

TheMidland AcademiesTrust®

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

**Annual Report and Financial Statements
Year Ended 31 August 2018**

TUESDAY



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COMPANIES HOUSE

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

The Midland Academies Trust

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1. Reference and Administrative Details

Members: Mr P Brown (appointed 12th July 2018)
Mr J Hutchinson
Mrs M Plant (until 24th April 2018)
Mr T Render

Trustees: Mrs K Adair (until 31st August 2018)
Mr M Coult
Mr I Dunn (Vice-chair)
Mrs L Hagger-Vaughan (until 1st May 2018)
Mr J Hutchinson
Mrs W Martin
Ms A Melville
Mrs C O'Hagen (appointed 10th November 2017 until 7th February 2018)
Mrs M Plant OBE (Chief Executive and Accounting Officer)
Mr J Ramsay
Mr T Render (Chair)
Dr J Walsh

Company Secretary: Mrs R Marshall

Senior Leadership Team: Chief Executive and Accounting Officer - Mrs M Plant OBE
Chief Finance Officer - Mr D Poole
Executive Principal - Mrs R McMullen

Company Name: The Midland Academies Trust

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

Company Registration Number: 07191874 (England and Wales)

Independent External Auditor:	Bankers:	Solicitors:	Independent Internal Auditor:
Grant Thornton UK LLP	Lloyds TSB Bank plc	Eversheds LLP	Moore Stephens LLP
The Colmore Building	Great Hampton Street	Eversheds House	150 Aldersgate
20 Colmore Circus	Birmingham	70 Bridgewater Street	London
Birmingham B4 6AT	B18 6AH	Manchester M1 5ES	EC1A 4AB

The Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2017 to 31st August 2018. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

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

Structure, Governance and Management

Constitution

The Midland Academies Trust (the Trust) is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The trustees of The Midland Academies Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Midland Academies Trust.

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

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

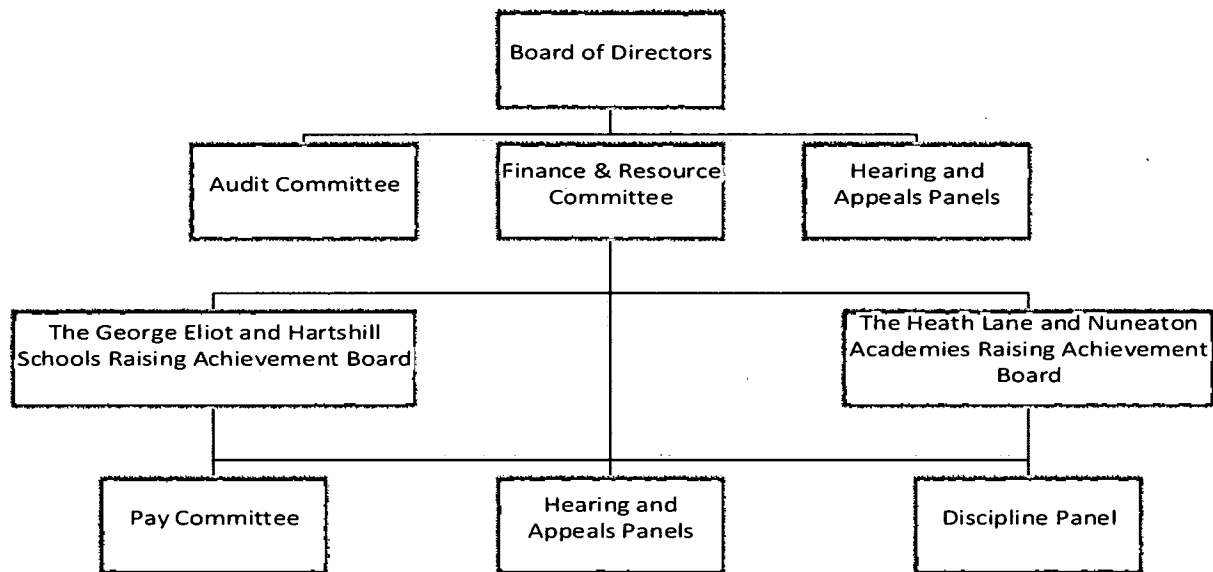
As provided by the Trust's articles of association, the Trust's members appoint trustees and trustees can co-opt up to three trustees. There are clearly defined and approved procedures for the selection and appointment of trustees which are set out in the Trust's Standing Orders. These include application,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

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction sessions have been developed which aim to introduce new trustees to the role they are about to undertake and to explain the context in which they will work, to enable them to feel more confident at their first meeting.

A comprehensive training programme is in place and includes at least once termly in-house training on specialist topics.

Organisational Structure from 1st September 2018



The Midland Academies Trust board of trustees (the Board) is required to agree a formal schedule of matters reserved for its decision, i.e. those matters which should not be delegated. As provided by Article 105 of the Articles, the Board may delegate to any Director, committee (including any Raising Achievement Board), the Chief Executive & Accounting Officer, any Principal or any other holder of an executive office, such of its powers or functions as it considers desirable, to be executed by them. Any such delegation may be made subject to any conditions the Board may impose and may be revoked or altered. To this end the Board has approved a Scheme of Delegation which it reviews annually.

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

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

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

- the exercise of delegated powers and functions occur at the correct level of the corporate governance structure;
- the process of delegating powers or functions is clear, open and transparent;
- the lines of accountability for the exercise of powers or functions are clearly understood by those who are delegated to.

The delegations are phrased so as to clearly express how the delegation is to be exercised and reflect the role of the person or body being delegated to.

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

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

The Midland Academies Trust senior leadership team is made up of the Chief Executive who is also the Accounting Officer, supported by the Chief Finance Officer, the Executive Principal and the Principals of the four Academies. The Board is also advised by the Company Secretary.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Trustees

The trustees are unpaid although they can claim reasonable expenses associated with the undertaking of their role in line with the Trust's Financial Regulations which includes an expense policy.

Trust Senior Leadership Team

A service level agreement (SLA) between the Trust and the sponsor, North Warwickshire and South Leicestershire College is in place. This SLA is reviewed annually and is approved by the Trustees. The Chief Executive, Chief Finance Officer and the Company Secretary are all employed by the sponsor. Arrangements are in place under the SLA to pay for the services of the Chief Finance Officer and the Company Secretary. There is currently no charge for the services of the Chief Executive. The Executive Principal and Academy Principals are all employees of the Trust and salary benchmarking activity against multi-academy trusts of similar sizes and context is undertaken to set salaries levels which are approved by the Trustees.

