

Co trustee

Registered number: 07530373

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Trustees' Report	3 - 12
Governance Statement	13 - 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditors' Report on the Financial Statements	18 - 20
Independent Reporting Accountant's Assurance Report on Regularity	21 - 22
Statement of Financial Activities Incorporating Income and Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 63

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Mr A Hindmarsh
Mrs E Thomas
Mr O T Pritchard
Mr M J Cox
Mr S Harris

Trustees

Mr A Hindmarsh, Chair
Mr P T Booth
Mr B Carr
Mr N Clifton (appointed 22 September 2017)
Dr J F Collins
Ms K Foale
Ms S E Gubbins (appointed 15 March 2018)
Mr R McDonough, Chief Executive¹
Ms G J Strickland (appointed 15 March 2018)
Mr P Winter¹
Mr C P Barnfather¹
Mr R E Johnson (resigned 1 September 2017)
Mr P Harding (resigned 18 September 2017)
OBE J G Wilson (resigned 18 September 2017)
Mr A Stephens (resigned 18 September 2017)

¹ Members of audit committee

Company registered number

07530373

Company name

East Midlands Education Trust

Principal and registered office

Loughborough Road, West Bridgford, Nottingham, NG2 7FA

Company secretary

Mrs E Aldridge

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Senior management team

Mr R McDonough, EMET Chief Executive Officer/Principal - The West Bridgford School
Mr T Smith, Assistant Chief Executive Officer/Deputy Head - The West Bridgford School
Mrs L Azemia, Assistant Chief Executive Officer/Principal - Mornington Primary School
Ms K Dales, Finance Director
Mrs C Sheffield, Estates Director
Mrs J Hillier, HR Director
Mrs L Walton, Principal - The John Flamsteed Community School and The Ripley Academy
Mr A George, Principal - The Kimberley School
Mrs H Angus, Principal - The South Wolds Academy
Mr D Bell, Principal - The Joseph Whitaker School
Mrs F Derrick, Principal - CP Riverside School
Mrs S Lamb, Principal - Gilthill Primary School
Mrs L Turner-Rowe, Principal - The Kimberley Primary School
Mrs N Cooke, Principal - Street Lane Primary School
Mrs J Mainprize, Principal - Awsworth Primary School

Independent auditors

Smith Cooper Audit Limited, 2 Lace Market Square, Nottingham, NG1 1PB

Bankers

The Co-operative Bank, PO Box 250, Delf House, Southway, Skelmersdale, WN8 6NT

Lloyds Bank Plc, Nottingham Birmingham, OSC, Ariel House, 2138 Coventry Road, Sheldon, B26 3JW

Solicitors

Stone King LLP, 13 Queen Square, Bath, BA1 2HJ

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2017 to 31 August 2018. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' report under company law.

The Trust has operated The West Bridgford School, The Ripley Academy, South Wolds Academy, The Kimberley School, John Flamstead Community School and The Joseph Whittaker School for the whole of the reporting period.

The following schools joined the Trust in the period:

CP Riverside – 1 March 2018
Mornington Primary School – 1 March 2018
Giltthill Primary School – 1 April 2018
Kimberley Primary School – 1 April 2018
Street Lane Primary School – 1 May 2018
Awsorth Primary School – 1 June 2018

The East Midlands Education Trust operates these academies across the East Midlands.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. CONSTITUTION

The Trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of East Midlands Education Trust are also the directors of the charitable company for the purpose of company law.

The charitable company is known as East Midlands Education Trust.

Details of the Trustees who served during the are included in the Reference and administrative details on page 1.

b. 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.

c. TRUSTEES' INDEMNITIES

The Trust insurance indemnifies the Trustees through the Department for Education risk protection arrangement (RPA).

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

d. METHOD OF RECRUITMENT AND APPOINTMENT OR ELECTION OF TRUSTEES

The Trustees, who are also the Directors, are appointed under the terms of the Trust's Articles of Association as follows:

The Trust shall have the following Directors:

- Not less than 3 Directors, maximum 15 Directors;
- The Chief Executive Officer (CEO);
- The members may appoint Directors through such process as they may determine. The Members will take into account, but will not be bound by, the recommendations of the Local Governing Bodies of the Academies when appointing Directors;
- The total number of Directors including the Chief Executive Officer who are employees of the Trust shall not exceed one third of the total number of Directors;
- There shall be a minimum of two Parent Directors unless there are Local Governing Bodies which include at least two parent members;
- Where the Trust is required to have Parent Directors they shall be either elected or appointed as determined by the Directors;
- The Directors may appoint Co-opted Directors. The Directors may not co-opt an employee of the Trust as a Co-opted Director if thereby the number of Directors who are employees of the Trust would exceed one third of the total number of Directors (including the Chief Executive Officer).

e. POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES

During the year under review, the Trustees had 4 meetings. The training and induction provided for new Trustees will depend on their existing experience. Where necessary, an induction will provide training on charity and educational, legal and financial matters. All new Trustees are given a tour of the academies and the chance to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees and Directors of the Charitable Company. As there is normally expected to be only a small number of new Trustees each year, induction tends to be done informally and is tailored specifically to the individual.

f. ORGANISATIONAL STRUCTURE

The Chief Executive is the Accounting Officer. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, and senior staff appointments. The Trustees are responsible for monitoring the performance of the Chief Executive and Local Governing Bodies on a regular basis.

The Local Governing Bodies control the school's implementing the policies laid down by the Trustees and reporting back to them. The Local Governing Bodies are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

g. PAY POLICY FOR KEY MANAGEMENT PERSONNEL

The pay of the CEO, Assistant CEO, Primary CEO, Finance Director, Human Resources Director and Estates Director are determined by the Trust's pay committee. The pay of the head teachers in individual schools is outlined in the terms of reference and would normally be delegated to the Local Governing Body under the advice of the CEO. The pay of senior staff in individual schools is a matter for the local governing body to determine. Pay for any senior staff whose salary is over £100k will be determined by the Trustees.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

h. TRADE UNION FACILITY TIME

Relevant union officials

Number of employees who were relevant union officials during the year	7
Full-time equivalent employee number	6.40

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£000
------------------------------------------------------	-------------

Total cost of facility time	28
Total pay bill	28,554
Percentage of total pay bill spent on facility time	0.10 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	13.36 %
---------------------------------------------------------------------------------------------	----------------

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

a. OBJECTS AND AIMS

The Trust was established to improve the life chances of students in all partner schools. The mission of the Trust is consequently clear and straightforward:

'To ensure all our students realise their full potential and develop into young citizens who make a positive contribution to society.'

Schools within the Trust are therefore committed to supporting each other in providing the very best quality of education for all our students. All partner schools are pledged to achieving the Trust's mission through following our six guiding principles:

- Providing outstanding opportunities for everyone associated with our Trust and delivering a lasting legacy for each individual student.
- Helping all our students realise their full potential by raising aspirations, boosting self-esteem and growing their confidence to aim high and achieve well.
- Developing work ready students with the skills, knowledge, expertise and character aligned to the needs of employers in a global world, which will prepare them for future success in further and higher education as well as employment.
- Developing active citizens with a sense of moral purpose who will contribute positively to their local community, wider society and by leading successful economically independent lives.
- Reducing disadvantage by closing the gap through inspirational teaching and outstanding enrichment opportunities for all students regardless of ability, social background and cultural diversity.
- Ensuring, through collaboration with all stakeholders, that each school is the preferred choice within its local community.

All schools within the Trust welcome the opportunity to be an equal and valued partner within EMET and see their success as being measured in the achievement of their own targets and in the achievements of the Trust as a whole.

Partner schools undertake to contribute to the success of the Trust by:

- Working together in a spirit of collaboration and cooperation to further the interests of all Trust members.
- Celebrating and building on the traditions of all partner schools within the Trust.
- Developing our specialisms and strengths across the partnership whilst supporting one another in our respective areas for development.
- Taking a partnership approach to the recruitment and selection of staff.
- Ensuring that our facilities are used to their fullest extent by the partnership and its community.
- Coordinating our calendar to ensure that it enhances the opportunities for staff and students to work on partnership initiatives.
- Contributing to partnership wide CPD opportunities for all staff.
- Adapting our timetable and options system to promote wider choice and participation for staff and students within the partnership.
- Deploying our best teachers, managers and leaders within the partnership, to promote the best teaching and learning across the partnership.
- Making a unique contribution to the development of knowledge, skills and understanding in education.
- Providing the Trustees with accurate and useful information about the progress of the partner schools.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

b. OBJECTIVES, STRATEGIES AND ACTIVITIES

The Trust's development plan describes our objectives and aims. Having consistently achieved excellent academic results for a number of years, our plans focused upon ensuring The West Bridgford School remains a centre for academic excellence at the end of all key stage assessments. At the same time, we seek to ensure that all other schools in the Trust achieve an Ofsted judgement of 'Good' and then move towards 'outstanding' status. Leaders and managers at all levels are encouraged to innovate in response to a continually changing educational climate and an absolute priority remains to ensure that all children feel safe in an environment where the discipline is firm but fair yet one where student voice is heard.

