

Company Registration No. 07662289 (England and Wales)

EQUITAS ACADEMIES TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

EQUITAS ACADEMIES TRUST

CONTENTS

| | Page |
|--|------|
| Reference and administrative details | 1 |
| Trustees' report | 2 |
| Governance statement | 10 |
| Statement on regularity, propriety and compliance | 13 |
| Statement of trustees' responsibilities | 14 |
| Independent auditors' report on the accounts | 15 |
| Independent reporting accountant's report on regularity | 19 |
| Statement of financial activities including income and expenditure account | 21 |
| Balance sheet | 22 |
| Statement of cash flows | 23 |
| Notes to the accounts including accounting policies | 24 |

EQUITAS ACADEMIES TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

| | | |
|--|---|-------------|
| Trustees | A Lofthouse (Chair) S Spencer (Vice Chair) H Hector J Moore M Bartley D Jones V Davison (formerly V Camfield) D Turner (formally D Carey- resigned 19 th November 2018) E Lawson P Godwin R Barrett-Price W Wesolek J Hackett (Appointed 17 th June 2019) | |
| Members | S Spencer A Lofthouse J Moore D Jones | |
| Senior management team | | |
| - Executive Principal and accounting officer | H Roberts | |
| - Headteacher (AMA) | J Sweeney | |
| - Headteacher (CCA) | G Koutsou | |
| - Deputy Headteacher (AMA) | S Landers | |
| - Deputy Headteacher (AMA) | N Turner | |
| - Deputy Headteacher (CCA) | A Murphy | |
| Company secretary | M Lower | |
| Company registration number | 07662289 (England and Wales) | |
| Registered office | Aston Manor Academy Phillips Street Birmingham B6 4PZ | |
| Academies operated | Location | Headteacher |
| Aston Manor Academy | Birmingham | J Sweeney |
| Chilwell Croft Academy | Birmingham | N Lambert |
| Independent auditor | Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR | |
| Bankers | HSBC 130 New Street Birmingham B2 4JU | |
| Solicitors | Browne Jacobson LLP Victoria Square House Victoria Square Birmingham B2 4BU | |

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and independent auditors' reports of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates 1 primary and 1 secondary academy in Birmingham. Its academies have a combined pupil capacity of 1,370 and had a roll of 1,343 in the school census in October 2018.

Structure, governance and management

Constitution

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 trust comprises the following academy schools.

Aston Manor Academy
Chilwell Croft Academy

The trustees of Equitas Academies Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1

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 trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. Details of the costs can be found in note 11 of the accounts. The limit of Indemnity cover is £5,000,000 on any one claim.

Method of recruitment and appointment or election of trustees

The management of the academy trust is the responsibility of the trustees who are elected and co-opted under the terms of the Articles of Association.

Trustees are recruited by invitation of persons known to the trust who are able to benefit the trust by their knowledge and expertise. Staff and parents trustees are invited to express their interest in joining Local Advisory Group and are elected by ballot.

To ensure that the board and its Committees have the appropriate balance of skills and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. The search for board candidates is conducted, and appointments made, on merit, that takes into account the benefits of diversity on the board, including gender and race.

The appointment process includes:

- An assessment of skills and experience of the individual who wishes to become a trustee in relation to the existing trustees to ensure that the skills complement those of the individuals already on the board.
- The Chair and Vice Chair are elected on an annual basis and the terms of office for being a committee member is reviewed annually

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of trustees

The induction and training of trustees is critical in ensuring strong governance of the trust. The development of trustees is therefore as important as the development of employees. Trustees who do not understand the strategy of the trust can lead to a lack of co-ordination resulting in poor performance from trustees which is as great a risk to the trust as a dereliction of duties from employees.

The ideal induction and training process for trustees would normally include:

- Attending a trustees meeting before becoming a trustee.
- Ongoing training in legislation and responsibilities
- Allocation of a mentor or buddy from within the existing board of trustees
- An induction pack which includes, but is not limited to, the Academy development plan and ESFA Academies Financial Handbook.

Organisational structure

The board of trustees are responsible for the overall strategic direction of the trust. The trustees have a duty to act in the fulfilment of the trust objects. They set the strategic direction, and determine the policies and procedures of the trust whilst holding each academy within the trust to account. The trustees will meet at least three times a year.

The board of trustees and each Academy Committee do not exercise a managerial role. The leadership and management across the trust is delegated by the board of trustees to the Senior Leadership Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by the board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing, and school improvement.

The Executive Headteacher is the Accounting Officer and is responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to designated budget holders within the hierarchy of limits and in accordance with the approved Financial Regulations and Financial Scheme of Delegation.

All trustees are members of the Trust Board. In addition, trustees are members of committees who report to the full trust board.

The sub-committees of the trust board are the:

- Raising Standards
- Finance and General Purposes
- Audit

Arrangements for setting pay and remuneration of key management personnel

Key management are regarded as the trustees and the senior management team as listed on page 1.

The arrangement for setting the pay and remuneration of the key management personnel of the trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependent upon the successful completion of the previous years' performance management cycle and quality assured by the Senior Leadership Team within each academy. Recommendations for pay increases are made by the Senior Leadership Team to the academy committee and their decision is validated by the board of trustees at the autumn term meeting.

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Related parties and other connected charities and organisations

The members, board of trustees, academy committee members and the accounting officer all complete a pecuniary interests declaration on an annual basis. This declaration sets out any relationship with the trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current year, the trust has the following relationships:

- During the year, the trust continued to work with the Titan Partnership, which included training our own teachers through the Initial Teacher Training Programme.
- During the year trust used the services of University College of Birmingham.

Objectives and activities

Objects and aims

The trust object is to advance, for the public benefit, education for children aged 4 to 19 by establishing and maintaining Academies which offer a broad and balanced curriculum.

The trustees' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. Aston Manor Academy is recognised by Ofsted as good with outstanding features.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological advancement and extend their sporting, artistic and musical accomplishments.

The trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

Objectives, strategies and activities

The strategic goals of the trust are:

To provide high quality provision for all academies within the trust that improves the outcomes of all our pupils. This will be achieved by providing appropriate and proportionate support and challenge each academy. There will be a focus on:

- Establishing and monitoring a system of governance through effective academy committees.
- Providing intervention to support school improvement.
- Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning.
- Developing monitoring and evaluating strategies and procedures that will drive school improvement.
- Supporting the procurement of best value central services.
- Collaboratively sharing and supporting best practice.

Public benefit

The trustees confirm that they referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the trust objective and aims and in planning future activities for the period. The trustees consider that the trust can clearly demonstrate that its aims are to advance education for public benefit.

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

Our objective

To provide high quality education provision for all academies within the trust that improves the outcomes of all our pupils.

What we did

As members of PIXL club, we have regular visits and advice and guidance as well as attending conferences. This has helped us to perform well with the new GCSE specifications.

Our school improvement partner Richard Sutton interrogates our practice on an annual basis in order to ensure our priorities are focused on improving outcomes for all.

Our impact

The trust achieved an unprecedented level of achievement in the GCSE results and in the sixth form. Our Progress 8 score was 0.45 when 0 is the expected score.

At KS2 progress measures for reading/writing/maths are in line with the averages, maths is above average for the second consecutive year.

Tables 1, 2 and 3 below provide a summary of the Academy's performance in the summer 2019 examination season.

Table 1. Summary of KS2 SAT examination results 2019

| KS2 SAT results | 2019 National* | 2018 | 2019 |
|--------------------------------------|----------------|-------|-------|
| Achieving Expected Standard in R/W/M | 65% | 68% | 55% |
| Average Score in Reading | 104.4 | 102 | 101.2 |
| Average Score in Maths | 105 | 105 | 104.6 |
| Progress Score in Reading | 0.00 | +0.6 | -0.23 |
| Progress Score in Writing | 0.00 | +0.03 | +1.27 |
| Progress Score in Maths | 0.00 | +2.5 | +2.21 |

Table 2. Summary of GCSE examination results 2019

| GCSE | 2019 National* | 2018 | 2019 |
|--|----------------|---------------------|----------------------|
| Progress 8 Score | 0.00 | +0.38 | +0.45 |
| Attainment 8 Score | 46.5 | 41.89 | 46.6 |
| 9-4 in English (Best) and Maths | - | 53% | 63% |
| 9-5 in English (Best) and Maths | 43% | 28% | 40% |
| Entering English Baccalaureate | 40% | 16% | 20% |
| Achieving the English Baccalaureate +4 | - | 9% (57% of entered) | 14% (72% of entered) |
| Achieving the English Baccalaureate +5 | - | 6% (39% of entered) | 11% (55% of entered) |

Table 3. Summary of A-Level and equivalent study examination results 2019

| A Level | 2019 National* | 2018 | 2019 |
|---|----------------|------|-------|
| Average points score A-Level entry | 33.77 | 37.6 | 30.83 |
| Average points score per Applied General | 28.37 | 34.3 | 33.52 |
| Average points score per Tech Level entry | 28.43 | 36.7 | 45.31 |

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

The trust has proven track record of making outstanding progress between key stage 2 and key stage 4. To set targets for our key stage 4 performance we use the data that students achieve at the end of key stage 2 in their primary schools. Our key stage 5 target setting process is based on the ALPS tool which generates aspirational targets for AS/A2 subjects based on students GCSE performance.

We have always had very high expectations of all of our students at every key stage.

Key performance indicators include:

- Ofsted inspection outcomes
- Examination/key stage results
- Pupil attendance data
- Pupil/teacher contact time
- Average class sizes
- Percentage of income spent on staffing split between teaching and non-teaching staff

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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 trust's financial position demonstrates total income of £9,226,152 with a deficit at the 31 August 2019 of £1,306,337 after actuarial losses of £642,000 on defined benefit pension schemes. The deficit has been allocated to reserves.

The reserves will be utilised for continuous improvement and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the trust's buildings, plant, equipment and contents.

The principal source of funding is derived from the ESFA under the General Annual Grant. This totaled £7,909,417 across the trust.

A strategic school improvement plan is prepared and reviewed each year by the trustees in order that reserves can be prioritised and spent according to the needs of the trust.

The principal financial management policies adopted in the year are:

- Conducting regular financial reviews of income and expenditure versus planned budgets at the Finance and General Purposes Committee meetings.
- Consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfill the trust's educational obligations.

Reserves carried forward at 31 August 2019 will be utilised as part of the medium and long term plans of the trust to improve and update its educational resources materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Reserves policy

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education and Skills Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements especially to buildings repair not covered by insurance. The board of trustees identifies capital projects on an annual basis and reserves are reviewed alongside this exercise. The board of trustees will review the level of reserves and reserves policy annually.

As at 31 August 2019 the academy trust has reserves of £13,782,522 with unrestricted funds of £908,656 restricted income funds of £1,358,101, restricted fixed assets funds of £15,560,765 and pension reserve deficit of £4,045,000.

Investment policy and powers

The trustees have decided that funds that the trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow.

The trust had invested the sum of £616,926 in a HSBC Money Market account as at 31 August 2019. This is a short-term investment. The object of this account is to hold the reserves at low risk.

The trust does not have any endowment funds.

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal risks and uncertainties

The trust has implemented a risk register and a risk review process that is reviewed termly. The objectives will be determined, and where it is considered necessary, measures of control and mitigation in order to manage risk will be put in place.

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the trust.

Key controls in place are:

- An organised structure with defined roles, responsibilities and authorisation levels
- Terms of Reference for the committees of the trust Board
- Financial planning, budgeting and regular management reporting highlighting areas of financial risk
- Formal written and published policies for employees
- Vetting procedures as required by law for the protection of the vulnerable.

The deficit of the Local Government Pension Scheme of £4,045,000 represents a concern. However, Parliament has agreed at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013.

Financial and risk management objectives and policies

The trustees have assessed the major risks to which the trust is exposed, in particular those related to the operations and finances of the trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all trust board delegated committees under the direction of the trust board
- Pecuniary interests of trustees reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting
- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Plans for future periods

The trust strives to continually improve levels of attainment for all students equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the trust strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities.

