

**EQUITAS ACADEMIES TRUST**

(A company limited by guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**Members**

S Spencer  
A Lofthouse  
J Moore (appointed 26 September 2016)

**Trustees**

A Lofthouse, Chair  
S Spencer, Vice Chair  
R Jesson (resigned 19 June 2017)  
D Turner (formerly D Carey)  
J Moore  
M Bartley  
D Jones  
V Davison (formerly V Camfield)  
E Lawson  
P Godwin (appointed 26 September 2016)  
R Barrett-Price (appointed 12 December 2016)  
H Hector (appointed 25 September 2017)

**Company registered number**

07662289

**Company name**

Equitas Academies Trust

**Principal and registered office**

Aston Manor Academy, Phillips Street, Birmingham, B6 4PZ

**Company secretary**

M Lower

**Senior management team**

H Roberts, Executive Principal and Accounting Officer  
C Simmons, Deputy Headteacher  
N Lambert, Headteacher  
J Sweeney, Deputy Headteacher  
S Landers, Deputy Headteacher

**Independent auditors**

Moore Stephens LLP, 35 Calthorpe Road, Edgbaston, Birmingham, B15 1TS

**Bankers**

HSBC Bank plc, 130 New Street, Birmingham, B2 4JU

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**Advisers (continued)**

**Solicitors**

Browne Jacobson LLP, Victoria Square House, Victoria Square, Birmingham, B2 4BU

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. 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 1,340 in the school census in October 2016.

**Structure, governance and management**

**a. Constitution**

The Trust is a Charitable Company limited by guarantee and an exempt charity.

The Charitable Company's Memorandum and Articles of Association is 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 purpose of company law.

The Charitable Company is known as Equitas Academies Trust.

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

**b. Members' liability**

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

**c. Trustees' indemnities**

The trust 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 12 of the accounts. The limit of the indemnity cover is £5,000,000 on any one claim.

**d. 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.

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**TRUSTEES' REPORT (continued)**  
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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; and
- The Chair and Vice Chair are elected on an annual basis and the terms of office for being a committee member is reviewed annually.

**e. 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 a buddy from within the existing Board of Trustees; and
- An induction pack which includes, but is not limited to, the Academy development plan and ESFA Academies Financial Handbook.

**f. 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, who 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; and
- Audit

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**TRUSTEES' REPORT (continued)**  
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**g. Pay policy for 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 dependant 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.

**h. Connected organisations, including related party relationships**

The members, Boards 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; and
- During the year the Trust used the services of University College of Birmingham.

**Objectives and Activities**

**a. Objects and aims**

The Trust's 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 outstanding.

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.

**b. Objectives, strategies and activities**

The strategic goals of the Academy Trust are:

To provide high quality provision for all academies within the academy trust that improves the outcomes of all



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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our pupils. This will be achieved by providing appropriate and proportionate support and challenge each academy trust. 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; and
- Collaboratively sharing and supporting best practice.

**c. 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 academy trust objective and aims and in planning future activities for the period. The Trustees consider that the Academy Trust can clearly demonstrate that its aims are to advance education for public benefit.

**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

Our objective

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

What we did

Leadership at both academies within the Trust is key to continuing to raise standards. A new SENCO was successfully appointed to Chilwell Croft Academy and a new Assistant Headteacher responsible for Literacy & Numeracy was successfully appointed at Aston Manor Academy.

Both academies belong to Challenge Partners and an external review of all aspects of both academies was carried out in the Autumn Term 2016.

Our impact

The Academy Trust achieved an unprecedented level of achievement in the GCSE results and in the sixth form. Our Progress 8 score was 0.24 when 0 is the expected score. 96% of students in the sixth form achieved 3 A\*-E in A 'Levels of equivalents.

KS1 scores including phonics were in line with national averages even though pupils arrive below national average in to year 1 or Reception.

Tables 1, 2 and 3 below provide a summary of the Academy's performance in the summer 2016 examination season.

