

TheMidland AcademiesTrust®

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

**Annual Report and Financial Statements
Year Ended 31 August 2019**

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19/12/2019

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COMPANIES HOUSE

**Company Registration Number:
07191874 (England and Wales)**

The Midland Academies Trust

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The Midland Academies Trust

1. Reference and Administrative Details

Members: North Warwickshire and South Leicestershire College

Mr P Brown

Mr J Hutchinson

Mr T Render

Dr J Walsh (appointed 8th September 2019)

Trustees: Mr M Coult

Mr I Dunn (Chair)

Mr J Hutchinson

Mrs W Martin

Ms A Melville (Vice-chair)

Mrs K Nelson (appointed 23rd May 2019)

Mrs M Plant OBE (Chief Executive and Accounting Officer)

Mr J Ramsay

Mr T Render

Mr P Rowley (appointed 12th April 2019)

Dr J Walsh (until 31st August 2019)

Company Secretary: Mrs R Marshall

Senior Leadership Team: Chief Executive and Accounting Officer - Mrs M Plant OBE

Chief Finance Officer - Mr D Poole

Executive Principal - Mrs R McMullen (until 31st August 2019)

Lead Principal - Simon Lomax (from 1st September 2019)

Company Name: The Midland Academies Trust

Principal & Registered Office: North Warwickshire and South Leicestershire College,
Hinckley Road, Nuneaton, Warwickshire. CV11 6BH

Company Registration Number: 07191874 (England and Wales)

External Auditor	Bankers:	Solicitors:	Internal Auditor
Grant Thornton UK LLP The Colmore Building, 20, Colmore Circus, Birmingham. B4 6AT	Lloyds TSB Bank plc Great Hampton Street, Birmingham. B18 6AH.	Eversheds LLP Eversheds House, 70, Bridgewater Street, Manchester. M1 5ES	Moore Stephens LLP (until 31.8.19) 150, Aldersgate London. EC1A 4AB RSM (from 1.9.19) St Philips Point, Temple Row, Birmingham. B2 5AF

The Midland Academies Trust

The Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2018 to 31st August 2019. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust operates four academies providing secondary education in Nuneaton in North Warwickshire and Earl Shilton in Leicestershire.

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 trustees of The Midland Academies Trust 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 trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

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.

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

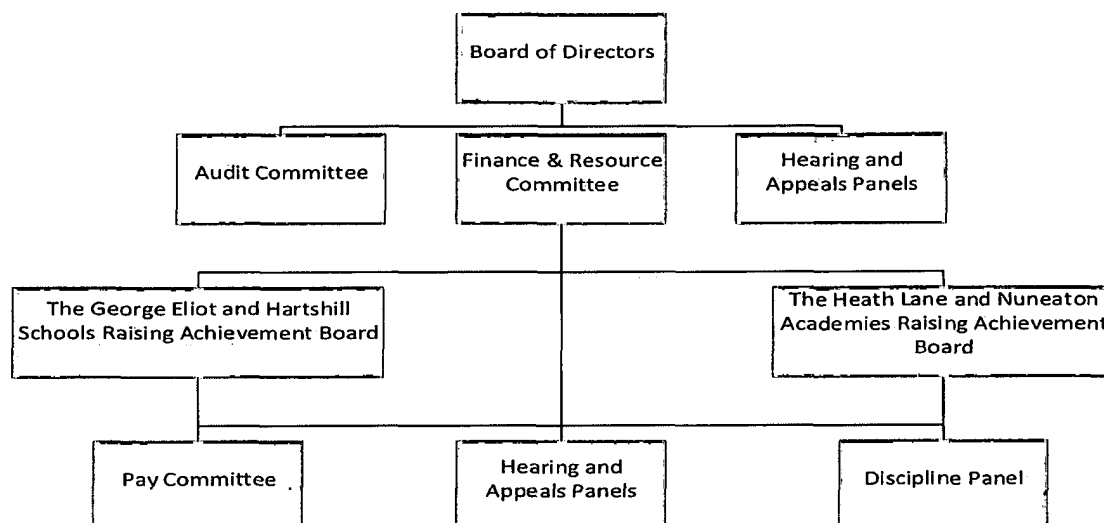
As provided by the Trust's articles of association, the Trust's members appoint trustees and trustees can co-opt up to three trustees. There are clearly defined and approved procedures for the selection and appointment of trustees which are set out in the Trust's Standing Orders. These include application, shortlisting and interviewing procedures. Consideration is given to the skills of trustees which would enhance the effectiveness of the Trust. The Standing Orders are reviewed annually.

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction sessions have been developed which aim to introduce new trustees 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 at least once termly in-house training on specialist topics.

The Midland Academies Trust
Organisational Structure to 1st September 2019



The Midland Academies Trust board of trustees (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 Raising Achievement Board), the Chief Executive & Accounting 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 Raising Achievement Board), any Director, the Chief Executive & Accounting Officer, any Principal or any other holder of an executive office, that person or committee shall report to the Board in respect of any action taken or decision made with respect to the exercise of that power or function at a Board meeting immediately following the taking of the action or the making of the decision.

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

The objectives of the Scheme of Delegation are to ensure that:

- the exercise of delegated powers and functions occur at the correct level of the corporate governance structure;
- the process of delegating powers or functions is clear, open and transparent;
- 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 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 for 2018/19 was made up of the Chief Executive who is also the Accounting Officer, supported by the Chief Finance Officer, the Executive Principal and the Principals of the four Academies. The Board is also advised by the Company Secretary. Following the retirement of the Executive Principal on 31st August 2019, the Trust has appointed a Lead Principal who is one of the four Academy Principals.

The Midland Academies Trust

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Trustees

The trustees are unpaid although they can claim reasonable expenses associated with the undertaking of their role in line with the Trust's Financial Regulations which includes an expense policy. The Trust is aware of Charity Commission guidance in this area, including the direction that no remunerative element to such payments should be included.