EQUITAS ACADEMIES TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Feltons be appointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 8/12/19 and signed on its behalf by:



.....
A Lofthouse
Chair of Trustees

EQUITAS ACADEMIES TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

As trustees, we acknowledge we have *overall* responsibility for ensuring that Equitas 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 executive principal: 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 Equitas Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

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

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| A Lofthouse (Chair) | 4 | 4 |
| S Spencer (Vice Chair) | 3 | 4 |
| J Moore | 0 | 4 |
| H Hector | 4 | 4 |
| D Turner (formerly D Carey Resigned 19 November 2018) | 1 | 1 |
| M Bartley | 4 | 4 |
| V Davison (formerly V Camfield) | 2 | 4 |
| D Jones | 4 | 4 |
| E Lawson | 4 | 4 |
| P Godwin | 3 | 4 |
| R Barrett-Price | 3 | 4 |
| W Wesolek | 3 | 4 |
| J Hackett (Appointed March 19) | 2 | 2 |

The finance and general purposes committee is a sub-committee of the main board of trustees whose purpose is monitor the financial performance of the academies in the trust. Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|---------------------------------|-------------------|-----------------|
| H Hector | 4 | 5 |
| M Bartley | 3 | 5 |
| W Wesolek | 4 | 5 |
| V Davison (formerly V Camfield) | 5 | 5 |
| R Barrett-Price | 1 | 5 |

The raising standards committee is a sub-committee of the main board of trustees whose purpose is monitor and evaluate all standards of the academies in the trust. Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|-------------|-------------------|-----------------|
| A Lofthouse | 4 | 5 |
| S Spencer | 4 | 5 |
| D Carey | 0 | 5 |
| E Lawson | 3 | 5 |

EQUITAS ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The audit committee is also a sub-committee of the main board of trustees. Its purpose is to oversee the audit proceedings of the trust.

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|-----------------|-------------------|-----------------|
| D Jones (Chair) | 1 | 1 |
| E Lawson | 1 | 1 |
| P Godwin | 1 | 1 |

Review of value for money

As accounting officer the executive principal has responsibility for ensuring that the trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

During the year ended 31 August 2019, the trust focused on achieving value for money has included the following areas:

Budgeting - A budget for the year ended 31st August 2019 was approved by the finance committee on 17th June 2019. Expenditure made during the year has been controlled by budget holders in accordance with this budget. Centralized purchasing in the finance departments at both schools ensures that no purchases can be made without exceeding the budget for the year without appropriate authorisation.

Use of Resources - The trust has deployed equipment, materials and services to provide pupils and staff with resources which support teaching and learning. For example, both schools have had significant refurbishments such as electrical re-wiring, window replacements and boiler replacements has resulted in energy cost savings which can be re-deployed to other areas of the budget, from funding provided by the ESFA.

Purchasing - The trust has maintained and developed as necessary procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost.

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 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 Equitas Academies Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

EQUITAS ACADEMIES TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The risk and control framework

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

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

The trust board has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed Schools Financial Services (Birmingham City Council), as Responsible Officer. This role includes giving advice on financial matters and performing a range of checks on the trusts financial systems. On a quarterly basis, Schools Financial Services undertake an internal review of processes and procedures. A report is prepared and presented to the trust board on the operation of the systems of control and on the discharge of the trust board's financial responsibilities.

Schools Financial Services delivered their schedule of work as planned including a review of purchasing procedures, payroll system and income systems. No material control issues were noted.

Review of effectiveness

As accounting officer the executive principal 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 Schools Financial Services;
- 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 their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and recommendations where they arise to ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on 6/12/19 and signed on its behalf by:


.....
A Lofthouse
Chair of Trustees


.....
H Roberts
Accounting Officer

EQUITAS ACADEMIES TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Equitas Academies Trust I have considered my responsibility to notify the trust board of trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

During the year the Trust experienced a cyber fraud which misappropriated £334k of funds. This has now been recovered in full from the bank. The Trust has identified the circumstances surrounding this and the procedures in place prevented any further loss.



H Roberts
Accounting Officer

6 December 2019.

EQUITAS ACADEMIES TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who also act as governors for Equitas Academies Trust and are also the directors of Equitas Academies Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the accounts 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 accounts for each financial year. Under company law the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the board of trustees on6/12/19.....and signed on its behalf by:



A Lofthouse
Chair of Trustees

**Equitas Academies Trust
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of
Equitas Academies Trust**

Opinion

We have audited the financial statements of Equitas Academies Trust for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements :

- give a true and fair view of the state of the multi academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the period 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
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019

Basis for opinion

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

Conclusions relating to going concern

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

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

**Equitas Academies Trust
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of Equitas Academies Trust
(continued)**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, 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 matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Multi Academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Equitas Academies Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Equitas Academies Trust
(continued)

Responsibilities for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 14), the trustees (who are also the directors of the Multi Academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Multi Academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Multi Academy trust 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Multi Academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Multi Academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Multi Academy trust to cease to continue as a going concern.

**Equitas Academies Trust
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of Equitas Academies Trust
(continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

11 December 2019

Equitas Academies Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Equitas Academies Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 30 April 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Equitas Academies Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Equitas Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Equitas Academies Trust's funding agreement with the Secretary of State for Education dated 4 September 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the multi academy trust's funding agreement
- Review and evaluation of the multi academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Equitas Academies Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity Equitas Academies Trust and the Education & Skills Funding Agency (continued)

Conclusion

During the year the Trust experienced a cyber fraud which misappropriated £334k of funds. This has now been recovered in full from the bank. The Trust has identified the circumstances surrounding this and the procedures in place prevented any further loss.



