

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

Annual Report and Financial Statements

Year ended 31 August 2014

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

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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

The William Bradford Academy
Heath Lane
Earl Shilton
Leicestershire
LE9 7PD

Registered Office:

Hinckley Road
Nuneaton
Warwickshire
CV11 6BH

The Midland Academies Trust

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	TBC	4 years to 31 st July 2018	-	Sponsor	-
Mr M Coult	15 th July 2014	1 year to 31 st July 2015	-	Co-opted Independent Chair	Audit
Mr I Dunn	27 th June 2013	4 years to 31 st July 2017	-	Sponsor	F&RC*
Mrs W Martin	25 th February 2014	4 years to 31 st July 2018	-	Sponsor	F&RC*
Ms A Melville	TBC	4 years to 31 st July 2018	-	Sponsor	F&RC*
Mrs C Miles	15 th July 2014	1 year to 31 st July 2015		LGB	PMC* / Audit
Dr M Motley	12 th July 2011	4 years to 31 st July 2015	25 th February 2014	Sponsor	PMC*
Mrs L Penrose	12 th July 2011	4 years to 31 st July 2015	-	Sponsor	PMC*
Mrs M Plant	TBC	4 years to 31 st July 2018	-	Sponsor	F&RC*
Mr J Ramsay	7 th May 2014	4 years to 31 st July 2018	-	Sponsor	Audit
Mr T Render	TBC	4 years to 31 st July 2018	-	Sponsor	F&RC*
Dr R Sharif	11 th September 2012	4 years to 31 st July 2016	24 th November 2014	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 committee and panels constitutions and terms of reference) are available to sit on Hearings and Appeals Panels.

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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)

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Directors' Report

The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2013 to 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

The Midland Academies Trust has under the Risk Protection Arrangement an unlimited Directors' and Governors' liability and indemnity protection.

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.

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Method of Recruitment and Appointment or Election of Directors and Governors

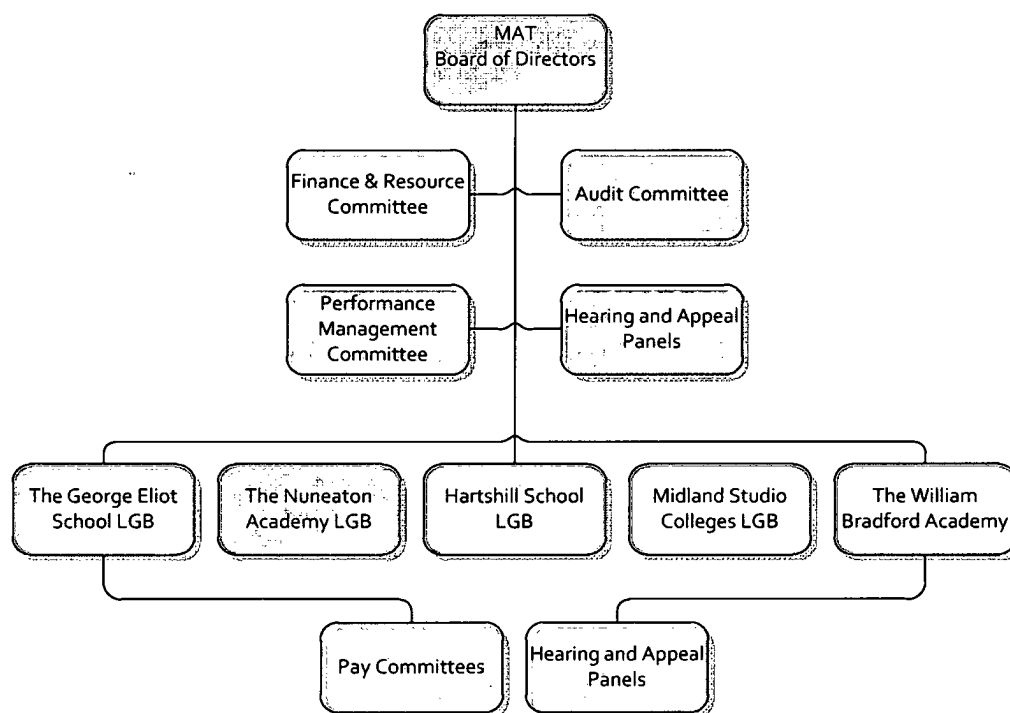
There are clearly defined and approved procedures for the selection and appointment of Directors and Local Governing Body Governors which are set out in the Trust's Standing Orders. These include application, shortlisting and interviewing procedures. Consideration is given to the skills of Directors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

Induction seminars have been developed for Directors and Governors which seek to introduce new Directors and Governors to the role they are about to undertake and to explain the context in which they will work, to enable them to feel more confident at their first meeting

A comprehensive training programme is in place and includes once termly in-house training on specialist topics and topics provided by Warwickshire and Leicestershire Local Authorities.

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

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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.

The Board also annually approves a Code of Conduct and Standing Orders.

A comprehensive set of Financial Regulations and a Risk Management Policy are in place.

The Midland Academies Trust senior leadership team is made up of the Chief Executive, supported by the Executive Director Schools, the Principals of the four Academies and the Executive Principal of the two Studio Colleges. The Board is also advised by the Company Secretary, the Chief Operating Officer, Executive Director and 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;
- On the 1 September 2014 William Bradford Community College converted to academy status under the Trust.

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 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;

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- 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 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.
- v. **William Bradford Academy** – the curriculum provided by the Academy to students up to the age of 19.

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.

Mission, principles and values of MAT

The mission, principles and values of MAT were defined in 2013 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;

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- 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.

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.

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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;
- 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.

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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.

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,

The Midland Academies Trust

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.

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 2013-14 are the continuing improvements over time, in educational achievements for the students at The George Eliot School, The Nuneaton Academy and Hartshill School since they joined the Trust.

However, on the basis of the 2014 results, the schools within the Midland Academies Trust are still underperforming (apart from the Midland Studio College Nuneaton where there were no candidates in 2014) and Nuneaton Academy has experienced a significant dip in performance.

Although there are explanations and contextual information that can be provided to explain away certain aspects of underperformance, this is only helpful if it can help improve future practice as it cannot change the current data picture. For 2014-15, resources for Trust led school improvement held centrally have been stepped up through a central top-slice of 0.8% for school improvement to ensure that there is adequate and targeted provision to tackle the challenges of both taking on failing schools and turning them around and sustaining the creation of new studio schools. A table of issues and challenges from 2013-14 is included in the table below.

