

**REGISTERED COMPANY NUMBER: 07702119 (England and Wales)**

**Report of the Trustees and  
Financial Statements for the Year Ended 31 August 2017  
for  
Empower Learning Academy Trust  
(A Company Limited by Guarantee)**

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**Empower Learning Academy Trust**

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for the Year Ended 31 August 2017**

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**Empower Learning Academy Trust**

**Reference and Administrative Details  
for the Year Ended 31 August 2017**

**MEMBERS**

D T Forster (resigned 31/12/2016)  
E Ward (appointed 3/1/2017)  
S L Simon  
J Mckernan  
M D Evans

**TRUSTEES**

J Brooks  
K Butcher (appointed 27/3/2017)  
K S Cole (resigned 27/9/2016)  
S Downham (resigned 27/9/2016)  
M D Evans (resigned 27/9/2016)  
K E Fanning (resigned 27/9/2016)  
A Farrow (appointed 15/12/2016)  
D T Forster (resigned 27/9/2016)  
V E L Hallett (resigned 27/9/2016)  
D N Harries  
S F Kamali (resigned 1/7/2017)  
S London  
M Mckee (resigned 27/9/2016)  
J Mckernan  
S A Roots (appointed 29/9/2016) (resigned 16/11/2017)  
S L Simon  
K J Stewart  
J J Walshe (resigned 27/9/2016)

**COMPANY SECRETARY**

J Ashwell

**REGISTERED OFFICE**

Hall Mead School  
Marlborough Gardens  
Upminster  
Essex  
RM14 1SF

**REGISTERED COMPANY NUMBER**

07702119 (England and Wales)

**AUDITORS**

Cartwrights  
Chartered Accountants and Business Advisors  
Statutory Auditor  
Regency House  
33 Wood Street  
Barnet  
Hertfordshire  
EN5 4BE

**Empower Learning Academy Trust**

**Reference and Administrative Details  
for the Year Ended 31 August 2017**

**SOLICITORS AND BANKERS**

Winckworth Sherwood  
Minerva House  
5 Montague Close  
London  
SE1 9BB

Lloyds Bank Plc  
1-3 Market Place  
Romford  
Essex  
RM1 3AA

**SENIOR MANAGEMENT TEAM**

Chief Executive Officer - S London  
Trust Business Manager - N Curtis (resigned 31/3/2017)  
Trust Business Manager - J Ashwell (appointed 29/8/2017)  
Trust Finance Director - V Foley (resigned 31/10/2017)

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2017. The trustees have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The academy trust operates 3 academies serving catchment areas in the London Borough of Havering:

- Hall Mead School, 11-16 mainstream secondary school with approximately 960 pupils
- The Brittons Academy, 11-16 mainstream school with approximately 840 pupils
- Bower Park Academy, 11-16 mainstream school with approximately 730 pupils

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and aims**

The principal object and activity of the academy trust is the operation and development of the academy trust to provide education for pupils of all ages in and around the London Borough of Havering.

In setting the objectives and planning the academy trust's activities, the trustees have given careful consideration to the Charity Commission's guidance on public benefit.

The main objectives of the academy trust during the year ended 31 August 2017 are summarised below:

- Deliver academy trust improvement
- Build executive leadership capacity
- Enhance the capabilities and governance skills of the Board
- Improve the performance and capabilities of the Local Governance Committees ("LGC")
- Improve financial oversight, business efficiencies and effectiveness
- Consolidate the risk framework across the academy trust

### **Significant activities**

The academy trust's main strategy is encompassed in its mission statement "Inspiring Learners, Changing Lives".

The academy trust's vision is to build a family of local primary and secondary schools with a shared ethos of continual improvement, where powerful teaching, challenge, support and accountability lie at the heart of creating environments that focus relentlessly on the needs of the learning community and delivers outstanding outcomes for all pupils.

The academy trust has determined a core set of values, which are:

- Passion
- Respect
- Inclusion
- Challenge
- Openness

The trustees have set out some key beliefs to underpin the vision and values, which are as follows:

- The power of teaching to transform lives
- Developing exceptional leadership at all levels
- Clear empowerment and accountability
- Providing outstanding personal and professional development
- Building self-esteem at all levels of the trust community
- Creating a culture of high expectations
- Rewarding effort
- Making learning fun

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **OBJECTIVES AND ACTIVITIES**

##### **Public benefit**

The academy trust's aims are set out in this report. The trustees have complied with their duty under section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission and the trustees have paid due regard to this guidance in deciding what activities the academy trust should undertake.

##### Equal opportunity policy

The trustees recognise that equal opportunities are an integral part of good practice in the workplace. The academy trust aims to ensure equal opportunity permeates all areas of its activities including creating a working environment in which the contribution and needs of every person is fully valued.

##### Disabled Persons

The academy trust supports the recruitment and retention of students and employees with disabilities and facilitates this through training and career development and, where necessary, by making support resources available and adapting the physical environment.

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

###### *Charitable activities*

The main activities undertaken by the academy trust in the year were:

###### Expansion

- Brought into the academy trust two secondary schools with 1,500 plus pupils, developed links with potential primary school academies

###### Governance

- Refreshed the Board with 3 new trustees, honed the skill sets and capabilities of the LGCs, developed a Scheme of Delegation for the academy trust

###### Vision, values and strategy

- Revisited and refreshed the vision, values and strategy to reflect the multi academy strategy

###### School improvement

- Established common assessment frameworks, subject network meetings, provided central leadership and support in Science and Maths, delivered SSAT TEEP training to all staff, commissioned SSAT Peer Review to gain deeper understanding of issues relating to performance of High Prior Attainment and Disadvantaged students

###### Internal organisation

- Restructured the leadership models in two of the three academies, reassigned senior staff with the academy trust, enhanced the capabilities and capacity of the central services team, introduced common statutory policies across academy trust

###### Examination results 2017

Against the backdrop of a new syllabus and grade structure in English and Maths, both Hall Mead School and Bower Park Academy showed significant improvements in both attainment and progress. Performance declined in The Brittons Academy.

Consolidated outcomes for the academy trust were as follows:

- Attainment 8: 4.3 (National 4.5)
- % English and Maths (Grade 4+): 59% (National 62%)
- Progress 8: -0.21 (National 0.0)
- Value Added % English and Maths (4+): -3% (National 0%)

At individual academy level, Progress 8 was as follows:

- Hall Mead School: 0.27 ('Above average');
- Bower Park Academy: -0.22 ('Average');
- The Brittons Academy: -0.72 ('Well below average')

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRATEGIC REPORT**

##### **Achievement and performance**

###### *Key financial performance indicators*

Other than the attainment targets for academic achievement, the Board uses both financial and other non-financial key performance indicators to manage the academy trust. The academy trust maintains a strong management information function which is focussed on regular and accurate reporting. Financial KPIs are measured continuously.

During the year the following key performance indicators were used:

- Pupil numbers in year 7	501
- Staff turnover	24%
- Income in excess of expenditure (excluding the pension liability and capital grants/depreciation)	£38,089,955
- Pupil absence	6.2%
- Pupil persistent absence	16.6%

##### **Financial review**

###### *Financial position*

Most of the academy trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. Those grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust has also been in receipt of capital grants from the ESFA through the bid process for the academies capital maintenance fund. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities', FRS102, such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2017, total expenditure was incurred of £19,139,355 (2016 - £7,188,796). Income received in the year was £56,968,297 (2016 - £6,787,056), however this included £39,795,540 of income transferred in from Bower Park Academy and The Brittons Academy on being brought into the multi-academy trust. Excluding this, total income in the year was £17,172,757, resulting in a deficit of £1,966,598 (2016: £401,740 deficit).

At 31 August 2017 the net book value of tangible fixed assets was £56,312,912 (2016 - £13,896,189) and movements in tangible fixed assets are shown in the fixed assets note to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust.

