214		953,105	
Cash at bank and in hand	22	3,879,252		3,233,766	
Total current assets		<u>4,657,082</u>		<u>4,213,414</u>	
Liabilities					
Creditors Amounts falling due within one year	23	(1,626,069)		(2,177,407)	
Net current assets			3,031,013		2,036,007
Total assets less current liabilities			27,098,586		14,563,565
Net assets excluding pension liability			27,098,586		14,563,565
Pension scheme liability	35		(2,343,000)		(1,864,000)
Net assets including pension liability			<u>24,755,586</u>		<u>12,699,565</u>
Funds of the academy,					
Restricted funds					
- Fixed asset fund	24		24,406,350		12,674,231
- General fund	24		1,538,803		1,153,304
- Pension reserve	24		(2,343,000)		(1,864,000)
Total restricted funds			<u>23,602,153</u>		<u>11,963,535</u>
Unrestricted funds					
- General fund	24		1,136,218		736,030
- Designated fund	24		17,215		0
Total unrestricted funds			<u>1,153,433</u>		<u>736,030</u>
Total Funds			<u>24,755,586</u>		<u>12,699,565</u>

The financial statements on pages 28 to 56 were approved by the Directors, and authorised for issue on 17 December 2013 and signed on their behalf by



Tim Render
Chair
Company Number 7191874

The Midland Academies Trust

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	28	683,472	1,467,969
Cash transferred on conversion to an Academy Trust	29	102,828	436,106
Returns on investment and servicing of finance	30	2,909	315
Net cash outflow from capital expenditure	31	(143,723)	(354,493)
Increase / (decrease) in cash in the year		645,486	1,549,897
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September		3,233,766	1,683,869
Net funds at 31 August		3,879,252	3,233,766

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013

1 Statement of Accounting Policies

Basis of Preparation

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

Going concern

The directors 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 directors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

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

o Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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

o Sponsorship Income

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

o Donations

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

o Other income

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

o Donated services and gift in kind

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

Warwickshire County Council has entered into a construction contract with Shephard Construction Limited to modernise various buildings of The Nuneaton Academy. Once work is completed, the current 5-year lease - ending on and including 31 August 2015 - will be replaced with a 125-year lease with Warwickshire County Council for a peppercorn rent.

On 1 September 2012 Hartshill School joined the Trust and assets have been transferred from Warwickshire County Council on conversion. The land and buildings have been valued in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM interpretation.

The Midland Studio College Hinckley (opened on 1 September 2012) has agreed a 48-year lease - ending on and including 23 August 2060 - with North Warwickshire & Hinckley College for a peppercorn rent.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

1 Statement of Accounting Policies (continued)

Resources Expended

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

o Costs of generating funds

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

o Charitable activities

These are costs incurred on the Academy Trust's educational operations.

o Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

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 reducing balance over its expected useful economic lives, as follows:

o Freehold buildings	1 year	-	50 years
o Leasehold buildings	1 year	-	48 years
o Furniture and equipment	1 year	-	10 years
o Computer equipment	1 year	-	4 years
o Motor Vehicle	1 year	-	5 years

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.

No depreciation is charged in the year of acquisition on tangible assets.

Transfer on conversion

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM interpretation.

Estimates

Asset records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the Trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide a reasonable estimate of the value of the assets for initial recognition purposes but should be regarded as a significant estimate in relation to the accounts.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

1 Statement of Accounting Policies (continued)

Intangible fixed assets

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset over its

o Software	1 year	-	4 years
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Leased Assets

Rentals under operating leases are charged on an annual or quarterly basis over the lease term.

Stock

All stock is valued at the lower of cost or net realisable value

Taxation

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

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 and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 36, the TPS is a multi-employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

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 governors.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by Education Funding Agency and/or Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and/or Department for Education.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

2 General Annual Grant (GAG)

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

No academies within the trust exceeded the limit during the year ended 31 August 2013.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

3 Voluntary Income	Unrestricted	Restricted	Restricted	Total 2013	Total 2012
	Funds	General	Fixed		
	£	Funds	Assets		
School Fund Income	74,599	0	0	74,599	41,630
Other Donations	22,046	0	0	22,046	9,417
	96,645	0	0	96,645	51,047

4 Voluntary Income - transfer from Local Authority on conversion	Unrestricted	Restricted	Restricted	Total 2013	Total 2012
	Funds	General	Fixed		
	£	Funds	Assets		
Inherited fixed assets	0	0	10,224,731	10,224,731	10,118,986
Inherited current assets and liabilities	102,828	0	0	102,828	436,106
	102,828	0	10,224,731	10,327,559	10,555,092

