

**Company Registration Number: 07665550 (England and Wales)**

**EBN TRUST**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**

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**EBN 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**

A Andersen  
G Ferrante  
H French (resigned 1 September 2016)  
S Hartle (resigned 1 September 2016)  
M McCrohon (resigned 1 September 2016)  
J Farrell (appointed 1 September 2016)

**Directors**

G Alexander  
J Allen  
A Anderson  
M Baldwin<sup>1</sup>  
A Bird (appointed 22 September 2016)  
J Bridges (appointed 22 September 2016)  
C Etheridge (appointed 1 September 2016)  
J Farrell, Chair of Directors (to 21 September 2017)  
G Ferrante  
S Hartle (appointed 1 September 2016)  
B Mabey<sup>1</sup>  
H McLachlan (appointed 1 September 2016)  
C Quinn<sup>1</sup>  
M Rooney, Executive Principal  
A Simons<sup>1</sup>  
P Weir (appointed 1 September 2016), Chair of Directors (from 21 September 2017)  
S Wheatley<sup>1</sup>

<sup>1</sup> Resigned 1 September 2016

**Company registered number**

07665550

**Company name**

EBN Trust

**Principal and registered office**

EBN Academy  
Coventry road  
Yardley  
Birmingham  
West Midlands  
B8 2AS

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

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**Advisers (continued)**

**Executive Principal**

Marie Rooney

**Senior Management Team**

M Baldwin, Principal - EBN 1  
A Simons, Principal - EBN 2  
M Rooney, Executive Principal  
S Wheatley, Trust Business and Finance Manager

**Independent auditor**

Crowe Clark Whitehill LLP  
Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

**Bankers**

HSBC  
34 Poplar Road  
Solihull  
West Midlands  
B91 3AF

**Solicitors**

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

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

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The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the 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.

EBN Trust was legally formed on midnight of 31st August 2012. This report covers the Trust's fifth academic year and financial year of operation.

An Ofsted inspection was carried out in May 2014 and judged Good in all categories. EBN 2 had two DfE monitoring visits throughout the academic year 2016/17 and this judged the provision at EBN 2 as outstanding in all areas.

There were 93 students on roll at EBN 1 on 31st August 2017.

There were 107 students on roll at EBN 2 on 31st August 2017.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **CONSTITUTION**

The Trust is a company limited by guarantee. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Directors of EBN Trust are also the directors of the Charitable Company for the purpose of company law. Details of the Directors who served during the year are included in the Reference and administrative details on page 1.

The Directors act as the Trustees for the charitable activities of EBN Trust and are also the Directors of the Charitable Company for the purposes of Company Law. The Charitable Company is known as EBN Trust and includes the activities of EBN phase 1 and EBN Phase 2 which commenced operations in the prior year on 1 September 2015. The members have appointed the directors to the board of directors. The Directors establish the two sub committees.

### **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.

### **DIRECTORS' AND GOVERNORS' INDEMNITIES**

During the year, an indemnity from the Charitable Company was available to the Directors against liabilities that might be incurred by them in defending proceedings against them in respect of the affairs of the Charitable Company. The indemnity is subject to the provisions of the Companies Act as is set out in the Articles of Association.

### **METHOD OF RECRUITMENT AND APPOINTMENT OF DIRECTORS**

The Trust's Board of Directors has been elected for 4 year terms. Where vacancies arise, through the completion of term or by the resignation of a serving Director, Directors will be recruited in accordance with the Articles of Association and "A Guide to the law for School Governors". The term of office for any Director is 4 years, although this time limit does not apply to the Executive Principal.

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

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**POLICIES AND PROCEDURES ADOPTED FOR THE INDUCTION OF DIRECTORS**

The Trust is a member of the National Governors Association (NGA) and through this body each member receives regular updates on current legislation by email and the NGA magazine. Additional training is provided as required based on individual or collective need. External advice and support is commissioned where necessary.

**ORGANISATIONAL STRUCTURE**

The structure of the Trust consists of four senior levels: The Members of the Trust (who are the Head Teachers from the partnership of the East Birmingham Network of Schools), the Board of Directors (who are also East Birmingham Network Head Teachers who are appointed by the members of the MAT), the sub committees that include the Executive Principal and Principals of EBN 1 and EBN 2 and finally the wider senior leadership team. The aim of this management structure is to distribute responsibility and accountability and to encourage involvement in decision making at all levels so that the Trust nurtures the talents of its entire staff to support continual improvement and excellence.

The Board of Directors is responsible for setting the Trust's policies, adopting the Trust's Balanced Score Card (School Improvement Plan) and budget, monitoring performance against these plans and making major decisions about the direction of the Trust including its curriculum, the achievement and welfare of students and staffing.

The Executive Principal, Principals, Business Manager, the "senior leadership group" manage the Trust at an executive level, implementing the policies set by the Board of Directors and reporting back to them.

The Board of Directors has established three sub committees. Each sub committee has its own terms of reference detailing the responsibilities discharged to the sub committee, the Executive Principal, (The Accounting Officer), the Principals, the Vice Principal and the Senior Leadership Team. The terms of reference and meeting frequency for each sub committee is reviewed and approved by the Board of Directors annually.

The sub committees of the Trust are the Business, HR and Finance Sub Committee, the Local Governing Body sub committee and the Health and Safety Sub Committee

Groups of Governors may be formally or informally organised outside of the sub committee structure to support the Trust as required to consider:

- Executive Principal
- Principal, Vice Principal recruitment
- Performance Management of the Principal
- Student behaviour
- Staff discipline
- Complaints
- Significant areas of change management (staff re-structuring)

**PAY POLICY FOR KEY MANAGEMENT PERSONNEL**

The Trust Board will ensure that every teacher's salary is reviewed on an annual basis with effect from 1 September, no later than 31 October.

