

**Education Central Multi Academy  
Trust  
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements**

**Year Ended 31 August 2016**



**Company Registration Number:  
08255492 (England and Wales)**

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016

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New build at Heathlands

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Reference and Administrative Details

Members	<p>A Holding (as a representative of the University of Wolverhampton Social Enterprise Board) ≠</p> <p>S Starr + (resigned 22nd March 2016)</p> <p>S Malhotra *</p> <p>M Chalk (Chair LAB - Wednesfield High Specialist Engineering Academy)</p> <p>G Lahiri (Parent LAB - Smestow School)</p> <p>Jo Dunn (Chair LAB - Featherstone Academy)</p> <p>G Banger (Parent LAB - Wednesfield High Specialist Engineering Academy)</p> <p>C Avern (Chair LAB – Reaside Academy)*</p> <p>J Sullivan (Chair LAB – Edgar Stammers Primary Academy) +</p>
Trustees	<p>Professor G Layer (Chairman)</p> <p>E Dix +* ≠ <i>(Interim CEO from 1 August 2015, resigned 30<sup>th</sup> September 2016)</i></p> <p>R Lockwood +*</p> <p>M Waters</p> <p>J Dunne +</p> <p>M Lowe (appointed 22nd March 2016) +</p> <p>+ members of academic board</p> <p>* members of the finance and resources committee</p> <p>≠ members of audit and risk assurance committee</p>
Company Secretary	<p>L Hill (resigned 1st August 2016)</p> <p>F Grundy (appointed 1st August 2016)</p>
Senior Management Team	
Accounting Officer	E Dix+≠ <i>(resigned 30 September 2016)</i>
Managing Director	E Dix+≠ <i>(resigned 30 September 2016)</i>
Accounting Officer	B Dickenson <i>(Interim Accounting Officer from 1 September 2016, resigned 30 November 2016)</i>
Accounting Officer	Professor Michelle Lowe <i>(from 1<sup>st</sup> December 2016)</i>
Principal and Registered Office	<p>University of Wolverhampton</p> <p>Wulfruna Street</p> <p>Wolverhampton</p> <p>WV1 1LY</p>
Company Registration Number	08255492 (England and Wales)
Independent Auditor	<p>Moore Stephens LLP</p> <p>35 Calthorpe Road</p> <p>Birmingham</p> <p>B15 1TS</p>
Bankers	<p>Lloyds Bank plc</p> <p>2<sup>nd</sup> Floor</p> <p>Colmore Row</p> <p>Birmingham</p> <p>B3 3SF</p>
Solicitors	<p>Mills &amp; Reeve LLP</p> <p>Fountain House</p> <p>130 Fenchurch Street</p> <p>London</p> <p>EC3M 5DJ</p>

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the period from 1 September 2015 to 31 August 2016. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates 10 primary and 3 secondary academies in the West Midlands. Its academies have a combined pupil roll of 6,584 declared on the school census of 1st October 2016.

### Structure, Governance and Management

#### Constitution

Education Central Multi Academy Trust (ECMAT) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the multi academy trust. The trustees of ECMAT are also the directors of the charitable company for the purposes of company law. The charitable company is known as Education Central Multi Academy Trust (ECMAT).

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

Over the past 12 months this constitution has been under review and the recommendations are with board for approval September 2016.

#### Members' Liability

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

#### Trustees' Indemnities

ECMAT does not have any third party indemnities.

#### Principal Activities

The principal activity of the company is to advance for the public benefit the establishment, maintenance, carrying on, managing and developing schools, with the recognised status of academy, offering a broad and balanced curriculum.

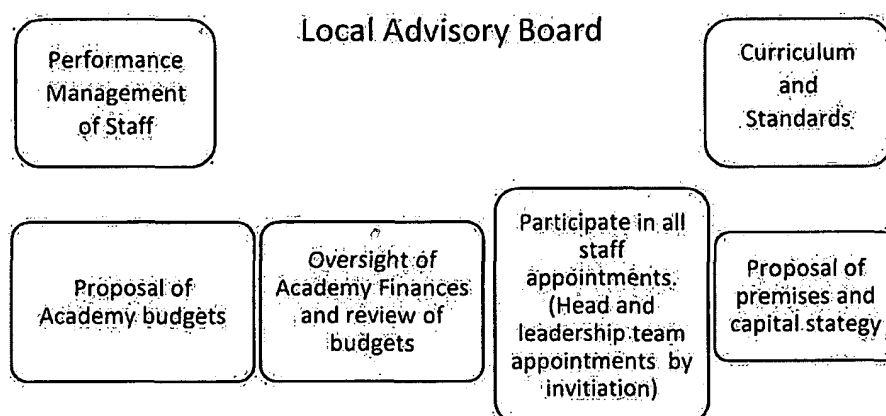
#### Method of Recruitment and Appointment or Election of Trustees and members

The recruitment and appointment of the trustees of ECMAT are set out in the articles and memorandum of association. The Board is made up of trustees who are officers of the University of Wolverhampton and those appointed by the University of Wolverhampton Social Enterprise. Members include representatives of chairs of the Local Advisory Boards (LABs), a minimum of two parent representatives for every ten or fewer academies in the trust and those appointed by the University of Wolverhampton Social Enterprise.

Directors and members serve for a term of four years and may be re-elected.

#### Policies and Procedures Adopted for the Induction and Training of Trustees

Persons who are appointed as trustees will be party to an induction process determined by their present role and knowledge of ECMAT; its vision, ethos, policies and practices. In addition, the members of the LABs for the individual academies will be subject to appropriate induction and training procedures to ensure that they are compliant with the policies and procedures of ECMAT and their duties as members of the LABs.



# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report (continued)

#### Process

All schools will have effective links to the University working on curriculum aspects of provision from higher education academics to raising aspiration and achievement projects and programmes within the schools.

All pupils will be a part of the University coming together for major events; sports competitions, maths and English quizzes and science festivals being some examples of collaboration during the past few months.

#### Objectives, Strategies and Activities

Our vision is for regional regeneration through education, to help raise standards and aspirations of young people in the area. Through sponsorship of schools across the West Midlands, we believe with our expertise and excellent pedigree, with the support of the University of Wolverhampton and Education Central, in supporting schools, we can bring a unique offering to the table.

We want to work in collaboration with schools - not to impose. We see ECMAT network sharing success and best practice, whilst retaining individuality.

Our structured development and improvement process is built on the results our leadership team have achieved in education over the past 15 years as Education Central. Each academy within the trust commits to a core programme, including an initial audit process, which helps to build a bespoke action plan to address school performance and improve the life chances of pupils.



## Education Central Multi Academy Trust Financial Statements for the Year Ended 31 August 2016 Trustee's Report (continued)

### Public Benefit

The trustees of ECMAT have had due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties. Here we highlight areas in which ECMAT has carried out its duties for the public benefit during the year in support of its charitable activities. We have access to a wide range of resources to deliver a dynamic social, cultural and educational programme aimed at raising the achievements and aspirations of children and young people. Academies within the trust work together on many aspects of schools improvement to the benefit of all.

Whilst the trust encourages each academy to seek best value for its services, there are mandatory services that the academies must purchase. These services include: Payroll provision, Accountancy & Financial services, Financial Audit, HR services, Health and Safety support and basic support packages of School Improvement, Procurement and Governance Support provided by the Trust in conjunction with the University. We have a strong commitment to supporting staff development and well-being and, through our Staff Charter, are committed to creating a culture where staff are supported to play as full a part as they can in the life and goals of the Trust.

Each Trust academy pupil has access to the Children's university which includes arts opportunities, such as working with the RSC, support for Artsmark and Arts Award, specialist curriculum events and a significant range of outside learning opportunities. To raise aspirations of all our pupils we also; engage employers in our work, we collaborate and arrange visits to the university and we facilitate innovative partnerships to increase young people's outlook, motivation and ambition.

ECMAT works for all pupils in our family of schools to secure an innovative approach to schooling which builds on observable strength and addresses long standing difficulties. The Trust strives for the best though remaining realistic, investing in communities, taking the lead where necessary and expecting the best, whilst dealing with the worst. The Trust is dynamic, active and imaginative in its work with schools while at the same time encouraging schools to take responsibility and develop their own autonomy within the context of a community of schools supporting each other.

The link with the University of Wolverhampton is significant. The faculties of the University offer expertise to our schools, including high calibre teaching staff. The University itself acts as an image of personal growth, learning and achievement for the community of which the pupils and their families are a part.

During 2015/16 the University of Wolverhampton has strengthened its engagement and relationships with the ECMAT academies. A further three primary academies have launched the Black Country Children's University programme this year. This national scheme profiles the importance of extra-curricular activities; raises aspirations and brings parents and carers into a wider conversation with their children about lifelong learning.

ECMAT academies have the exclusive opportunity of a graduation ceremony for their children that can take place in a University of Wolverhampton venue. Attendance at the University's Faculty Festivals (Sportsfest, Artsfest and SciFest) from the ECMAT academies has seen a significant increase in 2015/16. The communication of priority-access booking for these events has been well-received by the schools.

In June 2016, seven Year 10 students from two of the ECMAT secondary academies took part in a three-day residential summer school at the University of Wolverhampton's Telford campus. Students had to apply to come along to the event, meeting clearly defined widening participation criteria. Supported through the National Networks for Collaborative Outreach 'Explore Uni' programme, the three days and two overnights in halls of residence away from teachers, parents and carers gave students the opportunity to immerse themselves in the university experience. Following the summer school, 95% of respondents agreed with the statement "I learned more about HE", 87% of respondents agreed with the statement "I'm now more motivated about my studies" and 86% of respondents agreed with the statement "I feel more confident that HE is something that I could do".

Ensuring that the University's Family Schools feel a sense of added value from their engagement with the institution is an important priority for the University of Wolverhampton and we will continue to deepen these relationships and further identify a range of engagement opportunities for the ECMAT academies over the coming academic year.