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	Achievements	Challenges
Hartshill School	<ul style="list-style-type: none"> Best ever GCSE result in school at 56% using public performance tables and 68% for exams achieved by the students at best grades. .English early entry GCSE results from November 2013 with 73% of cohort achieving a grade C or above and 74% making expected progress - best English results in schools history. Student attendance as of today stands at 94.61%, above the national average and the best overall attendance for 7 years. New car park and fencing ensuring much better safeguarding and resulting in a significant drop in truancy 	<ul style="list-style-type: none"> 4 levels progress in English and Maths Recruiting good quality English and Maths teachers Coping with a deteriorating main building and significant lack of teaching spaces with the school almost full.
The Nuneaton Academy	<ul style="list-style-type: none"> New Executive principal Winning Public speaking competition Excellent Science and Engineering Week 	<ul style="list-style-type: none"> Moving out of Special Measures to becoming a good schools Recruitment of Staff Maths and Science Performance in Maths and Science Improving Teaching and Learning
Studio Schools	<ul style="list-style-type: none"> Outstanding Ofsted for MSC Hinckley Successful opening of MSC Nuneaton Continued national reputation of the MSC studio schools Destinations of learners after leaving schools is good 	<ul style="list-style-type: none"> Recruitment of learners Improving numbers of students who achieve both English and maths and 5GCSEs C and above Capacity Recruitment of staff
George Eliot School	<ul style="list-style-type: none"> Record results, 4th year in a row in 2013 but dipped in 2014 Recruitment into year 7, significant increase in students choosing GE as their preferred school (Y7, 2014 will be 170+) Implementation in significant numbers of new initiatives, such as in house staff training, careers events for students in all years, new leadership team in post. 	<ul style="list-style-type: none"> Reduction in overall funding and the need to reduce staffing, even though student numbers will be increasing Ensuring target for GCSE 2015 is hit or exceeded Recruitment and retention of outstanding staff. Obtaining a successful inspection outcome.

The achievements of the Trust in 2013-14 include:

- the on-going work undertaken in developing a shared services model to realise economies of scale and reduce costs for academies (£393k savings made);
- close working relationships between academies and the sponsor, particularly in respect of sharing staff members to reduce cost and share knowledge and expertise e.g. the impact of the shared business management model;
- 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, e.g. destinations of students leaving

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Midland Studio College Hinckley was 100% to work, training, education, with the same model being used in Midland Studio College Nuneaton;

- iv. the substantial completion 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;
- v. the sponsoring of William Bradford Community College by NWHC and becoming part of the Trust on 1 September 2014.

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.

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.

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Summary revenue income and expenditure

	2014 £	2013 £
Revenue income		
<i>Revenue grants</i>		
General Annual Grant (GAG)	16,080,621	15,605,435
Pupil premium	1,052,943	798,601
Start-Up Grants (SUG)	326,115	451,265
Other revenue grants	701,637	907,879
<i>Self-generated income</i>		
Inherited current assets and liabilities (cash)	0	102,828
Activities for generating funds	432,357	394,596
Other self-generated income	74,399	105,039
Total revenue income	18,668,070	18,365,643
Revenue expenditure		
Staff costs	14,276,619	13,564,319
<i>Non-pay expenditure</i>		
- Estate costs	1,214,674	978,863
- Educational supplies & services	1,707,753	1,564,609
- Other supplies & services	1,312,009	1,237,783
- Governance costs	71,751	88,340
Total revenue expenditure	18,582,806	17,433,914
Net revenue income/(expenditure) for the year	85,264	931,729
Revenue funding used to pay for capital expenditure	(61,463)	(335,827)
Revenue surplus/(deficit) for the year	23,801	595,902
Reconciliation to Statement of Financial Activities:		
Net income/(expenditure) for the year - Unrestricted Funds	106,567	417,403
Net income/(expenditure) for the year - Restricted General Funds	(82,766)	178,499
	23,801	595,902

The above summary only represents accrual accounting of revenue income and expenditure, shown in the Statement of Financial Activities under 'Unrestricted Funds' (net income / (expenditure) for the year £106,567) and 'Restricted General Funds' (net income / (expenditure) for the year (£82,766)) and therefore does not include depreciation and amortisation of £988,652. 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.

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Excluding transfers between restricted funds, and before gains and losses associated with pensions, during the period ending 31 August 2014, total expenditure of £19,571,458 (2013: £18,293,850) was more than recurrent grant funding of £18,567,107 (2013: £19,794,677), transfer of assets from Local Authority on conversion of £1,456,893 (2013: £10,327,559), and other incoming resources of £506,756 (2013: £499,635). The excess of income over expenditure for the period was £959,297 (2013: £12,328,021).

At 31 August 2014 the net book value of fixed assets was £25,043,352 (2013: £24,067,573), 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 £4,100,000 (2013: £2,343,000).

The Trust's budget for 2014-15 shows a planned deficit of £733,000 (2013-14: deficit of £503,451) 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 £24,003,883 for the current year, results in a total of unrestricted (£1,260,000) and restricted (£1,502,038) funds available of £2,762,038 for academic year 2014-15. The vast majority of these funds are represented by fixed assets (£25,341,845) and pension reserve ((£4,100,000)). 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.

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:

- Progress and attainment of students is not delivered at pace;
- HR issues are not dealt with in a timely way and in line with guidance;
- Public funding policy changes leaving small Trusts vulnerable;
- Estates do not comply with legislative and regulatory requirements;
- Student numbers fall and budgets are not managed;
- The above key risks not managed and reputation is damaged.

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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, to address any current year shortfall in funding, or to use them in the on-going investment in the Academy estate, subject to satisfying terms and conditions of the grant funding.

Unrestricted general reserves

At the end of the year being reported, the Trust held unrestricted reserves of £1,260,000 (2013: £1,153,433). 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 £1.7 million) in hand. At present, the level of reserves is approximately 74% (2013: 77%) of this desired level.

Restricted general reserves

Restricted general reserves amount to £1,502,038 (2013: £1,538,803). 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.

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

The Midland Academies Trust

- 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.

Trustees' report, incorporation a strategic report, approved by order of the board of directors, as the company directors, on 16 December 2014 and signed on the board's behalf by:

Signed

A handwritten signature in black ink, appearing to read 'Tim Render', with a stylized flourish at the end.

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 is also the Chief Executive of the Trust.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Director	Meetings Attended	Out of a Possible
Mrs S Beckett	5	6
Mr I Dunn	4	6
Mrs W Martin (Appointed 5.3.14)	1	3
Ms A Melville	6	6
Mrs C Miles	6	6
Dr M Motley (Resigned 25.2.14)	2	2
Mrs L Penrose	6	6
Mrs M Plant (CEO and Accounting Officer)	5	6
Mr J Ramsay (Appointed 8.5.14)	1	2
Mr T Render (Chair)	6	6
Dr R Sharif	5	6
Dr J Walsh	4	6

The Midland Academies Trust

The Finance and Resource Committee is a committee of the main board of directors. Its purpose is to:

1. consider the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity;
2. receive reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference.
3. scrutinise the Trust and Academy budgets and finance, health and safety, staffing and estates arrangements.