David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

11 December 2019

Equitas Academies Trust
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2019
(including income and expenditure account)

| | Notes | Unrestricted funds £ | Restricted pension fund £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2018/19 £ | Total 2017/18 £ |
|---|--------|-------------------------|------------------------------|-------------------------------|-----------------------------------|--------------------|--------------------|
| Income from : | | | | | | | |
| Donations and capital grants | 2 | - | - | - | 106,511 | 106,511 | 56,154 |
| Charitable activities : | 3 | | | | | | |
| Funding for the academy trust's educational operations | | 135,383 | - | 8,937,685 | - | 9,073,068 | 8,944,214 |
| Teaching schools | 26 | - | - | 9,000 | - | 9,000 | 14,000 |
| Other trading activities | 4 | 31,125 | - | - | - | 31,125 | 53,066 |
| Investments | 5 | 6,448 | - | - | - | 6,448 | 3,221 |
| Total | | 172,956 | - | 8,946,685 | 106,511 | 9,226,152 | 9,070,655 |
| Expenditure on : | | | | | | | |
| Charitable activities: | | | | | | | |
| Academy trust's educational operations | 6 | 125,993 | 338,000 | 8,378,814 | 1,009,773 | 9,852,580 | 10,072,626 |
| Teaching schools | 26 | - | - | 37,909 | - | 37,909 | 5,609 |
| Total | | 125,993 | 338,000 | 8,416,723 | 1,009,773 | 9,890,489 | 10,078,235 |
| Net income/(expenditure) before transfers | | 46,963 | (338,000) | 529,962 | (903,262) | (664,337) | (1,007,580) |
| Transfers between funds | 16 | - | - | (106,256) | 106,256 | - | - |
| Net income/(expenditure) after transfers | | 46,963 | (338,000) | 423,706 | (797,006) | (664,337) | (1,007,580) |
| Other recognised gains/(losses) | | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 16, 24 | - | (642,000) | - | - | (642,000) | 682,000 |
| Net movement in funds | | 46,963 | (980,000) | 423,706 | (797,006) | (1,306,337) | (325,580) |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | 16 | 861,693 | (3,065,000) | 934,395 | 16,357,771 | 15,088,859 | 15,414,439 |
| Total funds carried forward | | 908,656 | (4,045,000) | 1,358,101 | 15,560,765 | 13,782,522 | 15,088,859 |

All of the Academy's activities derive from continuing operations during the above two financial periods.

Equitas Academies Trust
(A Company Limited by Guarantee)

Company number : 07662289
Balance sheet as at 31 August 2019

| | Notes | 2019 | | 2018 | |
|---|-------|--------------------|--------------------------|--------------------|--------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 12 | | - | | - |
| Tangible assets | 13 | | 15,535,978 | | 16,357,771 |
| | | | <u>15,535,978</u> | | <u>16,357,771</u> |
| Current assets | | | | | |
| Debtors | 14 | 301,417 | | 254,833 | |
| Cash at bank and in hand | | <u>2,054,544</u> | | <u>1,646,891</u> | |
| | | 2,355,961 | | 1,901,724 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 15(a) | <u>52,552</u> | | <u>89,024</u> | |
| Net current assets | | | 2,303,409 | | 1,812,700 |
| Total assets less current liabilities | | | <u>17,839,387</u> | | <u>18,170,471</u> |
| Creditors: amounts falling due after more than one year | 15(b) | | (11,865) | | (16,612) |
| Net assets excluding pension liability | | | <u>17,827,522</u> | | <u>18,153,859</u> |
| Defined benefit pension scheme liability | 24 | | (4,045,000) | | (3,065,000) |
| Total net assets | | | <u><u>13,782,522</u></u> | | <u><u>15,088,859</u></u> |
| Funds of the academy trust : | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 16 | 15,560,765 | | 16,357,771 | |
| Restricted income fund | 16 | 1,358,101 | | 934,395 | |
| Pension reserve | 16 | <u>(4,045,000)</u> | | <u>(3,065,000)</u> | |
| Total restricted funds | | | 12,873,866 | | 14,227,166 |
| Unrestricted income funds | 16 | | 908,656 | | 861,693 |
| Total funds | | | <u><u>13,782,522</u></u> | | <u><u>15,088,859</u></u> |

The financial statements on pages 21 to 44 were approved by the trustees, and authorised for issue on 6/12/19 2019 and are signed on their behalf by:

 A Lofthouse - Chair of Trustees

Equitas Academies Trust
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2019

| | Notes | 2018/19 £ | 2017/18 £ |
|---|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net cash provided by / (used in) operating activities | 20 | 487,421 | 507,393 |
| Cash flows from investing activities | 21 | (75,021) | (371,919) |
| Cash flows from financing activities | | | |
| Repayments of borrowings | | (4,747) | (4,748) |
| | | <u>407,653</u> | <u>130,726</u> |
| Cash and cash equivalents at 1 September 2018 | | 1,646,891 | 1,516,165 |
| Cash and cash equivalents at 31 August 2019 | 22 | <u>2,054,544</u> | <u>1,646,891</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019

1. Accounting policies

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

Basis of preparation

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

Equitas Academies Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a year of at least one year from the date of authorisation for issue of the financial statements and have concluded that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the multi 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 multi academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the year 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 year 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.

- **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.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Income (continued)

- **Other income**
Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the multi academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

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

Expenditure

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

- **Expenditure on raising funds**
This includes all expenditure incurred by the multi academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the multi academy trust's educational operations, including support costs and costs relating to the governance of the multi academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases.