**Table 1. Summary of KS2 SAT examination results 2016**

<b>KS2 SAT results</b>	<b>2017</b>
Achieving Expected Standard in Reading/Writing/Maths	43%
Achieving Expected Standard in Reading	55%
Achieving Expected Standard in Writing	78%
Achieving Expected Standard in Maths	63%



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**TRUSTEES' REPORT (continued)**  
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Progress Score in Reading	-2.84
Progress Score in Writing	+0.85
Progress Score in Maths	-1.61

**Table 2. Summary of GCSE examination results 2017**

<b>GCSE</b>	<b>2017</b>
Progress 8 Score	+0.24
Attainment 8 Score	45.1
9-4 in English (Language or Literature) and Maths	51%
Achieving the English Baccalaureate	19%

**Table 3. Summary of A-Level and equivalent study examination results 2017**

<b>A Level</b>	<b>2017</b>
Average points score A-Level entry	30.10
Average points score per Applied General entry	45.83
Average points score per Tech Level entry	43.59
% of students achieving 3 A* - E grades	96%
% of students achieving 2 A* - E grades	100%
% of students achieving 1 A* - E grades	100%

**Key Performance Indicators**

The Trust has a 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; and
- Percentage of income spent on staffing split between teaching and non-teaching staff.

**b. Going concern**

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

**Financial Review**

The Trust's financial position demonstrates total income of £9,871,719 with a deficit at the 31 August 2017 of £571,589 after actuarial losses of £430,000 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

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**TRUSTEES' REPORT (continued)**  
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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 £7,716,044 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; and
- 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 2017 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.

#### **Financial review**

##### **a. 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, such as building repairs 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 2017 the Academy Trust has reserves of £15,414,439 with unrestricted funds of £671,392 restricted income funds of £968,742 restricted fixed assets funds of £17,182,305 and pension reserve deficit of £3,408,000.

##### **b. Material investments policy**

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 Academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship as and when circumstances allow.

The Trust had invested the sum of £610,049 in a HSBC Money Market account as at 31 August 2017. 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.

##### **c. 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.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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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; and
- Vetting procedures as required by law for the protection of the vulnerable.

The deficit of the Local Government Pension Scheme of £3,408,000 continues to represent 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.

**d. Financial 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; and
- 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**

**a. Future developments**

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 Academy strives to provide exceptional behavior and attendance management support to its students and to offer a broad range of extra-curricular activities.

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**TRUSTEES' REPORT (continued)**  
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**Disclosure of information to auditors**

In so far as the Trustees are aware:

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

**Auditors**

A resolution proposing that Moore Stephens LLP be reappointed 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 4 December 2017 and signed on its behalf by:

  
.....  
**A Lofthouse**  
**Chair**

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**EQUITAS ACADEMIES TRUST**  
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**GOVERNANCE STATEMENT**

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**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:

Trustee	Meetings attended	Out of a possible
A Lofthouse, Chair	4	4
S Spencer, Vice Chair	4	4
R Jesson	3	4
D Turner (formerly D Carey)	3	3
J Moore	2	4
M Bartley	4	4
D Jones	3	4
V Davison (formerly V Camfield)	2	4
E Lawson	2	4
P Godwin (appointed 26 September 2016)	3	4
R Barrett-Price	1	2

The Finance and General Purposes Committee is a sub-committee of the main Board of Trustees whose purpose is to monitor the financial performance of the Academies in the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Jesson	1	5
M Bartley	4	5
D Jones	4	5
V Davison (formerly V Camfield)	5	5
R Barrett-Price	3	4

The raising standards committee is also a sub-committee of the main Board of Trustees whose purpose is to monitor and evaluate all standards of the Academies in the Trust.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
A Lofthouse (Chair)	6	6
S Spencer (Vice Chair)	6	6
D Carey	5	6
E Lawson	5	6



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**GOVERNANCE STATEMENT (continued)**

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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 a possible
A Lofthouse (Chair)	0	1
S Spencer (Vice Chair)	0	1
J Moore	1	1
P Godwin	1	1
E Lawson	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 academy'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 2017, the Trust focused on achieving value for money has included the following areas:

**Budgeting** - A budget for the year ended 31 August 2017 was approved by the finance committee on 19th June 2017. 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 authorization.

**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 which 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 ongoing 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 year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

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

The Board of Trustees has reviewed the key risks to which the academy 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

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**GOVERNANCE STATEMENT (continued)**

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risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

The academy'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; and
- identification and management of risks.

The Board of Trustees 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), a Trustee, as Responsible Officer (RO).