In accordance with FRS102, the academy trust received an actuarial assessment of the financial position of academy trust staff who are members of the Local Government Pension Scheme (LGPS), but in common with other academies it received no detailed information about the financial position of academy trust staff who are members of the Teachers' Pension Scheme (TPS). The LGPS assets, liabilities and deficit in respect of the Academy staff are included within the Balance Sheet as at 31 August 2017 and supporting notes to the financial statements. The assets, liabilities and deficit of the TPS in respect of the academy trust staff are not included within the Balance Sheet for the reason explained in note 1 of the financial statements.

###### *Investment policy and objectives*

The academy trust's investment policy outlines the principal parameters and guidelines by which the academy trust manages its cash balances to ensure it is able to meet its day to day working capital needs.

Interest bearing deposit accounts may be held with sound financial institutions only. Rates of interest are reviewed periodically to ensure reasonable returns are being achieved.



## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRATEGIC REPORT**

##### **Financial review**

###### *Reserves policy*

The trustees review the reserve levels of the academy trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected costs. The academy trust's current level of free reserves (total funds less the amounts held in fixed assets and restricted funds) is £1,251,094 (2016 - (£21,644)). The trustees intend to build up the academy trust's free reserves over time when financial conditions allow.

The level of reserves held reflects the belief that funds provided in year for the education of pupils should be spent on those pupils in year therefore the reserves held are low.

At 31 August 2017 the total funds comprised:

Unrestricted general funds	£1,251,094
Restricted funds - general	(£489,878)
Restricted funds - pension reserve	(£5,302,000)
Total restricted funds	(£5,791,878)
Restricted fixed asset funds	£56,177,176

###### *Going concern*

After making appropriate enquiries and considering the academy trust's funding agreement with the Secretary of State for Education is only terminable on seven years' notice, or other exceptional events, the trustees have a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The trustees are aware that funding for schools is changing with the introduction of a new national funding formula.

The trustees are aware of the changing financial demands that the academy trust is facing over the next few years with static per pupil funding, changes to the National Funding formula and increased costs of staffing and other resources. Early indications are that the academy trust's funding under the Government's NFF proposals will reduce slightly were they to be implemented without amendment. The environment remains challenging even though some restructuring was undertaken during the year.

However, two of the academies will have their Pupil Admission Number (PAN) increased in 2018 by a total of 48 pupils which means over five years the academy trust should gain an extra 240 pupils, providing increased funding. The Brittons Academy will apply to fix its PAN at a lower level facilitating a permanent drop in teaching time required to deliver the curriculum. Since 85% of the academy trust's costs are staff related, the Board will also be undertaking a major review of staffing across the academy trust with a view to centralising and streamlining some functions. The Board are confident that the final plans will result in a balancing the academy trust's in year budget in the medium term.

###### *Funds in deficit*

The pension reserve is in deficit due to the academy trust's share of the LGPS liabilities exceeding its share of the assets.

The restricted general fund is in deficit as a result of various restructuring costs the academy trust incurred, including redundancy costs during the year. These one-off expenses were necessary to enable the organisation to streamline its operations in light of the current funding challenges.

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRATEGIC REPORT**

##### **Principal risks and uncertainties**

As detailed above the trustees have a comprehensive risk management process to identify and monitor the risks faced by the academy trust. The key areas of risk have been categorised as: performance, reputation, financial and personnel-related. The principal risks and uncertainties are centred around changes in the level of funding from the EFA. In addition, various members of staff belong to the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust's Balance Sheet, whilst other members of staff belong to the Teachers' Pension Scheme (TPS), which is not recognised on the academy trust's Balance Sheet. The financial consequences and risks associated with these pension funds are explained further in note 1 of the financial statements.

The Board have identified the following as the principal risks facing the academy trust:

##### Performance risk

- Maintaining high GSCE performance at Hall Mead School; Improving GCSE performance in other academies
- Building improvement in the wider school to school network through being a National Support School/Teaching School/Leading Edge School
- Consistency of rigorous and robust self-evaluation and focussed planning
- Supporting individual academies by using central trust resources for greatest impact
- Ensuring consistency and stability of leadership across all individual academies

##### Reputation risk

- Maintaining the "Outstanding" Ofsted judgement for Hall Mead School
- Obtaining improved Ofsted judgements and HMI visit reports for the other academies
- Building strong, honest and open relationships with the academy trust's key stakeholders
- Delivering the goals set out for the Teaching School and the Havering Teacher Training Partnership
- Maintaining access to latest advice and professional development through 'Going 4 great' network, Leading Edge network, Teaching School network and Havering Learning Partnership

##### Financial risk

- Strategically and proactively managing pupil numbers
- Ensuring robust financial planning based on appropriate and reasonable assumptions
- Controlling costs in line with plans
- Proactively obtaining grants/funding from central or other sources

##### Personnel risk

- Maintaining highly effective professional development and appraisal systems that provide opportunity for improvement and advancement
- Ensuring staff welfare is a key focus for the senior management

The academy trust has a strong risk management ethos underpinned by robust policies and systems that analyse, review and determine mitigation of risk in a systematic manner. Any material risks highlighted at any level of the academy trust are escalated to the appropriate level. Incidents where incurred risk exceeds the academy trust's defined thresholds are brought to the attention of the Board along with appropriate recommendations for corrective action.

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRATEGIC REPORT**

##### **Future plans**

The academy trust has a three-year strategic plan that commenced in 2017 that is regularly reviewed and revised as circumstances change.

In the next year or so the academy trust will focus on:

- Improving the outcomes for all pupils by setting challenging targets based on FFT20
- Securing 'Good' or better judgements across all 3 academies
- Building capacity and stability around the leadership (including governance) of the academy trust and each academy
- Improving the academy trust's impact on pupil outcomes through enhancing the central trust resource for school improvement and improving the school to school support
- Expanding into the primary sector and building a cluster of 3-5 primaries centred around an 'Outstanding' primary
- Exploring the potential to build shared 16-19 provision across the 3 secondary schools

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

In accordance with the Articles of Association the academy trust has adopted a Scheme of Governance approved by the Secretary of State of the Department of Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the academy trust, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

##### Trustee Code

The governing body has adopted a Code of Practice and adheres to the Seven Principles of Public Life set out by the Nolan Committee. It has also set out a scheme of Delegations and Financial Regulations to codify various matters for the better operation of the academy trusts's business and within which it expressly reserves specified significant matters for its sole decision.

##### Trustee Board Committee

The Board has established various committees through which it conducts its functions. Membership of committees is reviewed and determined annually. Committee appointments may include individuals who are not trustees. Committee attendance of trustees is laid out in the table in this report.

A brief overview of the Constitution and responsibilities of the principal committees of the Board is given below. Other panels and working groups are formed as considered appropriate to deal with particular issues as they arise.

In addition to trustees, members of the Executive Leadership Team and other advisors will attend Committee meetings as necessary. The Board also meets annually with the Executive to develop, monitor and revise the strategic plan.

##### Finance Committee

The Finance Committee consists of at least three trustees and meets at least four times per year. It oversees the strategic financial planning of the academy trust and the financial management of the operations. It also provides advice to the CEO and the Local Governance Committees on financial matters.

##### Audit and Risk Committee

The Audit and Risk Committee consists of three trustees and meets at least three times per year. The work centres around ensuring the academy trust has effective systems of internal control and appropriate risk management strategies.

##### HR Committee

The HR Committee consists of at least three trustees and meets at least three times per year. It develops and evaluates policy relating to personnel matters within the academy trust and oversees the academy trust's deployment and management of its staff.

##### CEO Performance Management Committee

The CEO PM Committee comprises of three trustees and is responsible for the CEO's annual appraisal and pay review. It is supported by a suitably qualified external consultant.