5 Activities for Generating Funds	Unrestricted	Restricted	Restricted	Total 2013	Total 2012
	Funds	General	Fixed		
	£	Funds	Assets		
Educational visits	56,906	0	0	56,906	1,305
Hire of facilities	9,404	0	0	9,404	17,541
Non-teaching income	21,329	0	0	21,329	0
Other teaching income	83,321	0	0	83,321	0
Sales of meals	149,589	0	0	149,589	58,017
Sport Centre	30,965	0	0	30,965	13,824
Supplies and services contribution	11,775	0	0	11,775	0
Uniform sales	31,307	0	0	31,307	10,860
	394,596	0	0	394,596	101,547

6 Investment Income	Unrestricted	Restricted	Restricted	Total 2013	Total 2012
	Funds	General	Fixed		
	£	Funds	Assets		
Short-term deposits	2,909	0	0	2,909	315
	2,909	0	0	2,909	315

7 Other Income	Unrestricted	Restricted	Restricted	Total 2013	Total 2012
	Funds	General	Fixed		
	£	Funds	Assets		
Bank interest	5,485	0	0	5,485	4,130
Other Income	0	0	0	0	88,372
	5,485	0	0	5,485	92,502

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

8 Funding for the Academy's educational operations

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
DfE / EFA capital grants					
Academies Capital Maintenance Fund (ACMF)	0	0	383,358	383,358	0
Academy main building grants	0	0	0	0	1,199,000
Centrally Managed Programme	0	0	786,439	786,439	0
Devolved Formula Capital (DFC)	0	0	60,263	60,263	66,231
ICT Equipment grant	0	0	0	0	192,000
	0	0	1,230,060	1,230,060	1,457,231
Other capital grants					
Local Authority capital funding	0	0	791,762	791,762	0
Restricted donated capital grant	0	0	9,675	9,675	0
	0	0	801,437	801,437	0
DfE / EFA revenue grants					
General Annual Grant (GAG) - (note 2)	0	15,605,435	0	15,605,435	10,218,130
Lead-in and implementation grant	0	300,000	0	300,000	229,345
Pupil premium	0	798,601	0	798,601	144,887
Start-Up Grants (SUG)	0	451,265	0	451,265	738,993
Other DfE / EFA grants	0	84,724	0	84,724	159,127
	0	17,240,025	0	17,240,025	11,490,482
Other LA/Government revenue grants					
Area Behaviour Partnership	0	208,445	0	208,445	71,811
AWPU/SSAT	0	0	0	0	51,473
Managed Move	0	69,659	0	69,659	0
Special Needs Income	0	205,975	0	205,975	105,931
Other LA/Government grants	0	15,941	0	15,941	0
	0	500,020	0	500,020	229,215
Non-Government revenue grants					
Children in need	0	7,979	0	7,979	0
Awards for all	0	8,640	0	8,640	0
Foyle Foundation	0	4,000	0	4,000	0
Other non-government grants	0	2,516	0	2,516	0
	0	23,135	0	23,135	0
	0	17,763,180	2,031,497	19,794,677	13,176,928

9 Resources Expended

	Staff Costs £	Non Pay Expenditure Premises £	Other Costs £	Total 2013 £	Total 2012 £
Costs of generating voluntary income	0	0	67,414	67,414	39,950
Costs of activities for generating funds	0	0	107,646	107,646	33,589
Academy's educational operations					
Direct costs	11,017,490	0	2,055,016	13,072,506	8,938,539
Allocated support costs	2,329,306	978,863	1,649,775	4,957,944	2,841,626
	13,346,796	978,863	3,704,791	18,030,450	11,780,165
Governance costs including allocated support costs	0	0	88,340	88,340	91,634
	13,346,796	978,863	3,968,191	18,293,850	11,945,338
Net incoming / outgoing resources for the year include				2013	2012
				£	£
Operating leases				90,664	27,671
Fees payable to auditor - audit				29,770	22,993
- other services				8,980	2,050

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

10	Cost of generating funds - costs of generating voluntary income	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
	School Fund expenditure	67,414	0	0	67,414	39,950
		67,414	0	0	67,414	39,950

11	Cost of generating funds - costs of activities for generating funds	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
	Educational consultancy and supplies	0	0	0	0	5,763
	Catering	107,646	0	0	107,646	27,826
		107,646	0	0	107,646	33,589