The Trust Board will assign a seven point Individual School Range based on the school group size, as determined by the STPCD. The Trust Board will ensure that there is no overlap of salary bands between the Principals and other leadership posts.

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

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The Trust Board will calculate the Principal group size at the start of each academic year and determine the appropriate Individual School Range for the year. The Trust Board will determine the group size for the school in accordance with the provisions of the STPCD.

On appointment the Principal will be appointed on one of the first 4 points on the ISR.

Progression on the ISR for the Principal will be subject to a review of the head teacher's performance set against the annual appraisal review. The Trust Board may decide to award one increment for sustained high quality performance or two increments where performance has been exceptional. Where performance has not been of a sustained high quality the Trust Board may decide that there should be no pay progression. The pay review for the Principal will be completed by 31 December.

The Trust Board will ensure that reasons for setting the ISR at a given level are recorded and that the process for the determination of the Principal's salary is fair and transparent.

#### **RELATED PARTIES AND OTHER CONNECTED CHARITIES AND ORGANISATIONS**

EBN Trust is part of Ninestiles Plus Teaching School Alliance. The Trust continues to work closely with all the 12 secondary schools (who are also the commissioners) within the East Birmingham Network to support the School Improvement Plan for the Trust.

#### **OBJECTIVES AND ACTIVITIES**

##### **OBJECTS AND AIMS**

As described, the object of EBN Trust, is set out in the Articles of Association.

The Board of Directors continues to set the Trust's strategic aims through the Trust's Balanced Score Card. These aims are monitored closely by the Board of Directors by way of the Executive Principal, Principal and through the work of the Local Governing Body's and the sub committees, each of which are led by the Executive Principal and the Principal.

The aims and objectives for the Trust are derived from the schools mission statement which is:

"EBN Trust will be nationally acknowledged as a high achieving, innovative school that recognises and respects the richness and diversity of its community. The Governing Body will be resourced to meet the needs of 21st century students. Within a caring, well ordered environment we will develop and reinforce the values, skills and attributes which will allow our students to be good citizens and lifelong learners. Parents, governors, directors of the EBN Trust and the wider community will work in partnership to ensure that high quality learning takes place. Outcomes will be outstanding".

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

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**OBJECTIVES, STRATEGIES AND ACTIVITIES**

The Key Objectives for the forthcoming year are:

1. A minimum of 8% of students achieving 5 A\* - C including English and Maths.
2. At least 40% of students achieving 5A\* - G including English and Maths.
3. 75% of students making accelerated progress in line with their baseline testing.
4. 100% of students achieving at least 1 qualification.
5. FSM gap is narrowed.
6. 100% of students progress onto further education, employment and training.
7. Attendance is a minimum of 80%.

**PUBLIC BENEFIT**

The Directors confirm that in their capacity as Trustees of the Charitable Company, in setting the objectives of the Trust, they have had due regard to the published guidance from the Charity Commission regarding the principle of public benefit.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The Trust is committed to continual improvement, which is achieved in a number of ways through improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self evaluation, data analysis and action planning.

Attendance is 88% average across both academies just below the national average for mainstream schools was 94.8%, however above the national average for Alternative Provision of 66.8% and Regional Average of 67.4%.

Table 1 Summary of GCSE examination results EBN 1

Overall (31 Students) (2016: 30 Students)  
5 A\* C = 3% (2016: 3%)  
5 A\* C =3% (including English and Maths) (2016: 3%)  
5 A\* G =61% (2016: 77%)  
5 A\* G= 61% (including English and Maths) (2016: 67%)

Table 2 Summary of GCSE examination results EBN 2

Overall (40 Students) (2016: 22 Students)  
5 A\* C = 5% (2016: 14.2%)  
5 A\* C =5% (including English and Maths) (2016: 14.2%)  
5 A\* G 76% (2016: 71%)  
5 A\* G 76% (including English and Maths) (2016: 71%)



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

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Table 3 – Students back on track from entry into academies

	<u>Year 9</u>	<u>Year 10</u>
English	64%	63.5%
Maths	32.5%	69.5%
Science	42%	44.5%

Table 4 – Students making one full grade or more progress over an academic year against their baseline (on entry)

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>
English	49.5%	45%	36%
Maths	29%	48%	25%
Science	45%	32%	38.5%

#### **KEY PERFORMANCE INDICATORS**

The Trust uses a number of key performance indicators. In addition to the key financial performance indicators noted below, the Trust also uses a number of non financial performance indicators as described within the Objectives, Strategies and Activities section previously.

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against the General Annual Grant (GAG).

As funding is based on pupil numbers this is also a key performance indicator. With the increase in place numbers of EBN Academy 2 from 45 students in year 1, to 70 students in year 2, for 2016/17 total pupil numbers were 200 (2016: 181) which is expected to remain consistent in 2017/18.

Another key financial performance indicator is staffing costs as a percentage of income. For 2016/17 this was 67% (2016: 54.6%) compared to a budget of 64% (2016: 64%), excluding capital grant income.

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

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**GOING CONCERN**

After consideration of the Trust's financial position, its financial plans, (including projected students numbers), the demand for places and the broader environment, the Board of Directors has a reasonable expectation that the Trust has, and will continue to have adequate resources to enable it to be a sustainable going concern in 2017/18 and for the foreseeable future. For this reason the Trust continues to adopt the going concern principle in preparing financial statements. Further details regarding the adoption of the Going Concern basis can be found in the statement of accounting policies.

**FINANCIAL REVIEW**

Total fund balance as at 31st August 2017 was £3,625,789 (2016: £3,851,897 as restated) comprising surpluses/(deficits) of £625,037, £(244,000), and £3,244,752 in Unrestricted, Restricted General and Restricted Fixed Assets Funds respectively. Included in restricted reserves is the LGPS pension deficit of £244,000.