Purchased computer software - 33.33%

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Tangible fixed assets (continued)

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

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

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

| | |
|--------------------------|---------------------------|
| Freehold property | 24.55 years straight line |
| Long leasehold buildings | Term of lease |
| Building refurbishments | 10 years straight line |
| Motor vehicles | 20% straight line |
| Fittings and equipment | 10% straight line |
| Computer hardware | 33.33% straight line |

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Liabilities

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments and are measured at amortised cost. 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.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Leased assets

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

Taxation

The multi 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 multi academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|-------------------|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| Capital grants | - | - | 106,511 | 106,511 | 56,154 |
| | - | - | 106,511 | 106,511 | 56,154 |
| 2018 total | - | - | 56,154 | 56,154 | |

3. Funding for the multi academy trust's educational operations

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| DfE/ESFA grants | | | | | |
| General Annual Grant (GAG) | - | 7,909,417 | - | 7,909,417 | 7,870,150 |
| Other DfE Group grants | - | 998,477 | - | 998,477 | 919,484 |
| Teaching School grants | - | 9,000 | - | 9,000 | 14,000 |
| | - | 8,916,894 | - | 8,916,894 | 8,803,634 |
| Other government grants | | | | | |
| Local authority grants | - | 29,791 | - | 29,791 | 20,566 |
| | - | 29,791 | - | 29,791 | 20,566 |
| Other income from the academy trust's educational operations | 135,383 | - | - | 135,383 | 134,014 |
| | 135,383 | 29,791 | - | 165,174 | 154,580 |
| | 135,383 | 8,946,685 | - | 9,082,068 | 8,958,214 |
| 2018 total | 134,014 | 8,824,200 | - | 8,958,214 | |

4. Other trading activities

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|--------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Hire of facilities | 21,018 | - | 21,018 | 24,543 |
| Miscellaneous | 10,107 | - | 10,107 | 28,523 |
| | 31,125 | - | 31,125 | 53,066 |
| 2018 total | 53,066 | | 53,066 | |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

5. Investment income

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Short term deposits | 6,448 | - | 6,448 | 3,221 |
| 2018 total | 3,221 | - | 3,221 | |

6. Expenditure

| | Staff costs £ | Non pay expenditure Premises £ | Other £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|---------------------|--------------------------------------|------------------|-----------------------|-----------------------|
| Academy's educational operations | | | | | |
| Direct costs | 5,300,780 | 569,830 | 830,420 | 6,701,030 | 6,848,836 |
| Allocated support costs | 1,756,397 | 848,715 | 546,438 | 3,151,550 | 3,223,790 |
| Teaching school | - | - | 37,909 | 37,909 | 5,609 |
| | <u>7,057,177</u> | <u>1,418,545</u> | <u>1,414,767</u> | <u>9,890,489</u> | <u>10,078,235</u> |
| 2018 total | 7,010,799 | 1,501,810 | 1,565,626 | 10,078,235 | |

Net income/(expenditure) for the period includes :

| | | 2018/19 £ | 2017/18 £ |
|-------------------------|-----------------------|--------------|--------------|
| Operating leases | - plant and machinery | 43,307 | 33,086 |
| Depreciation | | 1,009,773 | 1,023,863 |
| Amortisation | | - | 1,781 |
| Fees payable to auditor | - audit | 10,104 | 10,950 |
| | - other services | 3,225 | 3,350 |
| | | <u>3,225</u> | <u>3,350</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

7. Charitable activities

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|----------------------------|------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Educational operations | | | | | |
| Direct costs | 13,338 | - | 6,725,601 | 6,738,939 | 6,854,445 |
| Support costs | 112,655 | 338,000 | 2,700,895 | 3,151,550 | 3,223,790 |
| | <u>125,993</u> | <u>338,000</u> | <u>9,426,496</u> | <u>9,890,489</u> | <u>10,078,235</u> |
| 2018 total | <u>-</u> | <u>339,000</u> | <u>9,739,235</u> | <u>10,078,235</u> | |
| Analysis of support costs | | | | | |
| Support staff costs | - | 338,000 | 1,418,397 | 1,756,397 | 1,738,963 |
| Depreciation | - | - | 439,943 | 439,943 | 432,911 |
| Technology costs | - | - | 81,226 | 81,226 | 84,429 |
| Premises costs | - | - | 461,591 | 461,591 | 530,472 |
| Other support costs | 112,655 | - | 260,439 | 373,094 | 384,137 |
| Governance costs | - | - | 39,299 | 39,299 | 52,878 |
| Total support costs | <u>112,655</u> | <u>338,000</u> | <u>2,700,895</u> | <u>3,151,550</u> | <u>3,223,790</u> |
| 2018 total | <u>-</u> | <u>339,000</u> | <u>2,884,790</u> | <u>3,223,790</u> | |

8. Staff

a) Staff costs

Staff costs during the year were:

| | 2018/19 £ | 2017/18 £ |
|---------------------------|------------------|------------------|
| Wages and salaries | 5,135,645 | 5,171,328 |
| Social security costs | 515,683 | 528,052 |
| Pension costs | 1,208,800 | 1,214,809 |
| | <u>6,860,128</u> | <u>6,914,189</u> |
| Agency staff costs | 191,332 | 86,786 |
| Staff restructuring costs | 5,717 | 9,824 |
| | <u>7,057,177</u> | <u>7,010,799</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

8. Staff (continued)

| | 2018/19 £ | 2017/18 £ |
|--------------------------------------|--------------|--------------|
| Staff restructuring costs comprise : | | |
| Redundancy payments | 5,717 | 7,824 |
| Severance payments | - | 2,000 |
| | <u>5,717</u> | <u>9,824</u> |

b) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £2,000).

c) Staff numbers

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

| | 2018/19 Number | 2017/18 Number |
|----------------------------|-------------------|-------------------|
| Teachers | 88 | 94 |
| Administration and support | 95 | 103 |
| Management | 15 | 12 |
| | <u>198</u> | <u>209</u> |

d) Higher paid staff

| | 2018/19 Number | 2017/18 Number |
|---|-------------------|-------------------|
| The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was : | | |
| £60,001 - £70,000 | 4 | 3 |
| £70,001 - £80,000 | 1 | - |
| £80,001 - £90,000 | 1 | 2 |
| | <u>1</u> | <u>2</u> |

e) Key management personnel

The key management personnel of the multi academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the multi academy trust was £355,189 (2018 : £532,922)

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

9. Central services

No central services were provided by the trust to its academies during the year and no central charges arose.

10. Related Party Transactions - Trustees' remuneration and expenses

During the year ended 31 August 2019, no trustees received any remuneration from an employment with the trust (2018 : nil).

During the year ended 31 August 2019, travel and subsistence expenses totalling £nil (2018 : £nil) were reimbursed or paid directly to nil (2018 : nil) trustees.