Best practice in teaching and learning is widely shared in order to ensure that all children thrive and succeed and make better than expected practice.

c. PUBLIC BENEFIT

In setting the objectives, the Trustees have given careful consideration to the Trust's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The objective of the Trust during the year was to advance for public benefit education in our schools and the surrounding area, in particular, but without prejudice to the generality of the foregoing by estimating, maintaining, carrying on, managing and developing schools and offering a broad curriculum.

Strategic report

Achievements and performance

a. REVIEW OF ACTIVITIES

The West Bridgford School

Examination results at GCSE reached record levels this year. 81% of our students achieved a 'strong' pass in both English and Maths and the Progress 8 score of +0.84 meant that students were, on average achieving one grade higher across each of their GCSE's than their 'potential'. At A level, our students achieved an average of a grade B with an average point score of 37 and, overall, another strong value-added outcome. The vast majority of the students who sought a university place secured one with most obtaining their first choice preference. The 2018 outcomes, overall, would give the school a secure base to retain its 'outstanding' judgement should it be inspected this year.

The Ripley Academy

Standards at the Ripley Academy showed encouraging signs of recovery this year. 31% of pupils achieved a 'strong' pass in both English and Maths GCSE, up from 20% last year. Other subjects, particularly Science and Spanish made very pleasing gains. A Progress 8 score of -0.4 shows the school well above floor standards this year but does indicate there is still a good distance to travel in many GCSE subjects. The Ripley Academy is very likely to receive a further Section 8 Ofsted inspection in the Autumn term and it remains to be seen whether the HMI lead feels the school is ready to come out of special measures.

The Kimberley School

Standards at the Kimberley school in GCSE maintained the remarkable improvements seen last year. Their Progress 8 score of +0.10 shows very solid performance across the great majority of subjects. 40% of pupils secured a 'strong' pass in both English and Maths GCSE. At A level progress measures show strong value-added (likely to be around +0.2 overall) 01 and the students best three A levels were an average of a grade B-. Overall, the 2018 exam results would indicate that the school is very securely 'good' for outcomes.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

South Wolds Academy

The South Wolds School had caused some concern in 2017 with Progress 8 slipping to a negative figure and this decreased further in 2018 to -0.37. 55% of pupils secured a 'strong' pass in both English and Maths GCSE, which is up from last year and is a more encouraging outcome. However, a considerable number of subjects have under-performed at GCSE and the EMET school improvement team is now working intensively with colleagues at South Wolds Academy to address these issues. Performance in the South Wolds sixth form continues to be strong with value-added likely to come in at around +0.15 with APS 35 (B- grade). Overall, the 2018 exam results, which follow a difficult 2017, would give cause for concern that the school may struggle to retain its 'good' Ofsted rating should it be subject to inspection.

John Flamsteed Community School

John Flamsteed School showed strong improvement this year with the Progress 8 measure moving up to +0.12 with English, in particular, making big gains this year. 47% of the pupils secured a strong pass in both English and Maths GCSE. The school has no post 16 provision. Overall, the 2018 exam results would indicate that the school is very securely 'good' for outcomes.

The Joseph Whitaker School

Joseph Whitaker continued its very solid record of consistent academic performance at GCSE and achieved a Progress 8 score of +0.1. Given the socio-economic context of the school, this represents excellent performance and is likely to far outstrip the majority of similar schools. 39% of pupils secured a 'strong' pass in both English and Maths GCSE. Value-added performance at A level did dip back somewhat with a likely score of around -0.38. This was, in no small part, down to an increase in the number of 'U' grades and the performance of the lower prior attaining students and the school has now introduced more vocational choices for this cohort. Performance for higher prior attaining students remained very strong at A level with 3 students all getting a clean sweep of A* grades. Overall, the 2018 exam results and the ongoing performance over recent years would indicate that the school is very securely 'good' for outcomes.

CP Riverside

Being an alternative education provider, CP Riverside cannot be looked at using the same types of measures as a mainstream secondary. However, what is clear is that there has been a much more targeted approach to exam entry this year with the overwhelming majority of students achieving very worthwhile outcomes in Maths and English in particular (91% achieved a qualification in English and 100% in Maths) and also in other subjects where exam entry was tailored to individual need and ability. CP Riverside was inspected just prior to joining EMET and was judged to be 'requires improvement'. 2018 outcomes provide strong evidence that things are moving in the right direction and that further improvement may mean that the school could go into a subsequent inspection confidently seeking a judgement of 'good'.

Mornington Primary School

Mornington is an over subscribed larger than average primary school with a diverse population. Mornington joined EMET on the 1 March 2018. The school was rated good by ofsted in October 2016 and historically has had results in line with national standards. 2017-18 results are lower than the school is used to but this is mainly due to the complexities of that particular cohort. There is a strong drive and focussed development plan in place to ensure that standards recover in the coming year to fully reflect the quality of education that pupils at Mornington receive.

Gilthill Primary School

Gilthill is an average sized primary school who joined EMET on the 1 April 2018. The school was rated good by ofsted in March 2018 and has consistently secured results in line with or better than national standards for both attainment and progress.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Kimberley Primary School

Kimberley joined EMET on the 1 April 2018 following a second Ofsted inspection where the schools was given a 'requires improvement' judgement although in the areas of behaviour, welfare and personal development and the Early Years practice was recognised as 'good'. Kimberley now has a new leadership team in place who have benefitted from the Aspire Leadership programme and staffing is now more stable following several long term absences. Attainment has improved and Kimberley is close to national standards but data is challenging in that Kimberley has small cohorts which vary vastly. The school continues to improve and numbers on roll are increasing.

Street Lane Primary School

Street Lane is a very small village school which was rated 'good' by Ofsted in April 2015 following a period of improvement. Attainment is in line with national standards but should be treated with caution due to cohorts of approximately 10 pupils. Pupils in the school are happy and there is a family feel throughout.

Awsorth Primary School

Awsorth is a larger than average primary school with a diverse population from both Nottinghamshire and Derbyshire. Awsorth joined EMET on the 1 June 2018. Ks2 results have been consistently in line with or better than national standards for the last two years and pupils leave the school ready for the next phase of their education. Awsorth was rated 'good' at its last Ofsted inspection in March 2014 and continues to be a good school.

b. KEY PERFORMANCE INDICATORS

The Trust has achieved a balanced budget and we do not project a budget deficit in the near future. Overall and on balance academic targets have been reached or exceeded at The West Bridgford School, Joseph Whitaker School, The Kimberley School and John Flamsteed Community School with many pupils exceeding their personal targets and able to progress successfully to the next stage of their academic careers. The Ripley Academy has also shown 'green shoots' of recovery with much to celebrate and take forward into next year where a much more academically balanced year group comes through into Year 11. South Wolds Academy's achievements at GCSE were, once again, not as strong as we would have liked and although the sixth form remains robust, there is certainly work for the Trust to do in supporting the school with its drive for improvement.

c. 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 Accounting Policies section of the financial statements.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

FINANCIAL REVIEW

a. ANNUAL REVIEW

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended the 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the ESFA and via the Local Authority. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The Trust has made significant investment including:

Capital Grants

Expansion – The Kimberley School new post 16 building. Work in progress.

Condition – A range of projects have been completed across the schools within the Trust with the funding available including the installation of toilets; playground improvements; boilers and heating; new windows and cladding; refectory refurbishment; creation and improvement of teaching spaces; new Science lab; catering bod and canopy; refurbishment of Design & Technology area; kitchen upgrade.

Salix funding – New LED lighting at the West Bridgford School and Joseph Whitaker School.

PSBP2 funding – The Ripley Academy (a new sports hall, gymnasium, changing facilities and an assembly hall).

b. RESERVES POLICY

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects and the nature of reserves. The Trustees will keep the level of reserves under review.