Trust Senior Leadership Team

A service level agreement (SLA) between the Trust and the sponsor, North Warwickshire and South Leicestershire College is in place. This SLA is reviewed annually and is approved by the trustees. The Chief Executive, Chief Finance Officer and the Company Secretary are all employed by the sponsor. Arrangements are in place under the SLA to pay for the services of the Chief Executive, Chief Finance Officer and the Company Secretary. The Executive Principal and Academy Principals are all employees of the Trust and salary benchmarking activity against multi-academy trusts of similar sizes and context is undertaken to set salaries levels which are approved by the trustees.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the period.	Full-time equivalent number
6	5.6

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	6
1%-50%	0
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of Facility time	£165
Total pay bill	£13,630,000
Percentage of total pay bill spend on facility time	0.00%

Percentage of pay bill spent on facility time

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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The Midland Academies Trust

Related Parties and other Connected Charities and Organisations

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.
- On the 1 September 2015 the Heathfield Academy joined the Trust.
- Both The Midland Studio Colleges closed on the 31st August 2016.
- The William Bradford and Heathfield Academies merged to form the Heath Lane Academy on 1st September 2016.
- A whole Trust staffing structure was developed and implemented for the start of the academic year 2017/18.
- A whole Trust knowledge curriculum was developed and implemented for the start of the academic year 2018/19.

The North Warwickshire and Hinckley College, now known as North Warwickshire and South Leicestershire College (NWSLC) is a Member and the sponsor of The Midland Academies Trust. All the academies have strong links with NWSLC.

The role of the sponsor/ educational partner is to:

- share its educational experience;
- appoint sponsor directors;
- appoint the first Principal of any sponsored academy;
- select the academy specialism;
- develop the educational vision for the academy;
- support and assist the Trust and its academies.

NWSLC is an incorporated further education college and exempt charity.

The Midland Academies Trust

Objectives, Strategies and Activities

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:

- **The George Eliot School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of "Requires Improvement" (2017).
- **Hartshill School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced with an emphasis in its secondary education on science and the arts and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2011 and has an Ofsted rating of "Requires Improvement" (2017).
- **The Nuneaton Academy** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of "Requires Improvement" (2017).
- **Heath Lane Academy** - the curriculum provided by the Academy to students from the ages of 11-16 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community. The Academy was formed following the merger of Heathfield Academy and the William Bradford Academy in August 2016. The Academy underwent its first Ofsted inspection in July 2019 when it was graded as "Good".

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

To enable the Trust to achieve its objectives it has established a mission, a set of values and behaviours and determined a set of aims, referred to as 'commitments' and 'enablers' which are translated into annual objectives.

The Trust's mission is *"To achieve success through learning"*.

The aims of the Trust relates to the following areas:

- delivering excellent quality learning, teaching and assessment for all students;
- making a positive local impact in the communities around us
- cultivating enterprise and growth opportunities to secure our financial sustainability
- developing our people to ensure success
- ensuring we provide cost effective business support to all parts of our Trust

To deliver the Trust's mission and achieve its aims, the Trust has developed a three year strategic plan containing a series of objectives under the aims, previously described.

The Trust produces an annual operating plan setting out the strategies and activities the Trust is taking to deliver these strategic aims. Progress against the most significant actions within the operating plan is monitored each month by the Board.

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To deliver its strategic objectives the Trust works within its set of agreed values, to:

- continually strive for excellence;
- act with integrity;
- be accountable;
- nurture;
- inspire;
- be entrepreneurial and responsive;
- respect, support and challenge.

The Trust appointed an Executive Principal who joined in December 2016 and who was responsible until 31st August 2019, alongside the Chief Executive, for ensuring the development of practice across all the schools to ensure that the Trust works towards its objectives and within the agreed values. The Trust has subsequently focused on improving the level of challenge and intervention and ensuring consistency across the schools; building a strong collaborative brand with a common curriculum and staffing structure across the schools; maximising the opportunities for collaborative working amongst students and staff; building a sustainable financial position, and leadership capacity for the future. These key areas have resulted in a common knowledge-rich 5-year curriculum and a common staffing structure, two Raising Achievement Boards (each supporting and monitoring two academies) and a range of new monitoring processes, all have which have been regularly reported on to the Board.

Public Benefit

The Board of Trustees has complied with its 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 four secondary schools in the MAT have seen much development during the academic year.

Heath Lane Academy received an Ofsted inspection in July 2019 and was graded 'Good' in all areas. The Principal, the governance and the Trust all received praise in the report for actions taken and visible impact.

Recruitment has ceased to be a problem at The Nuneaton Academy as a result of all of the improvement strategies – indeed the Trust had a number of excellent practitioners approaching them for roles at the academy. Increased community confidence is demonstrated by an intake in September 2019 of 210 students (98 students have just left Year 11).

At George Eliot School, with a stable school and strong leadership, the Trust was able to focus on the long-term sustainability and embed the new curriculum and pedagogical approach in 2018/19. This has seen improvements in outcomes. In particular, RE and French have seen over one full average grade improvement from 2018, and it is pleasing to note that 50% of the cohort have achieved a Grade 5+ in English Literature.

Hartshill School faced significant challenges in 2018/19. Maintaining the fabric of the building remains an ongoing challenge, however steps have been taken towards securing funding for redevelopment through the appointment of ARUP to project manage a capital bid. Leadership capacity was greatly reduced through a series of unforeseeable events, but the

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Trust provided interim senior and middle leadership capacity before successfully appointing two experienced Vice Principals to expand and greatly increase leadership capacity.

The impact of the Trust's interventions at Hartshill School is clearly demonstrable in the stability, culture and confidence of the staff and students. External and internal QA visits have reported improving student behaviour, consistency of routines and processes, and improving teaching.

Strategic Report

Achievements and Performance

Headline success rates – Basics (English and Mathematics) and Progress 8.

Measure	The Nuneaton Academy	Heath Lane Academy	Hartshill School	George Eliot School
Basics Grade 4+ 2018	28%	44%	45%	63%
Basics Grade 4+ 2019	41%	58%	47%	56%
Basics Grade 5+ 2018	11%	17%	23%	31%
Basics Grade 5+ 2019	14%	30%	24%	30%
Progress 8 2018	-1.1	-0.97	-0.53	-0.57
Progress 8 2019 (est)	-0.80	-0.40	-0.85	-0.40

2019 headline measures have begun to reflect the impact of the improvements made to the curriculum, the teaching and the conditions for learning. Whilst each school is on its own part of the improvement journey there is a common and shared model for school improvement running across the Trust.

The Trust benefits from close partnership with local high performing schools. It is a founding member of the Midland Knowledge Schools Hub and has taken its curriculum strategy from St Martin's Catholic Academy. It has also entered into an agreement with Higham Lane School to provide external quality assurance and middle leader mentoring during 2019/20.

Regionally, The Trust is delivering an Education Endowment Foundation funded pilot of Direct Instruction, coaching and supporting eight local schools.