The Trust's assets were predominantly used for providing education to the school students.

The net book value of the Trust's tangible fixed assets was £3,244,752 at 31st August 2017.

Cash in hand at 31st August 2017 was £357,773.

**RESERVES POLICY**

The Trust has established a Reserves Policy to protect its activities by providing financial buffers against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement.

The policy takes into account the Academies Financial Handbook and guidance from the Charity Commission.

The Trust's policy on reserves is designed to ensure that:

- any income received by the Trust to be spent within a reasonable period of receipt.
- the reserves policy takes into account the Trust's financial circumstances and other relevant factors.
- the Trust ensures good practice to monitor the level of reserves throughout the year.

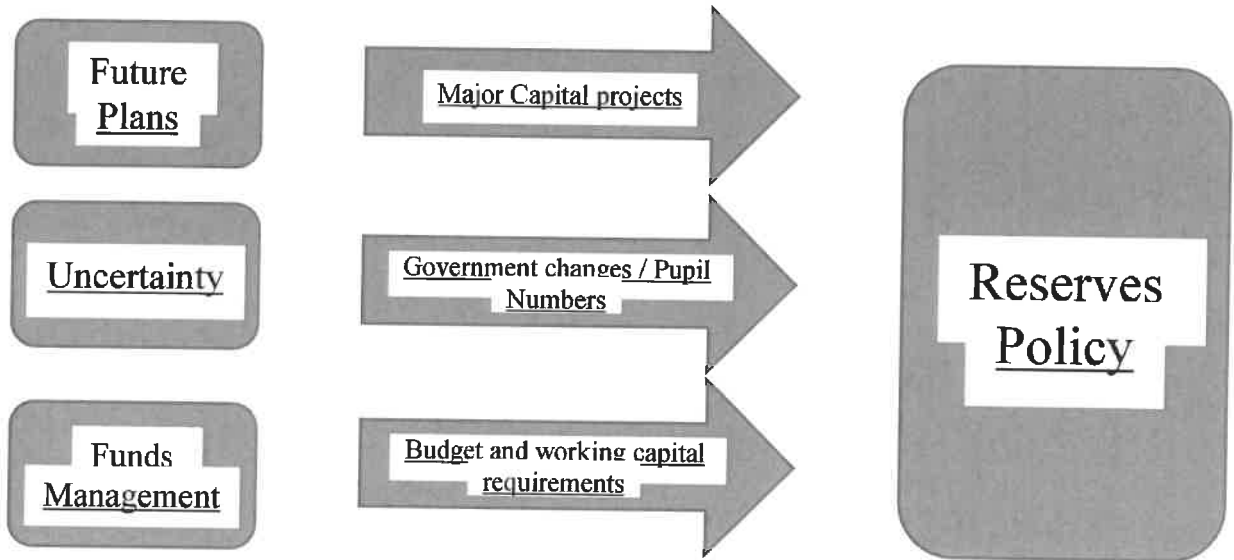
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**DIRECTORS' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

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*Restricted revenue reserves*

In order for the Trust to be able to fulfil its obligations the Trust is expected to maintain two months' salary payments including pension and national insurance contributions along with a contingency expenditure of £400,000 across the Trust.

*ICT refresh*

The ICT provision in our trust as a key part our students' learning. Schools should designate a fund to replace equipment at the end of its useful life in line with the ICT development plan. This is not a fixed amount but should be determined by the school each year in respect of its own particular ICT requirements. Each school's plan must be approved by the board.

**INVESTMENT POLICY**

Investments are approved by the Board of Directors with the support of expert advice as necessary.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Board of Directors has a comprehensive risk management process to identify and monitor risks facing the Trust. The principle risk identified includes governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, HR and ICT.

As with all other academies, the trust is also at risk from changes in government policy and associated funding changes.

A risk rating mechanism is in place with greater emphasis directed towards those identified as higher risk areas.

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

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#### FUTURE DEVELOPMENTS

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualification, skills and character to follow their chosen pathways, whether it be into further and higher education employment and training.

The curriculum, the quality of teaching and learning informed interventions are consistently reviewed to help every child achieve their full potential. The Trust aims to develop the curriculum to be delivered in progress 8 with the introduction of Citizenship and Geography as curriculum areas.

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 student's commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extracurricular activities.

#### FUNDS HELD AS CUSTODIAN

No funds are held as custodian.

#### DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Charitable Company's auditor is unaware, and
- that Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Charitable Company's auditor is aware of that information.

#### AUDITOR

The auditor, Crowe Clark Whitehill LLP, is willing to continue in office and a resolution to appoint them will be proposed at the Annual General Meeting.

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on <sup>14/12/17</sup> and signed on its behalf by:



P Weir  
Chair of Directors

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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As directors, we acknowledge we have overall responsibility for ensuring that EBN 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 Directors 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 EBN Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Meetings attended	Out of a possible
G Alexander	5	5
J Allen	5	5
A Anderson	5	5
A Bird	1	4
J Bridges	3	4
C Etheridge	4	5
J Farrell	2	5
S Hartle	3	5
P Singh	0	2
H McLachlan	4	5
P Weir, Chair	5	5
M Rooney	5	5

The Board of Directors regularly reviews its membership to ensure a good level of experience exists at this level.

The Board of Directors has formally met 5 times during the year. The main challenge of the Governing Board was to ensure that EBN 1 and EBN 2 become more effective through the improvement in outcomes for students. Significant progress was made regarding improvement during the year and both schools have received improved Ofsted inspections where relevant. The Board had robust plans in place to ensure that provision and outcomes at each school improve during the year.

The Business, HR and Finance Committee is a sub-committee of the main Board of Directors. It is responsible for matters relating to finance, staffing and the site.