11. Trustees' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £5,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12. Intangible fixed assets

| | Computer Software | Total |
|--------------------------|------------------------------|--------------|
| | £ | £ |
| Cost or valuation | | |
| At 1 September 2018 | 5,345 | 5,345 |
| At 31 August 2019 | <u>5,345</u> | <u>5,345</u> |
| Amortisation | | |
| At 1 September 2018 | 5,345 | 5,345 |
| At 31 August 2019 | <u>5,345</u> | <u>5,345</u> |
| Net book values | | |
| At 31 August 2019 | <u>-</u> | <u>-</u> |
| At 31 August 2018 | <u>-</u> | <u>-</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

13. Tangible fixed assets

| | Leasehold land and buildings £ | Freehold land and buildings £ | Furniture and equipment £ | Computer hardware £ | Motor vehicles | Total £ |
|--------------------------|---|--|---------------------------------|---------------------------|-------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 September 2018 | 4,353,290 | 16,547,546 | 479,349 | 657,569 | 21,894 | 22,059,648 |
| Additions | 6,092 | 74,684 | 37,614 | 69,590 | - | 187,980 |
| At 31 August 2019 | <u>4,359,382</u> | <u>16,622,230</u> | <u>516,963</u> | <u>727,159</u> | <u>21,894</u> | <u>22,247,628</u> |
| Depreciation | | | | | | |
| At 1 September 2018 | 271,303 | 4,460,416 | 297,885 | 650,379 | 21,894 | 5,701,877 |
| Charge for the year | 123,972 | 814,197 | 51,698 | 19,906 | - | 1,009,773 |
| At 31 August 2019 | <u>395,275</u> | <u>5,274,613</u> | <u>349,583</u> | <u>670,285</u> | <u>21,894</u> | <u>6,711,650</u> |
| Net book values | | | | | | |
| At 31 August 2019 | <u>3,964,107</u> | <u>11,347,617</u> | <u>167,380</u> | <u>56,874</u> | <u>-</u> | <u>15,535,978</u> |
| At 31 August 2018 | <u>4,081,987</u> | <u>12,087,130</u> | <u>181,464</u> | <u>7,190</u> | <u>-</u> | <u>16,357,771</u> |

14. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Debtors from operations | 2,426 | 8,604 |
| VAT recoverable | 59,055 | 42,232 |
| Prepayments and accrued income | 224,233 | 203,354 |
| Other debtors | 15,703 | 643 |
| | <u>301,417</u> | <u>254,833</u> |

15. Creditors

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| (a) Amounts falling due within one year : | | |
| Creditors from operations | 12,978 | 20,148 |
| Accruals and deferred income | 34,826 | 55,767 |
| Other creditors | 4,748 | 13,109 |
| | <u>52,552</u> | <u>89,024</u> |
| Deferred income | | |
| Deferred income at 1 September 2018 | 28,169 | - |
| Resources deferred in the year | 26,190 | 28,169 |
| Amounts released from previous years | (28,169) | - |
| Deferred income at 31 August 2019 | <u>26,190</u> | <u>28,169</u> |

At the balance sheet date the multi academy trust was holding funds received in advance for Universal Infant Free School Meals, Greggs income and Rates reclaim.

Included within other creditors due within one year is a Salix loan of £4,748 (2018 : £4,748) from ESFA.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

15. Creditors (continued)

| | 2019 | 2018 |
|--|--------|--------|
| | £ | £ |
| (b) Amounts falling due after more than one year : | | |
| Other creditors | 11,865 | 16,612 |

Included within other creditors falling due after more than one year is a Salix loan of £11,865 (2018 : £16,612) from ESFA.

16. Funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 926,004 | 7,909,417 | (7,359,766) | (134,048) | 1,341,607 |
| Pupil premium | - | 849,273 | (849,273) | - | - |
| Teaching school | 8,391 | 9,000 | (37,909) | 20,518 | - |
| Other grants | - | 178,995 | (169,775) | 7,274 | 16,494 |
| | <u>934,395</u> | <u>8,946,685</u> | <u>(8,416,723)</u> | <u>(106,256)</u> | <u>1,358,101</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 13,106,409 | - | (510,656) | - | 12,595,753 |
| DfE Group capital grants | 2,475,364 | 106,511 | (370,123) | (5,021) | 2,206,731 |
| Capital expenditure from GAG | 775,998 | - | (128,994) | 111,277 | 758,281 |
| | <u>16,357,771</u> | <u>106,511</u> | <u>(1,009,773)</u> | <u>106,256</u> | <u>15,560,765</u> |
| Pension reserve | <u>(3,065,000)</u> | - | <u>(338,000)</u> | <u>(642,000)</u> | <u>(4,045,000)</u> |
| Total restricted funds | <u>14,227,166</u> | <u>9,053,196</u> | <u>(9,764,496)</u> | <u>(642,000)</u> | <u>12,873,866</u> |
| Unrestricted funds | | | | | |
| Other income | 861,693 | 172,956 | (125,993) | - | 908,656 |
| Total unrestricted funds | <u>861,693</u> | <u>172,956</u> | <u>(125,993)</u> | <u>-</u> | <u>908,656</u> |
| Total funds | <u>15,088,859</u> | <u>9,226,152</u> | <u>(9,890,489)</u> | <u>(642,000)</u> | <u>13,782,522</u> |

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education & Skills Funding Agency and local authorities.

Under the funding agreement with the Secretary of State, the multi academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

16. Funds (continued)

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the multi academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education & Skills Funding Agency and local authorities where the asset acquired or created is held for a specific purpose.