The achievements of the Trust in 2018-19 include:

- i. The launch of a new five year curriculum to all year groups
- ii. Successful Ofsted inspection of Heath Lane Academy (now graded 'Good')
- iii. Growing parental confidence in the quality of education, as reflected in pupil intake numbers for 2019/20

Equality of opportunity and the employment of disabled persons

The Midland Academies Trust is committed to ensuring equality of opportunity for all who learn and work within it. Through its core values it respects and values positively differences in race, gender, able-bodiedness, sexual orientation, class and age. The Trust strives vigorously to remove conditions, which place individuals at a disadvantage. This policy is resourced, implemented and monitored on a planned basis. The Trust's Equality policy is published on the Trust website.

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The Trust considers all applications for employment from disabled persons. An applicant who is disabled and satisfies all the essential criteria of the post is guaranteed an interview. Where an existing employee becomes disabled, every effort is made to ensure that their employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

We have a comprehensive series of Workforce policies in place to support managers and leaders in guiding staff through processes affecting their employment within the MAT. These policies enable us to apply consistent employment practice approaches across the organisation and are tailored to ensure that both new and existing employees are able to learn about how we operate and what staff can expect from us as well as what we expect from staff. We are committed to ensuring any change management programme required is implemented sensitively and effectively to ensure minimal impact to staff and students alike. This will include engaging and communicating with staff and their representatives from the beginning of the process and providing assurances around a transparent and fair process. In addition, we would expect to meet with all staff on an individual basis to explore their professional/personal circumstances and to allow opportunity to raise any questions that may arise as part of the change programme.

Key Performance Indicators

The Finance and Resources Committee monitor actual performance against budget and cash flow forecast during the period being reported. Financial KPIs and non-financial indicators used are as follows;

- Staff Costs as a % of GAG which was marginally above the ESFA recommended guideline of 80%.
- Expenditure types as a % of total expenditure performed within target as the forecast results were met.
- Average staff cost per FTE was a monitoring KPI for information for the Finance and Resources Committee.
- Average staff cost per Pupil was a monitoring KPI for information for the Finance and Resources Committee.
- Staff Cost split by Staff type as a % of total Staff Costs was a monitoring KPI for information for the Finance and Resources Committee.
- Strategic Objective Monitoring showing completion status of Trust Objectives such as progress 8 attainment. (seen on page 10)
- Monitoring and reporting of headline measures regarding exam results (seen on page 10)
- Staffing KPIs such as % sickness absence, split of pay by gender reported to the Board every meeting.
- Student data is also analysed and reported on within Board reports, with KPIs such as Contact Ratios, % disadvantaged children, student numbers versus projections.
- Further financial and non-financial indicators will be developed as the Trust develops.

Going Concern

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

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Financial Review

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

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

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Summary revenue income and expenditure

	2019 £'000	2018 £'000
Revenue income		
<i>Revenue grants</i>		
General Annual Grant (GAG)	16,040	15,638
Pupil premium (ESFA)	865	945
Start-Up Grants (SUG)	0	5
Other DfE / ESFA grants	186	9
Other LA/Government revenue grants	444	347
Other Trading Activities	635	496
Investment income	12	4
Other self-generated income	24	33
Total revenue income	18,207	17,477
Revenue expenditure		
Staff costs	13,858	13,210
<i>Non-pay expenditure</i>		
- Estate costs	1,271	1,060
- Educational supplies & services	2,021	1,924
- Other supplies & services	1,379	1,529
- Governance costs	38	44
Total revenue expenditure	18,568	17,767
Net revenue income/(expenditure) for the year	(360)	(290)
Revenue funding used to pay for capital expenditure	0	0
Revenue surplus/(deficit) for the year	(360)	(290)
Reconciliation to Statement of Financial Activities:		
Net income/(expenditure) for the year - Unrestricted Funds	133	113
Net income/(expenditure) for the year - Restricted General Funds	(493)	(403)
	(360)	(290)
Reconciliation to Operating Surplus		
Revenue surplus/(deficit) for the year	(360)	(290)
FRS102 Adjustment	593	619
Operating Surplus per Management Accounts	233	329

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 £133k and 'Restricted General Funds' (net income / (expenditure) for the year (£493k) and therefore does not include depreciation and capital expenditure. Excluding transfers between restricted funds, and before gains and losses associated with pensions, during the period ending 31 August 2019, total expenditure of £18,568k (2018: £17,767k) was more than recurrent grant funding of £17,535k (2018: £16,944k), and other

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incoming resources of £672k (2018: £533k). The deficit of income over expenditure for the period was (£360k) (2018: (£290k)).

At 31 August 2019 the net book value of fixed assets was £33,902k (2018: £33,864k), 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 academies.

The Trust's non - teaching staff are 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 £9,068k (2018: £5,764k). This is not a controllable deficit, however this has increased from the prior year due to a revaluation.

The Trust's budget for 2019-20 shows a planned deficit of (£74k) (2018-19: £240k) for that year. Included in the cumulative funds to be carried forward of £25,925k for the current year, there are restricted and unrestricted positive funds of £412k, fixed assets reserve of £34,583k and a negative pension reserve of (£9,068k).

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.

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. The Trust currently holds unrestricted and restricted income reserves in surplus of £412k (excluding the pension reserve), and the Trust has a 3 year financial plan to improve this position. Detailed descriptions of the purpose and nature of the reserves are within Note 18 to the accounts. Any amounts in the fixed asset fund could only be realised by disposing of Tangible Fixed Assets.

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.

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 has formally documented 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;

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- Estates do not comply with legislative and regulatory requirements;
- Student numbers fall and budgets are not managed;
- IT support to teaching and learning is not at the required level;
- The above key risks not managed and reputation is damaged.
- Uncertainty over levels of funding

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.

Plans for Future Periods

The future plans for the Trust include:

- i. Improving outcomes for students
- ii. Continued development of governance and management processes and structures in light of experience over time
- iii. A continuous assessment of Trust viability.

Funds Held as Custodian Trustee on Behalf of Others

No funds are held as a Custodian Trustee on behalf of others.

Auditor

In so far as the trustees are aware:

- i. there is no relevant audit information of which the charitable company's auditor is unaware;
- ii. the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2019 and signed on its behalf by:

Signed


Ian Dunn - Chair

Date: 10th December 2019

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Midland Academies Trust and the Secretary of State for Education. The Chief Executive is responsible for reporting to the board of trustees any material weaknesses or breakdown in internal control.