**Education Central Multi Academy Trust**  
**Financial Statements for the Year Ended 31 August 2016**  
**Trustee's Report (continued)**

**Achievements and Performance**

Education Central Multi Academy Trust is proud to be an academy sponsor.

The academies under the ECMAT umbrella and their conversion dates are as follows:

<b>Academy</b>	<b>Type</b>	<b>Conversion Date</b>
Tame Valley Academy	Primary	1 December 2012
Reaside Academy	Junior	1 December 2012
The ACE Academy	Secondary	1 March 2013
Fairway Primary Academy	Primary	1 April 2013
The Orchards Primary Academy	Primary	1 July 2013
Edgar Stammers Primary Academy	Primary	1 July 2013
Woodhouse Primary Academy	Primary	1 September 2013
Smestow School	Secondary	1 February 2014
Heathlands Primary Academy	Primary	1 June 2014
Albert Bradbeer Primary Academy	Primary	1 September 2014
Featherstone Academy	Primary	1 September 2014
Pye Green Academy	Primary	1 October 2014
Wednesfield High Specialist Engineering Academy	Secondary	1 January 2015

The Trust is now in the privileged position of being a trust chosen by good to outstanding schools which will assist in the efforts to improve from within and also signal that the University's policies of raising aspirations in the region are appreciated.

ECMAT has worked with specialist education consultants to provide high quality support for school improvement over the 2015-16 academic year. The trust is now in a position where it has this year been able to appoint a high quality full time Primary Adviser, Kevin Butlin, who will continue to ensure the improvement seen in our Primary Academies progresses further. John Sullivan, Senior Advisor has continued to support the advisory team and Professor Mick Waters, ECMAT Education Director has ensured that academies work collaboratively both internally and externally to the Trust to ensure best practice is embedded at all levels. Individual bespoke school improvement plans continue to be developed and implemented with all schools coming together to discuss new national developments and prevalent issues relevant to all.



# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report (continued)

#### Leadership

The leadership of our schools is of paramount importance and key to school improvement. All Head Teachers are supported in their work by an experienced adviser who works alongside staff at all levels. New Head Teachers are provided with an experienced mentor in their first year of headship and will this year, be a part of a Head Teacher induction group. Termly Leadership Conferences focus on key national and Trust issues providing opportunities for school development and networking across our schools. School leaders are encouraged to work closely together across the family of schools, sharing and developing good practice that support schools in improving leadership.

The Trust continues to run networks across all academies and this year, added to the list an Early Years Network, Computing Network and a year 7 focused transition project.

#### Teaching and Learning

ECMAT appointed a fulltime Primary Adviser from the 1<sup>st</sup> November 2016 to oversee school improvement for all 10 of the trust's primary academies.

This enabled ECMAT to develop the school challenge and support role from being one undertaken by three external consultants to one undertaken by a centrally employed member of the senior leadership team. Unlike external consultants, The Primary Adviser is able to contribute to senior leadership team, Academic Board and Trust Board discussions about the academies, and support the strategic development of the Trust. As a senior member of the central team the Primary Adviser has been able to form a symbiotic relationship with the ECMAT HR team, sharing intelligence, supporting casework and challenging/supporting Head Teachers in the leadership and management of HR issues.

Each academy has received at least one adviser visit per half term in which Head Teachers and senior leaders are challenged over school performance, and supported with school self-review, improvement planning and task completion. At the end of each visit, schools received a comprehensive report reviewing the development targets from the previous visit, outlining findings from lesson observations and other visit activities, summarising strengths and areas for development, and setting clear improvement targets to be reviewed during the next visit.

In addition to planned visits the Primary Advisor has provided proactive and reactive support for schools as the need arises, including telephone and email support outside normal working hours.

ECMAT advised and supported schools with the implementation of new primary accountability measures for the 2015/16 academic year, including the provision of cross-trust moderation of writing.

ECMAT has worked closely with Neil Scott and his Education Central team to identify and provide support for teachers, subject leaders and senior leaders through individual school projects, coordinator networks, cross-trust moderation of Mathematics, the Early Excellence Programme for EYFS practitioners, and recently through the Primary Advisor and focused whole-school reviews.

All Newly Qualified Teachers within ECMAT academies completed the excellently received Education Central NQT Programme this year, and all teachers in their second year of teaching undertook the equally successful Embedding Good Practice programme.

Primary Head Teachers in the early stages of their first headship have been supported by a bespoke Early Headship programme led by an external consultant, planned with the Primary Adviser and commissioned by Education Central.

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report (continued)

Termly Leadership Network meetings focused on key national and Trust issues providing opportunities for school development and networking across our schools. School leaders continue to be encouraged to work closely together across the family of schools, sharing and developing good practice that support schools in improving leadership.

Eight of our Head Teachers took part in the 2015/16 Primary Triads programme led by Professor Mick Waters, working with Head Teachers from Devon, Bristol, Gloucestershire and Loughborough, developing their skills of observation, reflection and critical analysis.

On 24<sup>th</sup> March 2016 the combined staff teams of our ten primary academies attended the ECMAT Joint Training day led by Debra Kidd, Hywel Roberts and Mick Waters. The day was a great success and is being followed up in the 2016/17 academic year by a Primary Adviser-led programme of focused teaching team visits to other ECMAT academies and a year-long professional development focus within each of the schools to deepen and embed the learning from the day.

In January, Edgar Stammers Primary Academy received a Section 8 HMI monitoring visit. The report acknowledged the substantial impact that the executive Head Teacher is having on the performance of the school, the quality of support from ECMAT, but also the distance that the school is from being removed from Serious Weaknesses.

None of our primary academies underwent Ofsted Inspection in the 2015/16 academic year.

Primary	Conversion Date	Current Ofsted Judgement	% level 4+ reading, writing and mathematics			ES* reading, writing and mathematics
			2013	2014	2015	2016
Tame Valley Academy	01/12/2012	Good (22/05/2014)	74	75	82	68
Reaside Academy	01/12/2012	Requires Improvement (08/07/2014)	76	64	87	57
Fairway Primary Academy	01/04/2013	Good (15/01/2015)	83	72	78	49
The Orchards Primary Academy	01/07/2013	Good (18/03/2015)	82	79	83	65
Edgar Stammers Primary Academy	01/07/2013	Serious Weaknesses (07/05/2015)	48	40	30	25
Woodhouse Primary Academy	01/09/2013	Good with Outstanding for B&S (09/07/15)	78	80	75	45
Heathlands Primary Academy	01/06/2014	Good (01/11/2012)	61	44	62	25
Albert Bradbeer Primary Academy	01/09/2014	Requires Improvement (31/10/2012)	63	61	75	50
Featherstone Academy	01/09/2014	Good (28/02/2012)	79	93	86	59
Pye Green Academy	01/10/2014	Good (02/07/2012)	83	87	90	67

*\*% of children at Expected Standard (National Average 53%) – New primary accountability measure based on new curriculum and higher expectations - not comparable with previous years.*

Secondary	Conversion Date	Ofsted Prior	% 5+ A*-C including English and mathematics			P8
			2013	2014	2015	2016
The ACE Academy	01/03/2013	Special Measures (12/11/2014)	53	35	33	-0.73
Smestow School	01/02/2014	Good (04/06/2013)	64	59	53	0.28
Wednesfield High School	01/01/2015	Special Measures (11/12/2013)	60	40	45	-0.47

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report (continued)

#### ECMAT Events and Competitions

Pupil events included

- Maths, Literacy and Science quizzes
- Gifted and Talented events including visits to Thinktank, Tutbury Castle, Moseley Old Hall, Wolverhampton Art Gallery, St Nicholas Place and Ashby Castle
- SCiFest, SportFest and ArtsFest at the University of Wolverhampton

ECMAT also encouraged schools to come together for sporting events throughout the year. These included football, netball and an athletics competition at the University of Wolverhampton's Walsall Campus.

#### **Key Performance Indicators (KPIs)**

The Trust continues to develop its financial key performance indicators. These KPIs cover both financial and non-financial targets. The financial KPIs which are currently being incorporated into the performance management of the Trust include targets for annual operating surplus, liquidity and staff related costs.

#### Financial Targets

##### *Annual Operating Surplus*

The academies will be targeted with producing an annual budget which provides an annual budget based surplus of 4% (after depreciation and actuarial gains/losses on defined benefit pension schemes) (pro-rata for the year dependant on conversion). It would be expected at least £150 per pupil out of this surplus would be allocated to capital reserves, as identified in the school development plan.

There are currently a number of issues preventing some academies within the trust from reaching this target:

- a) The fact that it takes some time to build up reserves from their conversion date.
- b) Previous surplus balances have been used in the current or previous year for planned capital build and will need time to increase year on year to reach the KPI target.

It is also important that the Trust and academies realise that grant income received during the year is for a specific purpose – that is the education of the children during the academic year. Its surpluses therefore, should not be excessive. The previous rules governing schools provided that no surplus for the year should be in excess of 8%.

##### *Liquidity*

Each academy should provide an annual budget which provides a minimum one month's expenditure (excluding salaries). One of the specific requirements from the EFA is that an academy should not go overdrawn. ECMAT has therefore built this requirement in to the budgeting process and monitors the performance of the actual management of cash. No academy has gone overdrawn during the accounting year.

##### *Staff related costs*

The most significant cost for an academy is the payroll cost. Academy staff related costs should be between 70% - 80% of total expenditure. It is important that academies identify these costs appropriately. The level of expenditure on staff is seen as a key benchmark for the education sector; it shows investment in the teaching provision and provides an indication of the staff/pupil ratios. The target is set within a range as this provides each academy with a level of independence in setting their staffing levels, but also indicates that they should not be set too high or too low.

These KPIs will be measured and monitored during the forthcoming financial year.

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Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)

**Going Concern**

After making appropriate enquiries, the board of trustees have a reasonable expectation that ECMAT 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.

**Financial Review**

The Financial Statements of the Trust comprise of the consolidated activities of the academies under the Trust's control.