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

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|------------------|---------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 968,742 | 7,870,150 | (7,767,932) | (144,956) | 926,004 |
| Other DfE Group grants | - | 919,484 | (919,484) | - | - |
| Teaching school | - | 14,000 | (5,609) | - | 8,391 |
| Other grants | - | 20,566 | (20,566) | - | - |
| | <u>968,742</u> | <u>8,824,200</u> | <u>(8,713,591)</u> | <u>(144,956)</u> | <u>934,395</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 13,612,783 | - | (506,374) | - | 13,106,409 |
| DfE Group capital grants | 2,810,787 | 56,154 | (391,577) | - | 2,475,364 |
| Capital expenditure from GAG | 758,735 | - | (127,693) | 144,956 | 775,998 |
| | <u>17,182,305</u> | <u>56,154</u> | <u>(1,025,644)</u> | <u>144,956</u> | <u>16,357,771</u> |
| Pension reserve | <u>(3,408,000)</u> | - | <u>(339,000)</u> | <u>682,000</u> | <u>(3,065,000)</u> |
| Total restricted funds | <u>14,743,047</u> | <u>8,880,354</u> | <u>(10,078,235)</u> | <u>682,000</u> | <u>14,227,166</u> |
| Unrestricted funds | | | | | |
| Other income | 671,392 | 190,301 | - | - | 861,693 |
| Total unrestricted funds | <u>671,392</u> | <u>190,301</u> | <u>-</u> | <u>-</u> | <u>861,693</u> |
| Total funds | <u>15,414,439</u> | <u>9,070,655</u> | <u>(10,078,235)</u> | <u>682,000</u> | <u>15,088,859</u> |

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows :

| | 2018/19 Total £ | 2017/18 Total £ |
|---|-----------------------|-----------------------|
| Aston Manor Academy | 1,363,024 | 1,097,033 |
| Chilwell Croft Academy | 903,733 | 699,055 |
| Total before fixed assets and pension reserve carried forward | <u>2,266,757</u> | <u>1,796,088</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

16. Funds (continued)

Total funds analysis by academy (continued)

| | 2018/19 Total £ | 2017/18 Total £ |
|---|-----------------------|-----------------------|
| Total before fixed assets and pension reserve brought forward | 2,266,757 | 1,796,088 |
| Restricted fixed asset fund | 15,560,765 | 16,357,771 |
| Pension reserve | (4,045,000) | (3,065,000) |
| Total funds | <u>13,782,522</u> | <u>15,088,859</u> |

Total cost analysis by academy

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

| | Teaching & educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs (excluding depreciation) £ | 2018/19 Total £ |
|------------------------|--|--------------------------------------|------------------------------|--|-----------------------|
| Aston Manor Academy | 4,018,164 | 1,047,339 | 179,366 | 1,187,677 | 6,432,546 |
| Chilwell Croft Academy | 1,282,616 | 709,058 | 89,802 | 366,694 | 2,448,170 |
| Academy trust | <u>5,300,780</u> | <u>1,756,397</u> | <u>269,168</u> | <u>1,554,371</u> | <u>8,880,716</u> |
| 2018 total | <u>5,271,836</u> | <u>1,738,963</u> | <u>329,195</u> | <u>1,712,597</u> | <u>9,052,591</u> |

17. Analysis of net assets between funds

Fund balances at 31 August 2019
are represented by:

| | Unrestricted funds £ | Restricted pension funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|----------------------------|-------------------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | - | 15,535,978 | 15,535,978 |
| Current assets | 908,656 | - | 1,422,518 | 24,787 | 2,355,961 |
| Current liabilities | - | - | (52,552) | - | (52,552) |
| | <u>908,656</u> | <u>-</u> | <u>1,369,966</u> | <u>15,560,765</u> | <u>17,839,387</u> |
| Creditors due after one year | - | - | (11,865) | - | (11,865) |
| Pension scheme liability | - | (4,045,000) | - | - | (4,045,000) |
| Total net assets | <u>908,656</u> | <u>(4,045,000)</u> | <u>1,358,101</u> | <u>15,560,765</u> | <u>13,782,522</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

17. Analysis of net assets between funds (continued)

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

| | Unrestricted funds | Restricted pension funds | Restricted general funds | Restricted fixed asset funds | Total funds |
|------------------------------|--------------------|--------------------------|--------------------------|------------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | - | - | - | 16,357,771 | 16,357,771 |
| Current assets | 861,693 | - | 1,040,031 | - | 1,901,724 |
| Current liabilities | - | - | (89,024) | - | (89,024) |
| | <u>861,693</u> | <u>-</u> | <u>951,007</u> | <u>16,357,771</u> | <u>18,170,471</u> |
| Creditors due after one year | - | - | (16,612) | - | (16,612) |
| Pension scheme liability | - | (3,065,000) | - | - | (3,065,000) |
| Total net assets | <u>861,693</u> | <u>(3,065,000)</u> | <u>934,395</u> | <u>16,357,771</u> | <u>15,088,859</u> |

18. Capital commitments

| | 2019 | 2018 |
|---|----------------|----------|
| | £ | £ |
| Contracted for but not provided in the financial statements | <u>128,384</u> | <u>-</u> |

19. Commitments under operating leases

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

| | Other | |
|--|---------------|----------------|
| | Total 2019 | Total 2018 |
| | £ | £ |
| Amounts due within one year | 41,660 | 43,307 |
| Amounts due between one and five years | 46,454 | 88,112 |
| | <u>88,114</u> | <u>131,419</u> |

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

| | 2018/19 | 2017/18 |
|--|----------------|----------------|
| | Total | Total |
| | £ | £ |
| Net income/(expenditure) for reporting year (as per the SoFA) | (664,337) | (1,007,580) |
| Adjusted for : | | |
| Depreciation (note 13) | 1,009,773 | 1,023,863 |
| Amortisation (note 12) | - | 1,781 |
| Capital grants from DfE and other capital income | (106,511) | (56,154) |
| Interest receivable (note 5) | (6,448) | (3,221) |
| Defined benefit pension scheme cost less contributions payable (note 24) | 261,000 | 252,000 |
| Defined benefit pension scheme finance cost/(income) (note 24) | 77,000 | 87,000 |
| Decrease / (increase) in debtors | (46,584) | 288,097 |
| Increase / (decrease) in creditors | (36,472) | (78,393) |
| Net cash provided by / (used in) operating activities | <u>487,421</u> | <u>507,393</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

21. Cash flows from investing activities

| | 2018/19 Total £ | 2017/18 Total £ |
|--|-----------------------|-----------------------|
| Interest received | 6,448 | 3,221 |
| Purchase of tangible fixed assets | (187,980) | (431,294) |
| Capital grants from DfE Group | 106,511 | 56,154 |
| Net cash provided by / (used in) investing activities | (75,021) | (371,919) |

22. Analysis of cash and cash equivalents

| | At 31 August 2019 £ | At 31 August 2018 £ |
|--------------------------|------------------------------|------------------------------|
| Cash at bank and in hand | 2,054,544 | 1,646,891 |
| | 2,054,544 | 1,646,891 |

23. 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.