The Accounting Officer for the Trust is, Marion Plant OBE, who is also the Chief Executive of the Midland Academies 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 on seven occasions during the academic year 2018/19. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Attendance	Out of a Possible
Mr M Coult	7	7
Mr I Dunn (Chair)	6	7
Mr J Hutchinson	5	7
Mrs W Martin	6	7
Ms A Melville	7	7
Mrs K Nelson	1	1
Mrs M Plant (Chief Executive & Accounting Officer)	7	7
Mr J Ramsay	7	7
Mr T Render	7	7
Mr P Rowley	2	2
Dr J Walsh	4	7

The membership of the board of trustees was stable during 2018/19 with one trustee reaching the end of their tenure at the conclusion of the year and two appointments taking place in the summer term.

Particular matters dealt with by the board of trustees during 2018/19 included:

- Considering the outcomes of summer 2018 GCSE results, together with analysis and interpretation and scrutinising and challenging proposed improvement and intervention strategies.
- Receiving and approving the Trust's Financial Statements for 2017/18.

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- Receiving and interrogating the outcomes from the Whole Trust Staff Survey for 2017/18 including
- Approving the annual strategic plan for 2018/19 and scrutinising Trust performance against strategic objectives.
- Receiving the Annual Safeguarding Report 2017/18.
- Receiving and challenging presentations on academy / school performance from Principals.
- Reviewing and approving Trust policies; including school / academy admission policies.
- Interrogating and approving the Trust's medium term business plan for 2019/20-2021/22 and the annual budget for 2019/20;
- Receiving and interrogating financial performance reports including monthly management accounts and budget forecasts.
- Scrutinising risk management activity as a standing item and approving the Risk Management Policy on the recommendation of the Audit Committee.
- Examining a paper on an audit of teaching and learning and professional development needs.
- Receiving and scrutinising assurance reports from Raising Achievement Boards.

The **Finance and Resource Committee** is a sub-committee of the main board of trustees. It is responsible for:

- the detailed consideration of to 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;
- receiving reports from members of Academy staff about matters relating to any of the issues listed in its terms of reference.
- scrutinising Trust budgets and financial arrangements.

The Committee met on five occasions during the academic year 2018/19.

Director (Trustee)	Attendance	Out of a Possible
Ian Dunn	4	5
Wendy Martin	5	5
Ann Melville (Chair)	5	5
Marion Plant (Chief Executive & Accounting Officer)	3	5
Joe Walsh	5	5

Particular matters dealt with by the Committee during 2018/19 included:

- reviewing financial performance reports;
- scrutinising the medium term financial plan for 2018/19- 2020/21 and annual budget for 2018/19;
- considering the Estates strategy and capital projects programme;
- monitoring compliance reviews and health and safety audits for academies / schools;
- receiving staffing updates.

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The **Audit Committee** is a sub-committee of the main board of trustees. It is responsible for:

- reviewing the risks to internal financial 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.
- receiving reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference.
- scrutinising the Trust's internal controls systems and risk management arrangements.

The Committee met on five occasions during the academic year 2018/19; this included the annual internal audit planning strategy meeting.

Trustee	Attendance	Out of a Possible
Mike Coult	5	5
John Ramsay	5	5
Tim Render	5	5

Particular matters dealt with by the Committee during 2018/19 included:

- reviewing risk management activity as a standing item;
- agreeing the Risk Management Policy for recommendation to the Board;
- agreeing the annual Internal Audit Strategy for recommendation to the Board;
- scrutinising internal audit and deep dive audit reports;
- receiving the External Audit Service audit plan and audit findings report;
- receiving updates on accounting and auditing standards and guidelines.
- providing an annual report to the Board, summarising the work and findings of the committee in 2018/19

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year and reports to the board of trustees where value for money can be improved including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- utilising services offered in the wider Learning Group effectively such as experienced staffing, approved suppliers and joint tender processes,
- driving educational benefit from a Trust wide successful futures program,
- driving efficiencies through Group procurement and learning from excellent schools / trusts by working with Heads from these other areas.

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

The Midland Academies Trust

of academy 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 The Midland Academies Trust for the period 1st September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place for the period 1st September 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget recommended by the Finance and Resources Committee and approved by the Board.
- Periodic financial reports which are reviewed and agreed by the Board's Finance and Resources Committee.
- The establishment of an experienced management framework, to oversee financial management within the Trust.
- The development of robust financial regulations and procedures, and the establishment of audit requirements.
- Delegation of authority and segregation of duties.
- Identification and management of risks on a more systematic basis for all academies and the Trust.

The board of trustees has considered the need for a specific internal audit function and in December 2016 appointed Moore Stephens as the internal auditors for the Trust, effective from 9 March 2017. Moore Stephens have carried out their role since appointment. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- Core Financial Systems testing
- Curriculum Planning review
- Safeguarding and Prevent review
- IT General controls review

There were no major control issues identified

The Audit Committee Annual report sets out the work undertaken by Moore Stephens LLP which is reported to the board of trustees through the Audit Committee on the operation of the systems of control.

All internal audit reports are reviewed for accuracy and the Midland Academies Trust has implemented the recommendations made in these reports.

The Trust's contract with Moore Stephens came to an end on 31st August 2019. Following a tender process, RSM were appointed with a contractual start date of 1st September 2019.

Review of Effectiveness

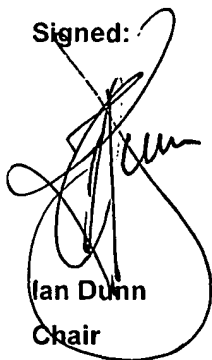
As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- 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 Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board trustees, as the company directors, on 10th December 2019 and signed on its behalf by:

Signed:



Ian Dunn
Chair

Signed:

M. G. Plant

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 board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

Signed:

M. A. Plant

Marion Plant OBE

Chief Executive and Accounting Officer

Date: 10.12.19

Statement of Trustees' Responsibilities

The trustees (who act as governors of The Midland Academies Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 trustees are required to:

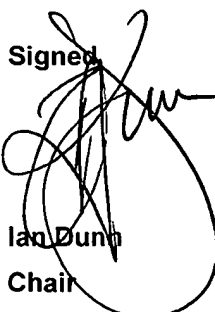
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the 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 board of trustees, as the company directors, on 10th December 2019 and signed on its behalf by:

Signed 
Ian Dunn
Chair

Independent auditor's report to the members of Midland Academies Trust

Opinion

We have audited the financial statements of Midland Academies Trust ('the charitable company') for the year ended 31 August 2019, which comprise the Statement of Financial Activities (including the income and expenditure account), the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the annual report including Reference and Administrative details, Trustees' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Statement of Trustees' responsibilities, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

Identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report, prepared for the purposes of company law, included in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included in the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included in the Trustees' Annual Report.