##### Local Governance Committees (LGCs)

Local Governance Committees are established in each academy (under normal circumstances) and consist of between 5 and 9 individuals (trustees would not normally sit on an LGC) who are collectively responsible for the strategic direction of each academy and its performance.

##### **Charity constitution**

The academy trust is a company limited by guarantee with no share capital (registration number 07702119) and is an exempt charity.

As an exempt charity, it is not required to be registered with the Charity Commission but is regulated by the Education Skills Funding Agency (ESFA) on behalf of the Department of Education. The academy trust's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Articles of Association require there to be at least 3 members of the Company who are responsible for the statutory and constitutional affairs of the Company and the appointment of trustees who are responsible for the oversight of the management of the academy trust.

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Members' liability**

Each member of the academy trust undertakes to contribute to the assets of the academy trust in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member. The members are stated in the Reference and Administrative Details on page 1 of these financial statements.

##### **Trustees' Indemnities**

The trustees are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charities legislation, and as such are responsible for all aspects of the operations of the academy trust. Further details of the responsibilities of trustees are given in the sections below.

The Articles of Association include provisions for the indemnification of trustees in respect of their actions in connection with the academy trust. The academy trust has put in place trustees and officers insurance for the benefit of the trustees and other officers of the academy trust.

##### **Principal activities**

The principal object and activity of the charitable company is the provision of education for children of all ages in and around the London Borough of Havering.

##### **Recruitment and appointment or election of trustees**

The recruitment and appointment of trustees is undertaken to ensure the academy trust has the balance of skills, knowledge and experience it considers necessary to operate the academy trust. An annual skills audit of the Board is undertaken, and gaps identified and addressed through recruitment or training. The academy trust considers succession planning on an ongoing basis.

##### **Organisational structure**

The academy trust's governance structure consists of the Board, its sub committees and Local Governance Committees. The executive management is led by the Chief Executive Officer (CEO), and is made up of the Executive Leadership Team and the Principals/Headteachers of each academy. The aim of the management structure is to devolve responsibility to the most effective tier of the organisation so that it is efficient and effective.

Trustees are responsible for setting the strategic direction of the academy trust, challenging and supporting the Executive Leadership Team and overseeing the financial performance of the academy trust.

The CEO, who is also the Accounting Officer, is responsible to the Board for the overall performance of the academy trust including the performance of each academy and the financial wellbeing of the academy trust.

Local Governance Committees are responsible for the strategic direction of the academy over which they sit and in holding their Headteacher/Principal to account for the performance of that academy.

Headteacher/Principals are responsible for the overall performance of the academy they lead and for meeting the objectives set for them by the academy trust, CEO and the LGC.

The Executive Leadership Team comprises the CEO, the Senior Business Manager, the Finance Director, the HR Manager, the Academy Effectiveness Advisor and the Headteachers/Principals of the individual academies. Collectively, led by the CEO, these managers run the academy trust, implementing strategy and policy as laid down by the Board.

##### **Induction and training of new trustees and governors**

Induction is tailored specifically to meet the needs of any new trustee and will be determined by the trustee's own knowledge and experience. Where necessary induction will provide training on charity and educational, legal and financial matters. Trustees have access to web-based and traditional training.

##### **Related parties**

The academy trust manages the Havering Teacher Training Partnership which administers the training of new teachers in Havering schools. The academy trust also manages a National Teaching School. The funding for these bodies is provided by the NCTL and is provided additionally to the EFA's funding of the academy trust.

## **Empower Learning Academy Trust**

### **Report of the Trustees for the Year Ended 31 August 2017**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Risk management**

The trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees together with the Executive Leadership Team, have assessed the major risks to which the academy trust is exposed. The trustees have ensured that the systems exist to assess and mitigate risk. Where significant financial risk still remains the trustees have, where deemed appropriate, put in place insurance cover. Trustees have also ensured that the academy trust has an effective system of internal financial controls.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy trust's auditors are aware of that information.

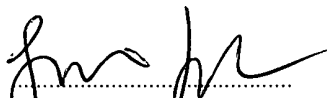
#### **AUDITORS**

The auditors, Cartwrights, will be proposed for re-appointment at the forthcoming Annual General Meeting.

In so far as the Board is aware:

- There is no relevant audit information of which the academy trust's auditor is unaware; and
- The trustees have taken all steps that they ought to have reasonably take to make themselves aware of any relevant information pertinent to the audit and to establish that the auditor is aware of that information

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 19 December 2017 and signed on the board's behalf by:

  
S London - Trustee

## **Empower Learning Academy Trust**

### **Governance Statement for the Year Ended 31 August 2017**

#### **Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Empower Learning Academy 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 of loss.

The board of the trustees has delegated the day-to-day responsibility to the CEO, 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 Empower Learning Academy 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 Report of the Trustees and in the Statement of Trustees Responsibilities. The board of trustees has formally met 11 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Board of Trustees	HR Committee	Risk Committee	Finance Committee
J Brooks	9/11		1/1	3/4
K Butcher	4/5			2/3
A Farrow	3/4		1/2	
D Harries	11/11			4/4
F Kamali	2/4			
S London	11/11	3/3	2/2	2/3
J McKernan	3/6			1/1
S Roots	8/11	2/3	2/2	
S Simon	11/11	2/3		
K Stewart	10/11	3/3		

#### **Review of Value for Money**

Over the last financial year, the academy trust has taken a wide range of steps to ensure that the educational standards and levels of achievement for all pupils have continued to improve. Attainment and progress both improved at Bower Park Academy and Hall Mead School. Progress outcomes at Bower Park Academy improved by 0.2 (previous year -0.42) and fell into the 'average' category, against a backdrop of the academy being put into Special Measures by Ofsted at the beginning of the year. The summer monitoring HMI visit was also very positive and admission applications for Year 7 for 2018 are significantly higher than the previous year. Hall Mead School improved from average progress in 2016 to above average in 2017, putting it at the 18th percentile nationally for the progress measure. Hall Mead continues to maintain its outstanding Ofsted categorisation and its designations as a National Teaching School and Leading Edge Academy. The challenges faced by The Brittons Academy in terms of both outcomes and pupil numbers are being addressed through a bespoke recovery plan and resources are being directed to deliver the required recovery in a timely and meaningful way. The development of the academy trust's central services team and the brokerage of academy trust wide contracts for a number of external services have also led to efficiencies.

Each academy within the academy trust has produced a detailed analysis of how the Pupil Premium funding was spent and the impact that that funding had for individual pupils. These reports are available on the relevant academy's websites. Similarly, the use of funding for catch up groups for pupils is managed and reported in the same way.

The improvement agenda is clearly outlined within the strategic plan. The academy trust has focussed on targeted improvement both academy trust wide (such as in response to the relative under-performance of boys) and at individual academy and subject level (e.g. Science). Improvement activity and impact are reviewed annually by the Board on its strategic planning day, as well as through regular progress updates at board meetings.

## **Empower Learning Academy Trust**

### **Governance Statement for the Year Ended 31 August 2017**

#### **Review of Value for Money**

The strategic plan includes a strand about deploying staff efficiently to support individual pupil outcomes and the curriculum which requires keeping the staffing structure under review. This is evident in the short-term use of a temporary leadership structures, the re-structuring of academy Senior Leadership Teams, interim middle leadership appointments and adjustments to staffing made in response to the curriculum changes required to meet the demands of the new 'Progress 8' measure. The academy trust has also made increasing use of cross-trust leadership models and is developing models for the sharing of teaching staff throughout the organisation. These changes are designed to maximise the in-school offer whilst ensuring costs are controlled and, where necessary, reduced.

Hall Mead School continued to act as a Teaching School and is the lead within the local Teaching School Alliance, the 'Empower Teaching Alliance', which consists of local secondary (and some primary) schools and academies. Hall Mead is a National Support School and the CEO/Headteacher is a National Leader of Education. School to school support work within this programme has had a demonstrable impact, resulting for example in one supported local academy moving from an Ofsted "RI" grade to a "Good" grade during the year.