During the year Dr Motley resigned as a Director and Mr Dunn and Mrs Martin joined the Committee. Attendance at meetings in the year was as follows:

Director	Meetings Attended	Out of a Possible
Mr I Dunn	3	3
Mrs W Martin	2	2
Ms A Melville	5	5
Dr M Motley	2	2
Mr T Render	5	5

The Performance Management Committee is a committee of the main board of directors. Its purpose is to:

1. meet with the Principals and to review performance, identify achievements, set objectives, identify professional development needs and activities and to consider remuneration issues;
2. agree focused challenging objectives for the Principals' performance linked to Academy Development Plans;
3. review the Principals' continuing professional development (CPD) and agree at least one objective that is linked to the attainment of CPD;
4. monitor and review the performance and progress of Principals' throughout the academic year, using a variety of data and methods, against the objectives;
5. assess Principals' performance in relation to whether pay awards are merited,
6. recommend to the Board whether Principals' pays are merited and if so, the amount.

During the year Dr Motley resigned as a Director and Ms Melville joined the Committee.

The Midland Academies Trust

Attendance at meetings in the year was as follows:

Director	Meetings Attended	Out of a Possible
Mrs S Beckett	2	2
Ms A Melville	1	1
Dr M Motley	1	1
Mrs C Miles	2	2
Mrs L Penrose	2	2
Mrs M Plant	2	2
Dr J Walsh	2	2

The Audit Committee is a committee of the main board of directors. Its purpose is to:

1. review the risks to internal control and agree a programme of work that will address these risks, inform the statement of internal control and, so far as possible, provide assurance to the external auditors and the Board of Directors;
2. receive reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference;
3. scrutinise the Trust and Academy internal controls systems and risk management arrangements.

During the year Mr Ramsay joined the Committee. Attendance at meetings in the year was as follows:

Director / Co-opted Member	Meetings Attended	Out of a Possible
Mr M Coult	4	4
Mrs C Miles	4	4
Mr J Ramsay	1	1
Dr J Walsh	3	4

The Midland Academies 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 period 1 September 2013 to 31 August 2014 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 2013 - August 2014 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;
- 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.

On 9th July 2013 the Board appointed Mazars LLP as the internal auditors for the Trust, effective from 1 September 2013. Mazars LLP have carried out this role throughout the reporting period.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the multi-academy trust's financial systems. On an annually basis, the internal auditor reports to the board of directors, through the audit committee on the operation of the systems of control and on the discharge of the board of directors' financial responsibilities.

Mazars LLP confirmed in their 'Annual Internal Audit Report 2013-14' that they have completed the audit work scheduled, subject to the exception of IT Controls and Strategy review, which has been carried forward to 2014/15.

The Midland Academies Trust

Internal auditors' overall conclusions

- i. the Midland Academies Trust has in place an appropriate frame work for identifying, evaluating and managing the significant risks it faces;
- ii. in respect of the areas of activity that has been reviewed, and subject to the weakness identified and reported in the internal audit reports, the Midland Academies Trust has an adequate, effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the Trust's objectives;
- iii. no instances of actual or suspected fraud have been encountered during our audit work.

Review of Effectiveness

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

- i. the work of the internal auditor;
- 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.

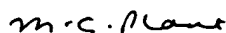
Approved by order of the members of the Trust on 16 December 2014 and signed on its behalf by:

Signed



Tim Render
[Chair]

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. If any instances are identified after the date of this statement, these will be notified to the board of directors and EFA.

Signed

A handwritten signature in black ink, appearing to read '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.

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

Approved by order of the members of the Trust on 16 December 2014 and signed on its behalf by:

Signed



Tim Render

[Chair]

The Midland Academies Trust

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

We have audited the financial statements of The Midland Academies Trust for the year ended 31 August 2014 which comprise the Statement of Financial Activities (incorporating the income and expenditure account), 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 2013 to 2014 issued by the Education Funding Agency.

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 26, the Directors (who are also 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 Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on 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 2014 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 to 2014 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 (incorporating the strategic 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.

Grant Thornton UK LLP

Kyla Bellingall,

Senior Statutory Auditor

for and behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

Date: *18 December 2014*

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

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 24 June 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013 to 2014, 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 2013 to 31 August 2014 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. 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 to them 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 accountant

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 2013, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013 to 2014. 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 2013 to 31 August 2014 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 to 2014 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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- detailed testing on a sample basis of income and expenditure for the areas identified as high risk.

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 2013 to 31 August 2014 have 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: *18 December 2014*

The Midland Academies Trust

Statement of Financial Activities for the Year to 31 August 2014

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

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2014 £	Total 2013 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary income	3	66,831	0	0	66,831	96,645
- Voluntary income - transfer from Local Authority on conversion	4	0	0	1,456,893	1,456,893	10,327,559
- Activities for generating funds	5	432,357	0	0	432,357	394,596
- Investment income	6	1,766	0	0	1,766	2,909
- Other income	7	5,802	0	0	5,802	5,485
<i>Incoming resources from charitable activities:</i>						
- Funding for the academy trust's educational operations	8	0	18,161,315	405,792	18,567,107	19,794,677
Total incoming resources		506,755	18,161,315	1,862,685	20,530,755	30,621,871
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income	10	62,057	0	0	62,057	67,414
- Costs of activities for generating funds	11	108,664	0	0	108,664	107,646
<i>Charitable activities:</i>						
- Academy trust's educational operations	12	0	18,340,334	988,652	19,328,986	18,030,450
Governance costs	13	0	71,751	0	71,751	88,340
Total resources expended		170,721	18,412,085	988,652	19,571,458	18,293,850
Net incoming / (outgoing) resources before transfers		336,034	(250,770)	874,033	959,297	12,328,021
Gross transfers between funds	25	(229,467)	168,004	61,463	0	0
Net income/(expenditure) for the year		106,567	(82,766)	935,496	959,297	12,328,021
Other recognised gains and losses:						
Brought forward defined benefit pension scheme liability	25, 36	0	(6,000)	0	(6,000)	(1,533,000)
Actuarial gains / (losses) on defined benefit pension schemes	36	0	(1,705,000)	0	(1,705,000)	1,261,000
Net movement in funds		106,567	(1,793,766)	935,496	(751,703)	12,056,021
Reconciliation of funds						
Funds brought forward at 1 September 2013	24	1,153,433	(804,197)	24,406,350	24,755,586	12,699,565
Funds carried forward at 31 August 2014		1,260,000	(2,597,963)	25,341,846	24,003,883	24,755,586

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

The Midland Academies Trust

Balance Sheet as at 31st August 2014

	Notes	2014 £	2014 £	2013 £	2013 £
Fixed Assets					
Tangible assets	18		24,940,226		23,933,170
Intangible assets	19		103,126		134,403
Total fixed assets			<u>25,043,352</u>		<u>24,067,573</u>
Current Assets					
Stock	20	8,072		10,616	
Debtors	21	483,161		767,214	
Cash at bank and in hand	22	3,585,694		3,879,252	
Total current assets		<u>4,076,927</u>		<u>4,657,082</u>	
Liabilities					
Creditors: Amounts falling due within one year	23	(790,410)		(1,626,069)	
Provisions for liabilities and charges	24	(225,986)		0	
Total liabilities		<u>(1,016,396)</u>		<u>(1,626,069)</u>	
Net current assets			3,060,531		3,031,013
Total assets less current liabilities			28,103,883		27,098,586
Net assets excluding pension liability			28,103,883		27,098,586
Pension scheme liability	36		(4,100,000)		(2,343,000)
Net assets including pension liability			<u>24,003,883</u>		<u>24,755,586</u>
Funds of the academy;					
Restricted funds					
- Fixed asset fund	25		25,341,845		24,406,350
- General fund	25		1,502,038		1,538,803
- Pension reserve	25		(4,100,000)		(2,343,000)
Total restricted funds			<u>22,743,883</u>		<u>23,602,153</u>
Unrestricted funds					
- General fund	25		1,239,781		1,136,218
- Designated fund	25		20,219		17,215
Total unrestricted funds			<u>1,260,000</u>		<u>1,153,433</u>
Total Funds			<u>24,003,883</u>		<u>24,755,586</u>