The RO's role includes giving advice on financial matters and performing a range of checks on the trust's 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 Board of Trustees 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 the School Financial Services;
- the work of the external auditors;
- the financial management and governance self-assessment process; and
- 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 members of the Board of Trustees on 4 December 2017 and signed on their behalf, by:

  
.....  
**A Lofthouse**  
Chair

  
.....  
**H Roberts**  
Accounting Officer



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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



.....  
**H Roberts**  
**Accounting Officer**

Date: 4 December 2017

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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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

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


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

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

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

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

Approved by order of the members of the Board of Trustees on 4 December 2017 and signed on its behalf by:

  
.....  
**A Lofthouse**  
Chair

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EQUITAS ACADEMIES TRUST**

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**Opinion**

We have audited the financial statements of Equitas Academies Trust for the year ended 31 August 2017 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

In our opinion the financial statements:

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

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

**Conclusions relating to going concern**

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

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

**Other information**

The Trustees are responsible for the other information. The other information comprises the information

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EQUITAS ACADEMIES TRUST**

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included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' report including the Strategic report for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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

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

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

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

**Responsibilities of trustees**

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

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

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**EQUITAS ACADEMIES TRUST**  
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
EQUITAS ACADEMIES TRUST**

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**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditor's report.



Nicholas Simkins FCA (Senior Statutory Auditor)

for and on behalf of

**Moore Stephens LLP**

Chartered Accountant and Statutory Auditor

35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS  
4 December 2017



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**EQUITAS ACADEMIES TRUST**  
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EQUITAS  
ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 15 September 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Equitas Academies Trust during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Equitas Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Equitas Academies Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Equitas Academies Trust and the 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 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**EQUITAS ACADEMIES TRUST**  
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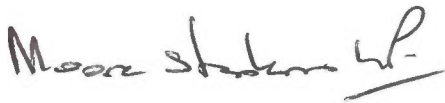
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EQUITAS  
ACADEMIES TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)**

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**Conclusion**

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



**Moore Stephens LLP**

Chartered Accountant and Statutory Auditor

35 Calthorpe Road  
Edgbaston  
Birmingham  
B15 1TS

4 December 2017



**EQUITAS ACADEMIES TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>Income from:</b>						
Donations and capital grants	2	-	-	795,205	795,205	622,008
Charitable activities	3	100,689	8,682,338	-	8,783,027	9,052,026
Other trading activities	4	134,557	-	-	134,557	66,249
Investments	5	1,985	-	-	1,985	2,871
<b>Total income</b>		<b>237,231</b>	<b>8,682,338</b>	<b>795,205</b>	<b>9,714,774</b>	<b>9,743,154</b>
<b>Expenditure on:</b>						
Raising funds		3,589	-	-	3,589	4,782
Charitable activities		59,422	8,894,088	899,265	9,852,775	10,023,944
<b>Total expenditure</b>	6	<b>63,011</b>	<b>8,894,088</b>	<b>899,265</b>	<b>9,856,364</b>	<b>10,028,726</b>
<b>Net income / (expenditure) before transfers</b>		<b>174,220</b>	<b>(211,750)</b>	<b>(104,060)</b>	<b>(141,590)</b>	<b>(285,572)</b>
Transfers between Funds	19	-	(154,435)	154,435	-	-
<b>Net income / (expenditure) before other recognised gains and losses</b>		<b>174,220</b>	<b>(366,185)</b>	<b>50,375</b>	<b>(141,590)</b>	<b>(285,572)</b>
Actuarial losses on defined benefit pension schemes	23	-	(430,000)	-	(430,000)	(1,010,000)
<b>Net movement in funds</b>		<b>174,220</b>	<b>(796,185)</b>	<b>50,375</b>	<b>(571,590)</b>	<b>(1,295,572)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		497,172	(1,643,073)	17,131,930	15,986,029	17,281,601
<b>Total funds carried forward</b>		<b>671,392</b>	<b>(2,439,258)</b>	<b>17,182,305</b>	<b>15,414,439</b>	<b>15,986,029</b>

**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 02986833**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Intangible assets	14		1,781		3,563
Tangible assets	15		16,950,340		17,128,367
			<u>16,952,121</u>		<u>17,131,930</u>
<b>Current assets</b>					
Debtors	16	542,930		340,062	
Cash at bank and in hand		1,516,165		1,970,225	
		<u>2,059,095</u>		<u>2,310,287</u>	
<b>Creditors:</b> amounts falling due within one year	17	(167,418)		(801,080)	
<b>Net current assets</b>			<u>1,891,677</u>		<u>1,509,207</u>
<b>Total assets less current liabilities</b>			<u>18,843,798</u>		<u>18,641,137</u>
<b>Creditors:</b> amounts falling due after more than one year	18		(21,359)		(26,108)
<b>Net assets excluding pension scheme liabilities</b>			<u>18,822,439</u>		<u>18,615,029</u>
Defined benefit pension scheme liability	23		(3,408,000)		(2,629,000)
<b>Net assets including pension scheme liabilities</b>			<u><u>15,414,439</u></u>		<u><u>15,986,029</u></u>