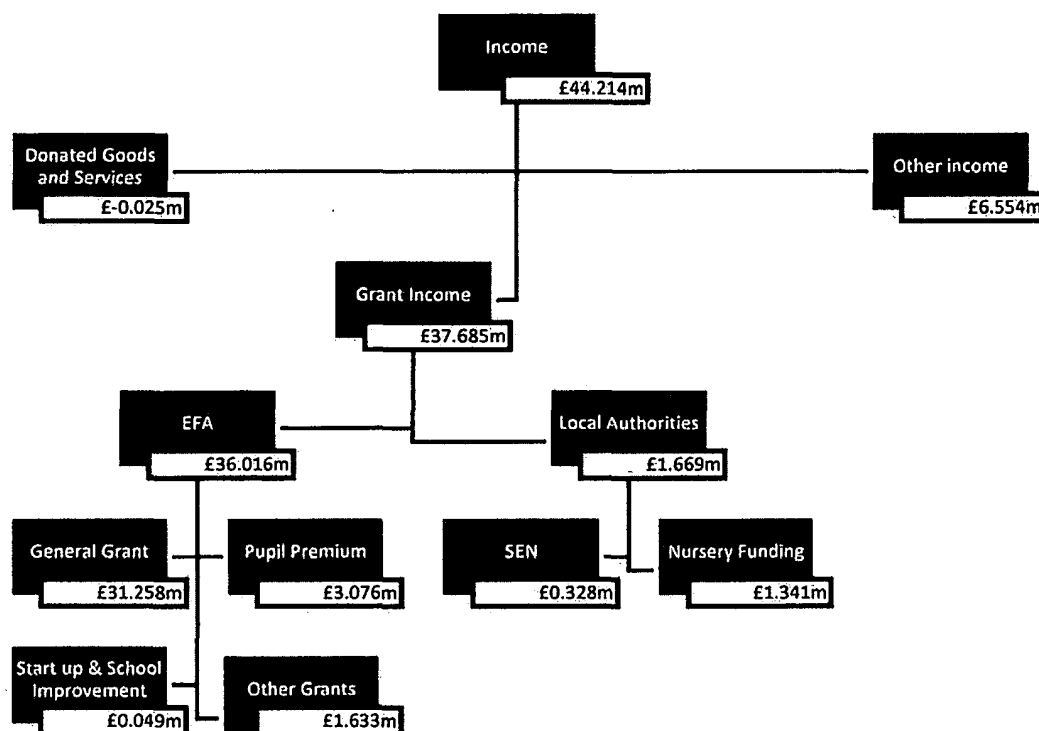
Income and Expenditure Account

The consolidated income and expenditure account of the Trust for the year ended 31 August 2016 is summarised as follows:

	31 August 2016	31 August 2015
	£000	£000
Income	44,214	37,526
Expenditure	44,645	39,215
Operating surplus	(431)	(1,689)
Inherited assets and liabilities on conversion	-	31,617
Actuarial (loss)/gain	(6,284)	(639)
Defined benefit pension fund brought in on conversion	-	(3,573)
Surplus / (deficit) for the year	(6,715)	25,716

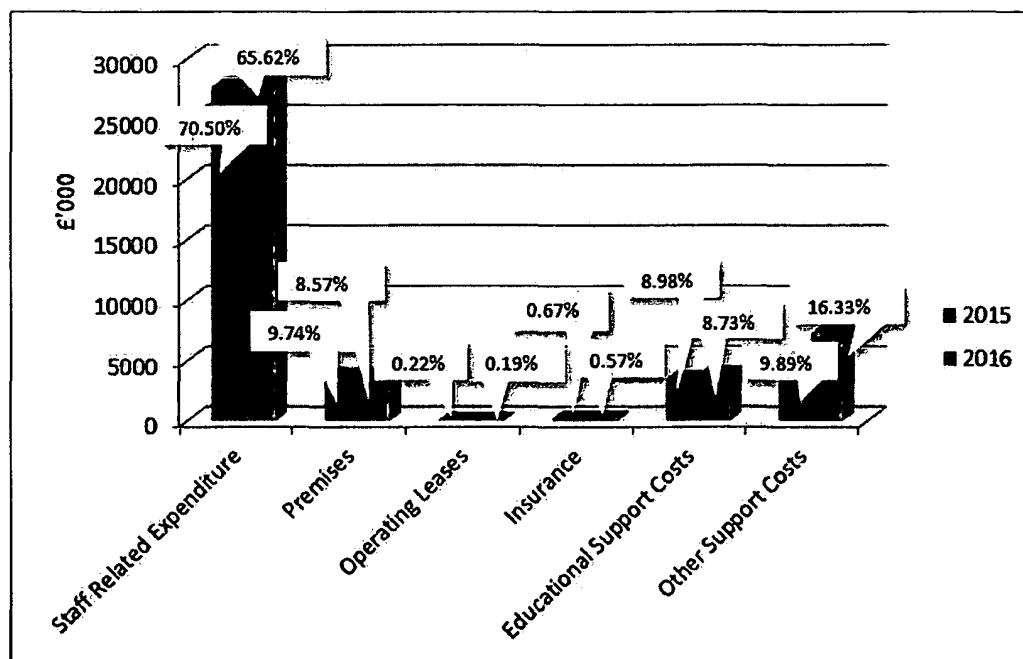
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Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)

*Income*



*Expenditure*

A summary of the expenditure (excluding actuarial gains/losses on defined benefit pension schemes) incurred by the Trust is as follows:

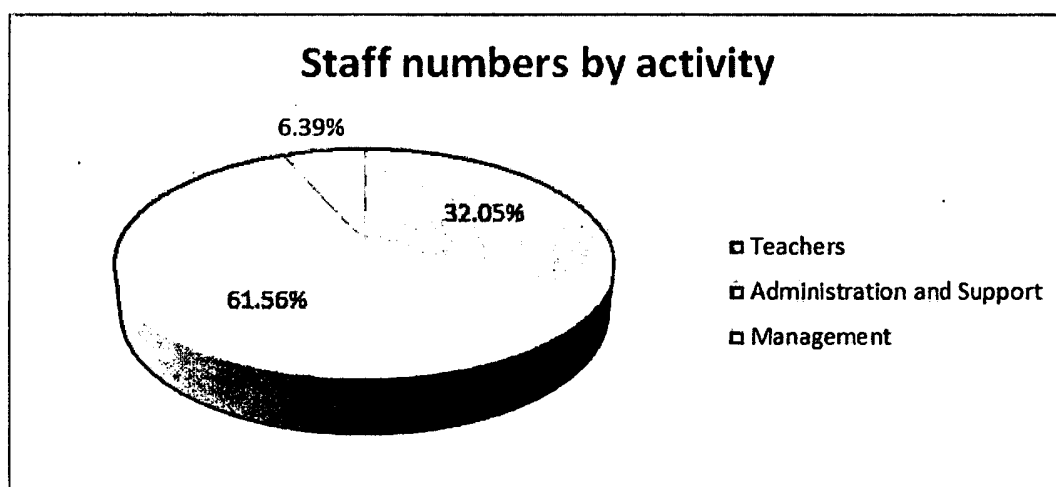


Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)

**Financial Review (continued)**

The most significant element of expenditure for the Trust was staff related (including training and recruitment costs), which accounted for 65.62% (2015: 70.50%) of total expenditure incurred by the Trust during the year under review. Staff costs in each of our academies are carefully controlled and monitored, to ensure they fall within the key ranges applicable to the education sector. Staff related expenditure includes non-payroll expenses, such as agency teaching staff and staff development costs, but these are a minor element of the expense type. If depreciation is excluded from this analysis of expenditure, staff related expenditure accounts for 68.04% (2015: 73.24%) of total expenditure.

All staffing costs were incurred in the charitable activities of the trust in the following areas:



Premises Costs include all costs relating to the maintenance and service provision of the academies, including IT related expenditure. The overall cost and percentage attribution against the total expenditure costs of the Trust is distorted by the inclusion of the service and maintenance service provision in one of the academies, taken over on conversion, which accounts for £1,429,000 (2015: £1,423,000) of the total expenditure in this area.

Educational and non-educational support costs relate to the provision of services to the pupils. These support costs relate to the provision of educational supplies, such as pupil premium expenditure, brought-in tuition costs, teaching aids, educational consultancy, catering and extra-curricular activity (for example, educational visits). The trust recognises that this element of expenditure is an important aspect of its spending activity and, with the provision of additional educational support services, is targeted at the specific requirements of each individual academy. It is not appropriate to provide individual details of the expenditure in this area for all the academies, but specific areas of targeted expenditure included targeted school improvement.

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)  
Financial Review (continued)

Balance Sheet

*Tangible Assets*

At the 31 August 2016, the net book value of Fixed Assets held by the Trust was £95.3m (2015: £94.2m).

The Trust's main assets are the leasehold properties acquired on conversion of the schools to academy status. It is a major responsibility of the trust to maintain and develop these properties to enable the academies to provide a safe, sustainable environment for the education of their pupils.

During the year, the Trust acquired no assets on conversion as no academies converted during the year (2015: £31.6m).

The capitalisation policy of the trust means that assets under £1,000 are not capitalised as fixed assets for accounting purposes, except where they are part of a purchase of a group of assets. Where such assets are acquired the operating policy of the trust is to require that these assets are properly recorded, maintained and secured.