12	Charitable Activities - Academy's educational operations	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
	<i>Direct costs</i>					
	Teaching and educational support staff costs	0	11,017,490	0	11,017,490	7,509,898
	Depreciation	0	0	306,906	306,906	187,319
	Amortisation	0	0	13,376	13,376	6,706
	Educational supplies	0	687,893	0	687,893	524,033
	Examination fees	0	310,959	0	310,959	312,305
	Staff development	0	49,984	0	49,984	58,693
	Technology costs	0	120,141	0	120,141	104,702
	Educational consultancy	0	565,757	0	565,757	196,937
	Other direct costs	0	0	0	0	37,946
		0	12,752,224	320,282	13,072,506	8,938,539
	<i>Allocated support costs</i>					
	Support staff costs	0	2,329,306	0	2,329,306	1,267,181
	Depreciation	0	0	539,654	539,654	220,545
	Amortisation	0	0	0	0	0
	Recruitment and support	0	167,539	0	167,539	138,829
	Maintenance of premises and equipment	0	366,236	0	366,236	202,167
	Cleaning	0	204,988	0	204,988	254,200
	Rent and rates	0	66,013	0	66,013	46,494
	Energy	0	341,626	0	341,626	192,054
	Insurance	0	106,745	0	106,745	68,099
	Security and transport	0	48,575	0	48,575	20,709
	Catering	0	85,973	0	85,973	109,456
	Technology costs	0	26,394	0	26,394	14,732
	Bank interest and charges	0	30	0	30	303
	Other support costs	0	674,865	0	674,865	306,857
		0	4,418,290	539,654	4,957,944	2,841,626
		0	17,170,514	859,936	18,030,450	11,780,165

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

13 Governance costs	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	0	14,568	0	14,568	59,504
<i>Auditors' remuneration</i>					
- Audit of financial statements AY2012/13	0	23,500	0	23,500	0
- Audit of financial statements AY2011/12	0	6,270	0	6,270	22,993
- Audit of Teachers' Pensions Scheme	0	1,380	0	1,380	450
Responsible officer audit	0	7,600	0	7,600	1,600
Support costs	0	35,022	0	35,022	7,087
Governors' reimbursed expenses	0	0	0	0	0
	0	88,340	0	88,340	91,634

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

Resources Expended (continued)

14 Staff costs

<i>Staff costs during the period were</i>	2013	2012
	£	£
Wages and salaries	10,431,923	6,698,755
Social security costs	776,395	512,458
Other pension costs	1,648,763	965,265
	<u>12,857,081</u>	<u>8,176,478</u>
Supply teacher costs	408,371	519,393
Compensation payments	81,344	81,208
	<u>13,346,796</u>	<u>8,777,079</u>

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2013 expressed as full time equivalents was as follows

	2013	2012
	No	No
<i>Charitable Activities</i>		
Teachers	177	106
Administration and support	155	106
Management	29	19
	<u>361</u>	<u>231</u>

Nine employees (2012 seven) earned more than £60,000 per annum (including taxable benefits but excluding employer's pension contributions) during the year ended 31 August 2013. The total emoluments of these employees were in the following range,

	2013	2012
	No	No
£60,001 - £70,000	5	4
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£90,001 - £100,000	0	0
£100,001 - £110,000	1	1
	<u>9</u>	<u>7</u>

All of the above employees earning more than £60,000 per annum participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £93,454 (2012 £57,926)

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

Resources Expended (continued)

15 Central Services

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

- Financial services this service is provided on a actual cost basis of the pay costs of the Trust's finance manager

The Academy Trust charge for this service on the following basis

The financial service is split three ways between The Nuneaton Academy, The George Eliot School and Hartshill School for the period September 2012 to March 2013, and equally divided over all academies for the period April 2013 to August 2013

The actual amounts charged during the year were as follows

	2013	2012
	£	£
- The Nuneaton Academy	7,906	0
- The George Eliot School	7,906	0
- Hartshill School	7,906	0
- The Midland Studio College Hinckley	3,133	0
- The Midland Studio College Nuneaton	3,133	0
	<u>29,984</u>	<u>0</u>

16 Related party transactions - Governors' remuneration and expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the role of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to governors (2012 nil)

There are no staff governors that are also trustees (directors) in the multi-academy trust, therefore no further disclosure is required.

Related party transactions involving the sponsor (North Warwickshire & Hinckley College) are set out in note 36.

17 Governors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the costs for the year ended 31 August 2013 was £2,196 (2012 £1,969).

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

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

18 Tangible Fixed Assets	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Assets under Construction £	Total 2013 £
Cost							
At 1 September 2012	10,524,660	1,062,247	599,890	824,564	12,000	35,000	13,058,361
Transfer on conversion	9,950,260	0	214,848	46,128	13,495	0	10,224,731
Additions	477,921	594,889	69,202	237,334	0	694,893	2,074,239
Disposals	0	0	0	0	0	0	0
At 31 August 2013	<u>20,952,841</u>	<u>1,657,136</u>	<u>883,940</u>	<u>1,108,026</u>	<u>25,495</u>	<u>729,893</u>	<u>25,357,331</u>
Depreciation							
At 1 September 2012	224,745	0	136,478	208,378	8,000	0	577,601
Charged in year	474,063	22,621	140,067	200,411	9,398	0	846,560
Disposals	0	0	0	0	0	0	0
At 31 August 2013	<u>698,808</u>	<u>22,621</u>	<u>276,545</u>	<u>408,789</u>	<u>17,398</u>	<u>0</u>	<u>1,424,161</u>
Net book values							
At 31 August 2013	<u>20,254,033</u>	<u>1,634,515</u>	<u>607,395</u>	<u>699,237</u>	<u>8,097</u>	<u>729,893</u>	<u>23,933,170</u>
At 31 August 2012	<u>10,299,915</u>	<u>1,062,247</u>	<u>463,412</u>	<u>616,186</u>	<u>4,000</u>	<u>35,000</u>	<u>12,480,760</u>