The academy trust has a strong financial oversight with significant relevant expertise within the Finance Committee. During the year restructuring programmes at two of the three academies resulted in significant cost savings.

The academy trust benchmarks its cost base for each academy both internally and externally, where possible.

The academy trust has begun to benefit from its collective buying power with cost reductions being evident across many services, but particularly staff recruitment, energy costs and support services.

The academy trust has been able to access various additional sources of funding to support school improvement and develop the estate. During the year Hall Mead was successful in obtaining PSBP (Priority Schools Building Programme) which will mean the main school building will be redeveloped/refurbished over the next 5 years to provide a better teaching and learning environment.

The academy trust has internal controls in place to ensure strict financial procedures are followed. A programme of internal audit provides reassurance that systems are being adhered to. The Finance Committee receive regular reports showing actual costs versus budget with appropriate narrative describing differences and corrective plans. Tight controls around the ordering of goods and services ensure the best use of resources and the prevention of waste. Surplus cash is deposited with appropriate financial institutions.

#### **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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Empower Learning Academy Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 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 system of internal financial control is underpinned by a framework of regular management reporting, a formal system of delegation and accountability and robust administrative procedures (including the segregation of duties. Independent checks are carried out on the systems on a regular basis.



## **Empower Learning Academy Trust**

### **Governance Statement for the Year Ended 31 August 2017**

#### **The Risk and Control Framework**

The Board oversees a programme of internal audit. In addition, the Board has put in place procedures and internal controls around the management of risk, covering:

- The types of risks the academy trust faces
- The level of net risk which they regard as acceptable
- The likelihood of the risks materialising
- The ability to reduce the incidence and impact of specific risks
- The costs of operating particular controls relative to the benefits obtained
- The responsibility of the Executive Leadership Team to implement the academy trust's policies and to identify and evaluate risks for the Board's consideration
- The responsibility of employees with regard to implementing and adhering to internal controls
- The embedding of control system in the academy trust's operations so that they become part of the culture of the academy trust
- The development of systems to respond quickly to evolving risks arising from factors within the academy trust and to changes in the external environment; and
- Procedures for reporting failings of risk management strategies immediately to appropriate levels of management and to trustees together with details of corrective action being undertaken

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trusts'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/bank reconciliations
- Petty cash
- Credit card expenditure
- Monitoring of debts
- Verifying gross pay

Following every review the internal auditor reports to the Risk and Audit Committee and the Finance Committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities.

#### **Review of Effectiveness**

As Accounting Officer the CEO has responsibility for reviewing the effectiveness of the systems of internal control. During the year the review has been informed by:

- The work of the Internal Auditors
- The work of the External Auditor; and
- The work of the Executive Leadership Team who have responsibility for the development and maintenance of the internal control framework.

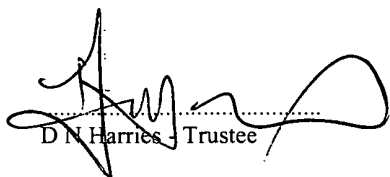
The Accounting Officer found nothing to indicate any material failures or weaknesses from the work undertaken in the year on the effectiveness of systems of internal control.

The Accounting Officer has been advised of the outcomes of reviews of the systems of internal controls as presented to the Risk and Audit Committee and the Finance Committee during the year, and is aware of all plans to address weaknesses and to ensure continuous improvement of the systems.

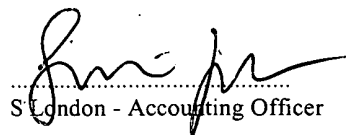
**Empower Learning Academy Trust**

**Governance Statement  
for the Year Ended 31 August 2017**

Approved by order of the members of the board of trustees on 19 December 2017 and signed on its behalf by:



.....  
D N Harries - Trustee



.....  
S London - Accounting Officer

## **Empower Learning Academy Trust**

### **Statement on Regularity, Propriety and Compliance for the Year Ended 31 August 2017**

As accounting officer of Empower Learning Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2016.

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.

  
.....  
\$ London - Accounting Officer

Date: 19 December 2017

## **Empower Learning Academy Trust**

### **Statement of Trustees Responsibilities for the Year Ended 31 August 2017**

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

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

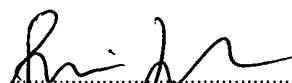
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy trust will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the academy trust's website.

Approved by order of the board of trustees on 19 December 2017 and signed on it's behalf by:

  
S London - Trustee

## **Report of the Independent Auditors to the Members of Empower Learning Academy Trust**

### **Opinion**

We have audited the financial statements of Empower Learning Academy Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2015 to 2016 issued by the Education Funding Agency (EFA).

This report is made solely to the academy 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 academy 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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

### **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 academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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.

### **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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

## **Report of the Independent Auditors to the Members of Empower Learning Academy Trust**

### **Matters on which we are required to report by exception**

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

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

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the academy 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 academy trust or to cease operations, or have no realistic alternative but to do so.

### **Our 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 a Report of the Independent Auditors 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.



Andy Hill FCA (Senior Statutory Auditor)  
for and on behalf of Cartwrights  
Chartered Accountants and Business Advisors  
Statutory Auditor  
Regency House  
33 Wood Street  
Barnet  
Hertfordshire  
EN5 4BE

Date: 19 December 2017

### **Note:**

The maintenance and integrity of the Empower Learning Academy Trust website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## **Independent Reporting Accountant's Assurance Report on Regularity to Empower Learning Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Empower Learning Academy Trust during the period 1 September 2016 to 31 August 2017 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 Empower Learning Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Empower Learning Academy 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 Empower Learning Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Empower Learning Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Empower Learning Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusions includes:

- Reviewing the minutes of meetings of the Trustees and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Academy Trust, with reference to the income streams and other information available to us as auditors of the Academy Trust;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams, and;
- Evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer

**Independent Reporting Accountant's Assurance Report on Regularity to  
Empower Learning Academy Trust and the Education and Skills Funding Agency**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Cartwrights  
Chartered Accountants and Business Advisors  
Regency House  
33 Wood Street  
Barnet  
Hertfordshire  
EN5 4BE

Date: 19 December 2017



**Empower Learning Academy Trust**

**Statement of Financial Activities  
for the Year Ended 31 August 2017**

					2017	2016
	Not es	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and capital grants	3	1,034,048	(4,261,724)	43,477,685	40,250,009	189,269
<b>Charitable activities</b>						
Funding for the academy's educational operations	4	-	16,204,858	-	16,204,858	6,481,668
Teaching schools		-	124,954	-	124,954	-
Other trading activities	5	385,644	-	-	385,644	115,421
Investment income	6	2,832	-	-	2,832	698
<b>Total</b>		1,422,524	12,068,088	43,477,685	56,968,297	6,787,056
<b>EXPENDITURE ON</b>						
<b>Charitable activities</b>						
Academy's educational operations		149,786	17,718,744	1,220,098	19,088,628	7,188,796
Teaching schools		-	50,727	-	50,727	-
<b>Total</b>	7	149,786	17,769,471	1,220,098	19,139,355	7,188,796
<b>NET INCOME/(EXPENDITURE)</b>		1,272,738	(5,701,383)	42,257,587	37,828,942	(401,740)
<b>Other recognised gains/(losses)</b>						
Actuarial gains/losses on defined benefit schemes		-	2,392,000	-	2,392,000	(1,042,000)
<b>Net movement in funds</b>		1,272,738	(3,309,383)	42,257,587	40,220,942	(1,443,740)
<b>RECONCILIATION OF FUNDS</b>						
<b>Total funds brought forward</b>		(21,644)	(2,482,495)	13,919,589	11,415,450	12,859,190
<b>TOTAL FUNDS CARRIED FORWARD</b>		1,251,094	(5,791,878)	56,177,176	51,636,392	11,415,450