24. Pension and similar obligations

The multi 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 West Midlands Pension Fund. Both are multi-employer defined-benefit schemes.

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

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

Notes to the financial statements for the year ended 31 August 2019 (continued)

24. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme (continued)

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

The employer's pension costs paid to TPS in the year amounted to £541,329 (2018 : £554,039).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £422,000 (2018 : £398,000), of which employer's contributions totalled £326,000 (2018 : £308,000) and employees' contributions totalled £89,000 (2018 : £90,000). The agreed contribution rates for future years are 17.2% and 17.5% for employers and between 5.5% and 9.9% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 23 to 25 years.

| Principal actuarial assumptions | At 31 August 2019 | At 31 August 2018 |
|--|------------------------------|------------------------------|
| Rate of increase in salaries | 3.70% | 3.80% |
| Rate of increase for pensions in payment / inflation | 2.20% | 2.30% |
| Discount rate for scheme liabilities | 1.85% | 2.65% |
| Inflation assumption (CPI) | 2.20% | 2.30% |
| Commutation of pensions to lump sums | 50.00% | 50.00% |

| Sensitivity analysis | As disclosed | Discount rate | CPI rate | In life expectancy |
|-----------------------------------|-------------------------|-----------------------------|-----------------------------|-------------------------------|
| | £'000s | + 0.1% pa £'000s | + 0.1% pa £'000s | + 1 year £'000s |
| Present value of total obligation | 8,268 | 8,077 | 8,436 | 8,572 |
| Projected service cost | 570 | 556 | 584 | 591 |
| | | - 0.1% pa £'000s | - 0.1% pa £'000s | - 1 year £'000s |
| Present value of total obligation | 8,268 | 8,464 | 8,103 | 7,975 |
| Projected service cost | 570 | 584 | 556 | 551 |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | At 31 August 2019 | At 31 August 2018 |
|----------------------|----------------------|----------------------|
| Retiring today | | |
| Males | 20.9 | 21.9 |
| Females | 23.2 | 24.4 |
| Retiring in 20 years | | |
| Males | 22.6 | 24.1 |
| Females | 25.1 | 26.7 |

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

| | 31 August 2019 | 31 August 2018 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Equities | 2,538,000 | 2,285,000 |
| Government bonds | 400,000 | 260,000 |
| Other bonds | 160,000 | 134,000 |
| Property | 345,000 | 293,000 |
| Cash/liquidity | 153,000 | 135,000 |
| Other | 627,000 | 504,000 |
| Total market value of assets | <u>4,223,000</u> | <u>3,611,000</u> |

The actual return on scheme assets was £248,000 (2018 : £40,000).

| | 2018/19 | 2017/18 |
|---|----------------|----------------|
| | £ | £ |
| Amount recognised in the statement of financial activities | | |
| Current service cost | 585,000 | 560,000 |
| Net interest cost | 77,000 | 85,000 |
| Administration expenses | 2,000 | 2,000 |
| Total amount recognised in the SOFA | <u>664,000</u> | <u>647,000</u> |

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

| | 2018/19 | 2017/18 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| At 1 September 2018 | 6,676,000 | 6,658,000 |
| Current service cost | 490,000 | 560,000 |
| Interest cost | 177,000 | 173,000 |
| Employee contributions | 89,000 | 90,000 |
| Changes in demographic assumptions | (431,000) | - |
| Benefits paid | (49,000) | (75,000) |
| Changes in financial assumptions | 1,221,000 | (730,000) |
| Past service cost | 95,000 | - |
| At 31 August 2019 | <u>8,268,000</u> | <u>6,676,000</u> |

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

24. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 2018/19 | 2017/18 |
|-------------------------------------|--------------------|--------------------|
| | £ | £ |
| At 1 September 2018 | 3,611,000 | 3,250,000 |
| Interest income | 100,000 | 88,000 |
| Actuarial gains/(losses) | 148,000 | (48,000) |
| Administration expenses | (2,000) | (2,000) |
| Employer contributions | 326,000 | 308,000 |
| Employee contributions | 89,000 | 90,000 |
| Benefits paid | (49,000) | (75,000) |
| Benefits paid net of transfers in | - | - |
| At 31 August 2019 | <u>4,223,000</u> | <u>3,611,000</u> |
| Net pension scheme liability | <u>(4,045,000)</u> | <u>(3,065,000)</u> |

25. 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transaction took place during the year:

Expenditure related party transaction

Titan Partnership

| A Lofthouse (trustee) is a director of Titan Partnership | 2019 | 2018 |
|--|---------------|---------------|
| | £ | £ |
| Services charged by related company during the period | <u>17,140</u> | <u>42,936</u> |

The trust conducted this transaction at arms' length following a competitive tendering exercise in accordance with its financial regulations, which A Lofthouse neither participated in, nor influenced.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2018.

Equitas Academies Trust
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

26. Teaching school trading account

| | 2018/19 £ | 2017/18 £ |
|---|---------------|--------------|
| Income | | |
| Direct income | | |
| Other income | 9,000 | 14,000 |
| Expenditure | | |
| Direct costs | | |
| Staff development | 17,409 | 5,609 |
| Other direct costs | <u>20,500</u> | <u>-</u> |
| | 37,909 | 5,609 |
| Total expenditure | <u>37,909</u> | <u>5,609</u> |
| Surplus/(deficit) from all sources | (28,909) | 8,391 |
| Teaching school balances at 1 September 2018 | 8,391 | - |
| Prior year clawback transferred to GAG | 20,518 | - |
| Teaching school balances at 31 August 2019 | <u>-</u> | <u>8,391</u> |