*Debtors*

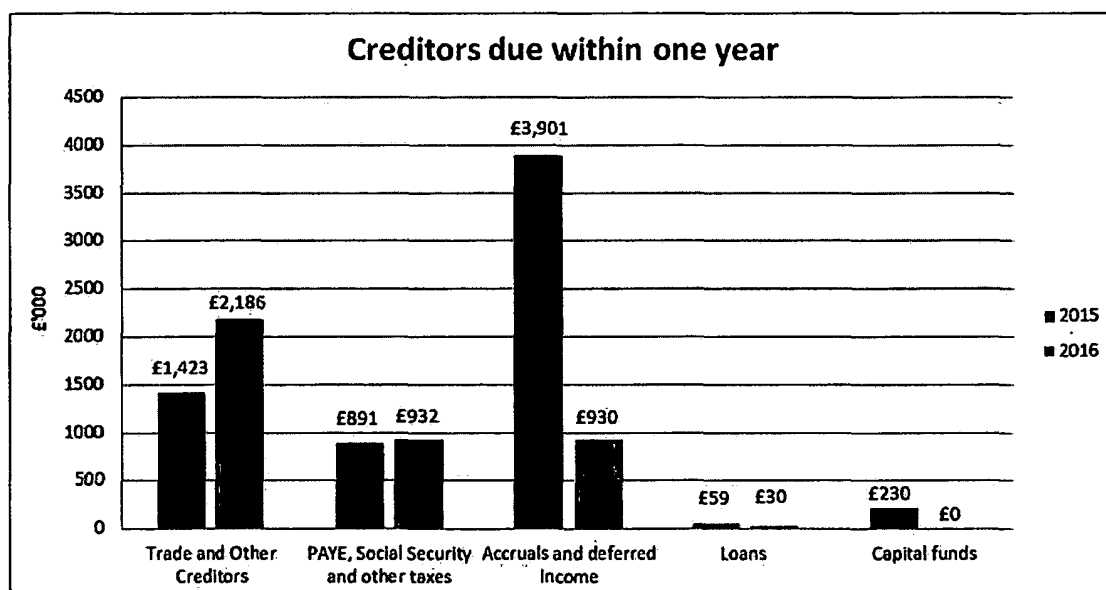
The main income source of the Trust, government and local authority grants, precludes the existence of significant trade debtor balances. In the accounts to 31 August 2016, the main debtor balances related to VAT amounts owing of £227k (2015: £738k) and prepayments and accrued income of £975k (2015: £1.1m). The accrued income relates mainly to grants which are paid in arrears.

*Cash and Bank*

The Education Funding Agency (EFA) requires that no academy should go overdrawn. The Trust has set its investment policy with this consideration in mind. The bank balances held at the end of the financial year reflect this policy and that the Trust maintains sufficient reserves to ensure that its material expenses can be properly afforded.

*Creditors: Amounts due within one year*

Liabilities due within one year were £4,110,000 (2015: £6,502,000).



# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Trustee's Report (continued)

#### Financial Review (continued)

##### *Creditors: amounts due after more than one year*

The liabilities due after more than one year relate to the loan liabilities transferred on conversion to academy status. These arose as a result of the single status pay settlements made in previous years, and the local authorities provided certain schools with the necessary funds, with the proviso that these loans were repaid over an agreed timescale. These loans transferred over on the change to academy status and the Trust has taken on the liability and agreed the repayment schedules with the appropriate authorities.

##### *Defined Benefit Pension Scheme Provision*

The liability of £20m (2015: £13m) recognised in the accounts relates to the Local Government Pension Scheme (LGPS) operated on behalf of our employees. The provision is based on estimates provided by the actuaries, in accordance with FRS 102.

The charge to the statement of financial activities, which reflects the movement in the liability according to the prior year assumptions, amounted to £670k (2015: £396k). This was all allocated to interest costs. The actuarial loss recorded during the year was £6.3m (2015: £639k).

##### Reserves Policy

Given the nature of the activities of ECMAT, and the legal requirement not to hold on to income reserves for an excessive period of time, ECMAT considers it appropriate to set its reserves policy to ensure that it does not hold on to excessive reserves. It recognises the need to plan for future capital expenditure and pension considerations, which will be held in separate designated reserves.

Usually, restricted reserves would also be excluded from the definition of reserves, since the expenditure on such income is allocated for a specific purpose. However, since the majority of the income derived in ECMAT is grant income for the purpose of education, ECMAT considers it inappropriate to exclude this from any definition of managed reserves. Setting an upper limit on the reserve would provide for a means of managing the legal requirement to not build up excessive reserves.

A minimum target level for reserves is not considered appropriate at this point in time, as the company is young and therefore its main consideration is to build up its reserves. ECMAT have adopted a reserve target of 5% of annual turnover.

***Education Central Multi Academy Trust (ECMAT) will maintain a level of free reserves which will not exceed 5% (of its total income for the year. Free reserves are defined as Total Reserves less Designated Reserves (Capital Reserve, Pension Reserve) and Funds invested in Capital Assets.***

The main discrepancy between the Trust's aspirational reserves target and actual reserves as at 31 August 2016 relates mainly to the secondary academies within the Trust. The ACE Academy, Smestow School and Wednesfield Academy all face challenging times as they struggle to balance increasing school improvement costs with drops in funding.

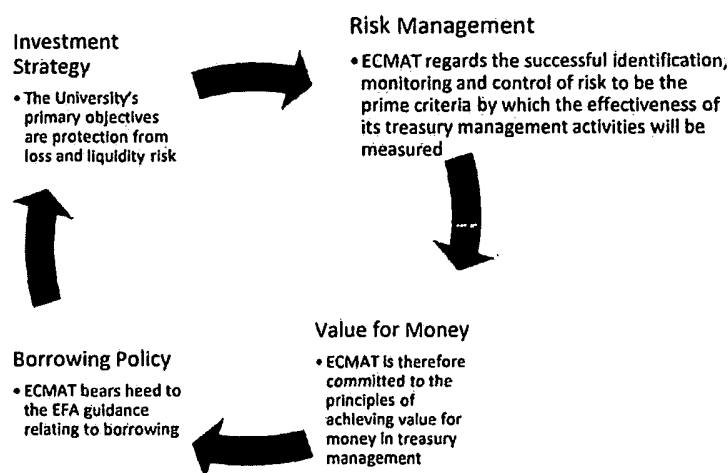
However, each of the Trust's secondary academies were asked during the year to prepare deficit recovery plans for the ECMAT board, showing movements to a favourable financial position in the near future. These plans were presented and accepted by board in July 2016.



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Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)

Investment Policy

ECMAT defines its treasury management activities as: the management of ECMAT's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.



The University's primary objectives for the investment of its surplus funds are to protect the principal sums invested from loss, and to ensure adequate liquidity so that funds are available for expenditure when needed. The generation of investment income to support the provision of ECMAT business, service and charitable objectives is an important, but secondary, objective.

*Borrowing policy*

ECMAT bears heed to the EFA guidance relating to borrowing. As such, it will manage its financial affairs and obligations without recourse to borrowing in any form, whether by bank overdraft, loans, finance leases or similar instruments.

Principal Risks and Uncertainties

The major risks to which the academy trust is exposed, as identified by the trustees, have been reviewed and systems and procedures have been established including internal controls to manage and mitigate these risks. Risk are regularly reviewed and reported to the Audit and Risk Assurance Committee and any significant non-compliance is acted upon.

ECMAT holds a risk register and management plan which are based on guidance contained in the HM Treasury publication "Management of Risk – Principles and Concepts" ("The Orange Book") that provides guidance on developing a strategic framework for the organisational consideration of risk. The register is based on the strategic objectives of ECMAT and the risks to the achievement of these objectives. Risk management is embedded into the ongoing planning and strategy process of the Local Advisory Boards and the ECMAT Board.

ECMAT regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Trustee's Report (continued)

*Categories of Risk*

External Risk	Operational Risk	Resource Risk	Relationship Risk	Change Risk
Political	Operations	Financial	Reputation	Public sector targets
Economic				
Socio-Cultural		Physical	Governance	Change programmes
Technological	Service and project delivery	Human	Scanning	New projects
Legal & regulatory				
Environmental		Information	Resilience	New policies

*Risk Responses*

In this plan responses to risk are divided into four response categories:

**Transfer:** For some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks of risks to assets.

**Tolerate:** The exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration. This option may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised.

**Treat:** By far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to take control action to contain the risk to an acceptable level.

**Terminate:** Some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in the public sector when compared to the private sector; a number of activities are conducted in the public sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

During the year under review, ECMAT has had due regard to its responsibility to adhere to the regularity and propriety requirements laid down by Parliament. The trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the academies financial handbook. During the year under review, no instances of material irregularity, impropriety or funding non-compliance have been discovered.

**Education Central Multi Academy Trust**  
**Financial Statements for the Year Ended 31 August 2016**  
**Trustee's Report (continued)**  
**Plans for Future Periods**

Education Central Multi Academy Trust currently has 13 schools within the family. It includes 10 Primary and 3 secondary. Following the retirement of the Interim CEO a new appointment has been made. Professor Michelle Lowe will begin her role as CEO of ECMAT on 1<sup>st</sup> December 2016. Michelle is currently the Director of the Institute of Education within the University of Wolverhampton. What this will do is integrate the Multi Academy Trust with the School Improvement work of Education Central and the Institute of Education to significantly enhance the role of the University to improve standards and support teachers in all schools.

In addition, following a review of the Trust direction and operations, a restructure will take place ready for implementation on the 1<sup>st</sup> September 2017. This will include a revised Senior Leadership Team. The review of operational support for schools will be based on the principles of best quality and value for money.

The Trust will also revise its funding model from the 1<sup>st</sup> September 2017 when all schools will make a flat rate contribution to the centre. A working group of Trustees are actively involved in supporting this work on behalf of the Trust.

It is the intention that this process will enable the Trust to provide high quality support for schools in all areas and will be able to sustain the expansion plans approved by the DfE and the Trust Board.

**Funds Held as Custodian Trustee on Behalf of Others**

Education Central Multi Academy Trust does not act as a custodian trustee on behalf of any others.

**Auditor**

Insofar as the trustees are aware:

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

At the Full Board of Governors meeting held on 9 December 2015 approval was given for the reappointment of Moore Stephens as external auditors for the financial year 2015-16.