The notes form part of these financial statements

**Empower Learning Academy Trust**

**Balance Sheet  
At 31 August 2017**

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Intangible assets	14	11,700	23,400
Tangible assets	15	<u>56,312,912</u>	<u>13,896,189</u>
		56,324,612	13,919,589
<b>CURRENT ASSETS</b>			
Debtors	16	372,547	166,725
Cash at bank and in hand		<u>2,083,608</u>	<u>196,940</u>
		2,456,155	363,665
<b>CREDITORS</b>			
Amounts falling due within one year	17	<u>(1,842,375)</u>	<u>(230,104)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>613,780</u>	<u>133,561</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		56,938,392	14,053,150
<b>CREDITORS</b>			
Amounts falling due after more than one year	18	-	(35,700)
<b>PENSION LIABILITY</b>	23	<u>(5,302,000)</u>	<u>(2,602,000)</u>
<b>NET ASSETS</b>		<u>51,636,392</u>	<u>11,415,450</u>
<b>FUNDS</b>	22		
Unrestricted funds:			
Unrestricted income funds		1,251,094	(21,644)
Restricted funds:			
Restricted general funds		(489,878)	119,505
Restricted fixed assets funds		56,177,176	13,919,589
Restricted general funds - pension reserve		<u>(5,302,000)</u>	<u>(2,602,000)</u>
		<u>50,385,298</u>	<u>11,437,094</u>
<b>TOTAL FUNDS</b>		<u>51,636,392</u>	<u>11,415,450</u>

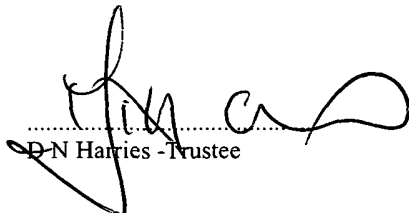
The notes form part of these financial statements

**Empower Learning Academy Trust**

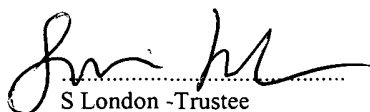
**Balance Sheet - continued**

**At 31 August 2017**

The financial statements were approved by the Board of Trustees on 19 December 2017 and were signed on its behalf by:



.....  
D N Harries - Trustee



.....  
S London - Trustee

The notes form part of these financial statements

**Empower Learning Academy Trust**

**Cash Flow Statement  
for the Year Ended 31 August 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities:</b>			
Cash generated from operations	1	<u>81,750</u>	<u>(519,104)</u>
<b>Net cash provided by (used in) operating activities</b>		<u>81,750</u>	<u>(519,104)</u>
<b>Cash flows from investing activities:</b>			
Purchase of intangible fixed assets		-	(35,100)
Purchase of tangible fixed assets		-	(1,520)
Capital grants from DfE/ESFA		402,682	177,264
Sale of tangible fixed assets		-	1,000
Interest received		<u>2,832</u>	<u>698</u>
<b>Net cash provided by (used in) investing activities</b>		<u>405,514</u>	<u>142,342</u>
<b>Cash flows from financing activities:</b>			
Funds from existing academies		<u>1,399,404</u>	<u>-</u>
<b>Net cash provided by (used in) financing activities</b>		<u>1,399,404</u>	<u>-</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>1,886,668</u>	<u>(376,762)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>196,940</u>	<u>573,702</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>2,083,608</u></u>	<u><u>196,940</u></u>

The notes form part of these financial statements

**Empower Learning Academy Trust**

**Notes to the Cash Flow Statement  
for the Year Ended 31 August 2017**

**1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	37,828,942	(401,740)
<b>Adjustments for:</b>		
Depreciation	663,695	189,301
Capital grants from DfE/ESFA	(402,682)	(177,264)
Loss on disposal of fixed assets	-	143
Interest received	(2,832)	(698)
Pension scheme cost less contributions	432,000	42,000
Pension scheme finance cost	146,000	55,000
Transfer from existing academies	(39,795,540)	-
Increase in debtors	(205,822)	(70,899)
Increase/(decrease) in creditors	<u>1,417,989</u>	<u>(154,947)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>81,750</u>	<u>(519,104)</u>

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2017**

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2016 to 2017 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets.

Empower Learning Academy Trust meets the definition of a public benefit entity under FRS 102.

Transfers of existing academies are recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, i.e. when the transfer agreement is signed. An equal amount of income is recognised as transfer of existing academies into the trust within donation and capital grant income.

##### **Going concern**

The trustees assess whether the use of the going concern assumption 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 academy 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.

The Trustees' Report refers to various uncertainties that are affecting the academy trust especially in relation of the projected deficit on the budget and forecast for the period to 31 December 2018. As referred to in the report there are plans in place to cut costs and so that the academy 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.

##### **Income**

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

##### **Grants**

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

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

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

##### **Donations**

Donations are recognised on a receivable basis where there are no performance related conditions and where it is probable that the income will be received and the amount can be measured reliably.

Donations include any transfers of funds from existing academies into the academy trust.

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **1. ACCOUNTING POLICIES - continued**

##### **Other income**

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

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust. This is normally upon notification of the interest paid or payable by the bank.

##### **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 overhead costs, including support costs, involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Support 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. Staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

##### **Charitable activities**

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

##### **Tangible fixed assets**

All assets costing more than £1,000 are capitalised.

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 required the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

Where tangible fixed assets have been acquired with unrestricted funds, a transfer is made to reflect these assets in the restricted fixed asset fund.

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.

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 and leasehold property	- 50 years straight line
Furniture and equipment	- 5 years straight line
Motor vehicles	- 10 years straight line
Computer equipment	- 3 years straight line
Assets under construction	- Charged when the assets are brought into use

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **1. ACCOUNTING POLICIES - continued**

##### **Financial instruments**

The academy trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

##### **Taxation**

The academy trust is exempt from corporation tax on its charitable activities.

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

The hire of facilities is classified as a charitable activity under the academy trust's objects and therefore such income is exempt from corporation tax.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted general funds can only be used for particular restricted purposes within the objects of the academy trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes and include grants from the Department for Education, other sources and the fund that represents the LGPS obligation.

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



## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **1. ACCOUNTING POLICIES - continued**

##### **Pension costs and other post-retirement benefits**

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated later in the notes to these financial statements, 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 liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to the 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 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 in 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 after net income/expenditure in other recognised gains and losses in the Statement of Financial Activities.

##### **Other balance sheet items**

Debtors are recognised when the academy trust is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Creditors are recognised when the academy trust has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

Cash at bank and in hand included cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

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

#### **2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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.

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The present value of the Local Government Pension Scheme defined 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 23, will impact the carrying amount of 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 an actuary in valuing the pensions liability at 31 August 2017. 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; and

Any changes in the valuation of freehold property (see note 15 in these financial statements).

### 3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
Donations	1,034,048	38,813,279	39,847,327	12,005
Capital grants	-	402,682	402,682	177,264
	<u>1,034,048</u>	<u>39,215,961</u>	<u>40,250,009</u>	<u>189,269</u>

Donations in 2017 include the following amounts transferred from existing academies into the academy trust on 1 September 2016:

	Unrestricted	Restricted	Restricted Fixed Asset	Total
	£	£	£	£
Bower Park Academy	289,261	(1,471,724)	26,342,003	25,159,540
The Brittons Academy	693,000	(2,790,000)	16,733,000	14,636,000
	<u>982,261</u>	<u>(4,261,724)</u>	<u>43,075,003</u>	<u>39,795,540</u>

Restricted funds include pension reserve deficits amounting to £1,694,000 and £2,820,000 respectively.