The financial statements on pages 31 to 60 were approved by the Directors, and authorised for issue on 16 December 2014 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 2014

	Notes	2014 £	2013 £
Net cash inflow /(outflow) from operating activities	29	(193,577)	683,472
Cash transferred on conversion to an Academy Trust	30	0	102,828
Returns on investment and servicing of finance	31	1,766	2,909
Net cash outflow from capital expenditure	32	(101,746)	(143,723)
Increase / (decrease) in cash in the year		<u>(293,557)</u>	<u>645,486</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September		3,879,251	3,233,765
Net funds at 31 August		<u>3,585,694</u>	<u>3,879,251</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014

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 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going concern

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. reflected in the balance in the restricted fixed asset 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 and it is measurable.

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 accounting 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 2014 (continued)

1. Statement of Accounting Policies (continued)

Resources Expended

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 cost 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. Where tangible assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

o Freehold buildings	1 year	-	50 years
o Leasehold buildings	1 year	-	50 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. Impairments 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.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

1. Statement of Accounting Policies (continued)

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 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.

Intangible fixed assets

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful economic lives. No amortisation is charged in the year of acquisition on intangible assets.

o Software	1 year	-	4 years
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Leased Assets

Rentals under operating leases are charged on an annual, quarterly or monthly 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 general funds comprise all other restricted funds received with restrictions imposed by the funder and or donor and include grants from the Education Funding Agency and/or Department for Education.

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

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the Academy Trust were subject to limits at 31 August 2014 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The following academies exceeded the limit during the year ended 31 August 2014:

The Nuneaton Academy
The Midland Studio College Hinckley

All other academies within the trust that were subject to limits did not exceed them.

As stated in the Academies Financial Handbook 2014 under 3.10.1 'Managing surplus GAG': Trusts should use their allocated GAG funding for the full benefit of their current pupils. If a trust has a substantial surplus they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project.

The Trust will write to the EFA providing the full details of the amount and outline of the plan as above. The EFA will then review the information and communicate with the Trust directly.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

3 Voluntary Income

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total 2014	Total 2013
	£	£	£	£	£
School Fund Income	65,060	0	0	65,060	74,599
Other Donations	1,770	0	0	1,770	22,046
	<u>66,831</u>	<u>0</u>	<u>0</u>	<u>66,831</u>	<u>96,645</u>

4 Voluntary Income - transfer from Local Authority on conversion

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total 2014	Total 2013
	£	£	£	£	£
Inherited fixed assets	0	0	1,456,893	1,456,893	10,224,731
Inherited current assets and liabilities	0	0	0	0	102,828
	<u>0</u>	<u>0</u>	<u>1,456,893</u>	<u>1,456,893</u>	<u>10,327,559</u>

5 Activities for Generating Funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total 2014	Total 2013
	£	£	£	£	£
Educational visits	44,350	0	0	44,350	56,906
Hire of facilities	12,405	0	0	12,405	9,404
Non-teaching income	19,694	0	0	19,694	21,329
Other teaching income	120,110	0	0	120,110	83,321
Sales of meals	150,616	0	0	150,616	149,589
Sport Centre	45,120	0	0	45,120	30,965
Supplies and services contribution	15,393	0	0	15,393	11,775
Uniform sales	24,669	0	0	24,669	31,307
	<u>432,357</u>	<u>0</u>	<u>0</u>	<u>432,357</u>	<u>394,596</u>

6 Investment Income

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total 2014	Total 2013
	£	£	£	£	£
Short term deposits	1,766	0	0	1,766	2,909
	<u>1,766</u>	<u>0</u>	<u>0</u>	<u>1,766</u>	<u>2,909</u>

7 Other Income

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Assets Funds	Total 2014	Total 2013
	£	£	£	£	£
Bank interest	5,802	0	0	5,802	5,485
	<u>5,802</u>	<u>0</u>	<u>0</u>	<u>5,802</u>	<u>5,485</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

8 Funding for the Academy's educational operations	Restricted			Total 2014	Total 2013
	Unrestricted Funds	Restricted General Funds	Fixed Assets Funds		
	£	£	£	£	£
DfE / EFA capital grants					
Academies Capital Maintenance Fund (ACMF)	0	0	134,230	134,230	383,358
Centrally Managed Programme	0	0	82,817	82,817	786,439
Devolved Formula Capital (DFC)	0	0	70,507	70,507	60,263
	0	0	287,554	287,554	1,230,060
Other capital grants					
Local Authority capital grants	0	0	118,239	118,239	791,762
Restricted donated capital grant	0	0	0	0	9,675
	0	0	118,239	118,239	801,437
DfE / EFA revenue grants					
General Annual Grant (GAG) - (note 2)	0	16,080,621	0	16,080,621	15,605,435
Lead-in and implementation grant	0	170,000	0	170,000	300,000
Pupil premium	0	1,052,943	0	1,052,943	798,601
Start-Up Grants (SUG)	0	326,115	0	326,115	451,265
Other DfE / EFA grants	0	96,542	0	96,542	84,724
	0	17,726,220	0	17,726,220	17,240,025
Other LA/Government revenue grants					
Looked After Children Grant	0	24,794	0	24,794	0
Managed Move	0	0	0	0	69,659
Northern Area Behaviour Partnership	0	237,288	0	237,288	208,445
Special Needs Income	0	105,243	0	105,243	205,975
Other LA/Government grants	0	56,955	0	56,955	15,941
	0	424,280	0	424,280	500,020
Non-Government revenue grants					
Awards for all	0	0	0	0	8,640
Big Lottery Fund grant	0	8,820	0	8,820	0
Children in need	0	1,995	0	1,995	7,979
Foyle Foundation	0	0	0	0	4,000
Other non-government grants	0	0	0	0	2,516
	0	10,815	0	10,815	23,135
	0	18,161,315	405,792	18,567,107	19,794,677

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

9 Resources Expended

	Staff Costs	Non Pay Expenditure		Total 2014	Total 2013
	£	Premises £	Other Costs £	£	£
Costs of generating voluntary income	0	0	62,057	62,057	67,414
Costs of activities for generating funds	0	0	108,664	108,664	107,646
Academy's educational operations:					
- Direct costs	11,449,694	0	2,317,558	13,767,252	13,072,506
- Allocated support costs	2,502,858	1,214,674	1,844,202	5,561,733	4,957,944
	13,952,552	1,214,674	4,161,760	19,328,986	18,030,450
Governance costs including allocated support costs	0	0	71,751	71,751	88,340
	13,952,552	1,214,674	4,404,232	19,571,458	18,293,850