Trustees' report, incorporating a strategic report was approved by order of the board of trustees, as the company directors, on 6<sup>th</sup> December 2016 and signed on the board's behalf by:

Professor Geoff Layer  
Chair of Trustees



Date: 14/12/16

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Governance Statement

#### Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Education Central Multi 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 3 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
Geoff Layer (Chairman)	2	3
Jackie Dunn	3	3
Roy Lockwood	3	3
Liz Dix (Interim CEO)	3	3
Mick Waters	3	3
Andrew Holding	2	3
Colin Avern (Chair - Reaside LAB )	3	3
John Sullivan (Chair LAB - Edgar Stammers)	3	3
Luke Hill	3	3
Shila Malhotra	3	3
Martin Chalk (Chair LAB – Wednesfield)	1	3
Georgina Lahiri (Parent LAB – Smestow)	3	3
Jo Dunne (Parent LAB – Featherstone)	2	3
Gina Banger (Parent LAB – Wednesfield)	1	3
Sean Starr	1	3
Michelle Lowe (appointed 22nd March 2016)	1	1

In addition to the Board meetings, ECMAT held an Annual General Meeting on 13<sup>th</sup> July 2016, which for the purpose of this report will be called a general meeting.

To ensure ECMAT has effective board and LAB membership, an evaluation and review process is underway, this includes the completion of a self-evaluation and skills assessment by all members. The outcome will be reviewed to ensure that we have a combination of suitably skilled and qualified membership to support our academies to the highest level and in the most effective way.

**Education Central Multi Academy Trust**  
**Financial Statements for the Year Ended 31 August 2016**  
**Governance Statement (continued)**

**Review of Value for Money**

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

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

- looking at where economies of scale can be achieved across the trust and where costs can be reduced by streamlining the use of suppliers;
- encouraging knowledge sharing amongst the academies so that the trust is aware of any potential savings to be made; and
- enhancing engagement with the University's procurement department to initiate cost savings where possible. For example, significant savings have been made across the trust in relation to energy costs during the period.

**Finance and Resources Committee**

The Board established a Finance and Resources Committee as a sub-committee of the Board on 12<sup>th</sup> March 2014, to support them in their responsibilities for issues of financial monitoring, HR, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

**Membership**

The members of the Finance and Resources Committee are:

- Roy Lockwood
- Shila Malhotra
- Colin Avern (Chair)
- Kelly Paskin
- Gary Butler
- Elizabeth Dix

**Reporting**

The Finance and Resources Committee will formally report in writing to the Board and Accounting Officer after each meeting, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Governance Statement (continued)

**Finance and Resources Committee (continued)**

Responsibilities

The Finance and Resources Committee will review and advise the Board and Accounting Officer on the activities of the academies to include:

- Review the proposed annual budget produced by the Headteacher and LAB for recommendation by the Accounting officer
- Review the actual expenditure and half termly budget reports
- Approve expenditure of sums over £25,000. Sums under the amount are delegated to the Headteacher and LAB under the 'Scheme of Delegation' Policy
- Approve all virement of sums over £25,000 sums below that amount are delegated to the Headteacher and LAB under the 'Scheme of Delegation' Policy
- To establish and receive an up to date 3 year financial plan for each academy
  - a) Consider a budget position statement at least termly and to report significant anomalies from the anticipated position to the Accounting Officer and ECMAT board.
  - b) Ensure academies operate within the Financial Regulations of EFA and Charities Commission for the use of Public Money.
  - c) Monitor expenditure of all voluntary funds kept on behalf of the Governing Body.
  - d) Receive any recommendations from the internal Audit Control reports and ensure action plans are monitored to compliance.
  - e) Receive any EFA audit plans and ensure they are monitored to compliance.
- Pay and conditions - review likely financial implications to budget, including where necessary, determining whether sufficient funds are available for pay increments as recommended by the Headteacher and LABs.
- To monitor and confirm ECMAT standing orders and Accounting policies are complied with.
- To delegate to Headteacher monitoring of contracts and suppliers.
- To monitor and apply structures for the following procedures: redeployment, redundancy, disciplinary, grievance, appraisal and capability.
- To consider issues of Personnel: leaves of absence, secondment and early retirement.
- To draft and keep under review the staffing structure in consultation with the Headteacher and LAB for salary assessments.
- To monitor financial implications of appointment of teaching/non-teaching staff as recommended by Headteacher and or LAB.
- To oversee appraisal process for Headteacher and conduct salary review for senior leadership team (The Committee may delegate this power to an appropriately qualified working group).
- To determine whether sufficient funds are available for pay increments as recommended by the Headteacher and LAB.
- To annually review charges and remissions policies and expenses policies.
- To monitor decisions made in respect of service level agreements.
- To make decisions on expenditure following recommendations from other committees.
- To ensure, as far as is practical, that Health and Safety financial issues are appropriately prioritised.
- To establish a Pay Policy by adopting ECMAT Pay Policy for all categories of staff and to be responsible for its administration and review.
- To oversee the appointment procedure for all staff (the committee can delegate this item to the Academies and/or HR Director as appropriate).
- To establish and review an Appraisal Policy for all staff.
- To keep under review staff work/life balance, working conditions and well-being, including monitoring of absence.
- To consider any appeal against a decision on pay grading or pay awards.

**Education Central Multi Academy Trust**  
**Financial Statements for the Year Ended 31 August 2016**  
**Governance Statement (continued)**

**Finance and Resources Committee (continued)**

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
C Avern (Chair)	5	5
E Dix	5	5
G Butler	2	5
R Lockwood	5	5
S Malhotra	5	5
K Paskin	5	5

The Finance and Resources Committee found no significant issues during the period under review.

**Audit and Risk Committee**

The Board established an Audit and Risk Assurance Committee as a sub-committee of the Board on 6th February 2014, to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

The members of the Audit and Risk Assurance Committee are:

- Andrew Holding (Chair)
- Elizabeth Dix
- Luke Hill
- Gary Butler
- Kelly Paskin
- Leigh Clarke

Reporting

- The Audit and Risk Assurance Committee will formally report in writing to the Board and Accounting Officer after each meeting.
- The Audit and Risk Assurance Committee will provide the Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

Responsibilities

The Audit and Risk Assurance Committee will advise the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;
- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Governance Statement (continued)

**Audit and Risk Committee (continued)**

Meetings

The Audit and Risk Assurance Committee will meet at least three times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings, as they deem necessary.

	Meetings attended	Out of a possible
A Holding	3	3
E Dix	3	3
G Butler	3	3
L Hill	3	3
K Paskin	3	3
L Clarke	3	3

The Audit and Risk Committee found no significant issues during the period under review.

**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 ECMAT for the period 1 September 2015 to 31 August 2016 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Audit and Risk Assurance committee and the board of trustees.

**The Risk and Control Framework**

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

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



Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Governance Statement (continued)

**The Risk and Control Framework (continued)**

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor at this time. However, a review of this requirement will take place during financial year the 2016/17 as the family of academies increases.

Internal control checks (ICC) have been carried out as routine during the financial year by members of the finance and ECMAT central team. These checks have included; bank and payroll reconciliations, orders, invoices, payments, segregation of duties, supplier checks, expenses, procurement and LAB Finance minutes. Any areas of non-compliance will be forwarded to the relevant Headteacher and LAB chair for appropriate action and reported back to Finance & Resources Committee.

**Review of Effectiveness**

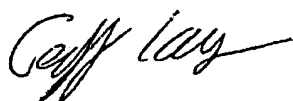
The accounting officer and Chief Executive have responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the reviewer
- The work of the executive managers within the academy trust who support the reviewer in the development and maintenance of the internal control framework
- The financial management and governance self-assessment (FMGS) process
- The work of the external auditor

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the reviewer, Executive Managers, FMGS and Finance and Resources Committee and a plan to address weaknesses, if presented and ensure continuous improvement of the system is in place. A schedule is in place for internal control checks for 2016-17.

Approved by order of the members of the board of trustees on 6<sup>th</sup> December 2016 and signed on its behalf by:

Professor Geoff Layer  
Chair of Trustees



Date: 14/12/16

Professor Michelle Lowe  
Accounting Officer



Date:

15.12.16

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016

Statement on Regularity, Propriety and Compliance

As accounting officer of Education Central Multi Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

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 EFA.

Professor Michelle Lowe  
Accounting Officer



Date:

15.12.16

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 6<sup>th</sup> December 2016 and signed on its behalf by:

**Professor Geoff Layer**  
Chair of Trustees



Date: 14/12/16

## **Education Central Multi Academy Trust**

### **Financial Statements for the Year Ended 31 August 2016**

#### **Independent Auditor's Report on the Financial Statements to the Board of Trustees of Education Central Multi Academy Trust**

We have audited the financial statements of Education Central Multi Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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

#### **Respective responsibilities of Trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 26, the Trustees (who are also the directors of the charitable Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Governors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

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 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Governors' report, incorporating the Strategic report, for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Education Central Multi Academy Trust**  
**Financial Statements for the Year Ended 31 August 2016**  
**Independent reporting accountant's assurance report on regularity to Education Central Multi Academy Trust and the Education Funding Agency**

In accordance with the terms of our engagement letter dated 23 June 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education Central Multi Academy Trust during the period 1 September 2015 to 31 August 2016 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 Education Central Multi Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Education Central Multi Academy Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Education Central Multi Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Education Central Multi Academy Trust's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Education Central Multi Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. 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 2015 to 31 August 2016 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 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We have undertaken testing as appropriate in accordance with the Academies Accounts Direction 2015 to 2016. This includes an evaluation of the control environment of the school, enquiry, analytical review and substantive testing.