**EQUITAS ACADEMIES TRUST**  
(A company limited by guarantee)

**BALANCE SHEET (continued)**  
**AS AT 31 AUGUST 2017**

	Note	£	2017 £	£	2016 £
<b>Funds of the academy</b>					
Restricted income funds:					
Restricted income funds	19	<b>968,742</b>		985,927	
Restricted fixed asset funds	19	<b>17,182,305</b>		17,131,930	
Restricted income funds excluding pension liability		<b>18,151,047</b>		18,117,857	
Pension reserve		<b>(3,408,000)</b>		(2,629,000)	
Total restricted income funds			<b>14,743,047</b>		15,488,857
Unrestricted income funds	19		<b>671,392</b>		497,172
<b>Total funds</b>			<b>15,414,439</b>		15,986,029

The financial statements on pages 21 to 48 were approved by the Trustees, and authorised for issue, on 4 December 2017 and are signed on their behalf, by:

  
.....  
**A Lofthouse**  
Chair

**EQUITAS ACADEMIES TRUST**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	<u>(527,046)</u>	<u>514,830</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		1,985	2,871
Purchase of tangible and intangible fixed assets		(719,456)	(736,990)
Capital grants from DfE/ESFA		795,205	622,008
<b>Net cash provided by/(used in) investing activities</b>		<u>77,734</u>	<u>(112,111)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(4,748)	(4,746)
<b>Net cash used in financing activities</b>		<u>(4,748)</u>	<u>(4,746)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(454,060)</b>	<b>397,973</b>
Cash and cash equivalents brought forward		<u>1,970,225</u>	<u>1,572,252</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>1,516,165</u></u>	<u><u>1,970,225</u></u>

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**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.

**1.1 Basis of preparation of financial statements**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Equitas Academies Trust constitutes a public benefit entity as defined by FRS 102.

**1.2 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 academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The assessment of going concern has been concluded from a review of current forecast results, demand for places and future plans.

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**EQUITAS ACADEMIES TRUST**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.3 Income**

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

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

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

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

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

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.4 Expenditure**

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

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

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

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

All expenditure is inclusive of irrecoverable VAT.

**1.5 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%



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**EQUITAS ACADEMIES TRUST**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold property	-	4.75%
Long-term leasehold property	-	Term of lease
Motor vehicles	-	20%
Fixtures, fittings & equipment	-	10%
Computer equipment	-	33.33%

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

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

**1.7 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**1.8 Cash at Bank and in hand**

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

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

**1.9 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.10 Financial instruments**

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**1.11 Taxation**

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

**1.12 Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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**EQUITAS ACADEMIES TRUST**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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**1. Accounting policies (continued)**

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

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

**1.13 Fund accounting**

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

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

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

**EQUITAS ACADEMIES TRUST**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. Accounting policies (continued)**

**1.14 Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing 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 23, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

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

The main areas where critical accounting judgements are applied and where there is estimation uncertainty are:

Provisions  
Intangible assets  
Deferred income  
Impairment and valuation of land and buildings

**2. Income from donations and capital grants**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Capital Grants	-	795,205	795,205	622,008
<i>Total 2016</i>	-	622,008	622,008	

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**3. Funding for Academy's educational operations**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>DfE/ESFA grants</b>				
General annual grant	-	7,716,044	7,716,044	7,904,811
Other DfE/ESFA grants	-	903,080	903,080	969,871
	-	8,619,124	8,619,124	8,874,682
<b>Other government grants</b>				
Local authority grants	-	46,077	46,077	6,230
	-	46,077	46,077	6,230
<b>Other funding</b>				
Other incoming resources	100,689	17,137	117,826	171,114
	100,689	17,137	117,826	171,114
	100,689	8,682,338	8,783,027	9,052,026
<b>Total 2016</b>	115,736	8,936,290	9,052,026	

**4. Other trading activities**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Hire of facilities	26,273	-	26,273	14,398
Other income	108,284	-	108,284	51,851
	134,557	-	134,557	66,249
<b>Total 2016</b>	66,249	-	66,249	