Reserves at the end of the period are £85,443,000 (2017 - £65,822,000). The reserves will be used to fund current commitments, and future building projects as well as expenditure required to set up new courses and implement the Aims and Objectives of the Trust as outlined in the Development Plan.

c. INVESTMENT POLICY

The Trust's Investment Policy is now in place and approved by the Trustees. In line with the policy, the Finance Director has transferred a proportion of funds to a new account in order to earn a higher interest rate on the funds available. In addition, research into other opportunities is underway to secure a better return on the funds available with the lowest risk possible.

d. PRINCIPAL RISKS AND UNCERTAINTIES

The Trustees have assessed the major risks to which the Trust is exposed and a Risk Management Statement and Statement of Control is in place. The Trustees have a range of policies in place to assess risks that the schools face, especially in operational areas (e.g. in relation to teaching, health and safety, bullying, school trips, safeguarding and the control of finance).

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

There are a number of factors which may affect the principal risks and uncertainties that the Trust faces and how the Trust intends to resolve them. These include:

A change in government policy

With a change in Government policy, the funding of the Trust may change and may result in a reduction in funding. This is mitigated by building unrestricted reserves which may be used in time where funding has been restricted.

Pensions

The Trusts' 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 Trust balance sheet shows a net liability of £13,704,000. It should be noted that this does not present the Trust with any current liquidity problem. Subsequent to the year end, a further pension liability was inherited when CP Riverside School, Mornington Primary School, Gilthill Primary School, Kimberley Primary School, Street Lane Primary School and Aysworth Primary School became a part of the Trust.

FUNDRAISING

The Trust is responsible for ensuring that the organisation operates within a responsible, sustainable financial framework and that the organisation has adequate resources to carry out its work.

- Trustees have the responsibility of ensuring our Academies operate within the budgets we are given. This includes responsibility for ensuring public money is effectively used to support the activities of the organisation. Fund raising can help a school remain financially viable.
- While Trustees may delegate many of the operations of fundraising to other parts of the organisation, the Trustees retains the responsibility for this area.

The Trustees are committed to ensuring that fundraising activities are carried out in an ethical manner. In doing so, the organisation will adhere to the following standards:

- The Trustees will have regard to the Charity commissions publication 'Charity Fundraising' (CC20).
- Fundraising activities carried out by the school which include a PTA will comply with all relevant laws.
- Any communications to the public made in the course of carrying out a fundraising activity shall be truthful and non-deceptive.
- All monies raised via fundraising activities will be for the stated purpose of the appeal and will comply with the school's stated mission and purpose.
- Nobody directly or indirectly employed by or volunteering for the school shall accept commissions, bonuses or payments for fundraising activities on behalf of the organisation.
- Fundraising activities should not be undertaken if they may be detrimental to the good name or community standing of the school.
- Financial contributions will only be accepted from companies, organisations and individuals the Board of Trustees (delegated to the local governing body) considers ethical.
- All Trustees, Local Governors, casual, permanent and contract staff and volunteers are responsible for adhering to these procedures.
- Fundraising activities should not be undertaken if they will expose the organisation to significant financial risk.
- Complaints will be dealt with in accordance with the Charity Commissions guide CC20.

PLANS FOR FUTURE PERIODS

a. FUTURE DEVELOPMENTS

During the 2018/19 year we will be welcoming more schools into the East Midlands Education Trust. Three more primaries are set to join and they already have academy orders in place. We continue to engage with a number of other prospective partners. To date we have not sponsored a school with all of our present partners having joined of their own will.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees are always consulted regarding significant issues which relate to them. This is by means of direct consultation, through the management structure of Heads of Department and Heads of year and through the Trade Unions. We have established a Joint Consultation Committee with the Trade Unions and this will increasingly be our mechanism for consultation on employee related matters. The Trust have consulted on, and implemented a number of detailed policies including:

- Appraising Teacher Performance
- Appraising Associate Staff Performance
- Attendance Management (Staff)
- Single Equality Scheme
- Cover
- Grievance
- Harassment
- Leave of Absence (Staff)
- Pay
- Reduction in Staffing
- Whistle blowing
- Discretions LGPS

Full details of these policies are available from the Trust's offices.

The Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

In accordance with the Trust's Equal Opportunities Policy, the Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

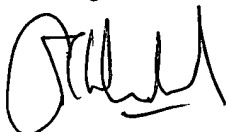
Full details of these policies are available from the Trust's offices.

PROVISION OF INFORMATION TO AUDITORS

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 15/12/18 and signed on its behalf by:



Mr A Hindmarsh
Chair of Trustees

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that East Midlands Education 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 East Midlands Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr A Hindmarsh, Chair	4	4
Mr P T Booth	3	4
Mr B Carr	3	4
Mr N Clifton (appointed 22 September 2017)	3	3
Dr J F Collins	4	4
Ms K Foale	4	4
Ms S E Gubbins (appointed 15 March 2018)	2	2
Mr R McDonough, Chief Executive	4	4
Ms G J Strickland (appointed 15 March 2018)	2	2
Mr P Winter	4	4
Mr C P Barnfather	4	4
Mr R E Johnson (resigned 1 September 2017)	0	0
Mr P Harding (resigned 18 September 2017)	0	0
OBE J G Wilson (resigned 18 September 2017)	0	0
Mr A Stephens (resigned 18 September 2017)	0	0

The Board has moved away from a representation model, in which the governing bodies of our schools had a seat on the Board of Trustees, to a competency model whereby appointments are made on the basis of a range of competency skills.

There were no specific matters dealt with by the committee during the year which are necessary to disclose. There were no significant changes made to the composition of the committee during the period.

The Audit Committee is a sub-committee of the main Board of Trustees. Its main purpose is to advise the Board of Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes and for securing economy, efficiency and effectiveness (value for money).

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr C P Barnfather	3	3
Mr R McDonough	3	3
Mr P Winter	3	3

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Chief Executive has responsibility for ensuring that the 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 appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Invoking the tender process for works and services over the value set out in the Trust's Finance Policy.

This year there are several examples of this:

- At The West Bridgford School the refurbishment of the school dining hall which was completed 31st August 2018.
 - The second phase of a window and cladding replacement programme at the Joseph Whitaker School was started during the year and is ongoing
 - The refurbishment of a number of classrooms and toilets at the South Wolds Academy during Summer 2018.
 - KS1 playground refurbishment at Mornington Primary School
 - Refectory refurbishment at The Ripley Academy
 - New science laboratory at John Flamsteed Community School
 - New Post 16 building at The Kimberley Academy – work commences March 2018.
- The review of suppliers is ongoing with a view to centralisation of contracts, aiming to cut costs for the whole Trust. All the utility companies are now part of a central contract which can be renegotiated as a Trust in March 2021. A range of smaller contracts have also been centralised during the year.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the 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 East Midlands Education Trust for the period 1 September 2017 to 31 August 2018 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 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 ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the the Board of Trustees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Smith Cooper Audit Limited, the external auditor, as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account and bank reconciliations
- testing of controls around other areas such as fixed assets, expense claims, credit card transactions, petty cash, income, related party transactions and other compliance matters

On a bi-annual basis, the auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Smith Cooper Audit Limited has been able to deliver their schedule of work as planned and no material control issues were identified.

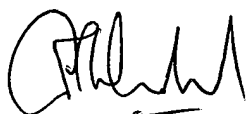
REVIEW OF EFFECTIVENESS

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 auditors;
- 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 their review of the system of internal control by the Board of Trustees and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 15/12/18 and signed on their behalf, by:



Mr A Hindmarsh
Chair of Trustees



Mr R McDonough
Accounting Officer

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of East Midlands Education Trust I have considered my responsibility to notify the academy trust Board of Trustees and the Education & 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 2017.

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 2017.

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.