19 Intangible Fixed Assets	2013 £
Cost	
At 1 September 2012	53,504
Additions	100,981
Disposals	0
At 31 August 2013	<u>154,485</u>
Amortisation	
At 1 September 2012	6,706
Charged in year	13,376
Disposals	0
At 31 August 2013	<u>20,082</u>
Net book values	
At 31 August 2013	<u>134,403</u>
At 31 August 2012	<u>46,798</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

20 Stock	2013 £	2012 £
Catering	1,318	2,403
Clothing	9,298	5,360
Books and materials	0	18,780
	<u>10,616</u>	<u>26,543</u>

21 Debtors	2013 £	2012 £
Trade debtors	80,172	59,098
VAT recoverable	261,658	422,093
Prepayments	84,339	35,352
Sundry debtors	341,045	436,562
	<u>767,214</u>	<u>953,105</u>

The sundry debtors held at 31 August 2013 is broken down as follows

	2013 £	2012 £
EFA/DfE - Academies Capital Maintenance Fund (ACMF)	116,679	30,000
EFA/DfE - Centrally Managed Programme - Free Schools	197,758	192,000
EFA/DfE - Golden Hello grant	0	25,903
EFA/DfE - Insurance grant	0	64,919
EFA/DfE - Lead-in and implementation grant	0	86,096
EFA/DfE - Rates relief	19,442	0
Other	7,166	37,644
	<u>341,045</u>	<u>436,562</u>

22 Cash at bank and in hand	2013 £	2012 £
Amounts held by commercial banks	3,878,217	3,233,404
Petty cash	1,035	362
	<u>3,879,252</u>	<u>3,233,766</u>

23 Creditors amounts falling due with one year	2013 £	2012 £
Trade creditors	377,821	828,595
Taxation, social security and pension contributions	230,555	296,350
EFA creditor abatement of GAG	308,257	322,389
Accruals and deferred income	676,175	678,880
Sundry creditors	33,261	51,193
	<u>1,626,069</u>	<u>2,177,407</u>

Deferred income analysis

	2013 £	2012 £
Deferred income at 1 September	147,880	200,575
Resources deferred in the year	0	91,050
Amounts released from previous years	(147,880)	(143,745)
Deferred income at 31 August	<u>0</u>	<u>147,880</u>

The deferred income held at 31 August 2013 is broken down as follows

	2013 £	2012 £
Capital contribution	0	56,830
Pupil Premium	0	91,050
	<u>0</u>	<u>147,880</u>

The sundry creditors held at 31 August 2013 is broken down as follows

	2013 £	2012 £
Central Side Accommodation Ltd - 5% retention construction works (Hartshill School)	25,695	0
EFA/DfE - Lead-in costs grant (Hartshill School)	0	25,000
EFA/DfE - Rates Relief AY2011/12 (The Nuneaton Academy)	7,566	0
Warwickshire County Council - Rates refund repayment	0	26,193
	<u>33,261</u>	<u>51,193</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