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 the trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 22, the trustees (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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Grant Thornton UK LLP

William Devitt
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
17 December 2019

Independent reporting accountant's assurance report on Regularity to Midland Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 10 June 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of Midland Academies Trust's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of 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 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by the ESFA. 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 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 and testing 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
- limited 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 2018 to 31 August 2019

have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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

Grant Thornton UK LLP

Reporting Accountant
Grant Thornton UK LLP
Chartered Accountants
Birmingham
17 December 2019

The Midland Academies Trust

**Statement of Financial Activities
for the year ended 31 August 2019
(including Income and Expenditure Account)**

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	24	-	1,089	1,113	1,000
Charitable activities:						
Funding for the academy trust's educational operations	4	-	17,535	-	17,535	16,944
Other trading activities	5	635	-	-	635	496
Investments	6	12	-	-	12	4
Total		672	17,535	1,089	19,296	18,444
Expenditure on:						
Raising funds	7	352	-	-	352	371
Charitable activities:						
Academy trust educational operations	8	187	18,028	953	19,168	18,508
Total		539	18,028	953	19,521	18,878
Net income / (expenditure)		133	(493)	136	(224)	(435)
Transfers between funds	18	-	-	-	-	-
Other recognised gains / (losses):						
Profit/(loss) on disposal of fixed assets				-	-	(8)
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	(2,711)	-	(2,711)	1,677
Net movement in funds		133	(3,204)	136	(2,935)	1,234
Reconciliation of funds						
Total funds brought forward		-	(5,585)	34,446	28,860	27,627
Total funds carried forward		133	(8,789)	34,582	25,925	28,860

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 31 August 2019

Company Number 07191874

		2019	2019	2018	2018
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	13		4		2
Tangible assets	14		33,902		33,861
Current assets					
Stock	15	5		9	
Debtors	16	1,101		509	
Cash at bank and in hand	25	2,686		2,420	
		<u>3,792</u>		<u>2,938</u>	
Liabilities					
Creditors: Amounts falling due within one year	17	(2,705)		(2,047)	
		<u>(2,705)</u>		<u>(2,047)</u>	
Net current assets			<u>1,087</u>		<u>891</u>
Total assets less current liabilities			<u>34,993</u>		<u>34,754</u>
Creditors: Amounts falling due after more than one year	17	-		(130)	
Net assets excluding pension liability			<u>34,993</u>		<u>34,624</u>
Defined benefit pension scheme liability	29	(9,068)		(5,764)	
Total assets		<u>25,925</u>		<u>28,860</u>	
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	34,583		34,446	
. Restricted income fund	18	278		179	
. Pension reserve	18	(9,068)		(5,764)	
Total restricted funds			<u>25,792</u>		<u>28,860</u>
Unrestricted income funds					
. General fund	18	133		-	
Total Unrestricted income funds			<u>133</u>		<u>-</u>
Total funds			<u>25,925</u>		<u>28,860</u>

The financial statements on pages 28-61 were approved by the trustees, and authorised for issue on 10th December 2019 and are signed on their behalf by:

Ian Dunn
Chair

The Midland Academies Trust

Statement of Cash Flows
for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	161	(637)
Cash flows from investing activities	24	105	77
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		266	(559)
Cash and cash equivalents at 1 September 2018	25	2,420	-
Cash and cash equivalents at the 31 August 2019	25	2,686	2,420

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019

1. Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently except where noted), judgements and key sources of estimation uncertainty are set out below.

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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, and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Midland Academies Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

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- o **Sponsorship Income**
Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.
- o **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- 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 income, 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.

On 1 September 2012 Hartshill School joined the Trust and assets were transferred from Warwickshire County Council on conversion. The land and buildings were 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.

A 125 year lease is being worked on with Warwickshire County Council for The Nuneaton Academy. Assets will then be valued and transferred to the Trust balance sheet.

Critical accounting estimates and areas of judgement

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pension liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Other significant estimates such as predecessor school valuations, accrued income and expenditure and depreciation are shown in notes 13-17 and explained in more detail on page 34.

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Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of the time spent, and depreciation charges allocated on the portion of the asset's use.

o Expenditure on Raising Funds

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

o Charitable activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,000 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 straight line basis over its expected useful economic life, as follows:

- | | |
|-----------------------|-------------|
| o Freehold buildings | 30-50 years |
| o Leasehold buildings | 50 years |

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Furniture and	
o equipment	10 years
Computer	
o equipment	4 years
o Motor Vehicles	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.

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 proposes 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	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.

The Midland Academies Trust

Provisions

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

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

Contingent Liabilities

Contingent liabilities are recognised when the Trust has a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

They are also recognised if the Trust has a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle it or the amount of the obligation cannot be measured with sufficient reliability.

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank - is classified as a basic instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. *Deferred income* is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

The Midland Academies Trust

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. These contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 29, 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 contributions recognised as they are paid each year.

Pensions Benefits continued

The LGPS is a funded multi-employer 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 credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of costs as incurred. Net interest on the net defined liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and the interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

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 and Skills 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 2019 (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 2019 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2019.