Mr R McDonough
Accounting Officer

Date: - 15th December 2018

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees (who 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 & 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 members of the Board of Trustees and signed on its behalf by:



Mr A Hindmarsh
Chair of Trustees

Date: 15/12/18

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST
MIDLANDS EDUCATION TRUST**

OPINION

We have audited the financial statements of East Midlands Education Trust (the 'Trust') for the year ended 31 August 2018 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 August 2018 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

BASIS FOR OPINION

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Trust'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.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST
MIDLANDS EDUCATION TRUST**

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

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

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the Trust 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EAST
MIDLANDS EDUCATION TRUST**

AUDITORS' 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 Auditors' 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 Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Trust'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 Trust's members those matters we are required to state to them in an Auditors' 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Smith Cooper Audit Limited

Sarah Flear (Senior Statutory Auditor)
for and on behalf of
Smith Cooper Audit Limited
Chartered Accountants and Statutory Auditors
2 Lace Market Square
Nottingham
NG1 1PB
Date: 12/12/17

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EAST
MIDLANDS EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by East Midlands Education Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to East Midlands Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to East Midlands Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than East Midlands Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF EAST MIDLANDS EDUCATION TRUST'S ACCOUNTING OFFICER
AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of East Midlands Education Trust's funding agreement with the Secretary of State for Education dated 28 March 2011, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. 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 year 1 September 2017 to 31 August 2018 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 2017 to 2018 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 Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- a review of the outcome of the 2017 regularity audit
- a review of any evidence used to support the Accounting Officer's conclusions on the Regularity Statement
- a review of the adequacy of the internal audit function and the adequacy of the program of work
- a review of the internal audit reports during the year ended 31 August 2018
- a review of the internal control environment and whether the environment has regard to regularity of transactions. Consideration to significant changes in the control environment and whether this has led to potential weaknesses
- confirmation through enquiry and sample testing that gifts and hospitality are given and received in line with the Trust's policies

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EAST MIDLANDS EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

- confirmation through enquiry and sample testing that the use of expense claims or credit cards and petty cash adheres to internal control principles and that items are not for personal benefit
- confirmation through enquiry and sample testing that expenditure does not contravene the funding agreement
- confirmation through enquiry and sample testing that the lines of delegation and limits set both internally and by the ESFA have been adhered to
- consideration to procurement and tendering procedures ensuring these have been correctly adhered to and administered
- consideration to the compliance of the Trust's delegated authorities over financial transactions and evidence of prior approval from the Secretary of State where applicable
- a review of declarations of business interests for all governors/directors and key staff
- a review of transactions with connected parties ensuring these have been completed following correct procurement and tendering procedures
- a review of meeting minutes of the various committees
- Consideration of executive pay ensuring that the Board follow a robust evidence-based process and that these decisions are documented
- Consideration to the distribution of ESFA letters received by the Trust and that these are shared with members, trustees, CFO and other members of the senior leadership team and that this distribution is evidenced within board minutes
- A review of any excessive purchases of gifts and alcohol
- Consideration of timely responses to findings by auditors

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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Audit limited

Smith Cooper Audit Limited
Chartered Accountants
2 Lace Market Square
Nottingham
NG1 1PB

Date: *18/12/18*

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

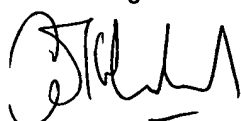
	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Restricted fixed asset funds 2018 £'000	Total funds 2018 £'000	As restated Total funds 2017 £'000
INCOME FROM:						
Donations and capital grants	2	278	(1,653)	22,035	20,660	18,563
Charitable activities: funding for the academy trust's educational operations	5	153	35,560	-	35,713	33,104
Other trading activities	3	1,306	45	-	1,351	1,220
Investments	4	5	-	-	5	14
Teaching School		-	540	-	540	489
TOTAL INCOME		1,742	34,492	22,035	58,269	53,390
EXPENDITURE ON:						
Raising funds	6	970	346	-	1,316	891
Charitable activities: Teaching school	6	-	541	-	541	464
Academy Trust educational operations	7	-	37,353	3,188	40,541	37,149
TOTAL EXPENDITURE	6	970	38,240	3,188	42,398	38,504
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	16	772 (3)	(3,748) (97)	18,847 100	15,871 -	14,886 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		769	(3,845)	18,947	15,871	14,886
Actuarial gains on defined benefit pension schemes	24	-	3,750	-	3,750	2,626
NET MOVEMENT IN FUNDS		769	(95)	18,947	19,621	17,512
RECONCILIATION OF FUNDS:						
Total funds brought forward		2,056	(12,195)	75,961	65,822	48,310
TOTAL FUNDS CARRIED FORWARD		2,825	(12,290)	94,908	85,443	65,822

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07530373

BALANCE SHEET
AS AT 31 AUGUST 2018

			2018		<i>As restated</i>
	Note	£'000	£'000	£'000	2017 £'000
FIXED ASSETS					
Tangible assets	11		92,175		74,194
CURRENT ASSETS					
Stocks	12	18		18	
Debtors	13	2,037		2,046	
Cash at bank and in hand		9,366		7,128	
		<u>11,421</u>		<u>9,192</u>	
CREDITORS: amounts falling due within one year	14	<u>(4,097)</u>		<u>(3,204)</u>	
NET CURRENT ASSETS			<u>7,324</u>		<u>5,988</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>99,499</u>		<u>80,182</u>
CREDITORS: amounts falling due after more than one year	15		<u>(352)</u>		<u>(397)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>99,147</u>		<u>79,785</u>
Defined benefit pension scheme liability	24		<u>(13,704)</u>		<u>(13,963)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>85,443</u></u>		<u><u>65,822</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	16	1,414		1,768	
Restricted fixed asset funds	16	94,908		75,961	
Restricted income funds excluding pension liability		<u>96,322</u>		<u>77,729</u>	
Pension reserve		<u>(13,704)</u>		<u>(13,963)</u>	
Total restricted income funds			<u>82,618</u>		<u>63,766</u>
Unrestricted income funds	16		<u>2,825</u>		<u>2,056</u>
TOTAL FUNDS			<u><u>85,443</u></u>		<u><u>65,822</u></u>

The financial statements on pages 23 to 63 were approved by the Trustees, and authorised for issue, on 15/12/18 and are signed on their behalf, by:



Mr A Hindmarsh
Chair of Trustees

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £'000	<i>As restated</i> 2017 £'000
Cash flows from operating activities			
Net cash provided by operating activities	19	878	1,030
Cash flows from investing activities:			
Dividends, interest and rents from investments		5	14
Proceeds from the sale of tangible fixed assets		8	230
Purchase of tangible fixed assets		(2,051)	(3,123)
Capital grants from DfE Group		2,894	3,237
Cash transferred on conversion to the Academy Trust		254	-
Cash transferred from existing academy joining the Trust		250	1,634
Net cash provided by investing activities		1,360	1,992
Change in cash and cash equivalents in the year		2,238	3,022
Cash and cash equivalents brought forward		7,128	4,106
Cash and cash equivalents carried forward		9,366	7,128

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

East Midlands Education Trust constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling which is the functional currency of the Trust. Monetary amounts are rounded to the nearest whole £1,000, except where otherwise indicated.

The Trustees have reviewed the way in which income and expenditure for the Teaching School are reported. This has necessitated the restatement of certain prior year reported amounts.

1.2 COMPANY STATUS

The Trust is a private company limited by guarantee incorporated in England within the United Kingdom. The registered office is given in the reference and administrative details page of these financial statements.

The members of the company are the Trustees named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

1.3 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 INCOME

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

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

General Annual Grant is recognised in full in the Statement of Financial Activities incorporating Income and Expenditure Account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within donations and capital grant income to the net assets received.

Where assets are received on the transfer of an existing academy into the Trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Trust, which is on signing of the transfer agreement with the transferring Trust. An equal amount of income is recognised for the transfer of an existing academy into the Trust within Income and donations and capital grants.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.5 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

All expenditure is inclusive of irrecoverable VAT.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £2,500 are capitalised 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities incorporating Income and Expenditure Account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Not depreciated
Freehold property	-	between 10 and 50 years straight line
Long leasehold land	-	Over the useful economic life of 125 years straight line
Long leasehold buildings	-	Over the useful economic life of between 24 and 59 years straight line
Furniture and fixtures	-	5 years straight line
Motor vehicles	-	4 years straight line
Computer equipment	-	3 years straight line

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

1.7 OPERATING LEASES

Rentals under operating leases are charged to the Statement of Financial Activities incorporating Income and Expenditure Account on a straight line basis over the lease term.

1.8 STOCKS

Unsold uniform, catering and stationery stocks are valued at the lower of costs or net realisable value.

1.9 TAXATION

The 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 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.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.10 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

1.11 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities incorporating Income and Expenditure Account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

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

1.13 FINANCIAL INSTRUMENTS

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 13. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. 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 instruments.

1.14 CONVERSION TO AN ACADEMY TRUST

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the predecessor school to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the Statement of Financial Activities incorporating Income and Expenditure Account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 21.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.15 ACADEMIES JOINING THE TRUST

When an academy joins the Trust, this involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred, either on conversion to an academy or from an existing academy, have been valued at their fair value. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations in the Statement of Financial Activities Incorporating and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transactions are set out in note 22.

1.16 AGENCY ARRANGEMENTS

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. The Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

The Trust also acts as an agent in distributing training bursaries to trainee teachers from the NCTL.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.17 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

Critical accounting estimates and assumptions:

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

Local Government Pension Scheme

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 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. 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.