24 Funds of the academy	Balance at 1 September 2012 £	Incoming resources £	Resources expended £	Gains / losses and transfers £	Balance at 31 August 2013 £
Restricted fixed asset funds					
Academy Capital Maintenance Fund (ACMF)	0	383,358	0	0	383,358
Academy main building grants	1,199,000	0	0	(1,199,000)	0
Assets on conversion	10,276,354	10,224,731	(643,884)	0	19,857,201
Capital expenditure from GAG	584,644	0	0	(584,644)	0
Capital expenditure from restricted general funds	0	0	(108,870)	1,093,305	984,435
Capital expenditure from SUG	182,834	0	0	(182,834)	0
Capital expenditure from unrestricted funds	0	0	0	10,000	10,000
Centrally Managed Programme	0	786,439	(78,134)	1,391,000	2,099,305
Devolved Formula Capital (DFC)	162,858	60,263	(9,913)	0	213,208
ICT Equipment grant	192,000	0	0	(192,000)	0
Local Authority capital funding	0	791,762	0	0	791,762
Restricted donated capital grants	76,541	9,675	(19,135)	0	67,081
	12,674,231	12,256,228	(859,936)	335,827	24,406,350
Restricted general funds					
Activities for generating funds	5,676	0	(5,676)	0	0
General Annual Grant (GAG)	499,288	15,605,435	(14,901,205)	(308,452)	895,066
Lead-in and implementation grants	26,484	300,000	(266,099)	(17,375)	43,010
Other DfE / EFA grants	47,833	883,325	(868,348)	0	62,810
Other LA/government grants	39,638	500,020	(497,970)	0	41,688
Other restricted grants	39,118	23,135	(5,920)	0	56,333
Start Up Grant (SUG)	56,371	451,265	(506,636)	0	1,000
Voluntary restricted general	438,896	0	0	0	438,896
	1,153,304	17,763,180	(17,051,854)	(325,827)	1,538,803
Restricted pension reserve					
Pension reserve	(1,864,000)	0	(207,000)	(272,000)	(2,343,000)
	(1,864,000)	0	(207,000)	(272,000)	(2,343,000)
Total Restricted Funds	11,963,535	30,019,408	(18,118,790)	(262,000)	23,602,153
Unrestricted funds					
General funds	736,030	527,864	(107,646)	(20,030)	1,136,218
<i>Designated funds</i>					
- School fund	0	74,599	(67,414)	10,030	17,215
	736,030	602,463	(175,060)	(10,000)	1,153,433
Total Funds	12,699,565	30,621,871	(18,293,850)	(272,000)	24,755,586

Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic year's (as per the Trust's fixed assets policy), and transfer between funds are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these funds have been committed in future years for depreciation and amortisation.

Restricted general funds

Balances carried forward is funding (cash) to be spent on charitable activities of the Trust in accordance with the grant agreements.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

24 Funds of the academy (continued)

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

Academy Capital Maintenance Fund (ACMF)

These funds have been allocated to the Trust for the delivery of the agreed projects (set out in a specific funding agreement), either tackling building condition issues or new build. For the current academic year Hartshill School received funding for safeguarding gates & car park (£209,358) and boiler (£150,000) and at the period end £25,708 of the funds received remained unspent (all though committed). The Midland Studio College Hinckley received funding for recessing and automating school gates (£24,000). Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Assets on conversion

This fund reflects the fixed assets acquired from Warwickshire County Council on conversion. A further freehold asset valued at £10,224,731 was transferred into the Trust on conversion of Hartshill School. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Capital expenditure from restricted general funds

The gross transfer from the restricted general fund to the restricted fixed assets fund of £325,827 represents the total capital expenditure from restricted general funds during the period.

Capital expenditure from unrestricted funds

The gross transfer from unrestricted funds to the restricted fixed assets fund of £10,000 represents the total capital expenditure from unrestricted funds during the period.

Centrally Managed Programme

This funding was won by the Trust from the Department for Education for capital development for opening a new academy (The Midland Studio College Nuneaton). Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Devolved Formula Capital (DFC)

This funding has been received for utilisation on building improvements and refurbishment. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Local Authority capital funding

Local Authority funding represent amounts payable to the Trust (The Nuneaton Academy) from Warwickshire County Council. These funds relate specifically to Capital IT funding. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Restricted donated capital grant

Restricted donated capital grants include monies from donations. The donations received are for restricted purposes and had all been spent in the current academic year. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Transfer between restricted fixed asset funds

During the year transfer of funds have taken place to reflect clarity and uniformity in fund accounting. Academy main building grants £1,199,000 and ICT equipment grant £192,000 have been merged into Centrally Managed Programme - Free Schools. Capital expenditure from GAG £584,644 and capital expenditure from SUG £182,834 have been merged into capital expenditure from restricted general funds.

General Annual Grant (GAG)

Funds received from the EFA are applied to the charitable activities of the Trust as defined in the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was subject to limits on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2013. Note 2 discloses whether the limits were exceeded.

Lead-in and implementation grant

Lead-in and implementation grants is to cover eligible expenditure for project development incurred in developing detailed plans for opening a new academy (The Midland Studio College Nuneaton).

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

24 Funds of the academy (continued)

Other DfE/EFA grants

Included in other DfE/EFA grants are the following

- Bursary fund - is paid to schools and colleges so that they may provide financial help to students whose access to or completion of education might be inhibited by financial consideration
- PE teacher grant - to be used for releasing a secondary PE teacher from timetable for one day a week, to provide specialist PE and sport support to local schools and within their own school, to embed good practice, and to provide more competitive sport for all pupils, including the School Games
- Pupil premium - this grant is received to support deprived children, the money can be spent in accordance with the Trust's practices
- Summer school grant - is received to cover a range of activities, including a focus on learning, catch-up and enrichment and familiarisation with a new school