3 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 2019 £'000	Total 2018 £'000
DFE/ESFA Capital grants					
School Condition Allocation Fund (SCA)	-	-	866	866	820
Healthy Pupils Capital Fund	-	-	-	-	41
Devolved Formula Capital (DFC)	-	-	222	222	68
	-	-	1,089	1,089	929
School Fund Income	24	-	-	24	30
Other Donations	1	-	-	1	41
	24	-	1,089	1,113	1,000
2018 total	-	-	1,000	1,000	

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General Annual Grant (GAG)	-	16,040	16,040	15,638
Pupil Premium	-	865	865	945
Start Up Grants	-	-	-	5
Other DfE/ESFA grants	-	186	186	9
	-	17,091	17,091	16,597
Other Government grants				
Local authority grants	-	183	183	164
Special needs income	-	261	261	183
	-	444	444	347
Other income from the academy trust's educational operations				
Other non-government grants	-	-	-	-
	-	-	-	-
	-	17,535	17,535	16,944
2018 total	-	16,944	16,944	

Any income with unfulfilled conditions and other contingencies has been deferred into the next financial year.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019
(continued)

5 Other Trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Educational visits	120	-	120	22
Hire of facilities	51	-	51	45
Non-teaching Income	68	-	68	31
Other teaching income	-	-	-	1
Sales of meals	394	-	394	392
Uniform sales	2	-	2	4
	<u>635</u>	<u>-</u>	<u>635</u>	<u>496</u>
2018 total	<u>496</u>	<u>-</u>	<u>496</u>	

6 Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	12	-	12	4
	<u>12</u>	<u>-</u>	<u>12</u>	<u>4</u>
2018 total	<u>4</u>	<u>-</u>	<u>4</u>	

7 Expenditure

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Expenditure on raising funds	-	-	352	352	371
Academy's educational operations:					
. Direct costs	10,429		1,598	12,027	11,377
. Allocated support costs	3,429	1,271	2,441	7,142	7,131
Total Expenditure	<u>13,858</u>	<u>1,271</u>	<u>4,392</u>	<u>19,521</u>	<u>18,878</u>

Net income/(expenditure) for the period includes:

	2019 £000	2018 £000
Operating lease rentals - Equipment	48	71
Depreciation on tangible fixed assets	952	1,111
(Gain)/loss on disposal of fixed assets	-	8
Amortisation of intangible fixed assets	1	-
Fees payable to auditor for:		
- External Audit	18	18
- Internal Audit	11	12
- Other Services (external)	12	17

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August
2019 (continued)

8 Charitable Activities

	Total 2019 £'000	Total 2018 £'000
Direct costs – educational operations	12,027	11,377
Support costs – educational operations	7,142	7,131
	<u>19,168</u>	<u>18,508</u>

Analysis of support costs	Educational operations £'000	Total 2019 £'000	Total 2018 £'000
Support staff costs	3,429	3,429	3,335
Depreciation	952	952	1,111
Technology costs	71	71	51
Premises costs	1,271	1,271	1,060
Other support costs	1,379	1,379	1,529
Governance costs	38	38	44
Total support costs	<u>7,142</u>	<u>7,142</u>	<u>7,131</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

9 Staff

9a. Staff costs

Staff costs during the period were:

	Total 2019 £'000	Total 2018 £'000
Wages and salaries	10,340	10,009
Social security costs	990	961
Operating costs of defined benefit pension schemes	1,748	1,635
Apprenticeship Levy	36	32
	13,114	12,637
Supply staff costs	478	412
Staff restructuring costs	38	1
	13,630	13,050
Staff restructuring costs comprise:		
Redundancy payments	38	1
	38	1

9b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payments totalling £37,945.36 (2018: 877.61). Individually the payments were £18,000, £9,652, £8997.48 and £1295.88.

9c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2019 was as follows;

	2019 No.	2018 No.
Teachers	172	177
Administration and support	157	162
Management	25	24
	354	363

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2019 expressed as full time equivalents was as follows:

	2019 No.	2018 No.
Teachers	160	162
Administration and support	121	119
Management	25	24
	306	305

The Midland Academies Trust

**Notes to the Financial Statements for the year ended 31 August
2019 (continued)**

9d. Higher paid staff

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

	2019	2018
	No.	No.
£60,001 - £70,000	7	7
£70,001 - £80,000	0	1
£80,001 - £90,000	1	3
£90,001 - £100,000	3	0
£110,001 - £120,000	1	1
	<hr/> 12	<hr/> 12

9e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees, senior management team as listed on page 3, and senior leadership within each Academy (Principal and Vice Principal). The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,481,561 (2018 £1,253,377)

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

10 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 an actual cost basis of the pay costs of the Trust's Head of Academies' Business Management.
- Estate Management services: this service is provided on an actual cost basis of the pay costs of the Trust's Head of Estates and Facilities.
- Educational support services: this service is provided on an actual cost basis of the Executive Principal and School Improvement Leaders.
- Financial services: this service is provided on an actual cost basis of the pay costs of the Trust's Financial Controller.
- Estates, Marketing, Clerking, HR and payroll services; these services are provided on an actual cost basis of the SLA with North Warwickshire and South Leicestershire College
- Human Resources, Payroll and Finance systems, Governance training and other back office contracts; provided on an actual cost basis of Trust level contracts for all academies.

These services are divided over all academies as a percentage based on their GAG allocation as a percentage of the total MAT GAG allocation. The total charge has decreased from last financial year due to a decrease in service level agreement costs.

The actual amounts charged during the year were as follows:

	2019	2018
	£'000	£'000
- The Nuneaton Academy	254	259
- The George Eliot School	312	338
- Hartshill School	389	423
Heath Lane Academy	204	221
	<u>1,159</u>	<u>1,241</u>

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

11 Related Party Transactions - Trustees' 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 period ended 31 August 2019, there were no travel and subsistence expenses reimbursed or paid directly to any trustee (2018: Nil).

12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2019 was £60,000 . 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 2019
(continued)

13 Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2018	2	2
Additions	3	3
Disposals	-	-
At 31 August 2019	5	5
Amortisation		
At 1 September 2018	-	-
Charged in year	1	1
Disposals	-	-
At 31 August 2018	1	1
Carrying amount		
At 31 August 2018	2	2
At 31 August 2019	4	4

14 Tangible Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Hardware £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost							
At 1 September 2018	22,717	15,455	30	505	-	-	38,708
Additions	196	677	43	60	12	5	993
Disposals	-	-	-	-	-	-	-
At 31 August 2019	22,913	16,132	73	565	12	5	39,701
Depreciation							
At 1 September 2018	3,207	1,352	1	286	-	-	4,847
Charged in year	519	338	3	92	-	-	952
Disposals	-	-	-	-	-	-	-
At 31 August 2019	3,726	1,690	4	378	-	-	5,799
Net book values							
At 31 August 2018	19,510	14,102	29	220	-	-	33,861
At 31 August 2019	19,187	14,442	69	187	12	5	33,902

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

15 Stock

	2019	2018
	£'000	£'000
Catering and stationery supplies	-	3
Clothing	5	6
	<u>5</u>	<u>9</u>

16 Debtors

	2019	2018
	£'000	£'000
Trade debtors	11	36
VAT recoverable	273	107
Prepayments and accrued income	816	366
	<u>1,101</u>	<u>509</u>

17 Creditors: Amounts Falling due within one year

	2019	2018
	£'000	£'000
a Creditors: amounts falling due within one year		
Trade creditors	1,048	637
Other taxation and social security	485	317
ESFA creditor: abatement of GAG	520	520
Other creditors	-	3
Accruals and deferred income	652	571
	<u>2,705</u>	<u>2,047</u>

Deferred income	2019	2018
	£'000	£'000
Deferred income at 1 September 2018	172	12
Released from previous years	(172)	(12)
Resources deferred in the year	235	172
Deferred Income at 31 August 2019	<u>235</u>	<u>172</u>

Deferred income relates to grants unspent as at 31.08.19 that can be carried forward, and grants received for financial years overlapping that of the Trust.