Depreciation

The assessment of the useful economic lives and the method of depreciating fixed assets requires judgement. Depreciation is charged to the Statement of Financial Activities based on the useful economic life selected, which requires an estimation of the period and profile over which the Academy Trust expects to consume the future economic benefits embodied in the assets.

Critical areas of judgement:

Transfer in of academies and convertor schools to the Trust

During the year the assets and liabilities of CP Riverside School, Mornington Primary School, Gilthill Primary School, Kimberley Primary School, Street Lane Primary School and Awsworth Primary School were transferred into the Academy Trust. Significant balances transferred included the LGPS pension scheme deficit and freehold/leasehold land and buildings. Whilst valuations have been received in respect of these assets and liabilities, there is an inherent level of judgment and estimation involved in their recognition as alluded to above.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Restricted fixed asset funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Donations	32	-	-	32	1
Capital Grants	-	-	2,894	2,894	3,237
Transfer from local authority on conversion	233	(1,756)	16,273	14,750	-
Transfer from existing academy joining the the Trust	13	103	2,868	2,984	15,325
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other donations and capital grants	278	(1,653)	22,035	20,660	18,563
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	<hr/> <i>574</i> <hr/>	<hr/> <i>(3,571)</i> <hr/>	<hr/> <i>21,560</i> <hr/>	<hr/> <i>18,563</i> <hr/>	

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Hire of facilities	256	-	256	262
Catering income	1,050	-	1,050	958
Consultancy income	-	45	45	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,306	45	1,351	1,220
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	<hr/> <i>1,220</i> <hr/>	<hr/> <i>-</i> <hr/>	<hr/> <i>1,220</i> <hr/>	

4. INVESTMENT INCOME

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	Total funds 2017 £'000
Short term deposits	5	-	5	14
	<hr/>	<hr/>	<hr/>	<hr/>
	5	-	5	14
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2017</i>	<hr/> <i>14</i> <hr/>	<hr/> <i>-</i> <hr/>	<hr/> <i>14</i> <hr/>	

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total funds 2018 £'000	<i>As restated</i> Total funds 2017 £'000
DfE/ESFA grants				
General annual grant	-	31,542	31,542	29,616
Start up grant	-	28	28	2
Other DfE Group grants	-	1,680	1,680	1,220
	<u>-</u>	<u>33,250</u>	<u>33,250</u>	<u>30,838</u>
Other government grants				
Special educational needs grants	-	947	947	942
Local authority grants	-	73	73	210
	<u>-</u>	<u>1,020</u>	<u>1,020</u>	<u>1,152</u>
Other income from the Trust's educational operations				
School trip income	-	818	818	728
Other income	153	472	625	386
	<u>153</u>	<u>1,290</u>	<u>1,443</u>	<u>1,114</u>
	<u>153</u>	<u>35,560</u>	<u>35,713</u>	<u>33,104</u>
Total 2017	<u>253</u>	<u>32,851</u>	<u>33,104</u>	

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>As restated</i>
	2018	2018	2018	2018	<i>Total</i>
	£'000	£'000	£'000	£'000	<i>2017</i>
					<i>£'000</i>
Expenditure on raising funds					
Direct costs	508	-	808	1,316	891
Support costs	-	-	-	-	-
Trust's educational operations:					
Direct costs	25,426	-	2,901	28,327	25,072
Support costs	5,521	4,959	1,734	12,214	12,077
Teaching School	-	-	541	541	464
	<u>31,455</u>	<u>4,959</u>	<u>5,984</u>	<u>42,398</u>	<u>38,504</u>
<i>Total 2017</i>	<u>28,403</u>	<u>4,814</u>	<u>5,287</u>	<u>38,504</u>	

Net income/(expenditure) for the period includes:

	2018	<i>As restated</i>
	£'000	<i>2017</i>
		<i>£'000</i>
Operating leases:		
- Other leases	47	35
Fees payable to auditor for:		
- audit	35	29
- other services	19	18
Depreciation	3,186	3,040
Total	<u>3,287</u>	<u>3,122</u>

During the year there were no individual transactions exceeding £5,000 falling under the following headings:

- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses
- Compensation payments

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs	Support	Total	As restated
	2018	costs	2018	Total
	£'000	2018	£'000	2017
		£'000		£'000
Trust's educational operations	28,327	12,214	40,541	37,149
Teaching School	541	-	541	464
Total 2018	28,868	12,214	41,082	37,613
Total 2017	25,536	12,077	37,613	

Analysis of direct costs

	Total	Teaching	As restated
	2018	School 2018	Total
	£'000	£'000	2017
			£'000
Books, apparatus and stationery	550	-	469
Examination fees	745	-	681
Staff development	87	-	78
Other direct costs	683	-	507
School fund costs	595	-	596
Teaching School	-	541	464
Wages and salaries	20,241	-	17,806
National insurance	1,993	-	1,766
Pension cost	3,192	-	2,857
Depreciation	241	-	312
	28,327	541	25,536
At 31 August 2017	25,072	464	

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. ANALYSIS OF EXPENDITURE BY ACTIVITIES (continued)

Analysis of support costs

	Total	<i>As restated</i>
	2018	<i>Total</i>
	£'000	<i>2017</i>
		<i>£'000</i>
Staff costs	5,520	5,674
Depreciation	2,945	2,728
Maintenance of premises and equipment	812	840
Cleaning	336	295
Rent and rates	300	262
Heat and light	687	689
Insurance	179	200
Transport	288	275
(Profit)/loss on disposal of fixed assets	(7)	(32)
Technology costs	583	489
Bank interest and charges	21	19
Other support costs	386	520
Recruitment	22	51
Governance costs	142	67
	<u>12,214</u>	<u><i>12,077</i></u>
<i>At 31 August 2017</i>	<u><u>12,077</u></u>	

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £'000	As restated 2017 £'000
Wages and salaries	23,002	21,158
Social security costs	2,332	2,045
Operating costs of defined benefit pension schemes	5,373	4,738
	<hr/> 30,707	<hr/> 27,941
Agency staff costs	574	410
Staff restructuring costs	174	52
	<hr/> 31,455	<hr/> 28,403
	<hr/> <hr/>	<hr/> <hr/>

Staff restructuring costs comprise:

	2018 £'000	2017 £'000
Redundancy payments	140	52
Severance payments	34	-
	<hr/> 174	<hr/> 52
	<hr/> <hr/>	<hr/> <hr/>

Included within operating costs of defined benefit pension schemes is £372,000 (2017 - £325,000) net finance costs.

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payment totalling £33,650 (2017: £nil). Individually, the payments were £33,650 made on 17/09/2018.

c. Staff numbers

The average number of persons employed by the Trust during the year was as follows:

	2018 No.	2017 No.
Teachers	466	410
Administration and support	516	481
Management	59	43
	<hr/> 1,041	<hr/> 934
	<hr/> <hr/>	<hr/> <hr/>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	8	6
In the band £70,001 - £80,000	4	5
In the band £80,001 - £90,000	3	3
In the band £90,001 - £100,000	2	0
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0
In the band £140,001 - £150,000	1	1

e. Key management personnel

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy Trust was £1,169,801 (2017 - £1,044,283 (as restated)).

9. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£000	£000
Mr R McDonough, Chief Executive	Remuneration	140-145	140-145
	Pension contributions paid	20-25	20-25

During the year, no Trustees received any benefits in kind (2017 - £nil).

During the year ended 31 August 2018, expenses totalling £553 (2017 - £809) were reimbursed to 1 Trustee (2017 - 2).

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. TRUSTEES' AND OFFICERS' INSURANCE

All academies opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme.

11. TANGIBLE FIXED ASSETS

	Freehold land & buildings £'000	Leasehold property £000	Motor vehicles £'000	Fixtures and fittings £'000	Computer equipment £'000
COST					
At 1 September 2017	78,816	-	26	1,378	1,274
Additions	911	86	-	243	312
Disposals	-	-	-	(1)	(40)
Transfer from existing academy	2,780	-	-	58	30
Transfer between classes	550	-	-	-	-
Transfer on conversion	490	15,760	-	-	-
At 31 August 2018	83,547	15,846	26	1,678	1,576
DEPRECIATION					
At 1 September 2017	6,067	-	6	777	1,002
Charge for the year	2,564	115	6	260	241
On disposals	-	-	-	-	(39)
At 31 August 2018	8,631	115	12	1,037	1,204
NET BOOK VALUE					
At 31 August 2018	74,916	15,731	14	641	372
At 31 August 2017	72,749	-	20	601	272

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. TANGIBLE FIXED ASSETS (continued)

	Assets under the course of construction £'000	Total £'000
COST		
At 1 September 2017	552	82,046
Additions	499	2,051
Disposals	-	(41)
Transfer from existing academy	-	2,868
Transfer between classes	(550)	-
Transfer on conversion	-	16,250
At 31 August 2018	<u>501</u>	<u>103,174</u>
DEPRECIATION		
At 1 September 2017	-	7,852
Charge for the year	-	3,186
On disposals	-	(39)
At 31 August 2018	<u>-</u>	<u>10,999</u>
NET BOOK VALUE		
At 31 August 2018	<u>501</u>	<u>92,175</u>
<i>At 31 August 2017</i>	<u>552</u>	<u>74,194</u>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

11. TANGIBLE FIXED ASSETS (continued)

Included in land and buildings is freehold land with a value of £16,445,020 (2017: £16,345,020), which is not depreciated.