Other LA/government grants

Included in other LA/government grants are the following

- Area Behaviour Partnership Funding - is received for secondary aged students at risk of permanent exclusion or who have been excluded
- Golden Hello grant - this is a financial incentive package for teachers of priority subjects in secondary state-maintained schools. It is only available to teachers who train through a postgraduate initial teacher training (ITT) course leading to qualified teacher status (QTS). The Trust has paid the Golden Hello to the teacher through payroll and then claimed the amount back
- Managed move grant - funds made available for a formal process leading to the transfer of a pupil to the roll of a new school, aiming to support pupils if a fresh start at a new school would help
- Special educational needs - this funding is to be used for one to one tuition of children on the special education register

Other restricted grants

Monies received from non public funds and donations. During the period non public funds and donations had no excess expenditure over income. At the period end £56,333 remained unspent and is carried forward to the next accounting period.

Start-Up Grants (SUG)

Funding to help schools to bridge the gap between school opening and there being pupils in each year (school occupancy at full capacity). SUG has been used to help pay for educational supplies, post-opening staff recruitment costs, some initial senior staff training and cost of employing senior staff when the school opens ('staff diseconomy funding').

Voluntary restricted general

General monies received for restricted educational purposes not forming part of General Annual Grant or other DfE/EFA grants.

Transfer between restricted general funds and restricted fixed asset funds

During the year the Trust incurred capital expenditure of £12,298,970. Of this amount, £10,224,731 was represented by assets on conversion and £1,738,412 by other restricted fixed asset funding. The residual £335,827 has been treated as a transfer between funds in accordance with the Department for Education guidelines (£308,452 capital expenditure from GAG, £17,375 capital expenditure from lead-in and implementation grant and £10,000 capital expenditure from unrestricted general funds).

Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by the Local Authority (Warwickshire County Council). Transfers between funds of £272,000 relates to the movement in the pension liability, brought forward defined benefit pension scheme liability from Hartshill School of £1,533,000 and actuarial gains on defined benefit pension schemes of £1,261,000.

General funds

Represents funds generated via activities such as from lettings, catering, sale of uniforms, payments from other schools for the provision of teaching staff, income from universities with respect to student teachers, investment income and bank interest receivable. It also includes the brought forward surplus on conversion to academy status. The surplus on this fund at the period end was £1,136,218 and these funds can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

24 Funds of the academy (continued)

Transfer between unrestricted general funds and designated funds

During the year transfer of funds have taken place to reflect clarity and uniformity in fund accounting. School funds of £10,030 have been transferred from general funds to school funds.

Transfer between unrestricted general funds and restricted fixed asset funds

Unrestricted general funds of £10,000 have been transferred to pay for a specific capital purchase (furniture - curriculum in Hartshill School).

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

24 Funds of the academy (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2013 were allocated as follows

	Restricted General Funds £	Unrestricted Funds £	Total 2013 £
The Nuneaton Academy	1,308,762	432,968	1,741,730
The George Eliot School	24,546	527,805	552,351
Hartshill School	107,080	179,366	286,446
The Midland Studio College Hinckley	55,083	11,927	67,010
The Midland Studio College Nuneaton	43,332	0	43,332
Central services	0	1,367	1,367
Total before fixed asset fund and pension reserve	1,538,803	1,153,433	2,692,236
Restricted fixed asset fund			24,406,350
Pension reserve			(2,343,000)
Total			24,755,586

Analysis of academies by cost

Expenditure incurred by each academy during the year was as follows

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding depreciation) £	Total 2013 £
The Nuneaton Academy	4,243,232	702,807	216,848	1,323,467	6,486,354
The George Eliot School	2,968,401	533,507	161,201	859,678	4,522,787
Hartshill School	3,397,057	777,379	258,040	755,781	5,188,256
The Midland Studio College Hinckley	356,868	91,979	51,335	284,296	784,478
The Midland Studio College Nuneaton	51,932	16,633	470	176,003	245,038
Central services	0	207,000	0	0	207,000
Multi-academy Trust	11,017,490	2,329,306	687,893	3,399,225	17,433,914

25 Analysis of net assets between funds

Fund balances at 31 August 2013 are represented by

	Restricted fixed asset fund £	Restricted general fund £	Unrestricted general fund £	Total funds £
Tangible fixed assets	24,067,573	0	0	24,067,573
Current assets	338,777	3,164,872	1,153,433	4,657,082
Current liabilities	0	(1,626,069)	0	(1,626,069)
Pension scheme liability	0	(2,343,000)	0	(2,343,000)
Total net assets	24,406,350	(804,197)	1,153,433	24,755,586

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

26 Capital commitments	2013	2012
	£	£
Contracted for, but not provided in the financial statements	0	56,830

27 Financial commitments

Operating leases

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

	2013	2012
	£	£
<u>Other</u>		
Within one year	33,123	965
Within two and five years inclusive	57,541	26,706
Expiring in over five years	0	0
	<u>90,664</u>	<u>27,671</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