	2019	2018
	£'000	£'000
b Creditors: amounts falling due in greater than one year		
ESFA Creditor: Abatement of GAG	-	130
	<u>-</u>	<u>130</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019
(continued)

18 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	146	16,040	(15,981)	-	205
Pupil Premium	32	865	(825)	-	72
Other DFE/EFA grants	-	186	(186)	-	-
Other LA/government grants	-	444	(444)	-	-
Other grants	-	-	-	-	-
Restricted General Funds	179	17,535	(17,436)	-	278
Restricted pension reserve					
Pension reserve	(5,764)	-	(593)	(2,711)	(9,068)
Restricted Pension Reserve	(5,764)	-	(593)	(2,711)	(9,068)
Restricted fixed asset funds					
School Condition Allocations (SCA)	1,692	866	(857)	-	1,701
Assets on conversion	30,430	-	-	-	30,430
Capital expenditure from restricted general funds	597	-	-	-	597
Capital expenditure from unrestricted funds	3	-	-	-	3
Centrally Managed Programme	443	-	-	-	443
Devolved Formula Capital (DFC)	333	222	(95)	-	460
Local Authority capital funding	910	-	-	-	910
Healthy Pupils Capital Funding	38	-	-	-	38
Restricted fixed asset funds	34,446	1,089	(952)	-	34,582
Total restricted funds	28,860	18,624	(18,981)	(2,711)	25,791
Unrestricted funds					
General funds	-	672	(539)	-	133
Total unrestricted funds	-	672	(539)	-	133
Total funds	28,860	19,296	(19,520)	(2,711)	25,925

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

The Trust is carrying a net surplus of £278k on restricted general funds (excluding pension reserve). The Trust is taking action to build these funds to a more significant surplus within its 3 year financial plan by implementing a Trust-wide restructure and other cost cutting measures, resulting in surpluses that will restore the reserves position.

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

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 2019
(continued)

18 Funds

Comparative information in respect of the preceeding period is as follows:

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	(443)	15,638	(15,426)	377	146
Start Up Grant	538	5	(5)	(538)	-
Pupil Premium	1,028	945	(941)	(1,000)	32
Lead-in and implementation grants	(137)	-	-	137	-
Other DFE/EFA grants	864	9	(9)	(864)	-
Other LA/government grants	615	347	(347)	(615)	-
Other grants	(294)	-	-	294	-
Voluntary restricted general	(4,861)	-	-	4,861	-
Restricted General Funds	(2,689)	16,944	(16,728)	2,652	179
Restricted pension reserve					
Pension reserve	(6,822)	-	(619)	1,677	(5,764)
Restricted Pension Reserve	(6,822)	-	(619)	1,677	(5,764)
Restricted fixed asset funds					
School Condition Allocations (SCA)	1,742	820	(862)	(8)	1,692
Assets on conversion	30,430	-	-	-	30,430
Capital expenditure from restricted general funds	597	-	-	-	597
Capital expenditure from unrestricted funds	3	-	-	-	3
Centrally Managed Programme	2,214	-	-	(1,771)	443
Devolved Formula Capital (DFC)	473	109	(250)	-	333
Local Authority capital funding	910	-	-	-	910
Restricted donated capital grants	(1,771)	38	-	1,771	38
Restricted fixed asset funds	34,598	967	(1,111)	(8)	34,446
Total restricted funds	25,087	17,911	(18,458)	4,321	28,860
Unrestricted funds					
General funds	2,540	533	(420)	(2,652)	-
Total unrestricted funds	2,540	533	(420)	(2,652)	-
Total funds	27,627	18,444	(18,878)	1,669	28,860

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18 Funds (continued)

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

School Condition Allocation (SCA)

These funds have been allocated to the Trust to improve and maintain the condition of the Trust Schools estates. 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 £0 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.

Healthy Pupils Capital Funding

Healthy pupils capital funding is for improving access to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions (such as kitchens, dining facilities, changing rooms, playgrounds and sports facilities). This is a one year fund for 2018 to 2019 only and has been allocated to the Trust by the ESFA.

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 ESFA 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 2019. 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.

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18 Funds (continued)

Other DfE/ESFA grants

Included in other DfE/ESFA 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.
- Pupil premium - this grant is received to support deprived children, the money can be spent in accordance with the Trust's practices.
- 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.
- 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/ESFA grants.

Transfer between restricted general funds and restricted fixed asset funds

There has been no transfer between Restricted General Funds and Restricted Fixed Asset Funds in year.

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 and Leicestershire County Council). Transfers between funds of £3,304k relates to actuarial loss on defined benefit pension schemes.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

18 Funds (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.

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £'000	Total 2018 £'000
The Nuneaton Academy	-	-
The George Eliot School	-	-
Hartshill School	-	-
Central services	412	179
Heath Lane Academy	-	-
Total before fixed assets and pension reserve	412	179
Restricted fixed asset fund	34,582	34,446
Pension reserve	(9,068)	(5,764)
Total	25,925	28,860

The Trust manages the cash reserves of the schools centrally in order to ensure sufficient liquidity is available to meet the needs of all the academies in the Trust. Therefore the Trust has disclosed the reserves at Trust level during the year.

