

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 2018

EBN TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

A Andersen
G Ferrante
J Farrell
B Mabey (appointed 1 September 2017)

Directors

G Alexander (resigned 6 October 2017)
J Allen
A Andersen
A Bird (resigned 6 October 2017)
J Bridges (resigned 6 October 2017)
C Etheridge (re-appointed 13 December 2018, resigned 6 October 2017)
J Farrell, Chair of Directors (to 21 September 2017)
S Hartle (resigned 21 September 2017)
H McLachlan (resigned 17 April 2018)
M Rooney, Executive Head Teacher (resigned 17 April 2018)
M Spence (appointed 23 November 2017)
P Weir, Chair of Directors (from 21 September 2017)
J Power (resigned 6 October 2017)
M Wallis-Baldwin (appointed 13 December 2018)

Company registered number

07665550

Company name

EBN Trust

Principal and registered office

EBN Academy
1580 Coventry road
Yardley
Birmingham
West Midlands
B26 1AL

Executive Head Teacher

Marie Rooney (resigned 17 April 2018)
Matthew Wallis-Baldwin (appointed 23 April 2018)

Senior Management Team

L Thomas, Interim Head of School - EBN 1
L Cabena, Interim Head of School - EBN 2
M Wallis-Baldwin, Executive Head Teacher
S Christie, Trust Business Manager (appointed 1 January 2018)
S Wheatley, Trust Business and Finance Manager (resigned 24 November 2017)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS DIRECTORS AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

Advisers (continued)

Independent auditor

Crowe U.K. LLP
Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Bankers

HSBC
34 Poplar Road
Solihull
West Midlands
B91 3AF

Lloyds Bank
10 High Street
Castle Vale
Birmingham
West Midlands
B35 7PR

Solicitors

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

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors present their annual report together with the financial statements and auditor's report of the charitable company from the 1 September 2017 to 31 August 2018. The Annual report serves the purposes of a Directors' report under company law.

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

An Ofsted inspection was carried out in May 2014 at EBN Academy and judged Good in all categories.

No inspection has yet taken place at EBN2.

There were 93 students on roll at EBN 1 on 31 August 2018.

There were 105 students on roll at EBN 2 on 31 August 2018.

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. The members have appointed the directors to the board of directors. The Directors establish the 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 Head Teacher.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 or senior staff from Multi Academy Trusts from the partnership of the East Birmingham Network of Schools), the Board of Directors (which includes East Birmingham Network Head Teachers who are appointed by the members of the MAT), the sub committees that include the Executive Head Teacher and Head of Schools 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 Head Teacher, Head of Schools, 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 subcommittee, the Executive Head Teacher, (The Accounting Officer), the Head of Schools, the Vice Head of School 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 Head Teacher
- Head of School, Vice Head of School recruitment
- Performance Management of the Head of School
- Student behaviour
- Staff discipline
- Complaints
- Significant areas of change management (staff re-structuring)

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 and no later than 31 October.

The Trust Board will decide upon the pay range of senior staff having taken due consideration of the context of the Trust and the individual schools - especially their nature and student numbers - and comparing to schools in similar contexts, with a view to ensuring staff recruitment and retention but also with an absolute commitment to providing value for money. The Trust Board will ensure that there is no overlap of salary bands between the Head of School and other leadership posts.

Progression on the ISR for the Head of School will be subject to a review of the Head Teacher's performance set against the annual appraisal review. This review will be undertaken by an partner external to the Trust and EBN Partnership of schools. 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 Head of School 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 Head of School'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 11 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 Head Teacher, Head of Schools and through the work of the Local Governing Body's and the sub committees, each of which are led by the Executive Head Teacher and the Head of Schools.

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 2018

OBJECTIVES, STRATEGIES AND ACTIVITIES

Key Objectives for the forthcoming year are:

1. Stabilise and build leadership capacity across the two EBN sites, particularly at senior and middle manager levels.
2. EBN1 judged "good" or better and EBN2 secures "good" in Ofsted inspection due in this academic year.
3. Ensure that curricular provision across the two sites meets the needs of all students, including those with the most complex needs, so that progress is accelerated.
4. A minimum of 60% of students are making good or better progress from their baseline level relative to the length of time they have been attending the Academies.
5. Attendance is a minimum of 80% at both Academies.
6. 100% of Year 11 students on roll at the Academies achieve a recognised English and Maths qualification.
7. 100% of students continue into Further Education, employment and training.

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

ACTIVITIES FOR ACHIEVING OBJECTIVES

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.

ACHIEVEMENTS AND PERFORMANCE

Attendance across the two schools for all students was 74.9% based on possible sessions. This is above the national average for the Alternative Provision sector which was 66.8% based on the last available data.

In relation to progress the Trust measures outcomes for students, progress from baseline and progress against prior attainment data (Back on Track). Below is a summary of performance outcomes for the two Academies.

Summary of GCSE Examination Results for EBN1 (Total 30 Students):

	2018	Number of Students	2017
5 9-4 GCSE Grades including English and Maths	3%	1	3%
5 9-1 GCSE Grades including English and Maths	87%	26	61%
5 9-1 GCSE Grade	90%	27	61%
1 9-1 GCSE Grade	93%	28	94%
Pass Any Qualification	100%	30	100%

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DIRECTORS' REPORT (continued)
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Summary of GCSE Examination Results for EBN2 (Total 37 Students):

	2018	Number of Students	2017
5 9-4 GCSE Grades including English and Maths	0%	0	5%
5 9-1 GCSE Grades including English and Maths	62%	23	76%
5 9-1 GCSE Grade	68%	25	80%
1 9-1 GCSE Grade	92%	34	98%
Pass Any Qualification	100%	37	100%

Summary of Students making Good (2+sub-levels) Progress from Baseline at EBN1:

	Year 9	Year 10
English	50%	62%
Maths	50%	52%

Summary of Students making Good (2+sub-levels) Progress from Baseline at EBN2:

	Year 9	Year 10
English	42%	33%
Maths	42%	27%

Summary of Students back on track in relation to prior attainment targets at EBN1

	Year 9	Year 10
English	44%	40%
Maths	40%	40%

Summary of Students back on track in relation to prior attainment targets at EBN2

	Year 9	Year 10
English	42%	7%
Maths	25%	0%

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 the main area for funding is based on pupil numbers, this is also key performance indicator. Total pupil numbers were 180 across the EBN Trust for 2017/18 and this is expected to remain the same for 2018/19.