Net incoming / outgoing resources for the year include:

	2014	2013
	£	£
Operating leases:		
- land and buildings	1,215,880	0
- equipment	57,100	90,664
	1,272,980	90,664

Included within resources expended are the following transactions. Individual transactions exceeding £5,000 are identified separately:

	Total £	Amount £	Individual items above £5,000 Reason
Ex-gratia/compensation	62,299	23,750	Settlement agreement - the payment reflects payment of a sum equivalent to three months pay in accordance with the agreement.
		20,729	Compulsory redundancy due to restructuring - employee has been paid the statutory redundancy entitlement, which has been approved by the Trust's Board of Directors.
		9,512	Voluntary redundancy due to restructuring - employee's request for voluntary redundancy has been approved by the Trust's Board of Directors.
		8,308	Voluntary redundancy due to restructuring - employee's request for voluntary redundancy has been approved by the Trust's Board of Directors.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

10	Cost of generating funds - costs of generating voluntary income	Restricted			Total 2014	Total 2013
		Unrestricted Funds	Restricted General Funds	Fixed Assets Funds		
		£	£	£	£	£
	School Fund expenditure	62,057	0	0	62,057	67,414
		62,057	0	0	62,057	67,414

11	Cost of generating funds - costs of activities for generating funds	Restricted			Total 2014	Total 2013
		Unrestricted Funds	Restricted General Funds	Fixed Assets Funds		
		£	£	£	£	£
	Catering	108,664	0	0	108,664	107,646
		108,664	0	0	108,664	107,646

12	Charitable Activities - Academy's educational operations	Restricted			Total 2014	Total 2013
		Unrestricted Funds	Restricted General Funds	Fixed Assets Funds		
		£	£	£	£	£
	Direct costs - educational operations					
	Teaching and educational support staff costs	0	11,449,694	0	11,449,694	11,017,490
	Depreciation	0	0	395,985	395,985	306,906
	Amortisation	0	0	38,621	38,621	13,376
	Technology costs	0	99,329	0	99,329	120,141
	Educational supplies	0	704,227	0	704,227	687,893
	Examination fees	0	269,263	0	269,263	310,959
	Staff development	0	75,871	0	75,871	49,984
	Educational consultancy	0	734,262	0	734,262	565,757
		0	13,332,646	434,607	13,767,252	13,072,506
	Support costs - educational operations					
	Support staff costs	0	2,502,858	0	2,502,858	2,329,306
	Depreciation	0	0	554,046	554,046	539,654
	Technology costs	0	36,704	0	36,704	26,394
	Recruitment and support	0	248,197	0	248,197	167,539
	Maintenance of premises and equipment	0	517,990	0	517,990	366,236
	Cleaning	0	271,964	0	271,964	204,988
	Rent and rates	0	112,342	0	112,342	66,013
	Energy costs	0	312,378	0	312,378	341,626
	Insurance	0	156,803	0	156,803	106,745
	Security and transport	0	64,017	0	64,017	48,575
	Catering	0	101,632	0	101,632	85,973
	Bank interest and charges	0	464	0	464	30
	Other support costs	0	682,340	0	682,340	674,865
		0	5,007,688	554,046	5,561,733	4,957,944
	Total direct and support costs	0	18,340,334	988,652	19,328,986	18,030,450

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

13 Governance costs	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Assets Funds £	Total 2014 £	Total 2013 £
Légal and professional fees	0	32,170	0	32,170	14,568
Auditors' remuneration:					
- Audit of annual report and financial statements	0	25,825	0	25,825	29,770
- Audit of Teachers' Pensions Scheme	0	1,500	0	1,500	1,380
Internal audit fees		6,000		6,000	0
Pension Actuaries fees		405		405	0
Responsible officer audit	0	(69)	0	(69)	7,600
Support staff costs	0	2,402	0	2,402	2,272
Directors' reimbursed expenses	0	528	0	528	0
Directors' services fee		0		0	32,750
Directors' training		2,990		2,990	0
	0	71,751	0	71,751	88,340

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

Resources Expended (continued)

14 a Staff costs

Staff costs during the period were:

	2014	2013
	£	£
Wages and salaries	10,865,667	10,433,823
Social security costs	805,323	776,395
Other pension costs	1,592,400	1,649,135
	<u>13,263,390</u>	<u>12,859,353</u>
Supply staff costs	629,265	408,371
Staff restructuring costs	62,299	81,344
	<u>13,954,954</u>	<u>13,349,068</u>
Teaching and educational support staff costs	11,449,694	11,017,490
Support Staff costs - educational operations	2,502,858	2,329,306
Support Staff costs - governance	2,402	2,272
	<u>13,954,954</u>	<u>13,349,068</u>

b Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £62,299 (2013: £81,344). Four of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £23,750, £20,729, £9,512 and £8,308 respectively.

c Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2014 expressed as full time equivalents was as follows:

	2014	2013
	No.	No.
Charitable Activities		
Teachers	170	177
Administration and support	156	155
Management	40	29
	<u>365</u>	<u>361</u>

d Higher paid staff

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

	2014	2013
	No.	No.
£60,001 - £70,000	4	5
£70,001 - £80,000	0	1
£80,001 - £90,000	2	2
£90,001 - £100,000	0	0
£100,001 - £110,000	0	1
	<u>6</u>	<u>9</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 2014, pension contributions for these staff amounted to £57,258 (2013: £93,454).

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

Resources Expended (continued)

15 Central Services

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

- Business Management services: this service is provided on a actual cost basis of the pay costs of the Trust's Head of Academies' Business Management.
- Estate Management services: this service is provided on a actual cost basis of the pay costs of the Trust's Head of Estates and Facilities.
- Financial services: this service is provided on a actual cost basis of the pay costs of the Trust's Finance Manager.
- Payroll services: this service is provided on a actual cost basis of the pay costs of the Trust's Payroll Coordinator.

The academy trust charge for this services on the following basis:

These services are divided over all academies as a flat top-slice percentage (2.7%) of their allocated General Annual Grant funding.

The actual amounts charged during the year were as follows:

	2014	2013
	£	£
- The Nuneaton Academy	37,542	7,906
- The George Eliot School	25,777	7,906
- Hartshill School	32,958	7,906
- The Midland Studio College Hinckley	6,376	3,133
- The Midland Studio College Nuneaton	4,446	3,133
	<u>107,099</u>	<u>29,984</u>

16 Related party transactions - Directors' 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 2014, travel and subsistence expenses totalling £528 (2013: nil) were reimbursed to 1 governor (2013: 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 37.

17 Directors' and Officers' Insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect directors 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 2014 was £2,357 (2013: £2,196).