Trade Union Facility Time

Relevant Union Officials

Number of employees who were relevant union officials during the period.	Full-time equivalent number
10	9.4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	9
1%-50%	1
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of Facility time	£1,787
Total pay bill	£16,461,552
Percentage of total pay bill spend on facility time	0.01%

Percentage of pay bill spent on facility time

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

Related Parties and other Connected Charities and Organisations

The Midland Academies Trust (originally registered as The Nuneaton Academy Trust) was incorporated on 16 March 2010 as a single academy trust. It was formed from two predecessor County Council schools (Manor Park Community School and Alderman Smith School) and operated for its first academic year, commencing 1 September 2010, on the two predecessor sites, moving to the single Radnor Drive site from 1 September 2011.

Subsequent developments have been as follows:

- On 1 September 2011, the trust became a multi-academy trust and the company registered name was changed to The Midland Academies Trust;
- The change to multi-academy trust status was required as The George Eliot School joined the Trust on 1 September 2011;
- On the 1 September 2012 Hartshill School converted to academy status under the Trust;
- On the 1 September 2012, the Trust opened The Midland Studio College (Hinckley);
- On the 1 September 2013 a second studio college, The Midland Studio College (Nuneaton), was also opened;
- On the 1 September 2014 William Bradford Community College converted to academy status under the Trust;
- On the 1 September 2015 the Heathfield Academy joined the Trust.
- Both The Midland Studio Colleges closed on the 31st August 2016.
- The William Bradford and Heathfield Academies merged to form the Heath Lane Academy on 1st September 2016.

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

The role of the sponsor/ educational partner is to:

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

NWSLC is an incorporated further education college and exempt charity.

Objectives, Strategies and Activities

Objects and Aims

The principal object of the Trust as set out in its Articles of Association is specifically restricted to the following:

“to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (“the Academies”) offering a broad and balanced curriculum”.

The Trust intends to establish and maintain, and to carry on or provide for the carrying on of a number of Academies in accordance with its Master Funding Agreement and the academy Supplemental Agreements.

The profile of each of the academies is as follows:

- **The George Eliot School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of requires Improvement (2017).
- **Hartshill School** - the curriculum provided by the Academy to students up to the age of 16 is broad and balanced with an emphasis in its secondary education on science and the arts and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2011 and has an Ofsted rating of Requires Improvement (2017).
- **The Nuneaton Academy** - the curriculum provided by the Academy to students up to the age of 19 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community, the school joined the Trust in 2010 and has an Ofsted rating of Requires Improvement (2017).
- **Heath Lane Academy** - the curriculum provided by the Academy to students from the ages of 11-19 is broad and balanced and provides for students of different abilities. The Academy offers its facilities within the local community. The Academy was formed following the merger of Heathfield Academy and the William Bradford Academy in August 2016. As the Academy is newly established, it has not been inspected by Ofsted and therefore there is no Ofsted rating to report.

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

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

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

The aims of the Trust relates to the following areas:

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

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

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

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

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

The Trust appointed an Executive Principal who joined in December 2016 and who is responsible, alongside the CEO, for ensuring the development of practice across all the schools to ensure that the Trust works towards its objectives and within the agreed values. The Trust has subsequently focussed on improving the level of challenge and intervention and ensuring consistency across the schools; building a strong collaborative brand with a common curriculum and staffing structure across the schools; maximising the opportunities for collaborative working amongst students and staff; building a sustainable financial position, and leadership capacity for the future. These key areas have resulted in a common knowledge-rich 5-year curriculum and a common staffing structure, two Raising Achievement Boards (each supporting and monitoring 2 schools) and a range of new monitoring processes – all have which have been regularly reported on to the Board.

Public Benefit

The Board of Trustees has complied with its duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

'Public benefit' is the legal requirement that every organisation set up for one or more charitable purposes must be able to demonstrate that its aims are for the public benefit. The charitable purpose of the Trust is the advancement of education.

The four secondary schools in the MAT have seen much development during the academic year 2017-18. The Nuneaton Academy continued to make progress following its removal from special measures the previous year and a doubling of 'basics' measure in GCSEs in 2 years; a monitoring visit from OFSTED in May '17 indicated the school was making progress with good leadership and capacity and full OFSTED Inspection in September 2017 graded the school as Requires Improvement. Unfortunately GCSE outcomes in 2018 have declined despite consistently positive feedback from all stakeholders, including external partners such as the Regional Schools Commissioner and Warwickshire County council officers.

The George Eliot School experienced a period of leadership turbulence during 2016-17 but the new leadership team is clearly making a difference to the school's perception in the community and there is a renewed community confidence in the school with a rising student intake. Furthermore results improved significantly in 2018, recovering from the dip the previous year.

Hartshill School's performance at GCSE had made improvements during the previous year and under stable leadership has maintained a similar performance with particular strengths in the arts.

Heath Lane Academy delivered its first set of student outcomes in 2017 which indicated a weakness in the 'basics'; in 2018 a 10% improvement in both English and Science is testimony to the focus the new leadership team have placed on core academic subjects.

Strategic Report

Achievements and Performance

Headline success rates (GCSEs 5+, A-C, including English and Mathematics) and Progress 8.

Measure	The Nuneaton Academy	Heath Lane Academy	Hartshill School	George Eliot School
5 (9-4) EM 2017	41%	33%	49%	45%
5 (9-4) EM 2018	21%	30%	42%	54%
English (G4+) 2017	57%	48%	64%	61%
English (G4+) 2018	42%	58%	61%	73%
Maths (G4+) 2017	50%	53%	55%	55%
Maths (G4+) 2018	38%	53%	48%	67%
2 Sciences (G4+) 2017	24%	25%	54%	48%
2 Sciences (G4+) 2018	16%	35%	39%	62%
Progress 8 2017	-0.94	-0.40	-0.42	-0.81
Progress 8 2018	Not yet known	Not yet known	Not yet known	Not yet known

Headline measures have been disappointing in 2018, as the vast improvements in the curriculum, the teaching and the conditions for learning need to be given time to work their way through to the oldest year groups. The real impact of the strategies are being seen in the younger year groups, and while there is clearly a need for a renewed focus on intervention with Year 11, it is important that the focus on long-term sustainable school improvement is maintained in what is now a stable and experienced leadership team across the Trust.

The Trust is a founding member of the Midland Knowledge Schools Hub and is supported in developing curriculum by St Martin's Catholic Academy. During the academic year 2018-19 two bids have been made relating to this work: one for the Curriculum Improvement Fund with the DfE (where St Martin's are the lead bidder), and one with Education Endowment Foundation, relating to expanding and supporting Direct Instruction where MAT are the lead bidder.

Higham Lane High School (a high performing local school) are preparing to work as a Teaching School and are supporting the Directors of Learning across the MAT in all subject areas with preparing students to sit GCSEs in order to improve their outcomes.