During the year the ownership of existing school land, buildings and other assets were transferred to the Trust from existing academies.

The Trust acquired £2,780,196 of school land, buildings and other assets from an existing academy joining the Trust at no cost. Included within these assets is £212,500 relating to land and £2,567,696 relating to buildings at CP Riverside School. The Trustees regard the value of the asset to not have changed significantly to warrant a further valuation.

During the year the ownership of existing school land & buildings and other assets were transferred to the Trust from the Local Education Authority, at no cost and has been included in the financial statements using the Depreciated Replacement Cost (DRC) method.

The Trustees regard the value of the land & buildings transferred to the Trust from the Local Education Authority to be significant enough to warrant a full external valuation at the time of conversion to an academy trust. The valuations for all convertor schools was undertaken by FHP Property Consultants, an independent RICS qualified surveyor on a DRC basis. The DRC valuation includes all estimated costs of replacing the assets including finance costs. The DRC of freehold and leasehold Land & Buildings recognised in the financial statements at conversion dates (see note 21 for individual dates) is £16,250,000. The valuations have been obtained for the purpose of the opening balance sheet only. The assets will therefore be held at their opening value and depreciated over their remaining useful economic life. A policy of revaluation will not be adopted.

Other freehold land and buildings additions during the year over £5,000 include:

- £129,738 for works in relation to the relocation of student services at The West Bridgford School.
- £151,247 for new classrooms at John Flamsteed Community School.
- £22,397 for car park works at John Flamsteed Community School.
- £23,228 for a new classroom/ICT suite at Awsworth Primary School.
- £62,380 for playground works at Kimberley Primary School

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. STOCKS

	2018 £'000	2017 £'000
Catering, uniform and stationery	18	18
	<u>18</u>	<u>18</u>

13. DEBTORS

	2018 £'000	<i>As restated</i> 2017 £'000
Trade debtors	162	94
VAT recoverable	373	330
Other debtors	778	984
Prepayments and accrued income	724	638
	<u>2,037</u>	<u>2,046</u>

Amounts previously included in cash at bank and in hand in the prior year of £963k have been restated to other debtors to accurately reflect the asset.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	763	693
Other taxation and social security	661	527
Other creditors	759	673
Accruals and deferred income	1,914	1,311
	<u>4,097</u>	<u>3,204</u>

	2018 £'000	2017 £'000
DEFERRED INCOME		
Deferred income at 1 September 2017	788	600
Resources deferred during the year	898	788
Amounts released from previous years	(788)	(600)
Deferred income at 31 August 2018	<u>898</u>	<u>788</u>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

At the balance sheet date the Trust was holding funds received in advance for the school trips, catering income and grant funding relating to the next academic year.

Included within other creditors are the following:

Capital Improvement Fund loan of £25,000 (2017: £24,343), which is repayable in monthly instalments of £2,154, with the final repayment being made in August 2019. Interest on this loan is charged at 1.69% per annum.

Local Authority Energy Finance Scheme loan of £9,121 (2017: £21,131). This is repayable in various staged payments, with the final repayment being made in September 2017. No interest is charged in respect of this loan.

Repayment of The Ripley Academy's deficit position upon conversion amounting to £30,500 (2017: £30,500). This is repayable in annual instalments of £30,500 with the final payment due during 2019.

Salix loan of £49,075 (2017: £49,075) which is repayable in half-yearly instalments of £24,538 over 6 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

Salix loan of £11,832 (2017: £11,832) which is repayable in half-yearly instalments of £5,916 over 8 years, with the final payment being made in 2025. This loan does not bear any interest and is not secured against any asset.

Salix loan of £12,768 (2017: £26,743) which is repayable in half-yearly instalments of £12,769 over 5 years, with the final payment being made in 2019. This loan does not bear any interest and is not secured against any asset.

Salix loan of £7,332 (2017: £nil) which is repayable in half-yearly instalments of £7,332 over 8 years, with the final payment being made in 2026. This loan does not bear any interest and is not secured against any asset.

Salix loan of £2,231 (2017: £nil) which is repayable in half-yearly instalments of £2,231 over 7 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£'000	£'000
Other creditors	352	397

Included within other creditors are the following:

Capital Improvement Fund loan of £nil (2017: £25,657), which is repayable in monthly instalments of £2,154, with the final repayment being made in August 2019. Interest on this loan is charged at 1.69% per annum.

Repayment of The Ripley Academy's deficit position upon conversion amounting to £nil (2017: £30,500). This is repayable in annual instalments of £30,500 with the final payment due during 2019.

Salix loan of £214,921 (2017: £245,374) which is repayable in half-yearly instalments of £24,538 over 6 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

Salix loan of £76,908 (2017: £82,824) which is repayable in half-yearly instalments of £5,916 over 8 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

Salix loan of £Nil (2017: £12,769) which is repayable in half-yearly instalments of £12,769 over 5 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

Salix loan of £51,323 (2017: £nil) which is repayable in half-yearly instalments of £7,332 over 8 years, with the final payment being made in 2026. This loan does not bear any interest and is not secured against any asset.

Salix loan of £9,083 (2017: £nil) which is repayable in half-yearly instalments of £2,231 over 7 years, with the final payment being made in 2023. This loan does not bear any interest and is not secured against any asset.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 as restated £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS						
Unrestricted funds	2,056	1,742	(970)	(3)	-	2,825
RESTRICTED FUNDS						
General Annual Grant (GAG)	1,659	31,542	(31,849)	(145)	-	1,207
Other DfE Group Grants	-	1,680	(1,680)	-	-	-
Start up grant	-	28	(28)	-	-	-
Deficit transferred on conversion	(61)	-	-	30	-	(31)
Other government grants	20	1,020	(1,040)	-	-	-
Other restricted funds	150	2,072	(2,002)	18	-	238
Pension reserve	(13,963)	(1,850)	(1,641)	-	3,750	(13,704)
	<u>(12,195)</u>	<u>34,492</u>	<u>(38,240)</u>	<u>(97)</u>	<u>3,750</u>	<u>(12,290)</u>
RESTRICTED FIXED ASSET FUNDS						
Other capital grants	7,989	2,894	(475)	(277)	-	10,131
Assets transferred from predecessor school	24,032	16,273	(948)	(23)	-	39,334
Capital expenditure from GAG	2,177	-	(395)	654	-	2,436
Assets transferred on acquisition	41,763	2,868	(1,370)	(254)	-	43,007
	<u>75,961</u>	<u>22,035</u>	<u>(3,188)</u>	<u>100</u>	<u>-</u>	<u>94,908</u>
Total restricted funds	<u>63,766</u>	<u>56,527</u>	<u>(41,428)</u>	<u>3</u>	<u>3,750</u>	<u>82,618</u>
Total of funds	<u>65,822</u>	<u>58,269</u>	<u>(42,398)</u>	<u>-</u>	<u>3,750</u>	<u>85,443</u>

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

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

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

Restricted general funds comprise of all other restricted funds received and include grants from the Department for Education and will only be used for the purpose that the grants were intended. The main grant received within these funds is the GAG.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS (continued)

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	<i>Total 2017 £000</i>
East Midlands Education Trust (Central)	171	-
The West Bridgford School	1,215	1,147
The Ripley Academy	263	271
South Wolds Academy and Sixth Form	301	546
The Kimberley School	149	282
John Flamsteed Community School	705	695
The Joseph Whitaker School	892	883
Awsworth Primary & Nursery School	(10)	-
CP Riverside School	233	-
Gilthill Primary School	80	-
Kimberley Primary School	51	-
Mornington Primary School	129	-
Street Lane Primary School	60	-
Total before fixed asset fund and pension reserve	<u>4,239</u>	<u>3,824</u>
Restricted fixed asset fund	94,908	75,961
Pension reserve	(13,704)	(13,963)
Total	<u><u>85,443</u></u>	<u><u>65,822</u></u>