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	2019 £'000	2018 £'000
The Nuneaton Academy	2,243	445	393	587	3,668	3,268
The George Eliot School	3,020	664	419	628	4,731	4,432
Hartshill School	3,596	638	587	740	5,561	5,396
Central services	334	333	24	608	1,299	1,260
Heath Lane Academy	2,043	539	175	605	3,362	3,412

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019
(continued)

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	4	4
Tangible fixed assets	-	5	33,897	33,902
Current assets	133	2,977	681	3,792
Current liabilities	-	(2,705)	-	(2,705)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(9,068)	-	(9,068)
Total net assets	133	(8,790)	34,582	25,925

Comparative information in respect of the preceeding period (at 31 August 2018) is as follows:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£'000	£'000	£'000	£'000
Intangible fixed assets	-	-	2	2
Tangible fixed assets	-	-	33,861	33,861
Current assets	-	2,356	582	2,938
Current liabilities	-	(2,047)	-	(2,047)
Non-current liabilities	-	(130)	-	(130)
Pension scheme liability	-	(5,764)	-	(5,764)
Total net assets	-	(5,585)	34,446	28,860

20 Capital Commitments

	2019 £'000	2018 £'000
Contracted for, but not provided in the financial statements	349	447

21 Commitments under operating leases

Operating Leases

At 31 August 2019 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

Equipment

	2019 £'000	2018 £'000
Amounts due within one year	20	48
Amounts due between one and five years	32	17
Amounts due after five years	-	-
	52	65

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

22 Reconciliation of Net Income/(expenditure) to

Net Cash Flow from Operating Activities	2019	2018
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(224)	(435)
Adjusted for:		
Depreciation charges (note 14)	952	1,111
Capital grants from DfE and other capital income	(1,089)	(966)
Interest receivable (note 6)	(12)	(4)
Gag Abatement	-	(237)
Defined benefit pension scheme cost less contributions payable (note 29)	428	442
Defined benefit pension scheme finance cost (note 29)	165	177
(Increase)/decrease in stocks	4	4
(Increase)/decrease in debtors	(592)	50
Increase/(decrease) in long term creditors	(130)	130
Increase/(decrease) in creditors	659	(909)
Net cash provided by / (used in) Operating Activities	161	(637)

24 Cash Flows from Investing Activities

	2019	2018
	£'000	£'000
Dividends Interest and rents from investment	12	-
Proceeds from sale of tangible fixed assets	-	8
Purchase of intangible fixed assets	(3)	-
Purchase of tangible fixed assets	(993)	(897)
Capital grants from DfE/ESFA	1,089	966
Net cash provided by / (used in) investing activities	105	77

25 Analysis cash and cash equivalents

	At 31 August	At 31 August
	2019	2018
	£'000	£'000
Cash in hand and at bank	2,686	2,420
Total cash and cash equivalents	2,686	2,420

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

26 Guarantees, Letters of Comfort and Indemnities

The trust provided no guarantees / letters of comfort / indemnities during the year ended 31 August 2019

27 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.

28 Members' Liability

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

The Midland Academies Trust

Notes to the Financial Statements for the period ended 31 August 2019 (continued)

29 Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The pension costs paid to TPS in the period amounted to **£1,138,686 (2018 £1,034,007)**.

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

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The academy 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.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

29 Pension and Similar Obligations (continued)

Local Government Pension Scheme

For assumptions, we have used the Warwickshire County Council pension fund report, Leicestershire County Council pension fund assumptions are in brackets if they vary.

All figures represent the combined totals of the actuarial reports for the Warwickshire County Council pension fund and the Leicestershire County Council pension fund.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2019 was £684,000, of which employer's contributions totalled £525,000 (2018: £493,000) and employees' contributions totalled £159,000 (2018: £151,000). The agreed contribution rates for future years are 24.2% (W) and 25.3% (L) for employers and 5.5% - 9.9% for employees, dependent on salary.

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

Principal Actuarial Assumptions	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	2.9% (3.3%)	2.9% (3.4%)
Rate of increase for pensions in payment/inflation	2.30%	2.3% (2.4%)
Discount rate for scheme liabilities	1.9% (1.8%)	2.80%
Inflation assumption (CPI)	2.30%	2.30%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

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

Change in assumptions at 31 August 2019:	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	14% (12%)	2,626
1 year increase in member life expectancy	3-5%	
0.5% increase in the Salary Increase Rate	2%	407
0.5% increase in the Pension Increase Rate	11% (10%)	2,164

Notes:

In order to quantify the impact of a change in the financial assumptions used, we have calculated and compared the value of the scheme liabilities at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided in this report.

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 3-5%. 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.

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Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Mortality Assumptions

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

	At 31 August 2019 Years	At 31 August 2018 Years
<i>Retiring today</i>		
Males	21.4 (21.2)	22.5 (22.1)
Females	23.6 (23.4)	24.7 (24.3)
<i>Retiring in 20 years</i>		
Males	22.4 (22.2)	24.3 (23.8)
Females	25.0 (24.7)	26.7 (26.2)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equities	6,340	5,881
Corporate Bonds	2846	2,163
Property	1169	1,063
Cash and other liquid assets	151	261
Total market value of assets	10,506	9,368

The actual return on scheme assets was £602k (2018:£400k)

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

Amounts recognised in the statement of financial activities

	2019	2018
	£'000	£'000
Current service cost	805	933
Net interest cost	165	177
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	148	2
Total operating charge	1,118	1,112

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

	2019	2018
	£'000	£'000
At 1 September	15,132	15,286
Upon conversion	-	-
Current service cost	805	933
Interest cost	435	394
Employee contributions	159	151
Actuarial (gain)/loss	3,043	(1,494)
Benefits paid	(148)	(140)
Plan introductions, benefit changes, curtailments and settlements	148	2
At 31 August	19,574	15,132

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

	2019	2018
	£'000	£'000
At 1 September	9,368	8,464
Upon conversion	-	-
Interest income	270	217
Return on plan assets (excluding net interest on the net defined pension liability)	332	183
Actuarial gain/(loss)	-	-
Employer contributions	525	493
Employee contributions	159	151
Benefits paid	(148)	(140)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	10,506	9,368

Notes to the Financial Statements for the year ended 31 August 2019 (continued)

30 Related Party Transactions

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

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

North Warwickshire and South Leicestershire College - sponsor to the Midland Academies Trust.

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

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

	2019	2018
	£'000	£'000
- Sponsor support	0	29
- Corporate governance	82	53
- Finance (Including Procurement and Payroll)	92	127
- Estate support (Including H&S)	18	18
- HR client side support	76	63
- Marketing & public relations	12	12
- ICT support, Systems Development and Reprographics	163	234
Charges for support services provided to the whole of the Trust	442	536
Staff Training and recharge for Finance System	18	19
- Inspire Learners	157	284
- Reprographics Variable Charges	47	34
Other	1	0
Chaplaincy	7	7
Charges for ad-hoc services provided to individual schools	230	344
Total charges for provided services	672	880

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