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 2014 (continued)

18 Tangible Fixed Assets	Freehold Land and Buildings £	Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Assets under Construction £	Total 2014 £
Cost							
At 1 September 2013	20,952,841	1,657,136	883,940	1,108,026	25,495	729,893	25,357,331
Prior year adjustments	(567,690)	567,690	0	0	0	0	0
Transfer on conversion	0	1,456,893	0	0	0	0	1,456,893
Additions	57,952	107,661	0	301,157	0	34,197	500,967
Transfer of AuC	0	90,367	0	630,130	0	(720,497)	0
Disposals	0	0	0	(773)	0	0	(773)
At 31 August 2014	<u>20,443,103</u>	<u>3,879,747</u>	<u>883,940</u>	<u>2,038,540</u>	<u>25,495</u>	<u>43,593</u>	<u>27,314,418</u>
Depreciation							
At 1 September 2013	698,808	22,621	276,545	408,789	17,398	0	1,424,161
Prior year adjustments	(22,953)	22,953	0	0	0	0	0
Charged in year	472,100	81,945	153,036	237,552	5,398	0	950,031
Disposals	0	0	0	0	0	0	0
At 31 August 2014	<u>1,147,955</u>	<u>127,519</u>	<u>429,581</u>	<u>646,341</u>	<u>22,796</u>	<u>0</u>	<u>2,374,192</u>
Net book values							
At 31 August 2014	<u>19,295,148</u>	<u>3,752,227</u>	<u>454,359</u>	<u>1,392,199</u>	<u>2,699</u>	<u>43,593</u>	<u>24,940,226</u>
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>

The trust's transactions relating to land and buildings included:

- the taking up of a leasehold on school premises at Saint David's Way, Bermuda Park, Nuneaton for an annual rent of £11,300 over a term of 125 years.

19 Intangible Fixed Assets	2014 £
Cost	
At 1 September 2013	154,485
Additions	7,344
Disposals	0
At 31 August 2014	<u>161,829</u>
Amortisation	
At 1 September 2013	20,082
Charged in year	38,621
Disposals	0
At 31 August 2014	<u>58,703</u>
Net book values	
At 31 August 2014	<u>103,126</u>
At 31 August 2013	<u>134,403</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

20 Stock	2014	2013
	£	£
Catering and stationary supplies	1,318	1,318
Clothing	6,754	9,298
	<u>8,072</u>	<u>10,616</u>
21 Debtors	2014	2013
	£	£
Trade debtors	46,085	80,172
Taxation, social security and pension contributions	412	0
VAT recoverable	111,243	261,658
Prepayments	106,026	84,339
Accrued income	198,986	333,879
Sundry debtors	20,409	7,166
	<u>483,161</u>	<u>767,214</u>
The accrued income held at 31 August 2014 is broken down as follows:	2014	2013
	£	£
EFA/DfE - Academies Capital Maintenance Fund	0	116,679
EFA/DfE - Centrally Managed Programme	11,562	197,758
EFA/DfE - Pupil Premium	146,832	0
EFA/DfE - Rates relief	36,822	19,442
EFA/DfE - Summer School	1,500	0
Local Authority - Looked After Children	1,260	0
Income from educational visits	1,010	0
	<u>198,986</u>	<u>333,879</u>
22 Cash at bank and in hand	2014	2013
	£	£
Amounts held by commercial banks	3,583,216	3,878,217
Petty cash	2,478	1,035
	<u>3,585,694</u>	<u>3,879,252</u>
23 Creditors: amounts falling due with one year	2014	2013
	£	£
Trade creditors	277,656	377,821
Taxation, social security and pension contributions	0	230,555
EFA creditor: abatement of GAG	118,484	308,257
Accruals	392,600	676,175
Sundry creditors	1,670	33,261
	<u>790,410</u>	<u>1,626,069</u>
24 Provisions for liabilities and charges	2014	2013
	£	£
<i>Claw back - General Annual Grant (GAG)</i>		
Provision at 1 September	0	0
Additions	225,986	0
Used (amounts charged against the provision)	0	0
Unused amounts reversed	0	0
Provision at 31 August	<u>225,986</u>	<u>0</u>

The Trust's master funding agreement contains limits on the amount of GAG that can be carried forward from one year to the next. The 2012 Academies Financial Handbook announced the removal of the limits (with effect from 1 September 2012), but older trusts (funding agreements signed before 1 October 2012) remain subject to limits until such time as the relevant clauses are changed in the funding agreements, by agreement with DfE. EFA may require any unspent GAG in excess of the 12% threshold to be surrendered.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

25 Funds of the academy	Balance at 1 September 2013 £	Incoming resources £	Resources expended £	Gains / losses and transfers £	Balance at 31 August 2014 £
Restricted fixed asset funds					
Academy Capital Maintenance Fund (ACMF)	383,358	134,230	(7,067)	0	510,521
Assets on conversion	19,857,201	1,456,893	(652,632)	0	20,661,462
Capital expenditure from restricted general funds	984,435	0	(137,077)	61,463	908,821
Capital expenditure from unrestricted funds	10,000	0	(2,500)	0	7,500
Centrally Managed Programme	2,099,305	82,817	(152,447)	0	2,029,675
Devolved Formula Capital (DFC)	213,208	70,507	(15,376)	0	268,339
Local Authority capital funding	791,762	118,238	0	0	910,000
Restricted donated capital grants	67,081	0	(21,554)	0	45,527
	24,406,350	1,862,685	(988,653)	61,463	25,341,845
Restricted general funds					
General Annual Grant (GAG)	895,066	16,080,621	(15,974,543)	(61,463)	939,681
Lead-in and implementation grants	43,010	170,000	(95,895)	0	117,115
Other DfE / EFA grants	62,810	1,200,440	(1,256,904)	0	6,346
Other LA/government grants	41,688	373,325	(415,013)	0	0
Other restricted grants	56,333	10,815	(296,615)	229,467	0
Start Up Grant (SUG)	1,000	326,115	(327,115)	0	0
Voluntary restricted general	438,896	0	0	0	438,896
	1,538,803	18,161,316	(18,366,085)	168,004	1,502,038
Restricted pension reserve					
Pension reserve	(2,343,000)	0	(46,000)	(1,711,000)	(4,100,000)
	(2,343,000)	0	(46,000)	(1,711,000)	(4,100,000)
Total Restricted Funds	23,602,153	20,024,001	(19,400,738)	(1,481,533)	22,743,883
Unrestricted funds					
General funds	1,136,218	441,694	(108,664)	(229,467)	1,239,781
<i>Designated funds</i>					
- School fund	17,215	65,061	(62,057)	0	20,219
	1,153,433	506,755	(170,721)	(229,467)	1,260,000
Total Funds	24,755,586	20,530,756	(19,571,459)	(1,711,000)	24,003,883

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 2014 (continued)

25 Funds of the academy (continued)

The specific purposes 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. 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 Local Authorities on conversion. 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 £61,463 represents the total capital expenditure from restricted general funds during the period.