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**5. Investment income**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	1,985	-	1,985	2,871
<i>Total 2016</i>	<i>2,871</i>	<i>-</i>	<i>2,871</i>	

**6. Expenditure**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on fundraising trading	-	-	3,589	3,589	4,782
Educational operations:					
Direct costs	5,472,244	841,617	1,053,259	7,367,120	7,096,956
Support costs	1,445,641	189,442	850,572	2,485,655	2,926,988
	<u>6,917,885</u>	<u>1,031,059</u>	<u>1,907,420</u>	<u>9,856,364</u>	<u>10,028,726</u>
<i>Total 2016</i>	<i>6,838,836</i>	<i>1,122,494</i>	<i>2,067,396</i>	<i>10,028,726</i>	

**7. Analysis of expenditure by activities**

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Educational operations	7,367,120	2,485,655	9,852,775	10,023,944
<i>Total 2016</i>	<i>7,260,961</i>	<i>2,762,983</i>	<i>10,023,944</i>	

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**7. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	Educational operations £	Total 2017 £	Total 2016 £
Pension income	55,000	55,000	53,000
Technology costs	91,361	91,361	47,124
Educational supplies	496,044	496,044	499,219
Examination fees	91,109	91,109	136,305
Staff development	41,053	41,053	52,294
Educational consultancy	222,490	222,490	202,259
Other direct costs	56,202	56,202	128,834
Wages and salaries	4,128,733	4,128,733	4,422,632
National insurance	422,838	422,838	253,752
Pension cost	920,673	920,673	621,919
Depreciation	841,617	841,617	843,623
	<u>7,367,120</u>	<u>7,367,120</u>	<u>7,260,961</u>
<i>At 31 August 2016</i>	<u>7,260,961</u>	<u>7,260,961</u>	

**Analysis of support costs**

	Educational operations £	Total 2017 £	Total 2016 £
Staff costs	1,445,641	1,445,641	1,540,533
Depreciation	57,648	57,648	52,835
Technology costs	57,599	57,599	57,271
Maintenance of premises and equipment	131,794	131,794	227,818
Cleaning	151,104	151,104	148,909
Rent & rates	70,374	70,374	47,619
Energy costs	96,810	96,810	78,832
Insurance	2,494	2,494	62,867
Security and transport	29,687	29,687	15,907
Catering	201,937	201,937	222,300
Other support costs	194,021	194,021	272,146
Govenors reimbursed expenses	46,544	46,544	35,946
	<u>2,485,653</u>	<u>2,485,653</u>	<u>2,762,983</u>
Subtotal	2,485,653	2,485,653	2,762,983
Other	2	2	-
	<u>2,485,655</u>	<u>2,485,655</u>	<u>2,762,983</u>
<i>At 31 August 2016</i>	<u>2,762,983</u>	<u>2,762,983</u>	



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**8. Net income/(expenditure)**

This is stated after charging:

	2017	2016
	£	£
Amortisation of intangible fixed assets	1,782	1,782
Depreciation of tangible fixed assets:		
- owned by the charity	899,265	896,457
Auditors' remuneration - audit	13,950	13,500
Auditors' remuneration - other services	2,500	2,000
Operating lease rentals	32,934	32,063
Loss on disposal of fixed assets	-	1,467
	<u>          </u>	<u>          </u>

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**9. Staff costs**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	5,245,908	5,667,116
Social security costs	508,706	317,013
Operating costs of defined benefit pension schemes	1,082,928	752,755
	<u>6,837,542</u>	<u>6,736,884</u>
Supply teacher costs	80,343	101,952
	<u>6,917,885</u>	<u>6,838,836</u>

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

	2017 No.	2016 No.
Teachers	83	90
Administration and support	102	113
Management	15	14
	<u>200</u>	<u>217</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £59,999 was:

	2017 No.	2016 No.
In the band £60,000 - £70,000	0	1
In the band £70,000 - £80,000	3	1
In the band £80,000 - £90,000	0	1
In the band £100,000 - £110,000	1	1

The key management personnel of the trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer's pension contributions) received by key management personnel for their services to the academy trust was £446,400 (2016 - £442,845).

**10. Central services**

There are no central charges. Most costs are allocated directly to both academies with the exception of certain salary costs and other costs incurred by Aston Manor Academy and recharged to Chilwell Croft Academy. Those recharges are based on either actual costs incurred or, in the case of salaries, on a time apportioned basis. The total charge was £156,945 (2016 - 116,040).