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**GOVERNANCE STATEMENT (continued)**

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Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
J Allen	3	3
M Rooney	3	3
M Baldwin (invited)	3	3
S Wheatley (invited)	3	3
G Alexander	3	3
P Weir, Chair	3	3
J Allen	3	3

The Local Governing Body Committee is a sub-committee of the main Board of Directors. It is responsible for matters relating to teaching and students.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Saunders	3	4
C Allen-Smith	1	1
M Rooney	4	4
M Baldwin	4	4
S Chaggar	2	2
A Simons	1	1
L Cabena	2	2
N Roy	1	3
K Hartwell	2	2
J Stevens	1	2
A Owen	1	2
S Wheatley	4	4

### **REVIEW OF VALUE FOR MONEY**

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

#### **Improving educational outcomes**

Ensuring that educational standards continue to improve for the benefit of pupils through high standards and expectations in teaching and learning as outlined in "The EBN Way".

#### **Collaboration**

The trust through the East Birmingham Network Partnership has engaged with other educational providers and experts to share delivery and good practice.

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**GOVERNANCE STATEMENT (continued)**

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**Purchasing**

The senior leadership team has developed procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time and cost. Measures in place include:

- Ensuring 3 quotations are obtained for services and goods above £5,000 as outlined in the financial scheme of delegation but can be lower values where appropriate)
- Procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship)
- Procedures which minimize office time by the purchase of goods or services under £1,000 direct from known and reliable suppliers.

Following the opening of EBN Academy 2, a number of services were contracted for on a Trust wide basis. This has brought the benefit of financial economies of scale plus additional resources available to pupils and staff. This is evident in areas such as CPD, HR advice and Leadership support. The Trust continues to develop an ICT strategy that will allow the benefits to be felt across the Trust.

**Health and Safety**

The senior leadership team in collaboration with the health and safety sub committee review the quality of the school environment and equipment, carry out risk assessments where necessary, in order to provide a safe working environment for students, staff and visitors.

**Monitoring**

Areas are monitored for best value by:

- In house monitoring by the principal and senior leadership team, including quality assurance of classroom practice and work sampling.
- Annual performance management of staff
- Annual budget planning
- Analysis of school students performance data
- OFSTED inspection reporting and
- Directors board and subcommittee meetings

**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 EBN 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 Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the 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 Directors.

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**GOVERNANCE STATEMENT (continued)**

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**THE RISK AND CONTROL FRAMEWORK**

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided to appoint Janice Murphy, a consultant, as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- Payroll testing to include checks of salary paid compared to personnel records, checks to ensure amendments to payroll are appropriately authorised and that the final payroll print is appropriately authorised;
- Purchasing testing of a sample of payments made during the period were reviewed;
- Agreement of receipt of income to source documentation;
- Review of a sample of expense claims;
- Review of a sample of petty cash claims ensuring appropriate authorisation;
- Review of bank reconciliations.

On a semi-annual basis, the internal auditor reports to the Board of Directors through the business, HR and finance committee on the operation of the systems of control and on the discharge of the Board of Directors' financial responsibilities.



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**GOVERNANCE STATEMENT (continued)**

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Board of Directors and a plan to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 14/12/17 and signed on its behalf, by:

**P Weir**  
Chair of Directors



**M Rooney**  
Chief Executive Officer



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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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As Accounting Officer of EBN 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.



M Rooney  
Accounting Officer

14-12-17

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STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2017

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The Directors (who act as governors of EBN Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Directors' 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 Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 Directors 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 Board of Directors of the Trust on 14/12/17 and signed on its behalf by:



P Weir  
Chair of Directors

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EBN TRUST**

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**OPINION**

We have audited the financial statements of EBN Trust for the year ended 31 August 2017 which comprise the Statement of financial activities, 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Trust 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EBN TRUST**

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**OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information 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 Directors' Report including the Strategic Report for which the financial statements are prepared is consistent with the financial statements.
- the Directors' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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 Directors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EBN TRUST**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Statement of Directors' responsibilities, the Directors (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the charitable company 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 Directors either intend to liquidate the Academy Trust's or to cease operations, or have no realistic alternative but to do so.

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

  
Helen Drew (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

Black Country House

Rounds Green Road

Oldbury

West Midlands

B69 2DG

Date:

15-12-17

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**EBN TRUST**  
**(A company limited by guarantee)**

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

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In accordance with the terms of our engagement letter dated 14 November 2014 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 EBN 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 EBN Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to EBN 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 EBN Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF EBN TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The Accounting Officer is responsible, under the requirements of EBN Trust's funding agreement with the Secretary of State for Education dated 19 March 2015, 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 Trust's income and expenditure. The work undertaken to draw our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of expenditure incurred by the Academy and specific transactions identified from our review.

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**EBN TRUST**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO EBN TRUST  
AND THE EDUCATION 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.