The achievements of the Trust in 2017-18 include:

- i. New appointments to Principalship at both George Eliot School and Heath Lane Academy which have considerably strengthened the leadership team.
- ii. The development of a common CPD framework which has enabled deep collaboration across the Trust.
- iii. The development of a knowledge-rich 5-year common curriculum supported by common lesson planning and resource development.

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- iv. OFSTED inspections at The Nuneaton Academy and George Eliot School which validate the improvement trajectory and the strategies employed.
- v. Partnerships and networks have been developed with strong local schools to support pedagogical improvement and quality assurance monitoring.

Equality of opportunity and the employment of disabled persons

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

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

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

Key Performance Indicators

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

- Staff Costs as a % of GAG which was above the ESFA recommended guideline of 80% for the year due to a lagged funding issue at two of the schools.
- Expenditure types as a % of total expenditure performed within target as the forecast results were met.
- Average staff cost per FTE was a monitoring KPI for information for the Finance and Resources Committee.
- Average staff cost per Pupil was a monitoring KPI for information for the Finance and Resources Committee.
- Staff Cost split by Staff type as a % of total Staff Costs was a monitoring KPI for information for the Finance and Resources Committee.
- Strategic Objective Monitoring showing completion status of Trust Objectives such as progress 8 attainment. (seen on page 11)
- Monitoring and reporting of headline measures regarding exam results (seen on page 8)
- Staffing KPIs such as % sickness absence, split of pay by gender reported to the Board every meeting.
- Student data is also analysed and reported on within Board reports, with KPIs such as Contact Ratios, % disadvantaged children, student numbers versus projections.

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- Further financial and non-financial indicators will be developed as the Trust develops.

Going Concern

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

Financial Review

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

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

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Summary revenue income and expenditure

	2018 £'000	2017 £'000
Revenue income		
<i>Revenue grants</i>		
General Annual Grant (GAG)	15,638	15,596
Pupil premium	945	1,028
Start-Up Grants (SUG)	5	6
Other DfE / EFA grants	9	56
Other LA/Government revenue grants	347	317
Other Trading Activities	496	517
Investment income	4	0
Other self-generated income	33	0
Total revenue income	17,477	17,519
Revenue expenditure		
Staff costs	13,210	14,773
<i>Non-pay expenditure</i>		
- Estate costs	1,060	1,293
- Educational supplies & services	1,924	1,985
- Other supplies & services	1,529	1,432
- Governance costs	44	68
Total revenue expenditure	17,767	19,551
Net revenue income/(expenditure) for the year	(290)	(2,032)
Revenue funding used to pay for capital expenditure	0	0
Revenue surplus/(deficit) for the year	(290)	(2,032)
Reconciliation to Statement of Financial Activities:		
Net income/(expenditure) for the year - Unrestricted Funds	113	(17)
Net income/(expenditure) for the year - Restricted General Funds	(403)	(2,015)
	(290)	(2,031)
Reconciliation to Operating Surplus		
Revenue surplus/(deficit) for the year	(290)	(2,032)
FRS102 Adjustment	619	620
Operating Surplus per Management Accounts	329	(1,412)

The above summary only represents accrual accounting of revenue income and expenditure, shown in the Statement of Financial Activities under 'Unrestricted Funds' (net income / (expenditure) for the year £113k and 'Restricted General Funds' (net income / (expenditure) for the year (£403k) and therefore does not include depreciation and capital expenditure. Excluding transfers between restricted funds, and before gains and losses associated with pensions, during the period ending 31 August 2018, total expenditure of £18,878 (2017: £20,662) was more than recurrent grant funding of £17,944k (2017: £18,368k), and other incoming resources of £500k (2017: £517k). The excess of expenditure over income for the period was (£435k) (2017: -£1778k).

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At 31 August 2018 the net book value of fixed assets was £33,863k (2017: £34,088k), and movements in fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies.

The Trust's non - teaching staff is entitled to membership of the Local Government Pension Scheme. The Trust's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the Academy's balance sheet shows a net liability of £5,764k (2017: £6,822k). This is not a controllable deficit, however this has reduced from the prior year due to a revaluation.

The Trust's budget for 2018-19 shows a planned surplus of £240k (2017-18: £41k) for that year. Including the cumulative funds to be carried forward of £28,860k for the current year, there are restricted positive funds of £179k for academic year 2017-18, fixed assets reserve of £34,446k and a negative pension reserve of £5,764k.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- i. Official budgets;
- ii. Scheme of Delegation;
- iii. Financial Regulations;
- iv. Risk Management Policy.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves Policy

The Trust's policy on reserves is to maintain sufficient reserves to enable the Trust to operate effectively in what is becoming a less certain economic and funding environment, to address any current year shortfall in funding, or to use them in the on-going investment in the Academy estate, subject to satisfying terms and conditions of the grant funding. The Trust currently holds unrestricted and restricted income reserves in surplus of £179k (excluding the pension reserve), and the Trust has a 3 year financial plan to improve this position. Detailed descriptions of the purpose and nature of the reserves are within Note 18 to the accounts. Any amounts in the fixed asset fund could only be realised by disposing of Tangible Fixed Assets.

Investment Policy

All investments are made in accordance with the policy of the Trust. The Trust's policy on investments is one of minimum risk, with all investments being held with the Trust's bankers. The Trust will nevertheless seek to maximise interest receipts within this arrangement. Investments are made with regard to Charity Commission guidance in relation to investments.

Principal Risks and Uncertainties

The Board has considered the risks faced by the Trust throughout its normal operational business. It has sought to address the risks faced by the Trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The Board considers that these arrangements have been effective throughout the period being reported.

The Board has established a formal risk management policy, which has formally documented the managerial action that is taking place, and enables risk management to be systematic.

At the time of reporting, the Trust's identified key risks are:

- Progress and attainment of students is not delivered at pace;
- Estates do not comply with legislative and regulatory requirements;
- Student numbers fall and budgets are not managed;
- IT support to teaching and learning is not at the required level;

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- The above key risks not managed and reputation is damaged.
- Uncertainty over levels of funding

Mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Plans for Future Periods

The future plans for the Trust include:

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

Funds Held as Custodian Trustee on Behalf of Others

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

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 11 December 2018 and signed on its behalf by:

Signed 

Ian Dunn - Chair

Date: 11th December 2018

Governance Statement

Scope of Responsibility

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

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

The Accounting Officer for the Trust is, Marion Plant OBE, who is also the Chief Executive of the Midland Academies Trust.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met on six occasions during the academic year 2017-2018. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Attendance	Out of a Possible
Mrs K Adair	6	6
Mr M Coult	6	6
Mr I Dunn	4	6
Mrs L Hagger-Vaughan	2	4
Mrs W Martin	3	6
Ms A Melville	6	6
Mrs C O'Hagen	0	1
Mrs M Plant (Chief Executive & Accounting Officer)	6	6
Mr J Ramsay	6	6
Mr T Render (Chair)	6	6
Dr J Walsh	3	6

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The membership of the board of trustees was stable during 2017-2018 with one resignation and one appointment.