**11. Trustees' remuneration and expenses**

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During the year, no Trustees received any remuneration or received other from an employment with the trust (2016 - £NIL).

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £NIL).

**12. Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2017 was £53,484 (2016 - £53,484).

**13. Other finance income**

	2017 £	2016 £
Interest income on pension scheme assets	59,000	80,000
Interest on pension scheme liabilities	(114,000)	(133,000)
	<u>(55,000)</u>	<u>(53,000)</u>

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**14. Intangible fixed assets**

	Computer Software £
<b>Cost</b>	
At 1 September 2016 and 31 August 2017	5,345
<b>Amortisation</b>	
At 1 September 2016	1,782
Charge for the year	1,782
At 31 August 2017	3,564
<b>Carrying amount</b>	
At 31 August 2017	1,781
At 31 August 2016	3,563

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**15. Tangible fixed assets**

	Land and buildings £	Assets under construct'n £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2016	19,337,798	449,713	622,869	476,624	21,894	20,908,898
Additions	-	713,431	3,300	2,725	-	719,456
Transfer between classes	883,121	(883,121)	-	-	-	-
At 31 August 2017	20,220,919	280,023	626,169	479,349	21,894	21,628,354
<b>Depreciation</b>						
At 1 September 2016	3,020,740	-	545,598	196,662	17,531	3,780,531
Charge for the year	780,888	-	58,947	53,285	4,363	897,483
At 31 August 2017	3,801,628	-	604,545	249,947	21,894	4,678,014
<b>Net book value</b>						
At 31 August 2017	16,419,291	280,023	21,624	229,402	-	16,950,340
At 31 August 2016	16,317,058	449,713	77,271	279,962	4,363	17,128,367

**16. Debtors**

	2017 £	2016 £
Trade debtors	743	-
Other debtors	124,707	67,798
Prepayments and accrued income	417,480	272,264
	<u>542,930</u>	<u>340,062</u>

**17. Creditors: Amounts falling due within one year**

	2017 £	2016 £
Other loans	4,748	4,748
Trade creditors	141,918	88,732
Other creditors	2,011	5,010
Accruals and deferred income	18,741	702,590
	<u>167,418</u>	<u>801,080</u>

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**18. Creditors: Amounts falling due after more than one year**

	2017 £	2016 £
Other loans	<u>21,359</u>	<u>26,108</u>

**19. Statement of funds**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
General funds	<u>497,172</u>	<u>237,231</u>	<u>(63,011)</u>	<u>-</u>	<u>-</u>	<u>671,392</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	985,927	7,716,044	(7,578,794)	(154,435)	-	968,742
Other Dfe / EFSA grants	-	903,080	(903,080)	-	-	-
Other government grants	-	46,077	(46,077)	-	-	-
Other restricted funds	-	17,137	(17,137)	-	-	-
Pension reserve	(2,629,000)	-	(349,000)	-	(430,000)	(3,408,000)
	<u>(1,643,073)</u>	<u>8,682,338</u>	<u>(8,894,088)</u>	<u>(154,435)</u>	<u>(430,000)</u>	<u>(2,439,258)</u>
<b>Restricted fixed asset funds</b>						
DfE / ESFA capital grants	2,080,943	795,205	(219,796)	154,435	-	2,810,787
Inherited funds	14,138,721	-	(525,938)	-	-	13,612,783
Capital expenditure from GAG	912,266	-	(153,531)	-	-	758,735
	<u>17,131,930</u>	<u>795,205</u>	<u>(899,265)</u>	<u>154,435</u>	<u>-</u>	<u>17,182,305</u>
Total restricted funds	<u>15,488,857</u>	<u>9,477,543</u>	<u>(9,793,353)</u>	<u>-</u>	<u>(430,000)</u>	<u>14,743,047</u>
Total of funds	<u>15,986,029</u>	<u>9,714,774</u>	<u>(9,856,364)</u>	<u>-</u>	<u>(430,000)</u>	<u>15,414,439</u>