*Crowe Clark Whitehill LLP*  
Crowe Clark Whitehill LLP

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 15.12.17



**EBN TRUST**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(including income and expenditure account)  
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>						
Donations and capital grants	2	-	-	(134,113)	(134,113)	1,025,523
Funding for Educational Operations	4	1,779,029	1,779,137	-	3,558,166	3,118,580
Other trading activities	3	5,568	-	-	5,568	2,319
<b>TOTAL INCOME</b>		<u>1,784,597</u>	<u>1,779,137</u>	<u>(134,113)</u>	<u>3,429,621</u>	<u>4,146,422</u>
<b>EXPENDITURE ON:</b>						
Educational Operations		1,699,034	1,875,919	149,776	3,724,729	3,488,265
<b>TOTAL EXPENDITURE</b>	5	<u>1,699,034</u>	<u>1,875,919</u>	<u>149,776</u>	<u>3,724,729</u>	<u>3,488,265</u>
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>						
Transfers between Funds	15	85,563	(96,782)	(283,889)	(295,108)	658,157
		-	(44,599)	44,599	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>						
		85,563	(141,381)	(239,290)	(295,108)	658,157
Actuarial gains/(losses) on defined benefit pension schemes	20	-	69,000	-	69,000	(123,000)
<b>NET MOVEMENT IN FUNDS</b>		<u>85,563</u>	<u>(72,381)</u>	<u>(239,290)</u>	<u>(226,108)</u>	<u>535,157</u>
<b>RECONCILIATION OF FUNDS:</b>						
Total funds brought forward		539,474	(171,619)	3,484,042	3,851,897	3,316,740
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>625,037</u>	<u>(244,000)</u>	<u>3,244,752</u>	<u>3,625,789</u>	<u>3,851,897</u>

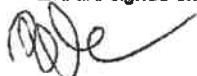
The notes on pages 26 to 46 form part of these financial statements.

**EBN TRUST**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07665550

**BALANCE SHEET**  
AS AT 31 AUGUST 2017

	Note	2017		2016	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	11		3,244,752		3,276,115
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due after more than one year	13	59,005		97,203	
Debtors: amounts falling due within one year	13	609,732		804,453	
Cash at bank and in hand		357,773		649,959	
		1,026,510		1,551,615	
<b>CREDITORS: amounts falling due within one year</b>	14	(401,473)		(780,833)	
<b>NET CURRENT ASSETS</b>			625,037		770,782
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,869,789		4,046,897
Defined benefit pension scheme liability	20		(244,000)		(195,000)
<b>NET ASSETS INCLUDING PENSION SCHEME LIABILITIES</b>			3,625,789		3,851,897
<b>FUNDS OF THE TRUST</b>					
Restricted income funds:					
Restricted income funds	15	-		23,381	
Restricted fixed asset funds	15	3,244,752		3,484,042	
Restricted income funds excluding pension liability		3,244,752		3,507,423	
Pension reserve		(244,000)		(195,000)	
Total restricted income funds			3,000,752		3,312,423
Unrestricted income funds	15		525,037		539,474
<b>TOTAL FUNDS</b>			3,625,789		3,851,897

The financial statements on pages 23 to 46 were approved by the Directors, and authorised for issue, on and are signed on their behalf, by:



**P Weir**  
Chair of Directors

14/12/17

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**EBN TRUST**  
**(A company limited by guarantee)**

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

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	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	18	<u>(38,912)</u>	<u>(225,283)</u>
<b>Cash flows from investing activities:</b>			
Purchase of tangible fixed assets		(263,940)	(502,552)
Capital grants from DfE/ESFA		10,666	719,182
<b>Net cash (used in)/provided by investing activities</b>		<u>(253,274)</u>	<u>216,630</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(292,186)</b>	<b>(8,653)</b>
Cash and cash equivalents brought forward		<u>649,959</u>	<u>658,612</u>
<b>Cash and cash equivalents carried forward</b>	19	<u><u>357,773</u></u>	<u><u>649,959</u></u>

The notes on pages 26 to 46 form part of these financial statements.

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**EBN 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), judgments 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.

**1.2 Company status**

The Trust is a company limited by guarantee. The trust is incorporated in England & Wales, registered number 07665550. The registered office is EBN Academy, Coventry road, Yardley, Birmingham, West Midlands, B8 2AS. The members of the company are named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Trust.

**1.3 Going concern**

The Directors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. The Directors 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

**1.4 Fund accounting**

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

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.

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**EBN 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)**

**1.5 Income**

All income is recognised once the Trust 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 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 in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations 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.

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

Expenditure is inclusive of irrecoverable VAT.

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**EBN 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)**

**1.7 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. A full year's depreciation is charged in the year of acquisition and in the year of disposal there is no depreciation charge. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, 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	-	over 50 years
L/Term leasehold property	-	over 50 years
Fixtures and fittings	-	over 4 years
Computer equipment	-	over 3 years

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.

Freehold land is not depreciated.

**1.8 Taxation**

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

**1.9 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.

**1.10 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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**EBN 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)**

**1.11 Liabilities and provisions**

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.12 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. 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.

**1.13 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 20, 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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**EBN 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 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.

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

Estimates and judgments 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 20, 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.



**EBN TRUST**  
(A company limited by guarantee)

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

**2. INCOME FROM DONATIONS AND CAPITAL GRANTS**

	<b>Restricted fixed asset funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>As restated Total funds 2016 £</i>
Capital Grants	<b>(134,113)</b>	<b>(134,113)</b>	<i>1,025,523</i>
<i>Total 2016</i>	<u><u>1,025,523</u></u>	<u><u>1,025,523</u></u>	

**3. OTHER TRADING ACTIVITIES**

	<b>Unrestricted funds 2017 £</b>	<b>Total funds 2017 £</b>	<i>As restated Total funds 2016 £</i>
Lettings income	<b>5,568</b>	<b>5,568</b>	<i>2,319</i>
<i>Total 2017</i>	<u><u>5,568</u></u>	<u><u>5,568</u></u>	<u><u>2,319</u></u>
<i>Total 2016</i>	<u><u>2,319</u></u>	<u><u>2,319</u></u>	