Particular issues dealt with by the board of trustees during 2017-2018 included:

- considering the outcomes of summer 2017 GCSE results and scrutinising resulting action plans;
- approving and scrutinising the annual strategic plan for 2017-2018;
- overseeing the implementation of a Trust-wide knowledge curriculum;
- receiving and challenging presentations on academy / school performance from Principals;
- reviewing and approving Trust policies; including school / academy admission policies;
- considering a post-16 provision strategy, including approving the closure of the Heath Lane Academy sixth form provision following a public consultation;
- approving proposals to increase the number of INSET days for 2018-2019;
- interrogating and approving the Trust's medium term business plan for 2018/19-2020/21 and the annual budget for 2018-2019;
- receiving and interrogating financial performance reports including management accounts;
- scrutinising risk management activity as a standing item and approving the Risk Management Policy on the recommendation of the Audit Committee;
- approving the Group IT strategy and implementation plan on the recommendation of the Finance and Resource Committee;
- implementing the agreed recommendations arising from a governance review undertaken in 2016-2017;
- receiving and scrutinising reports from Raising Achievement Boards, highlighting areas of concern and recognition.

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

- the detailed consideration of to the best means of fulfilling the Trust's responsibility to ensure sound management of the Trust and Academy finances and resources, including proper planning, monitoring and probity;
- receiving reports from members of Academy staff about matters relating to any of the issues listed in its terms of reference.
- scrutinising Trust budgets and financial arrangements.
- The Committee meet on six occasions during the academic year 2017-2018.

Director (Trustee)	Attendance	Out of a Possible
Ian Dunn	2	6
Wendy Martin	5	6
Ann Melville (Chair)	6	6
Marion Plant (Chief Executive & Accounting Officer)	3	6
Tim Render	6	6
Joe Walsh	5	6

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Particular issues dealt with by the Committee during 2017-2018 included:

- reviewing financial performance reports;
- scrutinising the medium term financial plan for 2018/19- 2020/21 and annual budget for 2018-2019;
- considering the Estates strategy and capital projects programme;
- monitoring compliance reviews and health and safety audits for academies / schools;
- receiving staffing updates.

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

- reviewing the risks to internal financial control and agree a programme of work that will address these risks, inform the statement of internal control and, so far as possible, provide assurance to the external auditors.
- receiving reports from members of Academy staff about matters relating to any of the issues listed in their terms of reference.
- scrutinising the Trust's internal controls systems and risk management arrangements.
- The Committee meet on four occasions during the academic year 2017-2018.

Trustee	Attendance	Out of a Possible
Kate Adair	4	4
Mike Coult	4	4
John Ramsay	4	4

Particular issues dealt with by the Committee during 2017-2018 included:

- reviewing risk management activity as a standing item;
- agreeing the Risk Management Policy for recommendation to the Board;
- agreeing the Internal Audit Strategy for recommendation to the Board;
- scrutinising internal audit reports;
- receiving the External Audit Service audit plan and audit findings report;
- receiving updates on accounting and auditing standards and guidelines.

Review of Value for Money

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

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Midland Academies Trust for the period 1st September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that have been in place for the period 1st September 2017 to 31st August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

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

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

There were no major control issues identified

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

The Midland Academies Trust

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

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Trust on 11 December 2018 and signed on its behalf by:

Signed:

Ian Dunn
Chair



Signed:

Marion Plant OBE
Chief Executive & Accounting Officer

M. G. Plant

4. Statement of Regularity, Propriety and Compliance

As Accounting Officer of The Midland Academies Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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

Signed:

M. G. Plant

Marion Plant OBE

Chief Executive and Accounting Officer

Date: 11.12.18

5. Statement of Trustees' Responsibilities

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

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

- i. select suitable accounting policies and then apply them consistently;
- ii. observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- iii. make judgements and estimates that are reasonable and prudent;
- iv. state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- v. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11 December 2018 and signed on its behalf by:

Signed

Ian Dunn

Chair



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

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018

Basis for opinion

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

Who we are reporting to

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

The Midland Academies Trust

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report set out on pages 3 to 23, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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

The Midland Academies Trust

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 23, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Grant Thornton UK LLP

William S Devitt

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

13 December 2018



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

In accordance with the terms of our engagement letter dated 30 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the Midland Academies Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Midland Academies Trust's funding agreement with the Secretary of State for Education dated 1 September 2017 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

The Midland Academies Trust

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

The work undertaken to draw our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Reporting Accountant

Grant Thornton UK LLP
Chartered Accountants
Birmingham

13 December 2018

The Midland Academies Trust
Statement of Financial Activities
for the year ended 31 August 2018
(including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
	Note	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	33	-	966	1,000	1,364
Charitable activities:						
Funding for the academy trust's educational operations	4	-	16,944	-	16,944	17,004
Other trading activities	5	496	-	-	496	517
Investments	6	4	-	-	4	-
Other Income		-	-	-	-	-
Total		533	16,944	966	18,444	18,885
Expenditure on:						
Raising funds	7	371	-	-	371	361
Charitable activities:						
Academy trust educational operations	8	49	17,347	1,111	18,508	20,301
Other		-	-	-	-	-
Total		420	17,347	1,111	18,878	20,662
Net income / (expenditure)		113	(403)	(145)	(435)	(1,778)
Transfers between funds	18	(2,652)	2,652	-	-	-
Other recognised gains / (losses):						
Profit/(loss) on disposal of fixed assets				(8)	(8)	(83)
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	1,677	-	1,677	3,016
Net movement in funds		(2,540)	3,926	(153)	1,234	1,155
Reconciliation of funds						
Total funds brought forward		2,540	(9,511)	34,598	27,627	26,471
Total funds carried forward		-	(5,585)	34,446	28,860	27,627

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

The Midland Academies Trust

Balance Sheet as at 31 August 2018

Company Number 07191874

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Intangible assets	13		2		2
Tangible assets	14		33,861		34,086
Current assets					
Stock	15	9		13	
Debtors	16	509		559	
Cash at bank and in hand	25	2,420		2,981	
		<u>2,938</u>		<u>3,553</u>	
Liabilities					
Creditors: Amounts falling due within one year	17	(2,047)		(3,193)	
		<u>(2,047)</u>		<u>(3,193)</u>	
Net current assets			<u>891</u>		<u>360</u>
Total assets less current liabilities			<u>34,754</u>		<u>34,449</u>
Creditors: Amounts falling due after more than one year	17	(130)			
Net assets excluding pension liability			<u>34,624</u>		<u>34,449</u>
Defined benefit pension scheme liability	29	(5,764)		(6,822)	
Total assets			<u>28,860</u>		<u>27,627</u>
Funds of the academy trust:					
Restricted funds					
. Fixed asset fund	18	34,446		34,598	
. Restricted income fund	18	179		(2,689)	
. Pension reserve	18	(5,764)		(6,822)	
Total restricted funds			<u>28,860</u>		<u>25,087</u>
Unrestricted income funds					
. General fund	18			2,540	
Total Unrestricted income funds				<u>2,540</u>	
Total funds			<u>28,860</u>		<u>27,627</u>