### 4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	2017 Total funds	2016 Total funds
	£	£	£	£
General annual grant (GAG)	-	14,383,718	14,383,718	5,185,280
Pupil premium	-	856,640	856,640	126,508
Other DfE/ESFA grants	-	-	-	5,000
Local authority grants	-	603,890	603,890	349,730
Start up grants	-	-	-	113,660
Other income	-	360,610	360,610	701,490
	<u>-</u>	<u>16,204,858</u>	<u>16,204,858</u>	<u>6,481,668</u>

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 4. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS - continued

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
<b>DfE/ESFA revenue grant</b>				
General Annual Grant(GAG)	<u>-</u>	<u>14,383,718</u>	<u>14,383,718</u>	<u>5,185,280</u>

There are no unfulfilled obligations or other contingencies attached to the government grants above.

### 5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Hire of facilities	104,594	-	104,594	91,120
Other self generated income	<u>281,050</u>	<u>-</u>	<u>281,050</u>	<u>24,301</u>
	<u>385,644</u>	<u>-</u>	<u>385,644</u>	<u>115,421</u>

### 6. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Deposit account interest	<u>2,832</u>	<u>-</u>	<u>2,832</u>	<u>698</u>

### 7. EXPENDITURE

	Staff costs £	Non-pay expenditure		2017 Total £	2016 Total £
		Premises £	Other costs £		
<b>Charitable activities</b>					
<b>Academies educational operations</b>					
Direct costs	11,942,201	-	1,635,954	13,578,155	5,249,481
Allocated support costs	<u>2,520,692</u>	<u>1,931,798</u>	<u>1,057,983</u>	<u>5,510,473</u>	<u>1,939,315</u>
	14,462,893	1,931,798	2,693,937	19,088,628	7,188,796
Teaching schools	<u>-</u>	<u>-</u>	<u>50,727</u>	<u>50,727</u>	<u>-</u>
	<u>14,462,893</u>	<u>1,931,798</u>	<u>2,744,664</u>	<u>19,139,355</u>	<u>7,188,796</u>

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 7. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	2017 £	2016 £
Auditors' remuneration	17,500	10,275
Other non-audit services	-	7,860
Depreciation - owned assets	651,994	177,601
Computer software amortisation	<u>11,700</u>	<u>11,700</u>

Total costs analysis by academy

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

	Direct Staff Costs £	Support Staff Costs £	Premises Costs £	Other Direct Costs £	Other Support Costs £	2017 Total Costs £
Bower Park Academy	3,678,006	601,792	569,546	319,880	364,566	5,533,790
The Brittons Academy	3,724,882	946,238	567,002	694,067	303,723	6,235,912
Hall Mead School	4,539,313	969,233	795,250	612,109	333,206	7,249,111
Central Services	-	3,429	-	9,898	56,488	69,815
Academy Trust	<u>11,942,201</u>	<u>2,520,692</u>	<u>1,931,798</u>	<u>1,635,954</u>	<u>1,057,983</u>	<u>19,088,628</u>

### 8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2017 Total funds £	2016 Total funds £
Direct costs	33,870	13,544,285	13,578,155	5,249,481
Support costs	<u>115,916</u>	<u>5,394,557</u>	<u>5,510,473</u>	<u>1,939,315</u>
	<u>149,786</u>	<u>18,938,842</u>	<u>19,088,628</u>	<u>7,188,796</u>

	2017 Total £	2016 Total £
<b>Analysis of support costs</b>		
Support staff costs	2,520,692	985,185
Depreciation	11,700	11,700
Technology costs	185,475	54,102
Premises costs	1,931,798	631,998
Other support costs	810,781	211,199
Governance costs	<u>50,027</u>	<u>45,131</u>
<b>Total support costs</b>	<u>5,510,473</u>	<u>1,939,315</u>

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **9. TRUSTEES' REMUNERATION AND BENEFITS**

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher 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:

S London (accounting officer and staff trustee)

Remuneration £110,000-£115,000 (2016: £105,000-£110,000)

Employer pension contributions paid £15,000-£20,000 (2016: £15,000-£20,000)

V Hallett (staff trustee, resigned 27/9/2016)

Remuneration £nil (2016: £15,000-£20,000)

Employer pension contributions paid £nil (2016: £0-£5,000)

K Fanning (staff trustee, resigned 27/9/2016)

Remuneration £45,000-£50,000 (2016: £45,000-£50,000)

Employer pension contributions paid £5,000-£10,000 (2016: £5,000-£10,000)

K Cole (staff trustee, resigned 27/9/2016)

Remuneration £25,000-£30,000 (2016: £25,000-£30,000)

Employer pension contributions paid £5,000-£10,000 (2016: £5,000-£10,000)

Remuneration and employer pension contributions paid figures are for the entire financial period and not the period of office.

#### **Trustees' expenses**

During the year ended 31 August 2017, expenses totalling £706 (2016: £1,338) were reimbursed to 4 trustees (2016:3) in respect of their employment during their period of office.

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 10. STAFF COSTS

	2017 £	2016 £
Wages and salaries	10,651,687	4,161,405
Social security costs	1,022,536	326,171
Operating costs of defined benefit pension schemes	2,174,172	791,385
Apprenticeship levy	<u>13,240</u>	<u>-</u>
	13,861,635	5,278,961
Supply teacher costs	455,258	172,131
LGPS pension finance cost	<u>146,000</u>	<u>55,000</u>
	<u>14,462,893</u>	<u>5,506,092</u>

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2017	2016
Teachers	158	65
Administration and support	260	106
Management	<u>24</u>	<u>14</u>
	<u>442</u>	<u>185</u>

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

	2017	2016
£60,001 - £70,000	4	2
£70,001 - £80,000	3	-
£90,001 - £100,000	-	1
£100,000 - £110,000	1	-
Over £110,000	<u>1</u>	<u>-</u>
	<u>9</u>	<u>3</u>

The Key Management Personnel of the academy trust comprise the Senior Management Team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by Key Management Personnel for their services to the academy trust was £216,860 (2016: £634,524).

### 11. TRUSTEES' AND OFFICERS' INSURANCE

The academy trust has 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.

**Empower Learning Academy Trust**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 August 2017**

**12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted fund £	Restricted funds £	Restricted fixed asset funds £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and capital grants	12,005	-	177,264	189,269
<b>Charitable activities</b>				
Funding for the academy's educational operations	287,641	6,194,027	-	6,481,668
Other trading activities	115,421	-	-	115,421
Investment income	698	-	-	698
<b>Total</b>	<b>415,765</b>	<b>6,194,027</b>	<b>177,264</b>	<b>6,787,056</b>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Academy's educational operations	452,034	6,371,753	365,009	7,188,796
<b>NET INCOME/(EXPENDITURE)</b>	<b>(36,269)</b>	<b>(177,726)</b>	<b>(187,745)</b>	<b>(401,740)</b>
<b>Transfers between funds</b>	<b>-</b>	<b>(8,083)</b>	<b>8,083</b>	<b>-</b>
<b>Other recognised gains/(losses)</b>				
Actuarial gains/losses on defined benefit schemes	-	(1,042,000)	-	(1,042,000)
<b>Net movement in funds</b>	<b>(36,269)</b>	<b>(1,227,809)</b>	<b>(179,662)</b>	<b>(1,443,740)</b>
<b>RECONCILIATION OF FUNDS</b>				
<b>Total funds brought forward</b>	<b>14,625</b>	<b>(1,254,686)</b>	<b>14,099,251</b>	<b>12,859,190</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<b>(21,644)</b>	<b>(2,482,495)</b>	<b>13,919,589</b>	<b>11,415,450</b>

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **13. CENTRAL SERVICES**

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

- Human resources
- Financial services
- Legal services
- Educational and support services
- Other services as arising

The academy trust charges for these services on the basis of income received (pro-rate). Bower Park Academy also paid additional charges for Deputy Headteacher salary cover costs.