**EBN TRUST**  
(A company limited by guarantee)

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

**4. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Total funds 2017 £	As restated Total funds 2016 £
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	1,647,969	1,647,969	1,404,260
Start up Grants	-	42,500	42,500	222,500
Other DfE/ESFA Grants	-	20,587	20,587	20,314
	-	1,711,056	1,711,056	1,647,074
<b>Other government grants</b>				
Pupil Premium grants	-	61,081	61,081	53,806
	-	61,081	61,081	53,806
<b>Other funding</b>				
Sponsorship income	-	7,000	7,000	11,999
Pupil led funding	1,678,139	-	1,678,139	1,307,607
Other Income	49,068	-	49,068	57,721
Catering income	51,822	-	51,822	40,373
	1,779,029	7,000	1,786,029	1,417,700
<b>Total 2017</b>	<b>1,779,029</b>	<b>1,779,137</b>	<b>3,558,166</b>	<b>3,118,580</b>
<i>Total 2016</i>	<i>1,405,701</i>	<i>1,712,879</i>	<i>3,118,580</i>	

**5. EXPENDITURE**

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Funding for educational operations:					
Direct costs	1,946,379	149,776	622,705	2,718,860	2,633,104
Support costs	531,920	201,395	272,554	1,005,869	855,161
	2,478,299	351,171	895,259	3,724,729	3,488,265
<i>Total 2016</i>	<i>2,263,834</i>	<i>463,155</i>	<i>761,276</i>	<i>3,488,265</i>	

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FOR THE YEAR ENDED 31 AUGUST 2017**

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**6. SUPPORT COSTS**

	<b>Total 2017 £</b>	<i>Total 2016 £</i>
Technology costs	<b>9,003</b>	2,756
Recruitment and support	<b>15,170</b>	48,317
Maintenance of premises and equipment	<b>168,595</b>	124,864
Rent and rates	<b>18,876</b>	16,939
Security and transport	<b>13,924</b>	15,725
Catering	<b>58,896</b>	58,774
Other support costs	<b>73,122</b>	61,392
Subscriptions	<b>57,290</b>	56,921
Governance costs	<b>15,900</b>	16,475
Legal and professional fees	<b>21,093</b>	18,532
Wages and salaries	<b>403,515</b>	353,774
National insurance	<b>32,485</b>	27,133
Pension cost	<b>118,000</b>	53,559
	<b>1,005,869</b>	<i>855,161</i>
	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2016</i>	<i>855,161</i>	

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include constitutional and statutory requirements including audit and preparation of statutory accounts.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES**

Included within expenditure are the following transactions:

	Total £	Over £5,000 £
Unrecoverable debts	10,604	7,185

Unrecoverable debts relate to trade debts that are no longer considered collectable.

**8. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity	149,776	321,352
Auditor's remuneration - audit	12,450	11,850
Auditor's remuneration - other services	3,450	4,625
Operating lease rentals	1,972	5,180

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	1,834,903	1,703,071
Social security costs	198,492	158,790
Operating costs of defined benefit pension schemes	279,894	244,598
	<u>2,313,289</u>	<u>2,106,459</u>
Supply teacher costs	137,510	157,375
Staff restructuring costs	27,500	-
	<u>2,478,299</u>	<u>2,263,834</u>

Staff restructuring costs comprise:

	2017 £	2016 £
Severance payments	<u>27,500</u>	<u>-</u>

Included in severance payments are 2 (2016: no) non contractual payments to 2 individuals amounting to £10,000 and £17,500.

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

	2017 No.	2016 No.
Management	3	4
Teaching	22	17
Admin and support	29	31
	<u>54</u>	<u>52</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

The key management personnel of the Trust comprise the Executive Head, the Business and Finance Manager and the Principals of each Academy. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the Trust was £328,478 (2016: £360,790).

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FOR THE YEAR ENDED 31 AUGUST 2017**

**10. RELATED PARTY TRANSACTIONS - DIRECTORS' REMUNERATION AND EXPENSES**

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Directors. The value of Directors' remuneration and other benefits was as follows:

		2017 £	2016 £
M Rooney	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000
M Baldwin	Remuneration	75,000-80,000	70,000-75,000
	Pension contributions paid	10,000-15,000	10,000-15,000
S Wheatley	Remuneration	-	50,000-55,000
	Pension contributions paid	-	-
A Simons	Remuneration	-	65,000-70,000
	Pension contributions paid	-	10,000-15,000

During the year, no Directors received any reimbursement of expenses (2016 - £NIL).

**11. TANGIBLE FIXED ASSETS**

	Freehold property £	L/Term Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost</b>					
At 1 September 2016	2,197,091	1,000,000	791,099	334,365	4,322,555
Additions	53,078	22,085	22,182	21,068	118,413
At 31 August 2017	<u>2,250,169</u>	<u>1,022,085</u>	<u>813,281</u>	<u>355,433</u>	<u>4,440,968</u>
<b>Depreciation</b>					
At 1 September 2016	31,996	80,004	695,423	239,017	1,046,440
Charge for the year	45,004	20,153	33,993	50,626	149,776
At 31 August 2017	<u>77,000</u>	<u>100,157</u>	<u>729,416</u>	<u>289,643</u>	<u>1,196,216</u>
<b>Net book value</b>					
At 31 August 2017	<u>2,173,169</u>	<u>921,928</u>	<u>83,865</u>	<u>65,790</u>	<u>3,244,752</u>
At 31 August 2016	<u>2,165,095</u>	<u>919,996</u>	<u>95,676</u>	<u>95,348</u>	<u>3,276,115</u>

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**12. DIRECTORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2017 was £105 (2016 - £107).

**13. DEBTORS**

	2017 £	2016 £
<b>Due after more than one year</b>		
Other debtors	<b>59,005</b>	97,203
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>2017 £</b>	<b>2016 £</b>
<b>Due within one year</b>		
Trade debtors	<b>229,315</b>	53,307
Other debtors	<b>220,424</b>	297,392
Prepayments and accrued income	<b>159,993</b>	453,754
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>609,732</b>	804,453
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Included within other debtors is an amount receivable totalling £102,472. £59,005 is receivable in more than one year and £43,467 is receivable within one year.