Education Central Multi Academy Trust

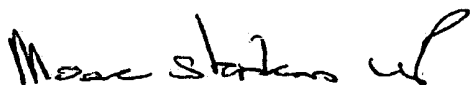
Financial Statements for the Year Ended 31 August 2016

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Education Central Multi Academy Trust (continued)

**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.



NICHOLAS SIMKINS (Senior Statutory Auditor)  
for and on behalf of MOORE STEPHENS LLP (Statutory Auditor)  
Chartered Accountants and Statutory Auditor  
Birmingham

Date: 14/12/2016

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016

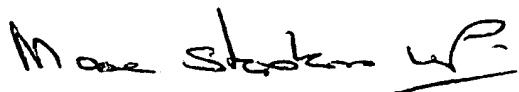
**Independent Reporting Accountant's Assurance Report on Regularity to  
Education Central Multi Academy Trust and the Education Funding  
Agency (continued)**

Our procedures included, but not limited to the following:

- Reviewing minutes of meetings, management accounts and made enquiries of management;
- Performing sample testing of expenditure ensuring items are for the Trust's purposes and are appropriately authorised;
- Reviewing the procedures for identifying and declaring related parties and other business interest;
- Scrutinising journals, and other adjustments posted during the year for evidence of unusual entries and made further enquiries into any such items where relevant;
- Taking a selection of nominal ledger accounts for evidence of unusual entries and made further enquiries into any such items where relevant;
- Performing an evaluation of the general control environment of the Schools;
- Reviewing nominal ledger accounts for any large or unusual entries and obtaining supporting documentation.

**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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Moore Stephens LLP  
Chartered Accountants  
Birmingham

Date: 14/12/2016

# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

### Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2016 £000	Total 2015 £000
<b>Income and endowments from;</b>						
Donations and Capital Grants	2	(25)	-	5,724	5,699	433
Voluntary income - transfer from local authorities on conversion	2	-	-	-	-	31,616
<b>Charitable activities;</b>						
Funding for the academy trust's educational operations	4	-	36,753	-	36,753	34,694
Other trading activities	3	1,425	337	-	1,762	2,399
<b>Total incoming resources</b>		<b>1,400</b>	<b>37,090</b>	<b>5,724</b>	<b>44,214</b>	<b>69,142</b>
<b>Expenditure on;</b>						
<b>Charitable activities:</b>						
Academy's educational operations	6	-	40,056	4,589	44,645	39,214
<b>Total resources expended</b>		<b>-</b>	<b>40,056</b>	<b>4,589</b>	<b>44,645</b>	<b>39,214</b>
<b>Net Income / (Expenditure)</b>		<b>1,400</b>	<b>(2,966)</b>	<b>1,135</b>	<b>(431)</b>	<b>29,928</b>
<b>Other recognised gains and (losses)</b>						
Defined benefit pension scheme deficit brought in on conversion	22	-	-	-	-	(3,573)
Actuarial (losses)/gains on defined benefit pension schemes	22	-	(6,284)	-	(6,284)	(639)
<b>Net movement in funds</b>		<b>1,400</b>	<b>(9,250)</b>	<b>1,135</b>	<b>(6,715)</b>	<b>25,716</b>
<b>Gross transfers between funds</b>	15	<b>(3,685)</b>	<b>3,481</b>	<b>204</b>	<b>-</b>	<b>-</b>
<b>Funds brought forward at 1 September 2015</b>	15	<b>2,789</b>	<b>(14,195)</b>	<b>94,248</b>	<b>82,842</b>	<b>57,126</b>
<b>Total funds carried forward at 31 August 2016</b>		<b>504</b>	<b>(19,964)</b>	<b>95,587</b>	<b>76,127</b>	<b>82,842</b>

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

In the current period, the company had no discontinued operations.



# Education Central Multi Academy Trust

## Financial Statements for the Year Ended 31 August 2016

The trust's prior year's Statement of Financial Activities has been included for comparative purposes below:

### Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2015 £000
<b>Income and endowments from:</b>				
Donations and capital grants	-	148	285	433
Voluntary income - transfer from local authorities on conversion	-	-	31,616	31,616
<b>Charitable activities:</b>				
Funding for the Academy trust's educational operations	-	34,694	-	34,694
Other trading activities	2,399	-	-	2,399
<b>Total incoming resources</b>	<b>2,399</b>	<b>34,842</b>	<b>31,901</b>	<b>69,142</b>
<b>Expenditure on:</b>				
<b>Charitable activities:</b>				
Academy's educational operations	407	37,344	1,463	39,214
<b>Total resources expended</b>	<b>407</b>	<b>37,344</b>	<b>1,463</b>	<b>39,214</b>
<b>Net income/expenditure</b>	<b>1,992</b>	<b>(2,502)</b>	<b>30,438</b>	<b>29,928</b>
<b>Other recognised gains and (losses)</b>				
Defined benefit pension scheme deficit brought in on conversion	-	(3,573)	-	(3,573)
Actuarial (losses)/gains on defined benefit pension schemes	-	(639)	-	(639)
<b>Net movement in funds</b>	<b>1,992</b>	<b>(6,714)</b>	<b>30,438</b>	<b>25,716</b>
<b>Gross transfers between funds</b>	<b>-</b>	<b>(316)</b>	<b>316</b>	<b>-</b>
<b>Funds brought forward at 1 September 2014</b>	<b>797</b>	<b>(7,165)</b>	<b>63,494</b>	<b>57,126</b>
<b>Total funds carried forward at 31 August 2015</b>	<b>2,789</b>	<b>(14,195)</b>	<b>94,248</b>	<b>82,842</b>

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Balance Sheet as at 31 August 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Tangible assets	10		95,317		94,248
<b>Current assets</b>					
Stocks	11	5		5	
Debtors	12	1,363		1,843	
Cash at bank and in hand		3,692		6,473	
Total current assets		5,060		8,321	
Creditors: Amounts falling due within one year	13	(4,110)		(6,502)	
<b>Net current assets</b>			950		1,819
Total assets less current liabilities			96,267		96,067
Creditors: Amounts falling due after more than one year	14		(176)		(215)
<b>Net assets excluding pension liability</b>			96,091		95,852
Pension scheme liability	22		(19,964)		(13,010)
<b>Net assets including pension liability</b>			76,127		82,842
<b>Funds of the academy:</b>					
<b>Restricted funds</b>					
Fixed asset fund	15		95,587		94,248
General fund	15		-		(1,185)
Pension reserve	15		(19,964)		(13,010)
Total restricted funds			75,623		80,053
<b>Unrestricted funds</b>					
General fund	15		504		2,789
Total unrestricted funds			504		2,789
<b>Total Funds</b>			76,127		82,842

The financial statements on pages 31 to 54 were approved by the Trustees and authorised for issue on 6<sup>th</sup> December 2016 and are signed on their behalf by:

Chair of Trustees: Professor G Layer



Date: 14/12/16

Education Central Multi Academy Trust  
Financial Statements for the Year Ended 31 August 2016  
Cash Flow Statement

	Notes	2016 £000	2015 £000
Cash flows from operating activities	18	(2,779)	4,383
Cash flows from investing activities	19	66	(316)
Change in cash and cash equivalents in the reporting period		(2,713)	4,067
Cash and cash equivalents at 1 September 2015	20	6,199	2,132
Cash and cash equivalents at 31 August 2016		3,486	6,199

# Education Central Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016

### 1. Statement of Accounting Policies

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

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, the Charities Act 2011 and the Companies Act 2006.

Education Central Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

#### Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### 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.

## Education Central Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016

#### (Continued)

#### 1. Statement of Accounting Policies (continued)

##### *Donated goods, facilities and services*

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

##### *Donated assets*

During the period of account, the trust acquired a donated asset in the form of a new build at Heathlands Academy. The measurement included within the financial statements is in line with the tender price of the contractor.

#### **Expenditure**

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

##### *Expenditure on Raising Funds*

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

##### *Charitable Activities*

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

All resources expended are inclusive of irrecoverable VAT.

#### **Tangible Fixed Assets**

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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, depreciation on such assets is charged to the unrestricted fund.

## Education Central Multi Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2016

#### (Continued)

##### 1. Statement of Accounting Policies (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	Over 125 years
Fixtures, fittings and equipment	25%-33% per annum
Motor Vehicles	25% per annum

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

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

The useful life of the leasehold buildings was amended from 50 to 125 years to reflect the reality of the lease-holding.

##### Liabilities

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

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

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 the interest payable and similar charges.

##### Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

##### Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

##### Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

**Education Central Multi Academy Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2016**  
**(Continued)**

**1. Statement of Accounting Policies (continued)**

**Pensions Benefits**

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

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 in Note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

**Fund Accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

***Critical accounting estimates and assumptions***

The 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 material judgement to the carrying amounts of assets and liabilities within the next financial year are discussed below.

# Education Central Multi Academy Trust

## Notes to the Financial Statements for the Year Ended 31 August 2016

(Continued)

### 1. Statement of Accounting Policies (continued)

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

#### *Critical areas of judgement*

There have been no areas of judgement made during the period of account that will have a significant effect on the amounts recognised in the financial statements.

#### Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in Note 24.

2. Donations and Capital Grants	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Donated fixed assets	-	4,792	4,792	31,616
Other donations	(25)	-	(25)	148
Capital Grants	-	932	932	285
	<u>(25)</u>	<u>5,724</u>	<u>5,699</u>	<u>32,049</u>

3. Other Trading Activities	Unrestricted Funds £000	Restricted Funds £000	2016 Total £000	2015 Total £000
Academy trips	-	337	337	291
Catering	423	-	423	320
Playgroup income	54	-	54	130
Lettings income	89	-	89	140
Uniform Sales	13	-	13	4
Sundry income	846	-	846	1,514
	<u>1,425</u>	<u>337</u>	<u>1,762</u>	<u>2,399</u>



Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

4. Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>DfE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	31,258	31,258	29,906
Start Up Grants	-	-	-	100
Pupil Premium	-	3,076	3,076	2,952
Lead in and implementation grant	-	49	49	6
Other DfE / EFA grants	-	701	701	749
	-	35,084	35,084	33,713
<b>Other Government grants</b>				
SEN from LA	-	328	328	79
Nursery Funding	-	1,341	1,341	902
	-	1,669	1,669	981
	-	36,753	36,753	34,694

5. Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
Direct costs	26,026	2,971	3,822	32,819	29,223
Allocated support costs	3,268	5,463	3,095	11,826	9,991
	29,294	8,434	6,917	44,645	39,214

Staff costs above include training and recruitment costs.