The actual amounts charged during the year were as follows:

	2017	2016
	£	£
Bower Park Academy	125,083	-
The Brittons Academy	98,217	-
Hall Mead School	140,954	-
	<u>364,254</u>	<u>-</u>

#### **14. INTANGIBLE FIXED ASSETS**

	Computer software £
<b>COST</b>	
At 1 September 2016	<u>35,100</u>
<b>AMORTISATION</b>	
At 1 September 2016	11,700
Charge for year	<u>11,700</u>
At 31 August 2017	<u>23,400</u>
<b>NET BOOK VALUE</b>	
At 31 August 2017	<u>11,700</u>
At 31 August 2016	<u>23,400</u>



# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 15. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>					
At 1 September 2016	14,685,784	80,161	28,000	78,453	14,872,398
Disposals	-	-	-	(1,960)	(1,960)
Transfers from existing academies	<u>44,568,166</u>	<u>155,553</u>	<u>34,023</u>	<u>562,556</u>	<u>45,320,298</u>
At 31 August 2017	<u>59,253,950</u>	<u>235,714</u>	<u>62,023</u>	<u>639,049</u>	<u>60,190,736</u>
<b>DEPRECIATION</b>					
At 1 September 2016	812,567	69,839	18,512	75,291	976,209
Charge for year	537,459	29,527	4,642	80,366	651,994
Eliminated on disposal	-	-	-	(1,960)	(1,960)
Transfers from existing academies	<u>1,691,189</u>	<u>96,025</u>	<u>30,454</u>	<u>433,913</u>	<u>2,251,581</u>
At 31 August 2017	<u>3,041,215</u>	<u>195,391</u>	<u>53,608</u>	<u>587,610</u>	<u>3,877,824</u>
<b>NET BOOK VALUE</b>					
At 31 August 2017	<u>56,212,735</u>	<u>40,323</u>	<u>8,415</u>	<u>51,439</u>	<u>56,312,912</u>
At 31 August 2016	<u>13,873,217</u>	<u>10,322</u>	<u>9,488</u>	<u>3,162</u>	<u>13,896,189</u>

Included in cost or valuation of land and buildings is freehold land of £32,381,000 which is not depreciated.

The freehold land and buildings at The Brittons Academy were independently professionally valued at conversion to academy status by Hilbery Chaplin in September 2011.

The freehold land and buildings at Hall Mead School were independently professionally valued at conversion to academy status by Hilbery Chaplin in October 2011.

The leasehold land and buildings at Bower Park Academy were independently professionally valued by Mouchel Consulting in March 2013.

The land and buildings at Bower Park Academy are owned by London Borough of Havering. The academy trust holds a 125 year lease on a peppercorn rent from 1 February 2013.

The trustees consider that the valuations of land and buildings remain appropriate for the purposes of these financial statements.

Transfers from existing academies represent the fair value of tangible fixed assets brought into the academy trust on 1 September 2016 from Bower Park Academy and The Brittons Academy.

**Empower Learning Academy Trust**

**Notes to the Financial Statements - continued  
for the Year Ended 31 August 2017**

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade debtors	157,182	70,566
Other debtors	1,516	-
VAT	46,577	28,093
Prepayments and accrued income	<u>167,272</u>	<u>68,066</u>
	<u>372,547</u>	<u>166,725</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017	2016
	£	£
Trade creditors	211,496	-
Social security and other taxes	183,244	-
Other creditors	10,222	35,700
Accruals and deferred income	<u>1,437,413</u>	<u>194,404</u>
	<u>1,842,375</u>	<u>230,104</u>

**Deferred income**

	2017	2016
	£	£
Deferred income at 1 September 2016	166,594	215,776
Resources deferred during the year	1,019,193	166,594
Transferred in from other academies	124,494	-
Amounts released from previous years	<u>(291,088)</u>	<u>(215,776)</u>
Deferred income at 31 August 2017	<u>1,019,193</u>	<u>166,594</u>

Included in deferred income was the amount of £755,034 in relation to capital grant funding received in advance. Other deferred income at the balance sheet date related to holding funds received in advance of the 2017/18 financial year in respect of school trips, lettings income and other sundry items.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£	£
Other creditors	<u>-</u>	<u>35,700</u>

**19. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	20,355	12,924
Between one and five years	<u>27,121</u>	<u>20,172</u>
	<u>47,476</u>	<u>33,096</u>

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 20. MEMBERS' LIABILITY

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

### 21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2017	2016
	Unrestricted fund	Restricted funds	Restricted fixed asset funds	Total funds	Total funds
	£	£	£	£	£
Fixed assets	-	-	56,324,612	56,324,612	13,919,589
Current assets	1,251,094	1,352,496	(147,435)	2,456,155	363,665
Current liabilities	-	(1,842,374)	(1)	(1,842,375)	(230,104)
Long term liabilities	-	-	-	-	(35,700)
Pension liability	-	(5,302,000)	-	(5,302,000)	(2,602,000)
	<u>1,251,094</u>	<u>(5,791,878)</u>	<u>56,177,176</u>	<u>51,636,392</u>	<u>11,415,450</u>

### 22. MOVEMENT IN FUNDS

	At 1/9/16	Net movement in funds	Transfers between funds	At 31/8/17
	£	£	£	£
<b>Unrestricted funds</b>				
Unrestricted income funds	(21,644)	1,272,738	-	1,251,094
<b>Restricted funds</b>				
Restricted general funds	119,505	(609,383)	-	(489,878)
Restricted fixed assets funds	13,919,589	42,257,587	-	56,177,176
Restricted general funds - pension reserve	<u>(2,602,000)</u>	<u>(2,700,000)</u>	-	<u>(5,302,000)</u>
	<u>11,437,094</u>	<u>38,948,204</u>	-	<u>50,385,298</u>
<b>TOTAL FUNDS</b>	<u>11,415,450</u>	<u>40,220,942</u>	-	<u>51,636,392</u>

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 22. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted income funds	1,422,524	(149,786)	-	1,272,738
<b>Restricted funds</b>				
Restricted general funds	16,582,088	(17,191,471)	-	(609,383)
Restricted fixed assets funds	43,477,685	(1,220,098)	-	42,257,587
Restricted general funds - pension reserve	<u>(4,514,000)</u>	<u>(578,000)</u>	<u>2,392,000</u>	<u>(2,700,000)</u>
	55,545,773	(18,989,569)	2,392,000	38,948,204
<b>TOTAL FUNDS</b>	<u>56,968,297</u>	<u>(19,139,355)</u>	<u>2,392,000</u>	<u>40,220,942</u>

## Empower Learning Academy Trust

### Notes to the Financial Statements - continued for the Year Ended 31 August 2017

#### 22. MOVEMENT IN FUNDS - continued

Net movements in restricted general funds, included above are as follows:

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers In £	Gains/ (Losses) £	Carried Forward £
General annual grant	119,505	14,383,718	(15,229,809)	236,708	-	(489,878)
Pupil premium	-	856,640	(872,208)	15,568	-	-
Other DfE/ESFA grants	-	-	-	-	-	-
Local authority grants	-	603,890	(603,890)	-	-	-
Other activities	-	485,564	(485,564)	-	-	-
Pension reserve	(2,602,000)	-	(578,000)	(4,514,000)	2,392,000	(5,302,000)
<b>Total funds</b>	<b>(2,482,495)</b>	<b>16,329,812</b>	<b>(17,769,471)</b>	<b>(4,261,724)</b>	<b>2,392,000</b>	<b>(5,791,878)</b>

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

Unrestricted general fund - created to recognise the income and expenditure in respect of activities undertaken by the academy trust which fall outside the scope of its core activities.

General Annual Grant (GAG) - represents the core funding for the educational activities of the academy trust via the Education and Skills Funding Agency (ESFA) by the Department for Education (DfE). The GAG fund has been set up because the GAG must be used for the normal running costs of the academy trust.