Capital expenditure from unrestricted funds

This fund reflects the fixed assets acquired from unrestricted general funds. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Centrally Managed Programme

This funding was won by the Trust from the Department for Education for capital development for opening a new academy. 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 from Local Authorities. 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.

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 2014. 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 Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

25 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.
- Sponsor Capacity Fund - to be used to develop a business model, further development of the governance model and developing a strategy for expansion into the primary sector.
- 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.
- Year 7 Catch-up Premium Grant - is paid to schools for pupils who did not achieve at least level 4 in reading and/or mathematics at Key Stage 2.

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.
- Looked After Children - this grant is received to support children who are "looked after" by the Local Authority.
- 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 for specific educational purposes (as stipulated in the grant agreement).

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 £1,936,148. Of this amount, £1,456,893 was represented by assets on conversion and £417,792 by other restricted fixed asset funding. The residual £61,463 has been treated as a transfer between funds in accordance with the Department for Education guidelines.

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 £1,711,000 relates to the movement in the pension liability; brought forward defined benefit pension scheme liability from The Midland Studio College Nuneaton of £6,000 and actuarial gains on defined benefit pension schemes of £1,705,000.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

25 Funds of the academy (continued)

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. These funds can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

Designated funds

These are unrestricted funds available for the general purpose of the organisation, but which the Board of Directors have chosen to earmark for a particular purpose.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

25 Funds of the academy (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2014 were allocated as follows:

	Unrestricted Funds £	Restricted General Funds £	Total 2014 £	Total 2013 £
The Nuneaton Academy	514,031	1,144,804	1,658,835	1,741,730
The George Eliot School	451,917	0	451,917	552,351
Hartshill School	270,564	256,630	527,194	286,446
The Midland Studio College Hinckley	18,764	(25,325)	(6,561)	67,010
The Midland Studio College Nuneaton	1,336	2,469	3,805	43,332
Central services	3,388	123,460	126,848	1,367
Total before fixed asset fund and pension reserve	1,260,000	1,502,038	2,762,038	2,692,236
Restricted fixed asset fund			25,341,845	24,406,350
Pension reserve			(4,100,000)	(2,343,000)
Total			24,003,883	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 2014 £	Total 2013 £
The Nuneaton Academy	3,836,663	881,230	228,886	1,497,515	6,444,294	6,486,354
The George Eliot School	3,097,093	591,174	172,292	853,017	4,713,576	4,522,787
Hartshill School	3,536,929	744,697	237,482	1,015,676	5,534,784	5,188,256
The Midland Studio College Hinckley	625,184	151,924	25,574	251,361	1,054,043	784,478
The Midland Studio College Nuneaton	353,550	87,833	39,993	211,238	692,614	245,038
Central services	275	46,000	0	97,220	143,495	207,000
Multi-academy Trust	11,449,694	2,502,858	704,227	3,926,027	18,582,806	17,433,913

26 Analysis of net assets between funds

Fund balances at 31 August 2014 are represented by:

	Restricted fixed asset fund £	Restricted general fund £	Unrestricted general fund £	Total 2014 £	Total 2013 £
Tangible fixed assets	25,043,352	0	0	25,043,352	24,067,573
Current assets	298,493	2,518,434	1,260,000	4,076,927	4,657,082
Current liabilities	0	(1,016,396)	0	(1,016,396)	(1,626,069)
Pension scheme liability	0	(4,100,000)	0	(4,100,000)	(2,343,000)
Total net assets	25,341,845	(2,597,962)	1,260,000	24,003,883	24,755,586

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

27 Capital commitments	2014	2013
	£	£
Contracted for, but not provided in the financial statements.	447,432	0

28 Financial commitments

Operating leases

At 31 August 2014 the Academy had annual commitments under non-cancellable operating leases as follows;

	2014	2013
	£	£
<u>Land and buildings</u>		
Within one year	11,300	0
Within two and five years inclusive	45,200	0
Expiring in over five years	1,159,380	0
	<u>1,215,880</u>	<u>0</u>
<u>Other</u>		
Within one year	19,464	33,123
Within two and five years inclusive	37,636	57,541
Expiring in over five years	0	0
	<u>57,100</u>	<u>90,664</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

	2014 £	2013 £
29 Reconciliation of net income to net cash inflow from operating activities		
Net income	959,297	12,328,021
Voluntary income - transfer of cash from Local Authority on conversion	0	(781,574)
Voluntary income - transfer of debtors from Local Authority on conversion	0	(158,808)
Voluntary income - transfer of tangible fixed assets from Local Authority on conversion	(1,456,893)	(10,224,731)
Voluntary income - transfer of creditors from Local Authority on conversion	0	837,554
Capital grants from DfE and other capital income	(405,792)	(2,031,497)
Depreciation (note 18) and amortisation (note 19)	988,652	859,936
Interest receivable (note 6)	(1,766)	(2,909)
FRS 17 pension cost less contributions payable (note 35)	(29,000)	80,000
FRS 17 pension finance income (note 35)	75,000	127,000
(Increase)/decrease in stocks	2,544	15,927
(Increase)/decrease in debtors	284,053	185,891
Increase/(decrease) in creditors	(609,673)	(551,338)
Net cash inflow from operating activities	(193,577)	683,472
30 Cash transferred on conversion to an academy trust		
Inherited cash at bank and in hand	0	781,574
Inherited debtors	0	158,808
Inherited creditors	0	(837,554)
Net cash inflow from cash transferred on conversion to an academy trust	0	102,828
31 Returns on investments and servicing of finance		
Interest received	1,766	2,909
Net cash inflow from returns on investment and servicing of finance	1,766	2,909
32 Capital expenditure and financial investment		
Purchase of tangible fixed assets (note 18)	(500,967)	(2,074,239)
Disposal of tangible fixed assets (note 18)	773	0
Purchase of intangible fixed assets (note 19)	(7,344)	(100,981)
Capital grants from DfE/EFA	405,792	2,031,497
Net cash outflow from capital expenditure and financial investment	(101,746)	(143,723)
33 Analysis of changes in net funds		
	At 1 September 2013 £	At 31 August 2014 £
Cash at bank and in hand	3,879,252	3,585,695
	3,879,252	3,585,695

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

34 Contingent Liabilities

Back payments for holiday pay for support staff on 'term time only' contracts, who's contract of employment has been transferred - in accordance with the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) 2006 - from Local Authorities to the Trust on conversion from a school to an academy. Should the court rule in favour of the employees, the Trust will have to pay the outstanding amounts due.

35 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 debits 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 2014 (continued)

36 Pension and Similar obligations

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 2013.

There were no outstanding or prepaid contributions at the end of the financial year.

Teachers' Pension Scheme

Introduction

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

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

The Teachers' Pension Regulations require an annual 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

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- o employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%));
- o total scheme liabilities for service to the effective date of £191,500 million, and notional assets of £176,600 million, giving a notional past service deficit of £14,900 million; and
- o an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

The new employer contribution rate is applicable from 1 April 2015 and will be implemented for the TPS from September 2015.