The financial statements on pages 28-61 were approved by the trustees, and authorised for issue on 11th December 2018 and are signed on their behalf by:

Ian Durr
Chair

The Midland Academies Trust
Statement of Cash Flows
for the year ended 31 August 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	22	(637)	(1,186)
Cash flows from investing activities	24	77	200
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		<u>(559)</u>	<u>(986)</u>
Cash and cash equivalents at 1 September 2017	25	-	2,981
Cash and cash equivalents at the 31 August 2018	25	<u>2,420</u>	-

Notes to the Financial Statements for the year ended 31 August 2018

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going concern

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

Income

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

o Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

The Midland Academies Trust

- o **Sponsorship Income**

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

- o **Donations**

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

- o **Other income**

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

- o **Donated services and gift in kind**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as income, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed assets category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

On 1 September 2012 Hartshill School joined the Trust and assets were transferred from Warwickshire County Council on conversion. The land and buildings have been valued in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM interpretation.

A 125 year lease is being worked on with Warwickshire County Council for The Nuneaton Academy now works are completed and the 5-year lease that was in place has ended, assets with then be transferred to the Trust balance sheet.

Critical accounting estimates and areas of judgement

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pension liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

The Midland Academies Trust

Expenditure

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

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

- o **Expenditure on Raising Funds**

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

- o **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- o Freehold buildings 30-50 years
- o Leasehold buildings 50 years
- o Furniture and equipment 10 years

The Midland Academies Trust

- | | |
|-----------------|---------|
| Computer | |
| o equipment | 4 years |
| o Motor Vehicle | 5 years |

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

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

No depreciation is charged in the year of acquisition on tangible assets.

Transfer on conversion

Valuations for assets transferred from Local Authorities on conversion are made in accordance with the RICS Valuation - Professional Standards, 8th Edition, as published by the Royal Institution of Chartered Surveyors, in so far as they are consistent with the Charities SORP, financial reporting standards and HM Treasury FReM interpretation.

Estimates

Asset records detailing clear values at the point of transfer from predecessor schools were not available for all fixed assets to enable accurate opening values. In order to estimate a transfer value the Trust has identified the assets transferred, obtained cost estimates and applied an adjustment to represent consumption at the assets' useful economic lives at transfer. This is considered to provide reasonable estimate of the value of the assets for initial recognition proposes but should be regarded as a significant estimate in relation to the accounts.

Intangible fixed assets

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

- | | |
|------------|---------|
| o Software | 4 years |
|------------|---------|

Leased Assets

Rentals under operating leases are charged on an annual, quarterly or monthly basis over the lease term.

Financial Instruments

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

The Midland Academies Trust

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

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

Stock

All stock is valued at the lower of cost or net realisable value.

Taxation

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. These contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 29, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and contributions recognised as they are paid each year.

The Midland Academies Trust

Pensions Benefits continued

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

Fund Accounting

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

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

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

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State some academies within the academy trust were subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2018.

3 Donations and capital grants

	Unrestricted Funds £'000	Restricted Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
DFE/EFA Capital grants					
School Condition Allocation Fund (SCA)	-	-	820	820	1,296
Healthy Pupils Capital Fund	-	-	41	41	-
Devolved Formula Capital (DFC)	-	-	68	68	68
			929	929	1,364
School Fund Income	30	-	-	30	-
Other Donations	3	-	38	41	-
	33	-	966	1,000	1,364
2017 total	-	-	1,364	1,364	

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / EFA grants				
. General Annual Grant (GAG)	-	15,638	15,638	15,596
. Pupil Premium	-	945	945	1,028
. Start Up Grants	-	5	5	6
. Other DfE/ESFA grants	-	9	9	56
	-	16,597	16,597	16,687
Other Government grants				
. Local authority grants	-	164	164	139
. Special needs income	-	183	183	178
	-	347	347	317
Other income from the academy trust's educational operations				
. Other non-government grants	-	-	-	-
	-	-	-	-
	-	16,944	16,944	17,004
2017 total	-	17,004	17,004	

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

The Midland Academies Trust

**Notes to the Financial Statements for the year ended 31 August 2018
(continued)**

5 Other Trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Educational visits	22	-	22	88
Hire of facilities	45	-	45	23
Non- teaching Income	31	-	31	75
Other teaching income	1	-	1	-
Sales of meals	392	-	392	307
Uniform sales	4	-	4	24
	<u>496</u>	<u>-</u>	<u>496</u>	<u>517</u>
2017 total	<u>517</u>	<u>-</u>	<u>517</u>	

6 Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
Short term deposits	4	-	4	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>
2017 total	<u>-</u>	<u>-</u>	<u>-</u>	

7 Expenditure

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on raising funds	-	-	371	371	361
Academy's educational operations:					
Direct costs	9,875		1,502	11,377	13,437
Allocated support costs	3,335	1,060	2,736	7,131	6,947
Total Expenditure	<u>13,210</u>	<u>1,060</u>	<u>4,609</u>	<u>18,878</u>	<u>20,745</u>

Net income/(expenditure) for the period includes:

	2018 £000	2017 £000
Operating lease rentals - Equipment	71	61
Depreciation	1,111	1,110
(Gain)/loss on disposal of fixed assets	8	83
Fees payable to auditor for:		
- External Audit	18	21
- Internal Audit	12	10
- Other Services	17	-

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August
2018 (continued)

8 Charitable Activities

	Total 2018 £'000	Total 2017 £'000
Direct costs – educational operations	11,377	13,437
Support costs – educational operations	7,131	6,947
	18,508	20,384

Analysis of support costs	Educational operations £'000	Total 2018 £'000	Total 2017 £'000
Support staff costs	3,335	3,335	3,003
Depreciation	1,111	1,111	1,110
Technology costs	51	51	41
Premises costs	1,060	1,060	1,293
Other support costs	1,529	1,529	1,432
Governance costs	44	44	68
Total support costs	7,131	7,131	6,947

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

9 Staff

9a. Staff costs

Staff costs during the period were:

	Total 2018 £'000	Total 2017 £'000
Wages and salaries	10,009	10,927
Social security costs	961	1,035
Operating costs of defined benefit pension schemes	1,635	1,671
Apprenticeship Levy	32	13
	12,637	13,647
Supply staff costs	412	750
Staff restructuring costs	1	120
	13,050	14,517
Staff restructuring costs comprise:		
Redundancy payments	1	120
	1	120

9b. Non statutory/non contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £877.61 (2017: 120,255). Individually the payment was £877.61 made on the 28/02/18.