The following academies are carrying net deficits on their portion of the funds as follows:

Name of academy	Amount of deficit £000
Awsworth Primary & Nursery School	10

The deficit shown in Awsworth Primary & Nursery School stems from the deficit position on conversion into the Trust. Plans are in place to recover this fully over the coming year.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. STATEMENT OF FUNDS (continued)

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 depreciat- ion £'000	Total 2018 £'000	Total 2017 £'000
East Midlands Education Trust (Central)	76	392	-	165	633	24
The West Bridgford School	5,230	1,027	1,196	1,380	8,833	8,381
The Ripley Academy	2,621	826	177	443	4,067	4,042
South Wolds Academy and Sixth Form	3,392	890	355	535	5,172	5,108
The Kimberley School	5,254	849	460	797	7,360	7,024
John Flamsteed Community School	2,484	195	242	416	3,337	3,419
The Joseph Whitaker School	4,853	1,392	467	667	7,379	7,336
Awsorth Primary & Nursery School	250	62	13	42	367	-
CP Riverside School	253	107	19	62	441	-
Gilthill Primary School	254	67	17	57	395	-
Kimberley Primary School	229	55	37	53	374	-
Mornington Primary School	454	157	35	80	726	-
Street Lane Primary School	76	10	2	41	129	-
	<u>25,426</u>	<u>6,029</u>	<u>3,020</u>	<u>4,738</u>	<u>39,213</u>	<u>35,334</u>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

16. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>As restated balance at 31 August 2017 £000</i>
GENERAL FUNDS						
Unrestricted funds	922	2,061	(939)	12	-	2,056
RESTRICTED FUNDS						
General Annual Grant (GAG)	1,385	29,615	(28,991)	(350)	-	1,659
Other DfE Group Grants	-	1,220	(1,220)	-	-	-
Start up grant	-	2	(2)	-	-	-
Deficit transferred on conversion	(91)	-	-	30	-	(61)
Other government grants	-	1,152	(1,132)	-	-	20
Other restricted funds	295	1,899	(1,873)	(171)	-	150
Transfer on acquisition	(40)	-	-	40	-	-
Pension reserve	(11,164)	(4,119)	(1,306)	-	2,626	(13,963)
	<u>(9,615)</u>	<u>29,769</u>	<u>(34,524)</u>	<u>(451)</u>	<u>2,626</u>	<u>(12,195)</u>
RESTRICTED FIXED ASSET FUNDS						
Other capital grants	5,448	3,237	(314)	(382)	-	7,989
Assets transferred from predecessor school	24,889	-	(857)	-	-	24,032
Capital expenditure from GAG	1,754	-	(398)	821	-	2,177
Assets transferred on acquisition	24,912	18,323	(1,472)	-	-	41,763
	<u>57,003</u>	<u>21,560</u>	<u>(3,041)</u>	<u>439</u>	<u>-</u>	<u>75,961</u>
Total restricted funds	<u>47,388</u>	<u>51,329</u>	<u>(37,565)</u>	<u>(12)</u>	<u>2,626</u>	<u>63,766</u>
Total of funds	<u>48,310</u>	<u>53,390</u>	<u>(38,504)</u>	<u>-</u>	<u>2,626</u>	<u>65,822</u>

EAST MIDLANDS EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

A CURRENT YEAR 12 MONTHS AND PRIOR YEAR 12 MONTHS COMBINED POSITION IS AS FOLLOWS:

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
UNRESTRICTED FUNDS						
Unrestricted funds	<u>922</u>	<u>3,803</u>	<u>(1,909)</u>	<u>9</u>	<u>-</u>	<u>2,825</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	1,385	61,157	(60,840)	(495)	-	1,207
Other DfE Group Grants	-	2,900	(2,900)	-	-	-
Start up grant	-	30	(30)	-	-	-
Deficit transferred on conversion	(91)	-	-	60	-	(31)
Other government grants	-	2,172	(2,172)	-	-	-
Other restricted funds	295	3,971	(3,875)	(153)	-	238
Transfer on acquisition	(40)	-	-	40	-	-
Pension reserve	(11,164)	(5,969)	(2,947)	-	6,376	(13,704)
	<u>(9,615)</u>	<u>64,261</u>	<u>(72,764)</u>	<u>(548)</u>	<u>6,376</u>	<u>(12,290)</u>
RESTRICTED FIXED ASSET FUNDS						
Other capital grants	5,448	6,131	(789)	(659)	-	10,131
Assets transferred from predecessor school	24,889	16,273	(1,805)	(23)	-	39,334
Capital expenditure from GAG	1,754	-	(793)	1,475	-	2,436
Assets transferred on acquisition	24,912	21,191	(2,842)	(254)	-	43,007
	<u>57,003</u>	<u>43,595</u>	<u>(6,229)</u>	<u>539</u>	<u>-</u>	<u>94,908</u>
Total Restricted funds	<u>47,388</u>	<u>107,856</u>	<u>(78,993)</u>	<u>(9)</u>	<u>6,376</u>	<u>82,618</u>
Total of funds	<u>48,310</u>	<u>111,659</u>	<u>(80,902)</u>	<u>-</u>	<u>6,376</u>	<u>85,443</u>

EAST MIDLANDS EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

17. CENTRAL SERVICES

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

- Chief Executive
- Financial services
- Human resources
- Education support services
- Other services as arising

The Trust has charged for these services during the year based on a contribution of between 1.8% and 2% of the academies GAG funding:

The actual amounts charged during the year were as follows:

	2018 £'000	2017 £'000
The West Bridgford School	142	34
The Ripley Academy	67	17
South Wolds Academy and Sixth Form	80	21
The Kimberley School	122	31
John Flamsteed Community School	58	14
The Joseph Whitaker School	120	30
Awsworth Primary & Nursery School	5	-
CP Riverside School	13	-
Gilthill Primary School	6	-
Kimberley Primary School	5	-
Mornington Primary School	10	-
Street Lane Primary School	2	-
	<hr/>	<hr/>
Total	630	147

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Restricted fixed asset funds 2018 £'000	Total funds 2018 £'000
Tangible fixed assets	-	-	92,175	92,175
Current assets	7,274	1,414	2,733	11,421
Creditors due within one year	(4,097)	-	-	(4,097)
Creditors due in more than one year	(352)	-	-	(352)
Provisions for liabilities and charges	-	(13,704)	-	(13,704)
	<hr/>	<hr/>	<hr/>	<hr/>
	2,825	(12,290)	94,908	85,443

EAST MIDLANDS EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Tangible fixed assets	-	-	74,194	74,194
Current assets	5,657	1,768	1,767	9,192
Creditors due within one year	(3,204)	-	-	(3,204)
Creditors due in more than one year	(397)	-	-	(397)
Provisions for liabilities and charges	-	(13,963)	-	(13,963)
	<u>2,056</u>	<u>(12,195)</u>	<u>75,961</u>	<u>65,822</u>

19. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<i>2018</i>	<i>As restated 2017</i>
	<i>£'000</i>	<i>£'000</i>
Net income for the year (as per Statement of Financial Activities)	15,871	14,886
Adjustment for:		
Depreciation charges	3,186	3,040
Dividends, interest and rents from investments	(5)	(14)
Profit on the sale of fixed assets	(7)	(26)
(Increase)/Decrease in stocks	-	9
(Increase)/Decrease in debtors	165	(120)
Increase/(Decrease) in creditors	654	511
Capital grants from DfE and other capital income	(2,894)	(3,237)
Defined benefit pension scheme cost less contributions payable	1,265	971
Defined benefit pension scheme finance cost	376	335
Net (loss) on assets and liabilities from local authority on conversion	(14,750)	-
Net assets transferred from the acquisition of existing academies	(2,983)	(15,325)
Net cash provided by operating activities	<u>878</u>	<u>1,030</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<i>2018</i>	<i>As restated 2017</i>
	<i>£000</i>	<i>£000</i>
Cash in hand	9,366	7,128
Total	<u>9,366</u>	<u>7,128</u>

EAST MIDLANDS EDUCATION TRUST

(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

21. CONVERSION TO AN ACADEMY TRUST

On 1 March 2018 Mornington Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to East Midlands Education Trust from Nottinghamshire County Council for £nil consideration.

On 1 April 2018 Gilthill Primary School and Kimberley Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to East Midlands Education Trust from Nottinghamshire County Council for £nil consideration.