Pupil Premium fund - established to recognise the restricted funding from the ESFA to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

Other DfE/ESFA funds - created to recognise the restricted funding received from the DfE/ESFA which fall outside the scope of core funding.

Local Authority funds - created to recognise the income received from the London Borough of Havering as a contribution towards the cost of the academy trust's revenue expenditure.

Other activities funds - established to recognise all other restricted funding that cannot be classified above but fall outside the scope of core activities.

Pension reserve - represents the LGPS deficit inherited from the Local Authority upon conversion to academy trust status, and through which all the pension scheme movements are recognised.

DfE/ESFA capital grants - created to recognise such grants received for the purpose of the acquisition of tangible fixed assets. As tangible fixed assets are purchased, a transfer is made to the NBV of fixed assets fund.

NBV of fixed assets - created to recognise the tangible fixed assets held by the academy trust, equivalent to the NBV of tangible fixed assets. Depreciation of such assets is transferred to this fund.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **22. MOVEMENT IN FUNDS - continued**

##### **Total funds analysis by academy**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Bower Park Academy	97,888	-
The Brittons Academy	521,094	-
Hall Mead School	144,734	97,861
Central Services	(2,500)	-
	<hr/>	<hr/>
	761,216	97,861
Restricted fixed asset fund	56,177,176	13,919,589
Pension reserve	(5,302,000)	(2,602,000)
	<hr/>	<hr/>
<b>Total</b>	<b>51,636,392</b>	<b>11,415,450</b>

#### **23. PENSION AND SIMILAR OBLIGATIONS**

The academy trust's employees belong to two principal pension schemes - the Teachers' 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 the London Borough of Havering. Both are multi-employer defined benefit pension schemes.

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

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

**Notes to the Financial Statements - continued  
for the Year Ended 31 August 2017**

**23. PENSION AND SIMILAR OBLIGATIONS  
- continued**

**Teachers' pension scheme**

*Valuation of the Teachers' Pension Scheme*

Not less than every four years the government actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer 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 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. 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.

The employer pension cost paid to the TPS in the year amounted to £1,076,269 (2016: £394,412).

A copy of the valuation report and supporting documentation can be found on the Teachers' Pensions website at [www.teacherspensions.co.uk/](http://www.teacherspensions.co.uk/)

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

**Local government pension scheme**

The LGPS is a funded defined benefit pension scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £899,000 (2016: £356,000), of which employers' contributions totalled £725,000 (2016: £288,000) and employees' contributions totalled £174,000 (2016: £68,000). The agreed contribution rates for future years are 24.4-40.6% 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 LGPS liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 23. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Present value of funded obligations	(14,429,000)	(5,710,000)
Fair value of plan assets	<u>9,127,000</u>	<u>3,108,000</u>
	<u>(5,302,000)</u>	<u>(2,602,000)</u>
Deficit	<u>(5,302,000)</u>	<u>(2,602,000)</u>
Liability	<u>(5,302,000)</u>	<u>(2,602,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Current service cost	1,155,000	330,000
Net interest from net defined benefit asset/liability	146,000	55,000
Past service cost	<u>2,000</u>	<u>-</u>
	<u>1,303,000</u>	<u>385,000</u>
Actual return on plan assets	<u>368,000</u>	<u>271,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Defined benefit obligation	5,710,000	3,881,000
Current service cost	1,155,000	330,000
Past service cost	2,000	-
Contributions by employer	1,000	36,000
Interest cost	310,000	150,000
Transfer from other academies	9,275,000	-
Actuarial losses/(gains)	<u>(2,024,000)</u>	<u>1,313,000</u>
	<u>14,429,000</u>	<u>5,710,000</u>



# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 23. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Fair value of scheme assets	3,108,000	2,418,000
Transfers from other academies	4,761,000	-
Contributions by employer	725,000	288,000
Contributions by scheme participants	174,000	68,000
Interest income	164,000	95,000
Actuarial gains/(losses)	368,000	271,000
Benefits paid	(173,000)	(32,000)
	<u>9,127,000</u>	<u>3,108,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
	-	-

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2017	2016
	£	£
Equities	6,845,000	2,207,000
Bonds	1,551,000	653,000
Property	548,000	155,000
Cash	183,000	93,000
	<u>9,127,000</u>	<u>3,108,000</u>

The actuarial return on scheme assets was 10.0% (2016: 14.2%).

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2017	2016
Discount rate	2.5%	2%
Future salary increases	2.7%	3.1%
Future pension increases	2.4%	2.1%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% to the maximum tax-free cash for post-April 2008 service.

## **Empower Learning Academy Trust**

### **Notes to the Financial Statements - continued for the Year Ended 31 August 2017**

#### **23. PENSION AND SIMILAR OBLIGATIONS - continued**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed periods of pension payment post-retirement age 65 are:

	2017	2016
Retiring today		
Males	22.0	22.1
Females	24.2	24.1
Retiring in 20 years		
Males	23.9	24.2
Females	26.3	26.7

#### **Sensitivity analysis**

The following sensitivity analysis has been performed by the scheme actuaries, showing how the measurement of scheme liabilities would be affected by changes in the following key assumptions as at the balance sheet date:

	2017 £000
0.5% decrease in real discount rate	1,621
0.5% increase in the salary increase rate	255
0.5% increase in the pension increase rate	1,341

#### **24. CAPITAL COMMITMENTS**

At 31 August 2017 the academy trust had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	861,799	27,360

#### **25. RELATED PARTY DISCLOSURES**

Owing to the nature of the academy trust's operations and the composition of the Board of Trustees being drawn from local and public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

The academy trust has a connected charity, the Hall Meads Friends Association ("HMFA"), registered number 299496. This charity is run independently from the academy trust and raises funds from parents for the benefit of the academy trust. The treasurer of the Association is a trustee of the academy trust. The Association's activities are independent of the academy trust and the trustees consider that the academy trust does not have control over the Association and so should not be consolidated into the financial statements.

#### **26. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party.

# Empower Learning Academy Trust

## Notes to the Financial Statements - continued for the Year Ended 31 August 2017

### 27. TRANSFER OF EXISTING ACADEMIES INTO TRUST

On 1 September 2016 Bower Park Academy and The Brittons Academy transferred into the academy trust.

The assets and liabilities of the these academies were transferred in at fair value as follows:

#### Bower Park Academy

	Value reported by transferring Trust	Fair Value Adjustments	Transfer in Recognised
	£	£	£
<b>Tangible fixed assets</b>			
Leasehold land and buildings	26,230,541	-	26,230,541
Fixtures and fittings	26,413	-	26,413
Computer equipment	85,049	-	85,049
<b>Current assets</b>			
Stocks	6,000	-	-
Debtors	117,701	-	117,701
Cash at bank and in hand	513,404	-	513,404
<b>Current liabilities</b>			
(125,568)	(125,568)	-	(125,568)
Defined benefit pension scheme liability	(1,694,000)	-	(1,694,000)
<b>Net assets</b>	<b>25,159,540</b>	<b>-</b>	<b>25,159,540</b>

#### The Brittons Academy

	Value reported by transferring Trust	Fair Value Adjustments	Transfer in Recognised
	£	£	£
<b>Tangible fixed assets</b>			
Leasehold land and buildings	16,647,000	-	16,647,000
Plant and machinery	6,000	-	6,000
Fixtures and fittings	74,000	-	74,000
<b>Current assets</b>			
Debtors	54,000	-	54,000
Cash at bank and in hand	886,000	-	886,000
<b>Current liabilities</b>			
(211,000)	(211,000)	-	(211,000)
Defined benefit pension scheme liability	(2,820,000)	-	(2,820,000)
<b>Net assets</b>	<b>14,636,000</b>	<b>-</b>	<b>14,636,000</b>

### 28. COMPANY LIMITED BY GUARANTEE

The academy trust is a company limited by guarantee and does not have share capital.