**14. CREDITORS: Amounts falling due within one year**

	2017 £	2016 £
Trade creditors	<b>180,290</b>	332,759
Other taxation and social security	<b>99,588</b>	54,547
Other creditors	<b>54,321</b>	29,380
Accruals and deferred income	<b>67,274</b>	364,147
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>401,473</b>	780,833
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<b>2017 £</b>	<b>2016 £</b>
<b>Deferred income</b>		
Deferred income at 1 September 2016	<b>52,660</b>	57,313
Resources deferred during the year	<b>37,528</b>	52,660
Amounts released from previous years	<b>(52,660)</b>	(57,313)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Deferred income at 31 August 2017	<b>37,528</b>	52,660
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

Deferred income consists of financial contributions received in advance of the 2017/18 academic year.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS**

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
<b>Unrestricted funds</b>						
Pupil led funding	528,062	1,779,029	(1,699,034)	-	-	608,057
Other income	11,412	5,568	-	-	-	16,980
	<u>539,474</u>	<u>1,784,597</u>	<u>(1,699,034)</u>	<u>-</u>	<u>-</u>	<u>625,037</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	23,381	1,647,969	(1,626,751)	(44,599)	-	-
Start up grants	-	42,500	(42,500)	-	-	-
Other ESFA grants	-	20,587	(20,587)	-	-	-
Local authority - other grants	-	61,081	(61,081)	-	-	-
Other Income	-	7,000	(7,000)	-	-	-
Pension reserve	(195,000)	-	(118,000)	-	69,000	(244,000)
	<u>(171,619)</u>	<u>1,779,137</u>	<u>(1,875,919)</u>	<u>(44,599)</u>	<u>69,000</u>	<u>(244,000)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	1,776,115	-	(149,776)	1,618,413	-	3,244,752
Donation of fixed assets	1,500,000	-	-	(1,500,000)	-	-
Capital grants	207,927	(134,113)	-	(73,814)	-	-
	<u>3,484,042</u>	<u>(134,113)</u>	<u>(149,776)</u>	<u>44,599</u>	<u>-</u>	<u>3,244,752</u>
Total restricted funds	<u>3,312,423</u>	<u>1,645,024</u>	<u>(2,025,695)</u>	<u>-</u>	<u>69,000</u>	<u>3,000,752</u>
Total of funds	<u><u>3,851,897</u></u>	<u><u>3,429,621</u></u>	<u><u>(3,724,729)</u></u>	<u><u>-</u></u>	<u><u>69,000</u></u>	<u><u>3,625,789</u></u>



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

**15. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	<i>Balance at 1 September 2015 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2016 £</i>
<b>Unrestricted Funds</b>						
Pupil led funding	272,532	1,307,607	(1,052,077)	-	-	528,062
EBN Network surplus	241,141	-	(241,141)	-	-	-
Other Income	9,093	100,413	(98,094)	-	-	11,412
	<u>522,766</u>	<u>1,408,020</u>	<u>(1,391,312)</u>	<u>-</u>	<u>-</u>	<u>539,474</u>
<b>General funds</b>						
	-	-	-	-	-	-
Total Unrestricted funds	<u>522,766</u>	<u>1,408,020</u>	<u>(1,391,312)</u>	<u>-</u>	<u>-</u>	<u>539,474</u>
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(3,262)	1,404,260	(1,326,824)	(50,793)	-	23,381
Start up grants	-	222,500	(222,500)	-	-	-
Other EFA grants	-	20,314	(20,314)	-	-	-
Local authority - other grants	107,158	53,806	(160,964)	-	-	-
Other income	-	11,999	(11,999)	-	-	-
Pension reserve	(39,000)	-	(33,000)	-	(123,000)	(195,000)
	<u>64,896</u>	<u>1,712,879</u>	<u>(1,775,601)</u>	<u>(50,793)</u>	<u>(123,000)</u>	<u>(171,619)</u>
<b>Restricted fixed asset funds</b>						
Restricted Fixed Asset Funds	1,229,078	-	(321,352)	868,389	-	1,776,115
Donation of fixed assets	1,500,000	-	-	-	-	1,500,000
Capital grants	-	1,025,523	-	(817,596)	-	207,927
	<u>2,729,078</u>	<u>1,025,523</u>	<u>(321,352)</u>	<u>50,793</u>	<u>-</u>	<u>3,484,042</u>
Total restricted funds	<u>2,793,974</u>	<u>2,738,402</u>	<u>(2,096,953)</u>	<u>-</u>	<u>(123,000)</u>	<u>3,312,423</u>
Total of funds	<u>3,316,740</u>	<u>4,146,422</u>	<u>(3,488,265)</u>	<u>-</u>	<u>(123,000)</u>	<u>3,851,897</u>

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**15. STATEMENT OF FUNDS (continued)**

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

**Restricted general fund**

The following grants relate to government funding for the provision of education by the Academy and must be spent in line with the terms of the grants:

- General Annual Grant
- Start up grants
- Other EFA grants
- Local authority grants

**Unrestricted fund**

Pupil led funding comprises income receivable from the East Birmingham Network of schools in respect of pupils who have been transferred to EBN Trust for alternative education.

**Restricted fixed asset fund**

Represents represents the carrying value of fixed assets that have either been donated under restriction or purchased from restricted grants.

**Transfers between funds**

Transfers expenditure on fixed assets from the restricted funds, and recurrent educational expenditure in excess of GAG and which is funded from unrestricted funds.