<b>Net income/(expenditure) for the period includes:</b>	<b>2016 £000</b>	<b>2015 £000</b>
Operating leases – plant and machinery	83	85
Fees payable to auditor - audit	22	20
Depreciation	1,618	1,463
Gain/(loss) on disposal of assets	2,971	-

Included within expenditure are ex-gratia payments totalling £246,138 made up of £239,403 COT3 settlements to 24 employees and £6,735 settlement agreement paid to 1 employee.

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2015, being delegated authority or approval from the Education Funding Agency.

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

6. Charitable Activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	25,167	25,167	23,608
Disposal of asset	-	2,971	2,971	-
Educational supplies	-	2,616	2,616	2,454
Examination fees	-	326	326	338
Staff development	-	301	301	319
Educational consultancy	-	880	880	642
Other direct costs	-	558	558	399
	-	32,819	32,819	27,760
<b>Allocated support costs</b>				
Support staff costs	-	3,164	3,164	3,173
Recruitment and support	-	104	104	148
Maintenance of premises	-	170	170	227
Maintenance of equipment	-	386	386	589
Cleaning	-	265	265	228
Operating lease rentals - other	-	83	83	85
PFI	-	1,429	1,429	1,423
Rates	-	155	155	123
Water rates	-	65	65	91
Energy	-	536	536	399
Insurance	-	254	254	261
Other property expenditure	-	132	132	133
Transport	-	78	78	103
Catering	-	1,201	1,201	1,086
Technology costs	-	707	707	642
Office costs	-	331	331	240
Net interest costs on pension deficit	-	670	670	396
Other support costs	-	478	478	644
Depreciation	-	1,618	1,618	1,463
	-	11,826	11,826	11,454
	-	44,645	44,645	39,214

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**7. Staff Costs**

Staff costs during the year were:

	2016 Total £000	2015 Total £000
Wages and Salaries	21,573	20,954
Social Security Costs	1,740	1,499
Other Pension Costs	3,689	2,843
	<b>27,002</b>	<b>25,296</b>
Supply teacher costs	1,717	1,163
Restructuring Costs	170	-
	<b>28,889</b>	<b>26,459</b>

The average number of persons employed by the academy during the period was as follows:

	2016 No.	2015 No.
<b>Charitable Activities</b>		
Teachers	316	300
Administration and Support	607	368
Management	63	44
	<b>986</b>	<b>712</b>

**Staff Severance Payments**

Non-statutory/non-contractual severance payments totalled £246,138 (2015 £228,526). Individually, the payments were:

COT3	£3,800.00	COT3	£15,000.00
COT3	£14,000.00	COT3	£15,000.00
COT3	£2,600.00	COT3	£6,000.00
COT3	£5,811.00	COT3	£6,500.00
COT3	£15,000.00	COT3	£9,468.00
COT3	£2,700.00	COT3	£10,000.00
COT3	£15,000.00	COT3	£20,000.00
COT3	£9,000.00	COT3	£47,500.00
COT3	£2,336.00	COT3	£500.00
COT3	£4,000.00	COT3	£2,500.00
COT3	£5,500.00	COT3	£10,200.00
COT3	£10,600	Settlement	£6,735.00
COT3	£6,388		

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**7. Staff Costs (continued)**

**Higher paid staff**

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

	2016	2015
	No.	No.
£60,001 - £70,000	10	9
£70,001 - £80,000	4	3
£90,001 - £100,000	2	-
£100,001 - £110,000	1	-

**Key Management Personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. No member of the key management personnel received employee benefits (including employer pension contributions) for their services to the academy trust.

**8. Central Services**

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

**HR Services**

The Trust charged £200,430 (2015: £123,466) based on a fee per contract for these services during the year to 31 August 2016. This split is as follows:

	2016	2015
Tame Valley Primary Academy	5,465	4,500
Reaside Primary Academy	5,780	3,150
ACE Academy	43,205	39,985
Fairway Primary Academy	5,355	3,600
Edgar Stammers Primary Academy	16,195	9,750
The Orchards Primary Academy	8,195	3,675
Woodhouse Primary Academy	10,295	6,675
Smestow School	21,115	13,925
Heathlands Academy	17,870	10,150
Featherstone Academy	6,825	4,425
Albert Bradbeer Academy	31,235	9,550
Pye Green Academy	6,720	4,056
Wednesfield High Academy	22,175	10,025

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

9. Trustees' remuneration and expenses

No member of the board of the Multi Academy Trust who served during the year received any remuneration for their services as a trustee, either for expenses or any other work undertaken on behalf of the trust. During the year ended 31 August 2016, no travel and subsistence expenses were reimbursed to governors (2015: Nil).

Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31<sup>st</sup> August 2016 was £2,750 (2015: £2,750). The cost of this insurance is included in the total insurance cost.

10. Tangible Fixed Assets

	Long Leasehold Land and Buildings £000	Furniture and Equipment £000	Motor Vehicles £000	Total £000
<b>Cost</b>				
At September 2015	94,106	2,252	17	96,375
Additions	623	241	-	864
Donated Assets	4,792	-	-	4,792
Transfer on Conversion	-	-	-	-
Disposals	(3,001)	-	-	(3,001)
At 31 August 2016	96,520	2,493	17	99,030
<b>Depreciation</b>				
At 1 September 2015	1,247	873	5	2,125
Charged in year	781	833	4	1,618
Disposals	(30)	-	-	(30)
At 31 August 2016	1,998	1,706	9	3,713
<b>Net Book Values</b>				
At 31 August 2016	94,522	787	8	95,317
At 31 August 2015	92,857	1,379	12	94,248

The trust acquired a new asset in 2015/16 in relation to Heathlands Academy. The valuation has been included based on the tender price of the contractor.

The academy trust continues to occupy the premises which were previously occupied by the predecessor schools on a long term basis, and are held under 125 year leases. The legal owners are the local authorities associated with each academy.

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**11. Stock**

	2016	2015
	£000	£000
Stock on hand	5	5

**12. Debtors**

	2016	2015
	£000	£000
Trade Debtors	1	26
Prepayments and accrued income	975	1,074
Due from related companies	117	-
Other debtors	43	5
VAT recoverable	227	738
	<b>1,363</b>	<b>1,843</b>

**13. Creditors: amounts falling due within one year**

	2016	2015
	£000	£000
Local authority loans / EFA	30	59
Trade creditors	2,186	1,335
Other creditors	32	3,224
Social Security and other taxes	937	1,080
Accruals and deferred income	925	804
	<b>4,110</b>	<b>6,502</b>

	£000
Deferred Income	
Deferred Income at 1 September 2015	358
Resources deferred during the year	297
Amounts released from previous years	(358)
Deferred income at 31 August 2016	<b>297</b>

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals for 2016/17.

**14. Creditors due after more than one year**

	2016	2015
	£000	£000
Local Authority Loans / EFA	176	215

The loans within the trust were inherited liabilities when the academies converted and were loans with the local authority.

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

15. Funds

	Balance at 01-Sep-15 £000	Assets/ liabilities on conversion £000	Incoming Resources £000	Resources Expended £000	Other gains/ losses and transfers £000	Balance at 31-Aug-16 £000
<b>Restricted general funds</b>						
General Annual Grant	(1,185)	-	31,258	(33,554)	3,481	-
Other DfE/EFA grants	-	-	3,826	(3,826)	-	-
LEA and other income	-	-	2,006	(2,006)	-	-
Pension reserve	(13,010)	-	-	(670)	(6,284)	(19,964)
	(14,195)	-	37,090	(40,056)	(2,803)	(19,964)
<b>Restricted fixed asset funds</b>						
DfE/EFA capital grants	(396)	-	932	437	-	973
Capital expenditure from GAG	588	-	-	(315)	204	477
Donated assets	744	-	4,792	(534)	-	5,002
Inherited assets	93,312	-	-	(4,177)	-	89,315
	94,248	-	5,724	(4,589)	204	95,587
<b>Total restricted funds</b>	<b>80,053</b>	<b>-</b>	<b>42,814</b>	<b>(44,645)</b>	<b>(2,599)</b>	<b>75,623</b>
<b>Unrestricted funds</b>						
Unrestricted funds	2,789	-	1,400	-	(3,685)	504
<b>Total unrestricted funds</b>	<b>2,789</b>	<b>-</b>	<b>1,400</b>	<b>-</b>	<b>(3,685)</b>	<b>504</b>
<b>Total funds</b>	<b>82,842</b>	<b>-</b>	<b>44,214</b>	<b>(44,645)</b>	<b>(6,284)</b>	<b>76,127</b>

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

**General Annual Grant**

General annual grant must be used for the normal running costs of the academies in the Trust. There are no restrictions on the allowable balance for carry forward, but the Trust bears due regard to the guidelines set out by the Charity Commission.

**Restricted Fixed Asset Fund**

THE DfE/EFA Capital grant of £932,000 represents School Condition Allocation and Devolved Capital Funding (2015: £285,768)

**Donated Assets and Inherited Assets**

Donated assets received in the year relate to an inherited new build for Heathlands Academy.

**Other DfE/EFA grants**

During the year, the Trust received additional grants which were for the purposes of improving the provision of education at the academies under the control of the Trust. Expenditure relating to these grants is controlled and used specifically as set out in the conditions of the grant.

**LEA and other income**

During the year the Trust received other grants and income from LEA and other bodies. Where grants were received with specific conditions attached, the expenditure of such grants was controlled and properly used.

The trust funding agreement for 31 August 2016 contained no limits on the amount of GAG that is permitted to carry forward from one year to the next.

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Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

15. Funds (Continued)

*Pension reserve*

The restricted pension reserve represents the deficit on the Trust's share of the Local Government Pension Scheme as at 31 August 2016.