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

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

36 Pension commitments (continued)

Teachers' Pension Scheme (continued)

Teachers' Pension Scheme Changes

Lord Hutton made recommendations in 2011 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 with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

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. 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 up to three and a half years 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 have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatting Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatting scheme will commence on 1 April 2015.

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 2014 was £688,000, of which employer's contributions totalled £526,000 and employees' contributions totalled £162,000. The agreed contribution rates for the future years are 19.8 per cent for employers and 5.5 per cent - 12.5 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 2014	At 31 August 2013
Rate of increase in salaries	1.00%	1.00%
Rate of increase for pensions in payment / inflation	2.70%	2.80%
Discount rate for scheme liabilities	3.70%	4.60%
Inflation assumption (CPI)	5.50%	5.80%

Salary increases are assumed to be 1% per annum until 31 March 2017 reverting to the long term assumption of 4.5% thereafter.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

36 Pension commitments (continued)

Local Government Pension Scheme (continued)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2014:	Approximate % increase to Employer Liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	14%	1,073
1 year increase in member life expectancy	3%	238
0.5% increase in the Salary Increase Rate	7%	542
0.5% increase in the Pension Increase Rate	6%	495

Notes:

In order to quantify the impact of a change in the financial assumptions used, calculations and comparisons have been made on the value of the scheme liabilities as at 31 August 2014 on varying bases. The approach taken is consistent with that adopted to derive the FRS17 figures provided in the 'FRS17 as at 31 August 2014 - Results Schedule'.

To quantify the uncertainty around life expectancy, the difference in cost to the Employer of a one year increase in life expectancy has been calculated. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply at younger or older ages).

The above figures have been derived on the membership profile of the Trust as at the date of the most recent actuarial valuation.

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectation is based on the Fund's Vita Curves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate 1.25% per annum. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	At 31 August 2014	At 31 August 2013
<i>Retiring today</i>		
Males	22.4 years	21.9 years
Females	24.4 years	23.6 years
<i>Retiring in 20 years</i>		
Males	24.3 years	22.8 years
Females	26.6 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 2014	Fair value at 31 August 2014 £	Expected return at 31 August 2013	Fair value at 31 August 2013 £
Equities	6.30%	2,597,000	6.60%	1,636,000
Bonds	3.40%	802,000	3.90%	529,000
Property	4.50%	382,000	4.70%	217,000
Cash	3.30%	38,000	3.60%	24,000
Total market value of assets		3,819,000		2,406,000
Present value of scheme liabilities				
- Funded		(7,919,000)		(4,749,000)
Surplus / (deficit) in the scheme		(4,100,000)		(2,343,000)

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

36 Pension commitments (continued)

Local Government Pension Scheme (continued)

Expected rate of returns

The return on bonds is assumed to be in line with redemption yields so the scope for judgement here is limited. However, nearly all LGPS employers have an equity-biased investment strategy, and there is no corresponding measure for the return on equities, or other growth assets such as property. There is thus scope for judgement.

The pensions actuaries recommended expected return on assets has been taken from their proprietary asset model. The model parameters are calibrated to market conditions on a monthly basis. At 31 May 2014 the expected return on UK equities was 6.7% per annum.

The actual return on the scheme assets was £340,000 (2013: £308,000).

Amounts recognised in the statement of financial activities

	2014 £	2013 £
Current service cost (net of employee contributions)	497,000	557,000
Past service cost	0	0
Total operating charge	497,000	557,000

Analysis of pension finance (income) / costs

Expected return on pension scheme assets	(158,000)	(87,000)
Interest on pension liabilities	233,000	214,000
Pension finance (income) / costs	75,000	127,000

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 £837,000 loss (2013: £873,000 gain).

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

	2014 £	2013 £
At 1st September	4,749,000	2,910,000
Current service cost	497,000	557,000
Interest cost	233,000	214,000
Employee contributions	162,000	144,000
Actuarial (gain) / loss	2,324,000	(1,040,000)
Liabilities assumed in a business combination	14,000	1,964,000
Estimated benefits paid	(60,000)	0
At 31st August	7,919,000	4,749,000

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

	2014 £	2013 £
At 1st September	2,406,000	1,046,000
Expected return on assets	158,000	87,000
Actuarial (gain) / loss	619,000	221,000
Employer contributions	526,000	477,000
Employee contributions	162,000	144,000
Assets acquired in a business combination	8,000	431,000
Estimated benefits paid	(60,000)	0
At 31st August	3,819,000	2,406,000

The estimated value of employer contributions for the year ended 31st August 2015 will be approximately £531,000.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

36 Pension commitments (continued)

Local Government Pension Scheme (continued)

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

	2014	2013	2012	2011
	£	£	£	£
Present value of defined benefit obligations	(7,919,000)	(4,749,000)	(2,910,000)	(1,268,000)
Fair value of share of scheme assets	3,819,000	2,406,000	1,046,000	603,000
Surplus / (deficit) in the scheme	<u>(4,100,000)</u>	<u>(2,343,000)</u>	<u>(1,864,000)</u>	<u>(665,000)</u>
Experience adjustments on share of scheme assets:				
Amount £	619,000	221,000	25,000	3,000
Experience adjustments on scheme liabilities:				
Amount £	109,000	0	0	0

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2014 (continued)

37 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 trust'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 of the trust until 24 November 2014, has a majority interest:

- Transactions totalling £10,138 (2013: £6,186), 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 2014 (2013: £nil).
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

Splinters - a company in which Mr C Bieber, an employee of the trust, is the sole owner:

- Transactions totalling £20,521 (2013: £nil), relating to building maintenance works from Splinters took place in the year. There were no amounts outstanding at 31 August 2014 (2013: £nil).
- The trust made the purchase at arms' length in accordance with its financial regulations.
- In entering into the transaction the trust has complied with the requirements of the EFA's Academies Financial Handbook.

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. These services are provided by the sponsor on a 'not for profit' basis. Charges for this were as follows;

	2014 £	2013 £
- Sponsor support	52,500	69,809
- Corporate governance	40,320	37,200
- Financial advice	31,284	34,992
- Procurement & bidding	3,000	1,260
- Estate support	9,300	0
- HR client side support	3,900	0
- Marketing & public relations	6,204	0
- ICT support	6,204	0
Charges for support services provided to the whole of the Trust	152,712	143,261
- Estate Costs	55,000	41,966
- Estate management	27,500	0
- ICT technician	16,500	17,000
- Lecturers & teaching assistants	101,761	51,061
- Exams management	13,750	0
- Student transport	5,500	3,000
Charges for support services provided to the studio colleges	220,011	113,027
- Building maintenance	6,602	0
- Catering and hospitality	4,378	4,000
- Curriculum support	17,523	0
- Examination fees	2,488	0
- ICT managed services	0	33,107
- Inspire Learners	135,839	90,857
- Other support & services	13,126	9,407
- School Learners	92,758	101,131
- Vehicle hire	8,142	0
Charges for ad-hoc services provided to individual schools and studio colleges	280,857	238,502
Total charges for provided services	653,580	494,790