9c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2018 was as follows:

	2018 No.	2017 No.
Teachers	177	183
Administration and support	162	233
Management	24	36
	363	452

The average number of persons (including senior management team) employed by the Academy during the year ended 31 August 2018 expressed as full time equivalents was as follows:

	2018 No.	2017 No.
Teachers	162	165
Administration and support	119	138
Management	24	36
	305	338

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

9d. Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	7	7
£70,001 - £80,000	1	3
£80,001 - £90,000	3	3
£110,001 - £120,000	1	-
	<hr/> 12	<hr/> 13

9e. Key Management Personnel

The key management personnel of the academy trust comprise the trustees, senior management team as listed on page 3, and senior leadership within each Academy. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £1,137,988 (2017 £1,148,620)

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

10 Central Services

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

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

The trust charges for these services on the following basis:

These services are divided over all academies as a percentage based on their GAG allocation as a percentage of the total MAT GAG allocation. The total charge has increased from last financial year due to an increase in the centralisation of services from individual academies such as ICT and Payroll.

The actual amounts charged during the year were as follows:

	2018	2017
	£'000	£'000
- The Nuneaton Academy	259	208
- The George Eliot School	338	240
- Hartshill School	423	315
Heath Lane Academy	221	171
	<u>1,241</u>	<u>934</u>

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

11 Related Party Transactions - Trustees' Remuneration and Expenses

Principal and staff governors only receive remuneration in respect of services they provide undertaking the role of Principal and staff and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors.

During the period ended 31 August 2018, there were no travel and subsistence expenses reimbursed or paid directly to any trustee (2017: Nil).

12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 August 2018 was £58,000. The cost of this insurance is included in the total insurance cost.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

13 Intangible Fixed Assets

	Computer Software £'000	Total £'000
Cost		
At 1 September 2017	146	146
Additions	2	2
Disposals	(146)	(146)
At 31 August 2018	2	2
Amortisation		
At 1 September 2017	146	146
Charged in year	-	-
Disposals	(146)	(146)
At 31 August 2018	(0)	(0)
Carrying amount		
At 31 August 2017	-	0
At 31 August 2018	2	2

14 Tangible Fixed Assets

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Hardware £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
Cost							
At 1 September 2017	22,278	15,158	759	1,938	25	-	40,159
Additions	440	296	23	137	-	-	897
Disposals	(1)	-	(752)	(1,570)	(25)	-	(2,348)
At 31 August 2018	22,717	15,455	30	505	0	-	38,708
Depreciation							
At 1 September 2017	2,685	1,013	748	1,602	25	-	6,073
Charged in year	522	339	1	249	-	-	1,111
Disposals	-	-	(748)	(1,565)	(25)	-	(2,338)
At 31 August 2018	3,207	1,352	1	286	0	-	4,847
Net book values							
At 31 August 2017	19,593	14,146	11	336	-	-	34,086
At 31 August 2018	19,510	14,102	29	220	-	-	33,861

Opening balances for Freehold and Leasehold Land and Buildings have been corrected, which has not effected the overall NBV carried forward. This relates to the incorrect classification of assets historically, which has now been corrected in line with the correct classification of each academy's land and buildings, a value of £11.1m has been reclassified from Freehold to Leasehold.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

15 Stock

	2018 £'000	2017 £'000
Catering and stationery supplies	3	4
Clothing	6	9
	<u>9</u>	<u>13</u>

16 Debtors

	2018 £'000	2017 £'000
Trade debtors	36	16
VAT recoverable	107	113
Prepayments and accrued income	366	430
	<u>509</u>	<u>559</u>

17 Creditors: Amounts Falling due within one year

a Creditors: amounts falling due within one year	2018 £'000	2017 £'000
Trade creditors	637	1,145
Other taxation and social security	317	462
ESFA creditor: abatement of GAG	520	757
Other creditors	3	7
Accruals and deferred income	571	822
	<u>2,047</u>	<u>3,193</u>

Deferred income	2018 £'000	2017 £'000
Deferred income at 1 September 2017	172	12
Released from previous years	(172)	(12)
Resources deferred in the year	219	172
Deferred Income at 31 August 2018	<u>219</u>	<u>172</u>

Deferred income relates to grants unspent as at 31.08.18 that can be carried forward, and grants received for financial years overlapping that of the Trust.

b Creditors: amounts falling due in greater than one year	2018 £'000	2017 £'000
ESFA Creditor: Abatement of GAG	130	-
	<u>130</u>	<u>-</u>

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds

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

Within the brought forward funds there were a number of negative reserves attributable to various historical transactions, for which no further future incoming resources are expected. Therefore the Trust has transferred funds between different reserves to arrive at balances that more appropriately reflects the nature of the expenditure incurred. This has resulted in movements between funds but there is no overall impact on the Trust's overall reserves balances.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

The Trust is carrying a net surplus of £179k on restricted general funds (excluding pension reserve). The Trust is taking action to build these funds to a more significant surplus within its 3 year financial plan by implementing a Trust-wide restructure and other cost cutting measures, resulting in surpluses that will restore the reserves position.

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

Restricted fixed asset funds

Incoming resources have been spent on capital expenditure, resources expended is depreciation and amortisation on fixed assets purchased in previous academic year's (as per the Trust's fixed assets policy), and transfer between funds are represented by capital expenditure funded by revenue income. Therefore balances carried forward on these funds have been committed in future years for depreciation and amortisation.

Restricted general funds

Balances carried forward is funding (cash) to be spent on charitable activities of the Trust in accordance with the grant agreements.

Unrestricted funds

Any unspent funds (cash) can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds

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

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	2,400	15,596	(18,439)	-	(443)
Start Up Grant	532	6	-	-	538
Pupil Premium	-	1,028	-	-	1,028
Lead-in and implementation grants	(137)	-	-	-	(137)
Other DFE/EFA grants	808	56	-	-	864
Other LA government grants	298	317	-	-	615
Other grants	(294)	-	-	-	(294)
Voluntary restricted general	(4,861)	-	-	-	(4,861)
Restricted General Funds	(1,254)	17,004	(18,439)	-	(2,689)
Restricted pension reserve					
Pension reserve	(9,259)	-	-	2,437	(6,822)
Restricted Pension Reserve	(9,259)	-	-	2,437	(6,822)
Restricted fixed asset funds					
School Condition Allocations (SCA)	1,555	1,296	(1,110)	-	1,741
Assets on conversion	30,513	-	-	(83)	30,430
Capital expenditure from restricted general funds	597	-	-	-	597
Capital expenditure from unrestricted funds	3	-	-	-	3
Centrally Managed Programme	2,214	-	-	-	2,214
Devolved Formula Capital (DFC)	405	68	-	-	473
Local Authority capital funding	910	-	-	-	910
Restricted donated capital grants	(1,771)	-	-	-	(1,771)
Restricted fixed asset funds	34,427	1,364	(1,110)	(83)	34,598
Total restricted funds	23,914	18,368	(19,549)	2,354	25,087
Unrestricted funds					
General funds	2,557	517	(534)	-	2,540
Total unrestricted funds	2,557	517	(534)	-	2,540
Total funds	26,471	18,885	(20,083)	2,354	27,627