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

**ANALYSIS OF ACADEMIES BY FUND BALANCE**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total 2017</b>	<i>Total 2016</i>
	£	£
EBN 1	<b>469,344</b>	373,093
EBN 2	<b>102,259</b>	68,410
Trust	<b>53,434</b>	121,352
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	<b>625,037</b>	562,855
Restricted fixed asset fund	<b>3,244,752</b>	3,484,042
Pension reserve	<b>(244,000)</b>	(195,000)
	<hr/>	<hr/>
Total	<b>3,625,789</b>	3,851,897
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. STATEMENT OF FUNDS (continued)**

**ANALYSIS OF ACADEMIES BY COST**

Expenditure incurred by each school 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 £
EBN1	972,825	220,829	18,746	451,219	1,663,619	1,665,225
EBN 2	803,847	250,801	57,607	475,390	1,587,645	1,177,250
Trust	169,707	60,290	42,477	51,215	323,689	324,438
	<u>1,946,379</u>	<u>531,920</u>	<u>118,830</u>	<u>977,824</u>	<u>3,574,953</u>	<u>3,166,913</u>

**16. CENTRAL SERVICES**

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

**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2017 £	Restricted general funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	3,244,752	3,244,752
Debtors due after more than 1 year	59,005	-	-	59,005
Current assets	519,709	447,796	-	967,505
Creditors due within one year	-	(401,473)	-	(401,473)
Pension liability	-	(244,000)	-	(244,000)
	<u>625,037</u>	<u>(244,000)</u>	<u>3,244,752</u>	<u>3,625,789</u>

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**17. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	<i>Unrestricted funds</i>	<i>Restricted general funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2016	2016	2016	2016
	£	£	£	£
Tangible fixed assets	-	-	3,276,115	3,276,115
Debtors due after more than 1 year	-	97,203	-	97,203
Current assets	539,474	707,011	207,927	1,454,412
Creditors due within one year	-	(780,833)	-	(780,833)
Provisions for liabilities and charges	-	(195,000)	-	(195,000)
	<u>539,474</u>	<u>(171,619)</u>	<u>3,484,042</u>	<u>3,851,897</u>

**18. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	2016 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(295,108)	658,157
<b>Adjustment for:</b>		
Depreciation charges	149,776	321,352
Decrease/(increase) in debtors	232,919	(166,443)
Decrease in creditors	(233,833)	(45,826)
Capital grants and other capital income	(10,666)	(1,025,523)
Defined benefit pension scheme cost less contributions payable	113,000	32,000
Defined benefit pension scheme finance cost	5,000	1,000
<b>Net cash used in operating activities</b>	<u>(38,912)</u>	<u>(225,283)</u>

**19. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	2016 £
Cash at bank and in hand	357,773	649,959
<b>Total</b>	<u>357,773</u>	<u>649,959</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**20. PENSION COMMITMENTS**

The Trust'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.

Contributions amounting to £95,000 were payable to the schemes at 31 August 2017 (2016 - 29,000) and are included within creditors.

**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 (previously 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, 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 £162,000 (2016 - £165,000).

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**20. PENSION COMMITMENTS (continued)**

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 £nil (2016 - £25,000), of which employer's contributions totalled £nil (2016 - £16,000) and employees' contributions totalled £nil (2016 - £9,000). The agreed contribution rates for future years are 16.2% for employers and 5.5% and 12.5% for employees.

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

Principal actuarial assumptions:

	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

	At 31 August 2017	At 31 August 2016
<b>Sensitivity analysis - on scheme liabilities</b>	<b>£</b>	<b>£</b>
Discount rate +0.1%	397,000	332,000
Discount rate -0.1%	422,000	358,000
Mortality assumption - 1 year increase	422,000	354,000
Mortality assumption - 1 year decrease	396,000	336,000
CPI rate +0.1%	421,000	358,000
CPI rate -0.1%	397,000	333,000

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

**20. PENSION COMMITMENTS (continued)**

The Trust'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	<b>105,000</b>	<i>89,000</i>
Government bonds	<b>12,000</b>	<i>10,000</i>
Property	<b>12,000</b>	<i>12,000</i>
Cash and other liquid assets	<b>8,000</b>	<i>10,000</i>
Other bonds	<b>6,000</b>	<i>13,000</i>
Other	<b>22,000</b>	<i>16,000</i>
	<hr/>	<hr/>
Total market value of assets	<b>165,000</b>	<i>150,000</i>
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £25,000 (2016 - £23,000).

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

	<b>2017 £</b>	<i>2016 £</i>
Net interest cost	<b>5,000</b>	<i>1,000</i>
Current Service Cost	<b>113,000</b>	<i>48,000</i>
	<hr/>	<hr/>
Total	<b>118,000</b>	<i>49,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2017 £</b>	<i>2016 £</i>
Opening defined benefit obligation	<b>345,000</b>	<i>143,000</i>
Current service cost	<b>113,000</b>	<i>48,000</i>
Interest cost	<b>8,000</b>	<i>6,000</i>
Employee contributions	<b>-</b>	<i>9,000</i>
Actuarial (gains)/losses	<b>(56,000)</b>	<i>141,000</i>
Benefits paid	<b>(1,000)</b>	<i>(2,000)</i>
	<hr/>	<hr/>
Closing defined benefit obligation	<b>409,000</b>	<i>345,000</i>
	<hr/> <hr/>	<hr/> <hr/>

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

**20. PENSION COMMITMENTS (continued)**

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

	2017 £	2016 £
Opening fair value of scheme assets	150,000	104,000
Interest income	3,000	5,000
Actuarial losses	13,000	18,000
Employer contributions	-	16,000
Employee contributions	-	9,000
Benefits paid	(1,000)	(2,000)
	<u>165,000</u>	<u>150,000</u>
Closing fair value of scheme assets	<u>165,000</u>	<u>150,000</u>

**21. 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	9,260	5,902
Between 1 and 5 years	34,243	6,438
Total	<u>43,503</u>	<u>12,340</u>

**22. 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.

**23. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Trust's operations and the composition of the Board of Directors 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.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.