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**19. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 September 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2016 £
<b>Unrestricted funds</b>						
General Funds	539,398	184,856	(227,082)	-	-	497,172
	<u>539,398</u>	<u>184,856</u>	<u>(227,082)</u>	<u>-</u>	<u>-</u>	<u>497,172</u>
<b>Restricted funds</b>						
General Annual Grant (GAG)	1,052,549	7,904,811	(7,709,707)	(261,726)	-	985,927
Other DfE/ESFA grants	-	969,871	(969,871)	-	-	-
Other government grants	-	6,230	(6,230)	-	-	-
Other restricted funds	-	55,378	(55,378)	-	-	-
Pension reserve	(1,455,000)	-	(164,000)	-	(1,010,000)	(2,629,000)
	<u>(402,451)</u>	<u>8,936,290</u>	<u>(8,905,186)</u>	<u>(261,726)</u>	<u>(1,010,000)</u>	<u>(1,643,073)</u>
<b>Restricted fixed asset funds</b>						
DfE/ESFA capital grants	1,823,061	622,008	(364,126)	-	-	2,080,943
Inherited funds	14,639,220	-	(500,499)	-	-	14,138,721
Capital expenditure from GAG	682,373	-	(31,833)	261,726	-	912,266
	<u>17,144,654</u>	<u>622,008</u>	<u>(896,458)</u>	<u>261,726</u>	<u>-</u>	<u>17,131,930</u>
Total restricted funds	<u>16,742,203</u>	<u>9,558,298</u>	<u>(9,801,644)</u>	<u>-</u>	<u>(1,010,000)</u>	<u>15,488,857</u>
Total of funds	<u>17,281,601</u>	<u>9,743,154</u>	<u>(10,028,726)</u>	<u>-</u>	<u>(1,010,000)</u>	<u>15,986,029</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 and Skills Funding Agency and local authorities.

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

**Unrestricted funds**

These comprise resources that may be used towards meeting any of the charitable objects of the

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**19. Statement of funds (continued)**

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 and Skills Funding Agency and local authorities where the asset acquired or created is held for a specific reason.

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	Total 2017 £	Total 2016 £
Aston Manor Academy	1,061,994	1,140,496
Chilwell Croft Academy	578,140	342,603
Total before fixed asset fund and pension reserve	1,640,134	1,483,099
Restricted fixed asset fund	17,182,305	17,131,930
Pension reserve	(3,408,000)	(2,629,000)
Total	15,414,439	15,986,029

**Analysis of academies by cost**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2017 £	Total 2016 £
Aston Manor Academy	4,114,842	924,386	358,477	1,305,216	6,702,921	6,517,801
Chilwell Croft Academy	1,357,402	521,255	137,567	237,954	2,254,178	2,614,466
	5,472,244	1,445,641	496,044	1,543,170	8,957,099	9,132,267

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**20. Analysis of net assets between funds**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Intangible fixed assets	-	-	1,781	1,781
Tangible fixed assets	-	-	16,950,340	16,950,340
Current assets	671,393	1,157,518	230,184	2,059,095
Creditors due within one year	-	(167,418)	-	(167,418)
Creditors due in more than one year	-	(21,359)	-	(21,359)
Provisions for liabilities and charges	-	(3,408,000)	-	(3,408,000)
	<u>671,392</u>	<u>(2,439,258)</u>	<u>17,182,305</u>	<u>15,414,439</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Intangible fixed assets	-	-	3,563	3,563
Tangible fixed assets	-	-	17,128,367	17,128,367
Current assets	497,172	1,813,115	-	2,310,287
Creditors due within one year	-	(801,080)	-	(801,080)
Creditors due in more than one year	-	(26,108)	-	(26,108)
Provisions for liabilities and charges	-	(2,629,000)	-	(2,629,000)
	<u>497,172</u>	<u>(1,643,073)</u>	<u>17,131,930</u>	<u>15,986,029</u>

**21. Reconciliation of net movement in funds to net cash flow from operating activities**

	2017 £	2016 £
Net expenditure for the year (as per Statement of Financial Activities)	(141,590)	(285,572)
<b>Adjustment for:</b>		
Depreciation and amortisation charges	899,265	894,992
Dividends, interest and rents from investments	(1,985)	(2,871)
Loss on the sale of fixed assets	-	1,467
(Increase)/decrease in debtors	(202,868)	209,487
(Decrease)/increase in creditors	(633,663)	155,335
Capital grants from DfE and other capital income	(795,205)	(622,008)
Defined benefit pension scheme cost less contributions payable	293,000	110,000
Defined benefit pension scheme finance cost	56,000	54,000
<b>Net cash (used in)/provided by operating activities</b>	<u>(527,046)</u>	<u>514,830</u>

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**22. Analysis of cash and cash equivalents**

	2017 £	2016 £
Cash in hand	1,516,165	1,970,225
Total	<u>1,516,165</u>	<u>1,970,225</u>

**23. Pension commitments**

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

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

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

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pension Scheme**

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

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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**23. Pension commitments (continued)**

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £539,000 (2016 - £536,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £314,000 (2016 - £323,000), of which employer's contributions totalled £224,000 (2016 - £246,000) and employees' contributions totalled £90,000 (2016 - £77,000). The agreed contribution rates for future years are 16.2% and 17.5% for employers and rates range between 5.5% to 11.4%% 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.