	2013 £	2012 £
28 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities		
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	12,328,021	12,032,093
Voluntary income - transfer of cash from Local Authority on conversion	(781,574)	(436,106)
Voluntary income - transfer of debtors from Local Authority on conversion	(158,808)	0
Voluntary income - transfer of tangible fixed assets from Local Authority on conversion	(10,224,731)	(10,118,986)
Voluntary income - transfer of creditors from Local Authority on conversion	837,554	0
Capital grants from DfE and other capital income	(2,031,497)	(1,457,231)
Depreciation (note 18) and amortisation (note 19)	859,936	414,570
Interest receivable (note 6)	(2,909)	(315)
FRS 17 pension cost less contributions payable (note 35)	80,000	7,000
FRS 17 pension finance income (note 35)	127,000	68,000
(Increase)/decrease in stocks	15,927	(22,743)
(Increase)/decrease in debtors	185,891	(716,620)
Increase/(decrease) in creditors	(551,338)	1,698,307
Net cash inflow from operating activities	683,472	1,467,969
29 Cash transferred on conversion to an academy trust		
Inherited cash at bank and in hand	781,574	436,106
Inherited debtors	158,808	0
Inherited creditors	(837,554)	0
Net cash inflow from cash transferred on conversion to an academy trust	102,828	436,106
30 Returns on investments and servicing of finance		
Interest received	2,909	315
Net cash inflow from returns on investment and servicing of finance	2,909	315
31 Capital expenditure and financial investment		
Purchase of tangible fixed assets (note 18)	(2,074,239)	(1,785,045)
Purchase of intangible fixed assets (note 19)	(100,981)	(26,679)
Capital grants from DfE	2,031,497	1,457,231
Net cash outflow from capital expenditure and financial investment	(143,723)	(354,493)
32 Analysis of changes in net funds		
	At 1 September 2012 £	At 31 August 2013 £
Cash at bank and in hand	3,233,766	3,879,252
	3,233,766	3,879,252

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

33 Contingent Liabilities

As a result of a ruling by the European Court of Justice (ECJ) in the Preston case relating to indirect sex discrimination, the employer has an obligation to provide pension scheme benefits for part-time employees. There is therefore a potential liability to provide additional benefits for service before the pension scheme rules were changed to allow access for part-time employees. The extent of the liability will depend on the service completed by those part-time employees who have registered a valid claim for benefits within the necessary timescales. It is not currently known with certainty how many part-time employees have registered and whether any financial impact that may materialise will be significant. Therefore no provision has been made, but the accounts include a disclosure as a prudent approach to the potential liability.

34 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.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

35 Pension commitments

The Academy'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 Warwickshire County Council. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2010.

Contributions amounting to £79,500 (2012: £121,131) were payable to the schemes at 31 August and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

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

Valuation of the Teachers' Pension Scheme

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

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2001. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pension Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

35 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include a pension based on career average earnings, an accrual rate of 1/57th, and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy 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 contribution made for the year ended 31 August 2013 was £627,337, of which employer's contributions totalled £478,475 and employees' contributions totalled £148,861. The agreed contribution rates for the future years are 19.6 per cent for employers and 5.5 per cent - 7.5 per cent for employees, dependant on salary.

Guarantees for local government pension scheme (LGPS) liabilities

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

	At 31 August 2013	At 31 August 2012
Rate of increase in salaries	1.00%	4.50%
Rate of increase for pensions in payment / inflation	2.80%	2.20%
Discount rate for scheme liabilities	4.60%	4.10%
Inflation assumption (CPI)	5.80%	4.90%

Salary increases are assumed to be 1% per annum until 31 March 2017 reverting to the long term assumption of 3.6% thereafter.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

35 Pension commitments (continued)

Local Government Pension Scheme (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectation is based on the SAPS year of birth tables with member category specific adjustments. Improvements are based on the CMI 2009 model methodology with a 1% p.a. long term trend. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	At 31 August 2013	At 31 August 2012
<i>Retiring today</i>		
Males	21.9 years	21.9 years
Females	23.6 years	23.6 years
<i>Retiring in 20 years</i>		
Males	22.8 years	22.8 years
Females	25.9 years	25.9 years

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

	Expected return at 31 August 2013	Fair value at 31 August 2013 £	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.60%	1,636,000	5.60%	732,000
Bonds	3.90%	529,000	3.30%	199,000
Property	4.70%	217,000	3.70%	105,000
Cash	3.60%	24,000	2.80%	10,000
Total market value of assets		<u>2,406,000</u>		<u>1,046,000</u>
Present value of scheme liabilities				
- Funded		(4,749,000)		(2,910,000)
Surplus / (deficit) in the scheme		<u>(2,343,000)</u>		<u>(1,864,000)</u>

Expected rate of returns

The expected returns shown have been calculated using 5,000 simulations of HRAM, calibrated using market data as at a recent date. Whilst commented that the returns are "expected", this identifies the level at which 50% of all possible outcomes will be above and 50% will be below - this does not mean that the return quoted is in any way the "most likely" outcome. The only exception to the use of HRAM is in deriving the expected return on bond assets - instead of the HRAM output, the yields applicable at the accounting date on suitable bond indices have been used.

The LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

The actual return on the scheme assets was £308,000 (2012: £76,000).

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

35 Pension commitments (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2013 £	2012 £
Current service cost (net of employee contributions)	557,000	270,000
Past service cost	0	0
Total operating charge	557,000	270,000

Analysis of pension finance (income) / costs

Expected return on pension scheme assets	(87,000)	(49,000)
Interest on pension liabilities	214,000	117,000
Pension finance (income) / costs	127,000	68,000

The actual gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £873,000 gain (2012 £326,000 loss). This excludes the initial recognition of the £1,533,000 deficit (Hartshill School) transferred to the Trust in year.

Movements in the present value of defined benefit obligations were as follows

	2013 £	2012 £
At 1st September	2,910,000	1,268,000
Current service cost	557,000	270,000
Interest cost	214,000	117,000
Employee contributions	144,000	82,000
Actuarial (gain) / loss	(1,040,000)	413,000
Liabilities assumed in a business combination	1,964,000	760,000
At 31st August	4,749,000	2,910,000

Movements in the fair value of academy's share of scheme assets

	2013 £	2012 £
At 1st September	1,046,000	603,000
Expected return on assets	87,000	49,000
Actuarial (gain) / loss	221,000	25,000
Employer contributions	477,000	263,000
Employee contributions	144,000	82,000
Assets acquired in a business combination	431,000	24,000
At 31st August	2,406,000	1,046,000

The estimated value of employer contributions for the year ended 31st August 2014 will be approximately £488,000.

The five-year history of experience adjustments is as follows

	2013 £	2012 £	2011 £
Present value of defined benefit obligations	(4,749,000)	(2,910,000)	(1,268,000)
Fair value of share of scheme assets	2,406,000	1,046,000	603,000
Surplus / (deficit) in the scheme	(2,343,000)	(1,864,000)	(665,000)
Experience adjustments on share of scheme assets			
Amount £	221,000	25,000	3,000
Experience adjustments on scheme liabilities			
Amount £	0	0	0

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

36 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

RMJ Specialist Education Consultancy Limited - a company in which Dr R Sharif, a director, has a majority interest. Transactions totalling £6,186 (2012: £nil), relating to the support of schools in their continuing improvement from RMJ Specialist Education Consultancy Limited took place in the year. There were no amounts outstanding at 31 August 2013 (2012: £nil).

North Warwickshire and Hinckley College - sponsor to the Midland Academies Trust

The Trust has a formal relationship with the North Warwickshire and Hinckley college as its sponsor.

The college, as sponsor, provided support services for the Trust as contractually agreed in the Service Level Agreement, and on (ad hoc) consultancy basis. Charges for this were as follows:

	2013	2012
	£	£
- Sponsor support (project management)	69,809	0
- Corporate governance	37,200	19,372
- Financial advice	34,992	37,964
- Procurement & bidding	1,260	0
- Estate management	41,966	9,260
- ICT support	50,107	13,755
- Catering	4,000	0
- Lecturers & teaching assistants	51,061	0
- Student transport	3,000	0
- Other support services	9,407	0
	<u>302,802</u>	<u>80,351</u>

Trust's students have been attending courses - 'Schools Programme Course' - at North Warwickshire & Hinckley College, with a total value of £191,988.

During the year North Warwickshire and Hinckley College has been settling purchase invoices and purchased goods and services on behalf of the Trust, with a total value of £17,324. These costs have then been paid back to the North Warwickshire and Hinckley College. There was no balance outstanding at 31 August 2013.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2013 (continued)

37 Conversion to an Academy Trust

On 1 September 2012 Hartshill School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Midland Academies Trust from Warwickshire County Council for £nil consideration

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

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total £
Tangible fixed assets				
- Freehold land and buildings	0	0	9,950,260	9,950,260
- Furniture and equipment	0	0	214,848	214,848
- Computer equipment	0	0	46,128	46,128
- Motor vehicles	0	0	13,495	13,495
LGPS pension (deficit)	0	(1,533,000)	0	(1,533,000)
Other identified assets and liabilities	102,828	0	0	102,828
Net assets / (liabilities)	102,828	(1,533,000)	10,224,731	8,794,559

The above net assets include £781,574 that were transferred as cash