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds

A current year 12 months and prior year 12 months combined position is as follows :

	Balance at 1 September 2016 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	2,400	31,234	(33,865)	377	146
Start Up Grant	532	11	(5)	(538)	-
Pupil Premium	-	1,974	(941)	(1,000)	33
Lead-in and implementation grants	(137)	-	-	137	-
Other DFE/EFA grants	808	65	(9)	(864)	-
Other LA/government grants	298	664	(347)	(615)	-
Other grants	(294)	-	-	294	-
Voluntary restricted general	(4,861)	-	-	4,861	-
Restricted General Funds	(1,254)	33,948	(35,167)	2,652	179
Restricted pension reserve					
Pension reserve	(9,259)	-	(619)	4,114	(5,764)
Restricted Pension Reserve	(9,259)	-	(619)	4,114	(5,764)
Restricted fixed asset funds					
School Condition Allocations (SCA)	1,555	2,116	(1,972)	(8)	1,691
Assets on conversion	30,513	-	-	(83)	30,430
Capital expenditure from restricted general funds	597	-	-	-	597
Capital expenditure from unrestricted funds	3	-	-	-	3
Centrally Managed Programme	2,214	-	-	(1,771)	443
Devolved Formula Capital (DFC)	405	177	(250)	-	332
Local Authority capital funding	910	-	-	-	910
Healthy Pupils Capital Funding	-	38	-	-	38
Restricted donated capital grants	(1,771)	-	-	1,771	-
Restricted fixed asset funds	34,427	2,331	(2,221)	(91)	34,446
Total restricted funds	23,914	36,279	(38,007)	6,675	28,860
Unrestricted funds					
General funds	2,557	1,049	(954)	(2,652)	-
Total unrestricted funds	2,557	1,049	(954)	(2,652)	-
Total funds	26,471	37,329	(38,961)	4,023	28,860

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds (continued)

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

School Condition Allocation (SCA)

These funds have been allocated to the Trust to improve and maintain the condition of the Trust Schools estates. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Assets on conversion

This fund reflects the fixed assets acquired from Local Authorities on conversion. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Capital expenditure from restricted general funds

The gross transfer from the restricted general fund to the restricted fixed assets fund of £0 represents the total capital expenditure from restricted general funds during the period.

Capital expenditure from unrestricted funds

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

Centrally Managed Programme

This funding was won by the Trust from the Department for Education for capital development for opening a new academy. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Devolved Formula Capital (DFC)

This funding has been received for utilisation on building improvements and refurbishment. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Local Authority capital funding

Local Authority funding represent amounts payable to the Trust from Local Authorities. These funds relate specifically to Capital IT funding. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

Healthy Pupils Capital Funding

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

Restricted donated capital grant

Restricted donated capital grants include monies from donations. The donations received are for restricted purposes and had all been spent in the current academic year. Depreciation on these assets is charged against this fund over the useful life of the associated assets.

General Annual Grant (GAG)

Funds received from the EFA are applied to the charitable activities of the Trust as defined in the funding agreement. Under the funding agreement with the Secretary of State, the academy trust was subject to limits on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2018. Note 2 discloses whether the limits were exceeded.

Lead-in and implementation grant

Lead-in and implementation grants is to cover eligible expenditure for project development incurred in developing detailed plans for opening a new academy.

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds (continued)

Other DfE/EFA grants

Included in other DfE/EFA grants are the following:

- Bursary fund - is paid to schools and colleges so that they may provide financial help to students whose access to or completion of education might be inhibited by financial consideration.
- Pupil premium - this grant is received to support deprived children, the money can be spent in accordance with the Trust's practices.
- Year 7 Catch-up Premium Grant - is paid to schools for pupils who did not achieve at least level 4 in reading and/or mathematics at Key Stage 2.

Other LA/government grants

Included in other LA/government grants are the following:

- Area Behaviour Partnership Funding - is received for secondary aged students at risk of permanent exclusion or who have been excluded.
- Looked After Children - this grant is received to support children who are "looked after" by the Local Authority.
- Special educational needs - this funding is to be used for one to one tuition of children on the special education register.

Other restricted grants

Monies received from non public funds and donations for specific educational purposes (as stipulated in the grant agreement).

Start-Up Grants (SUG)

Funding to help schools to bridge the gap between school opening and there being pupils in each year (school occupancy at full capacity). SUG has been used to help pay for educational supplies, post-opening staff recruitment costs, some initial senior staff training and cost of employing senior staff when the school opens ('staff diseconomy funding').

Voluntary restricted general

General monies received for restricted educational purposes not forming part of General Annual Grant or other DfE/EFA grants.

Transfer between restricted general funds and restricted fixed asset funds

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

Pension reserve

The pension reserve is the liability due to the deficit on the Local Government Pension Scheme overseen by the Local Authority (Warwickshire County Council and Leicestershire County Council). Transfers between funds of £1,058k relates to actuarial gain on defined benefit pension schemes.

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds (continued)

General funds

Represents funds generated via activities such as from lettings, catering, sale of uniforms, payments from other schools for the provision of teaching staff, income from universities with respect to student teachers, investment income and bank interest receivable. It also includes the brought forward surplus on conversion to academy status. These funds can be used at the discretion of the Board of Directors to meet the charitable objectives of the academy trust.