**Analysis of academies by fund balance**

Fund balances at 31 August 2016 were allocated as follows:

	2016	2015
	Total	Total
	£000	£000
Tame Valley Primary Academy	373	302
Reaside Primary Academy	217	223
ACE Academy	(1,039)	(559)
Fairway Primary Academy	82	50
Edgar Stammers Primary Academy	(62)	4
The Orchards Primary Academy	235	107
Woodhouse Primary Academy	220	247
Smestow School	1	254
Heathlands Academy	208	247
Featherstone Academy	45	104
Albert Bradbeer Academy	94	153
Pye Green Academy	441	442
Wednesfield High Academy	(279)	69
Central services	238	(2)
<b>Total before fixed assets and pension reserves</b>	<b>774</b>	<b>1,643</b>
Restricted fixed assets	95,317	94,248
Pension reserve	(19,964)	(13,010)
<b>Total</b>	<b>76,127</b>	<b>82,881</b>

ACE Academy is carrying a net deficit of £1,039k on these funds because of significant amounts of spend in a number of areas over the past few years, including exclusion charges, restructuring costs and PFI charges.

The Trust is taking the following action to return the academy to surplus; deficit recovery plans have been presented and a new management team is now in place.

Edgar Stammers Primary Academy is carrying a net deficit of £62k on these funds because of additional costs needed to support the academy in school improvement.

The Trust is taking the following action to return the academy to surplus; robust recovery plan has been implemented.

Wednesfield High Academy is carrying a net deficit of £279k on these funds because of high staff costs.

The Trust is taking the following action to return the academy to surplus; a deficit recovery plan has been implemented.



Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

15. Funds (Continued)

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2016	Total 2015
	£000	£000	£000	£000	£000	£000
Tame Valley Academy	740	144	199	179	1,262	1,298
Reaside Academy	763	150	197	169	1,279	1,264
ACE Academy	5,812	486	1,400	1,831	9,529	10,079
Fairway Primary Academy	772	173	140	121	1,206	1,223
Edgar Stammers Primary Academy	1,195	293	324	204	2,016	2,013
The Orchards Academy	865	195	266	185	1,511	1,552
Woodhouse Academy	1,503	381	339	266	2,489	2,471
Smestow School	4,208	609	835	578	6,230	6,632
Heathlands Primary Academy	1,554	298	360	3,235	5,447	2,438
Featherstone Academy	762	155	151	184	1,252	1,189
Albert Bradbeer Academy	1,812	319	523	376	3,030	2,822
Pye Green Academy	1,264	139	243	221	1,867	1,667
Wednesfield High Academy	3,903	481	710	743	5,837	3,929
Central services	15	303	(64)	(182)	72	238
<b>Academy Trust</b>	<b>25,168</b>	<b>4,126</b>	<b>5,623</b>	<b>8,110</b>	<b>43,027</b>	<b>38,815</b>

16. Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted general fund	Restricted general fund	Restricted fixed asset fund	Total 2016	Total 2015
	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	95,317	95,317	94,248
Current assets	504	4,286	270	5,060	8,322
Current liabilities	-	(4,110)	-	(4,110)	(6,503)
Liabilities due after one year	-	(176)	-	(176)	(215)
Pension scheme liability	-	(19,964)	-	(19,964)	(13,010)
<b>Total net assets</b>	<b>504</b>	<b>(19,964)</b>	<b>95,587</b>	<b>76,127</b>	<b>82,842</b>

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**17. Commitments under operating leases**

*Operating leases*

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016	2015
	£000	£000
<u>Other</u>		
Amounts due within one year	1,519	-
Amounts due within two and five years inclusive	6,657	85
Amounts due in over five years	23,572	21,335
	<u>31,748</u>	<u>21,420</u>

**18. Reconciliation of net income/(expenditure) to net cash flow from operating activities**

	2016	2015
	£000	£000
Net income/(expenditure) for the reporting period (as per the SOFA)	(431)	29,928
Adjusted for:		
Depreciation (note 10)	1,618	1,464
Loss on disposal of fixed asset	2,971	-
Donations – inherited fixed assets	-	(31,617)
Donated fixed assets	(4,792)	-
Capital grants from DfE and other capital income	(932)	(285)
Defined benefit pension scheme cost less contributions payable (note 22)	180	19
Defined benefit pension scheme finance costs (note 22)	490	377
Decrease in stocks	-	21
Decrease in debtors	480	(217)
Decrease in creditors	(2,363)	4,693
<b>Net cash provided by/(used in) operating activities</b>	<u>(2,779)</u>	<u>4,383</u>

**19. Cash flows from investing activities**

Donated		
Purchase of tangible fixed assets	(866)	(601)
Capital grants from DfE/YPLA	932	285
<b>Net cash provided by/(used in) investing activities</b>	<u>66</u>	<u>(316)</u>

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

20. Analysis of cash and cash equivalents	At 31	At 1
	August	September
	2016	2015
	£000	£000
Cash in hand and at bank	3,692	6,473
Debt due within one year	(30)	(59)
Debt due after one year	(176)	(215)
<b>Total cash and cash equivalents</b>	<b>3,486</b>	<b>6,199</b>

**21. Members' Liability**

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

**22. Pension and Similar Obligations**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

There were no outstanding contributions (2015: £14,985) at the end of the financial year.

**Teachers' Pension Scheme Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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:

Education Central Multi Academy Trust  
Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**22. Pension and Similar Obligations (continued)**

- 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; and
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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 will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,227,410 (2015: £1,780,406).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £1,420,717 (2015: £1,034,594), of which employer's contributions totalled £1,000,101 (2015: £811,000) and employees' contributions totalled £420,616 (2015: £223,594). The agreed contribution rates for future years are between 12.4% and 27.1% for employers, and between 2.75% and 12.5% for employees from April 2014.

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

**Principal Actuarial Assumptions**

	At 31 August 2016	At 31 August 2015
<b>West Midlands</b>		
Rate of increase in salaries	3.75%	4.15%
Rate of increase for pensions in payment/inflation	2.00%	2.40%
Discount rate for scheme liabilities	2.20%	4.00%
Inflation assumption (CPI)	2.00%	2.40%
Commutation of pensions for lump sum at retirement	50.00%	50.00%
<b>Staffordshire</b>		
Rate of increase in salaries	2.50%	4.60%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%
Inflation assumption (CPI)	2.10%	2.70%
Commutation of pensions for lump sum at retirement	50/75%	50/75%

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Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**22. Pension and Similar Obligations (continued)**

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

**West Midlands**

<i>Retiring today</i>	<b>2016</b>	<b>2015</b>
Males	<b>23.1</b>	23.0
Females	<b>25.8</b>	25.2
<i>Retiring in 20 years</i>		
Males	<b>25.3</b>	25.6
Females	<b>28.1</b>	28.0

**Staffordshire**

<i>Retiring today</i>		
Males	<b>22.1</b>	22.1
Females	<b>24.3</b>	24.3
<i>Retiring in 20 years</i>		
Males	<b>24.3</b>	24.3
Females	<b>26.6</b>	26.6

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

	<b>Fair value at 31 August 2016</b>	<b>Fair value at 31 August 2015</b>
	<b>£000</b>	<b>£000</b>
<b>West Midlands</b>		
Equities	<b>3,714</b>	2,908
Bonds	<b>971</b>	770
Property	<b>498</b>	403
Cash/liquidity	<b>401</b>	243
Other	<b>676</b>	360
<b>Total market value of assets</b>	<b>6,260</b>	<b>4,684</b>

Other assets comprise instruments in unquoted securities, commodities and infrastructure.

The actual return on scheme assets was £1,032,000 (2015: £276,000).

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Notes to the Financial Statements for the Year Ended 31 August 2016  
(Continued)

**22. Pension and Similar Obligations (continued)**

**Amounts recognised in the statement of financial activities**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Current service cost (net of employee contributions)	<b>1,663</b>	<b>1441</b>
Past service cost	-	-
Total operating charge	<b>1,663</b>	<b>1441</b>

**Analysis of pension costs**

Expected return on pension scheme costs	<b>219</b>	<b>210</b>
Interest on pension liabilities	<b>(709)</b>	<b>(587)</b>
Pension finance costs	<b>(490)</b>	<b>(377)</b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>17,694</b>	<b>10,670</b>
Current service cost	<b>1,663</b>	<b>1,441</b>
Interest cost	<b>709</b>	<b>587</b>
Employee contributions	<b>(286)</b>	<b>399</b>
Actuarial gain	<b>7,128</b>	<b>592</b>
Benefits paid	<b>419</b>	<b>(207)</b>
Liabilities assumed in a business combination	-	<b>4,212</b>
<b>At 31 August</b>	<b>27,327</b>	<b>17,694</b>

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 September</b>	<b>4,684</b>	<b>2,268</b>
Expected return on assets	<b>219</b>	<b>210</b>
Actuarial gains	<b>845</b>	<b>(47)</b>
Employer contributions	<b>1,483</b>	<b>1,422</b>
Employee contributions	<b>419</b>	<b>399</b>
Benefits paid	<b>(286)</b>	<b>(207)</b>
Assets acquired in a business combination	-	<b>639</b>
<b>At 31 August</b>	<b>7,364</b>	<b>4,684</b>

**Education Central Multi Academy Trust**  
**Notes to the Financial Statements for the Year Ended 31 August 2016**  
**(Continued)**

**23. Related party transactions**

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

ECMAT also has a close relationship with the University of Wolverhampton (UOW) and University of Wolverhampton Social Enterprise (UOWSE). Certain costs incurred by the Trust were recharged from either UOW or UOWSE, as the purchasing power and economies of scale achievable by these organisations provided ECMAT with best value. Where such costs were recharged to the Trust, this was done at cost.

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

School improvement advisors received consultancy payments from the Trust as follows:

Mick Walters (Trustee) £10,500 (2015: £nil)

John Sullivan (Member) £77,000 (2015: £nil)

Roy Lockwood (Trustee) £3,637 (2015: £nil)

There were no amounts outstanding to these parties at 31 August 2016 (2015: £nil).

The trust made the purchases at arms' length.

In entering into the transactions the Trust has complied with the requirements of the Academies Financial Handbook 2015.

**24. Agency arrangements**

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £1,974,813 and disbursed £1,974,813 from the fund.

**25. First time adoption of FRS 102**

These financial statements are the first financial statements of Education Central Multi Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP (SORP 2015). The financial statements of Education Central Multi Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005. The date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not had a material impact on the Statement of Financial Activities or Balance Sheet.