**Local Government Pension Scheme**

Principal actuarial assumptions:

	2017	2016
Discount rate for scheme liabilities	2.60 %	2.20 %
Rate of increase in salaries	4.20 %	3.75 %
Rate of increase for pensions in payment / inflation	2.70 %	2.00 %
Inflation assumption (CPI)	2.70 %	2.00 %

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

	2017	2016
Retiring today		
Males	21.8	23.1
Females	24.3	25.8
Retiring in 20 years		
Males	24.0	25.3
Females	26.6	28.1



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**23. Pension commitments (continued)**

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

	<b>Fair value at 31 August 2017 £</b>	<i>Fair value at 31 August 2016 £</i>
Equities	2,055,000	1,492,000
Government bonds	238,000	175,000
Property	238,000	200,000
Cash and other liquid assets	162,000	162,000
Other bonds	125,000	216,000
Other assets	432,000	271,000
<b>Total market value of assets</b>	<b>3,250,000</b>	<b>2,516,000</b>

The actual return on scheme assets was £455,000 (2016 - £381,000).

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	<b>2017 £</b>	<i>2016 £</i>
Current service cost	(517,000)	(356,000)
Interest income	59,000	80,000
Interest cost	(114,000)	(133,000)
<b>Total</b>	<b>(572,000)</b>	<b>(409,000)</b>

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

	<b>2017 £</b>	<i>2016 £</i>
Opening defined benefit obligation	5,145,000	3,286,000
Current service cost	517,000	356,000
Interest cost	114,000	133,000
Employee contributions	90,000	77,000
Actuarial losses	819,000	1,312,000
Benefits paid	(27,000)	(19,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
<b>Closing defined benefit obligation</b>	<b>6,658,000</b>	<b>5,145,000</b>



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**23. Pension commitments (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	2,516,000	1,831,000
Interest income	59,000	80,000
Actuarial losses	389,000	302,000
Employer contributions	224,000	246,000
Employee contributions	90,000	77,000
Benefits paid	(27,000)	(19,000)
Administrative expenses	(1,000)	(1,000)
	<u>3,250,000</u>	<u>2,516,000</u>
Closing fair value of scheme assets	<u>3,250,000</u>	<u>2,516,000</u>

**24. Operating lease commitments**

At 31 August 2017 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
<b>Amounts payable:</b>		
Within 1 year	24,754	32,934
Between 1 and 5 years	76,910	79,628
After more than 5 years	9,387	28,162
	<u>111,051</u>	<u>140,724</u>
Total	<u>111,051</u>	<u>140,724</u>

**25. 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.

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**26. Related party transactions**

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

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

E Lawson (trustee) is a director of Emerge. The Trust incurred expenditure of £525 (2016: £1,375) with Emerge during the current year. There were no amounts outstanding at 31 August 2017 (2016: £nil). The Trust made the purchase at arms' length in accordance with its financial regulations, which E Lawson neither participated in nor influenced. In entering into the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

A Lofthouse (trustee) is a director of the Titan Partnership. The Trust incurred expenditure of £30,048 (2016: £6,300) and received no income (2016: £nil) with the Titan Partnership during the current year. there were no amounts outstanding at 31 August 2017 (2016: £nil). the Trust made the purchase are arms' length in accordance with its financial regulations, which A Lofthouse neither participated in nor influenced. In entering in to the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.

R Linforth (Chair-Resigned 31 August 2016) is Vice Chancellor and Principal of University College of Birmingham (UCB). UCB is a sponsor of Equitas Academies Trust. The Trust incurred expenditure of £2,320 (2016: £2,212) with UCB during the current year. There were no amounts outstanding at 31 August 2017 (2016: £nil). The Trust made the purchase are arms' length in accordance with its financial regulations, which R Linforth neither participated in nor influenced. In entering in to the transaction the trust has complied with the requirements of the ESFA's Academies Financial Handbook.