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

18 Funds

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £'000	Total 2017 £'000
The Nuneaton Academy	-	618
The George Eliot School	-	(180)
Hartshill School	-	1,115
Central services	179	(1,446)
Heath Lane Academy	-	(255)
Total before fixed assets and pension reserve	179	(149)
Restricted fixed asset fund	34,446	34,598
Pension reserve	(5,764)	(6,822)
Total	28,860	27,627

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

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Depreciation) £'000	2018 £'000	2017 £'000
The Nuneaton Academy	1,778	678	296	516	3,268	4,541
The George Eliot School	2,655	823	322	632	4,432	4,939
Hartshill School	3,147	901	673	675	5,396	5,998
Central services	313	285	19	643	1,260	128
Heath Lane Academy	1,982	648	192	590	3,412	3,946

The Midland Academies Trust

**Notes to the Financial Statements for the year ended 31 August 2018
(continued)**

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

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

Comparative information in respect of the preceeding period (at 31 August 2017) is as follows:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Intangible fixed assets	-	-	2	2
Tangible fixed assets	-	-	34,086	34,086
Current assets	2,540	504	510	3,554
Current liabilities	-	(3,193)	-	(3,193)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(6,822)	-	(6,822)
Total net assets	2,540	(9,511)	34,598	27,627

20 Capital Commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	447	553

21 Commitments under operating leases

Operating Leases

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

Equipment

	2018 £'000	2017 £'000
Amounts due within one year	48	48
Amounts due between one and five years	17	64
Amounts due after five years	-	-
	65	112

The Midland Academies Trust

**Notes to the Financial Statements for the year ended 31 August 2018
(continued)**

**22 Reconciliation of Net Income/(expenditure) to
Net Cash Flow from Operating Activities**

	2018	2017
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(435)	(1,778)
Adjusted for:		
School Fund Expenditure	-	(46)
Depreciation charges (note 14)	1,111	1,027
Capital grants from DfE and other capital income	(966)	(1,364)
Interest receivable (note 6)	(4)	-
Gag Abatement	(237)	(681)
Defined benefit pension scheme cost less contributions payable (note 29)	442	421
Defined benefit pension scheme finance cost (note 29)	177	199
(Increase)/decrease in stocks	4	14
(Increase)/decrease in debtors	50	220
Increase/(decrease) in long term creditors	130	-
Increase/(decrease) in creditors	(909)	802
Net cash provided by / (used in) Operating Activities	(637)	(1,186)

23 Cash Flows from Financing Activities

	2018	2017
	£'000	£'000
Repayments of borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24 Cash Flows from Investing Activities

	2018	2017
	£'000	£'000
New bank account	-	89
Proceeds from sale of tangible fixed assets	8	-
Purchase of intangible fixed assets	-	(2)
Purchase of tangible fixed assets	(897)	(1,250)
Capital grants from DfE/EFA	966	1,364
Net cash provided by / (used in) investing activities	77	200

25 Analysis cash and cash equivalents

	At 31 August 2018	At 31 August 2017
	£'000	£'000
Cash in hand and at bank	2,420	2,981
Total cash and cash equivalents	2,420	2,981

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

26 Guarantees, Letters of Comfort and Indemnities

The trust provided no guarantees / letters of comfort / indemnities during the year ended 31 August 2018

27 Contingent Liabilities

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

28 Members' Liability

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

The Midland Academies Trust

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

29 Pension and Similar Obligations

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

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- an employer 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 is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,034,007

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

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

The Midland Academies Trust

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

29 Pension and Similar Obligations (continued)

Local Government Pension Scheme

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

All figures represent the combined report totals.

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

The total contribution made for the year ended 31 August 2018 was £644,000, of which employer's contributions totalled £493,000 (2017: £523,000) and employees' contributions totalled £151,000 (2017: £150,000). The agreed contribution rates for future years are 22.3 per cent for employers and 5.5 per cent - 8.5 per cent for employees, dependent on salary.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of increase in salaries	2.9% (3.4%)	3.00%
Rate of increase for pensions in payment/inflation	2.3% (2.4%)	2.40%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.40%	2.40%
Commutation of pensions to lump sums	50.00%	50.00%

Sensitivity analysis

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

Change in assumptions at 31 August 2018:	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	13% (12%)	1,592
1 year increase in member life expectancy	3-5%	
0.5% increase in the Salary Increase Rate	2%	270
0.5% increase in the Pension Increase Rate	11% (9%)	1,303

Notes:

In order to quantify the impact of a change in the financial assumptions used, calculations and comparisons have been made on the value of the scheme liabilities as at 31 August 2018 on varying bases. The approach taken is consistent with that adopted to derive the FRS102 figures provided in the 'FRS102 as at 31 August 2017 - Results Schedule'.

To quantify the uncertainty around life expectancy, the difference in cost to the Employer of a one year increase in life expectancy has been calculated. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of broadly 3-5%. In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominately apply to younger or older ages).

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

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

Mortality Assumptions

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

	At 31 August 2018 Years	At 31 August 2017 Years
<i>Retiring today</i>		
Males	22.5 (22.1)	22.5
Females	24.7 (24.3)	24.7
<i>Retiring in 20 years</i>		
Males	24.3 (23.8)	24.3
Females	26.7 (26.2)	26.7

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

	Fair value at 31 August 2018 £'000	Fair value at 31 August 2017 £'000
Equities	5,881	5,539
Corporate Bonds	2163	1,825
Property	1063	876
Cash and other liquid assets	261	225
Total market value of assets	9,368	8,464

The actual return on scheme assets was £400k (2017:£1m)

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

Amounts recognised in the statement of financial activities

	2018	2017
	£'000	£'000
Current service cost	933	929
Net interest cost	177	199
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	2	15
Total operating charge	1,112	1,143

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

	2018	2017
	£'000	£'000
At 1 September	15,286	16,972
Upon conversion	-	-
Current service cost	933	929
Interest cost	394	367
Employee contributions	151	150
Actuarial (gain)/loss	(1,494)	(3,016)
Benefits paid	(140)	(131)
Plan introductions, benefit changes, curtailments and settlements	2	15
At 31 August	15,132	15,286

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

	2018	2017
	£'000	£'000
At 1 September	8,464	7,713
Upon conversion	-	-
Interest income	217	168
Return on plan assets (excluding net interest on the net defined pension liability)	183	-
Actuarial gain/(loss)	-	41
Employer contributions	493	523
Employee contributions	151	150
Benefits paid	(140)	(131)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	9,368	8,464

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

30 Related Party Transactions

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

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

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

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

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

	2,018 £'000	2,017 £'000
- Sponsor support	29	113
- Corporate governance	53	54
- Finance (Including Procurement and Payroll)	127	65
- Estate support (Including H&S)	18	18
- HR client side support	63	5
- Marketing & public relations	12	12
- ICT support, Systems Development and Reprographics	234	59
Charges for support services provided to the whole of the Trust	<u>536</u>	<u>327</u>
Staff Training and recharge for Finance System	19	0
- Inspire Learners	284	282
- Reprographics Variable Charges	34	32
Chaplaincy	7	6
Charges for ad-hoc services provided to individual schools and studio colleges	<u>344</u>	<u>319</u>
Total charges for provided services	<u>880</u>	<u>646</u>

Notes to the Financial Statements for the year ended 31 August 2018 (continued)

31 Events after the end of the period

The Trust is awaiting guidance regarding any implications of recent legal cases relating to Guaranteed Minimum Pensions and any related impact on disclosed pension scheme liabilities. At this point, the Trustees are unable to quantify the extent, if any, of adjustments to be made to pension figures included in these financial statements

The Midland Academies Trust

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