On 1 May 2018 Street Lane Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to East Midlands Education Trust from Derbyshire County Council for £nil consideration.

On 1 June 2018 Awsworth Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to East Midlands Education Trust from Nottinghamshire County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities incorporating Income and Expenditure Account as Donations - transfer from local authority on conversion.

The following tables set out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities incorporating Income and Expenditure Account.

Mornington Primary School

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Freehold/leasehold land and buildings	-	-	3,455	3,455
Budget surplus/(deficit) on LA funds	94	-	-	94
LGPS pension surplus/(deficit)	-	(437)	-	(437)
Net assets/(liabilities)	<u>94</u>	<u>(437)</u>	<u>3,455</u>	<u>3,112</u>

Gilthill Primary School

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Freehold/leasehold land and buildings	-	-	5,540	5,540
Budget surplus/(deficit) on LA funds	58	-	1	59
LGPS pension surplus/(deficit)	-	(296)	-	(296)
Net assets/(liabilities)	<u>58</u>	<u>(296)</u>	<u>5,541</u>	<u>5,303</u>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

Kimberley Primary School

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Freehold/leasehold land and buildings	-	-	3,340	3,340
Budget surplus/(deficit) on LA funds	23	-	-	23
LGPS pension surplus/(deficit)	-	(276)	-	(276)
Net assets/(liabilities)	<u>23</u>	<u>(276)</u>	<u>3,340</u>	<u>3,087</u>

Street Lane Primary School

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Freehold/leasehold land and buildings	-	-	490	490
Budget surplus/(deficit) on LA funds	58	-	7	65
LGPS pension surplus/(deficit)	-	(28)	-	(28)
Net assets/(liabilities)	<u>58</u>	<u>(28)</u>	<u>497</u>	<u>527</u>

Awsorth Primary School

	Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Freehold/leasehold land and buildings	-	-	3,425	3,425
Budget surplus/(deficit) on LA funds	-	(9)	15	6
LGPS pension surplus/(deficit)	-	(710)	-	(710)
Net assets/(liabilities)	<u>-</u>	<u>(719)</u>	<u>3,440</u>	<u>2,721</u>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. ACQUISITION OF EXISTING ACADEMIES

On 1 March 2018 the Trust acquired CP Riverside School for £nil consideration. All of the operations and assets and liabilities were transferred to East Midlands Education Trust.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were at fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as a donation.

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

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets				
- Leasehold land and buildings	-	-	2,780	2,780
- Other tangible fixed assets	-	-	88	88
Budget surplus/(deficit) on academy funds	13	206	-	219
LGPS pension surplus/(deficit)	-	(103)	-	(103)
Net assets/(liabilities)	13	103	2,868	2,984

	Value reported by transferring trust £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets	2,868	-	2,868
Debtors	163	-	163
Cash	250	-	250
Creditors due within one year	(194)	-	(194)
LGPS pension surplus/(deficit)	(103)	-	(103)
	2,984	-	2,984

All assets were transferred at fair value.

23. CAPITAL COMMITMENTS

At 31 August 2018 the Trust had capital commitments as follows:

	2018 £'000	2017 £'000
Contracted for but not provided in these financial statements	63	39

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. PENSION COMMITMENTS

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Nottinghamshire County Council and Derbyshire County Council. Both are Multi-Employer Defined Benefit Pension Schemes.

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £371,856 were payable to the schemes at 31 August 2018 (2017 - 274,787) and are included within creditors.

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 April 2019.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £2,689,071 (2017 - £2,501,779).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,443,000 (2017 - £1,241,000), of which employer's contributions totalled £1,094,000 (2017 - £944,000) and employees' contributions totalled £349,000 (2017 - £297,000). The agreed contribution rates for future years are 18.3% for employers and 5.5 - 12.5% for employees.

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.

Nottinghamshire County Council

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %
RPI increases	3.30 %	3.60 %

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

	2018	2017
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28	27.9

Derbyshire County Council

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	2.90 %	2.90 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

24. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
Retiring today		
Males	21.9	<i>21.9</i>
Females	24.4	<i>24.4</i>
Retiring in 20 years		
Males	23.9	<i>23.9</i>
Females	26.5	<i>26.5</i>

	At 31 August	<i>At 31 August</i>
Sensitivity analysis	2018	<i>2017</i>
	£000	<i>£000</i>
Discount rate +0.1%	31,396	<i>27,867</i>
Discount rate -0.1%	32,527	<i>28,827</i>
Mortality assumption - 1 year increase	33,032	<i>29,275</i>
Mortality assumption - 1 year decrease	30,896	<i>27,431</i>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

The Trust's share of the assets in the scheme was:

	Fair value at 31 August 2018 £000	<i>Fair value at 31 August 2017 £000</i>
Equities	11,833	9,560
Debt instruments	3,613	2,860
Property	2,298	1,548
Cash and other liquid assets	503	410
	<hr/>	<hr/>
Total market value of assets	18,247	<i>14,378</i>
	<hr/>	<hr/>

The actual return on scheme assets was £983,000 (2017 - £1,579,000).

The amounts recognised in the Statement of Financial Activities incorporating Income and Expenditure Account are as follows:

	2018 £000	<i>2017 £000</i>
Current service cost	(2,359)	(1,915)
Net interest cost	(372)	(325)
Losses on curtailments and settlements	-	(6)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Total	(2,735)	<i>(2,250)</i>
	<hr/>	<hr/>

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

	2018 £000	<i>2017 £000</i>
Opening defined benefit obligation	28,341	20,437
Transferred on conversion/ transferred from existing academies	3,497	7,253
Interest cost	774	605
Current service cost	2,359	1,915
Contributions by scheme participants and employers	349	297
Change in financial assumptions	(3,169)	(2,023)
Losses on curtailments	-	6
Estimated benefits paid net of transfers in	(200)	(149)
	<hr/>	<hr/>
Closing defined benefit obligation	31,951	<i>28,341</i>
	<hr/>	<hr/>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. PENSION COMMITMENTS (continued)

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

	2018 £000	2017 £000
Opening fair value of scheme assets	14,378	9,273
Transferred on conversion/ transferred from existing academies	1,647	3,134
Interest on assets	402	280
Return on assets less interest	581	603
Employer contributions	1,094	944
Contributions by scheme participants and other employers	349	297
Estimated benefits paid plus unfunded net of transfers in	(200)	(149)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Closing fair value of scheme assets	18,247	14,378
	<hr/>	<hr/>

25. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £000	2017 £000
AMOUNTS PAYABLE:		
Within 1 year	74	47
Between 1 and 5 years	97	92
	<hr/>	<hr/>
Total	171	139
	<hr/>	<hr/>

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

26. RELATED PARTY TRANSACTIONS

Owing to the nature of the 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 Trust purchased safety equipment totalling £nil (2017 - £2,363) from Nottingham Fire Safety Limited, a company in which Mr C Barnfather (a Trustee of the Trust appointed 12 September 2016) has a financial interest. At 31 August 2018 an amount of £nil (2017 - £nil) was due to Nottingham Fire Safety Limited.

R McDonough is the Chair of the Board of Freedom and Autonomy for Schools National Association (FASNA). During the year the Trust paid £1,380 (2017 - £2,081) in subscriptions and conference attendance fees to the organisation on an arms length basis. Additionally the Trust paid travel expenses of £633 (2017 - £123) of R McDonough in his capacity as the Chair of the Board which are then reimbursed by the organisation.

In entering into the transaction the Trust has complied with the requirements of the Education & Skills Funding Agency's Academies Financial Handbook.

27. POST BALANCE SHEET EVENTS

After the balance sheet date the following Academies joined the Trust:

- Larkfields Infant School on 1 November 2018.

28. MEMBERS' LIABILITY

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

29. AGENCY ARRANGEMENTS

The Trust distributes the 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the Trust received £53,420 (2017: £55,566) and disbursed £53,296 (2017: £45,149) from the fund.

EAST MIDLANDS EDUCATION TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

30. TEACHING SCHOOL TRADING ACCOUNT

	2018 £000	2018 £000	2017 £000	2017 £000
INCOME				
DIRECT INCOME				
Grant income	536		489	
OTHER INCOME				
Other income	4		-	
TOTAL INCOME		540		489
EXPENDITURE				
DIRECT EXPENDITURE				
Staff costs	119		103	
Goods and services	168		22	
Other direct costs	254		339	
TOTAL DIRECT EXPENDITURE	541		464	
TOTAL EXPENDITURE		541		464
(DEFICIT) / SURPLUS FROM ALL SOURCES		(1)		25
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		(11)		(36)
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		(12)		(11)