Another key financial performance indicator is staffing costs as a percentage of income. For 2017/18 this was 73% (2017: 67%) compared to a budget of 72.5% (2017: 64%), excluding capital grants.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 2018/19 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 31 August 2018 was £3,158,953 (2017: £3,625,789) comprising surpluses/(deficits) of £421,725, £(382,000), and £3,119,228 in Unrestricted, Restricted General and Restricted Fixed Assets Funds respectively. Included in restricted reserves is the LGPS pension deficit of £382,000.

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 £3,119,228 at 31 August 2018.

Cash in hand at 31 August 2018 was £494,058.

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.

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 £220,000 across the Trust.

The Trust's free reserves at the year end amounted to £421,725, which is considered acceptable in the context of the above policy.

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 principal 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.

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 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 deliver progress 8 by keeping the curriculum areas up to date.

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.

FUNDRAISING

The Charitable Company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

AUDITOR

The auditor, Crowe U.K. 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 20 December 2018 and signed on its behalf by:



P Weir
Chair of Directors

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GOVERNANCE STATEMENT

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 Head Teacher, 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	2	2
J Allen	4	5
A Andersen	5	5
A Bird	1	2
J Bridges	2	2
C Etheridge	2	2
J Farrell	5	5
S Hartle	0	0
H McLachlan	2	2
M Rooney	2	2
M Spence	2	3
P Weir, Chair	5	5
J Power	1	1
M Wallis-Baldwin (appointed 13 December 2018)	0	0

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)

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A Andersen	2	3
G Alexander	1	2
P Weir	1	2
J Allen, Chair	3	3

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Head Teacher 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.

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 Head of School and senior leadership team, including quality assurance of classroom practice and work sampling.

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GOVERNANCE STATEMENT (continued)

- 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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.

There were no checks carried out during the year on the internal financial controls of the Trust. The Board of Directors are in the process of appointing Crowe U.K. LLP to carry out internal financial control checks going forward.

On a termly basis, the internal auditor will report 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.

These arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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GOVERNANCE STATEMENT (continued)

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Head Teacher 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 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 20 December 2018 and signed on its behalf, by:



P Weir
Chair of Directors



M Wallis-Baldwin
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



M Wallis-Baldwin
Accounting Officer

Date: 20 December 2018

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

The Directors (who 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 & 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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 members of the Board of Directors on 20 December 2018 and signed on its behalf by:



P Weir
Chair of Directors

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

OPINION

We have audited the financial statements of EBN Trust (the 'Academy Trust') for the year ended 31 August 2018 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

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 other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

EBN TRUST
(A company limited by guarantee)

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

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 the financial year 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' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

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 or to cease operations, or have no realistic alternative but to do so.

EBN TRUST
(A company limited by guarantee)

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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.


Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

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

Date:

20-12-18

EBN TRUST
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 20 October 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by EBN Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

APPROACH

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

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

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

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 to our conclusion includes a review of the design and implementation of the Academy Trust's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy Trust and specific transactions identified from our review.

EBN TRUST
(A company limited by guarantee)

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

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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP
Crowe U.K. LLP

Reporting Accountant

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

Date: 20-12-18

EBN TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	29,391	29,391	(134,113)
Funding for Educational Operations	3	1,646,977	1,901,671	-	3,548,648	3,558,166
Other trading activities	4	3,392	-	-	3,392	5,568
TOTAL INCOME		<u>1,650,369</u>	<u>1,901,671</u>	<u>29,391</u>	<u>3,581,431</u>	<u>3,429,621</u>
EXPENDITURE ON:						
Educational Operations		<u>1,701,755</u>	<u>2,277,456</u>	<u>158,056</u>	<u>4,137,267</u>	<u>3,724,729</u>
TOTAL EXPENDITURE	5	<u>1,701,755</u>	<u>2,277,456</u>	<u>158,056</u>	<u>4,137,267</u>	<u>3,724,729</u>
NET EXPENDITURE BEFORE TRANSFERS						
Transfers between Funds	14	(51,386) <u>(151,926)</u>	(375,785) <u>148,785</u>	(128,665) <u>3,141</u>	(555,836) <u>-</u>	(295,108) <u>-</u>
NET EXPENDITURE BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		<u>(203,312)</u>	<u>(227,000)</u>	<u>(125,524)</u>	<u>(555,836)</u>	<u>(295,108)</u>
Actuarial gains on defined benefit pension schemes	19	-	89,000	-	89,000	69,000
NET MOVEMENT IN FUNDS		<u>(203,312)</u>	<u>(138,000)</u>	<u>(125,524)</u>	<u>(466,836)</u>	<u>(226,108)</u>
RECONCILIATION OF FUNDS:						
Total funds brought forward		<u>625,037</u>	<u>(244,000)</u>	<u>3,244,752</u>	<u>3,625,789</u>	<u>3,851,897</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>421,725</u></u>	<u><u>(382,000)</u></u>	<u><u>3,119,228</u></u>	<u><u>3,158,953</u></u>	<u><u>3,625,789</u></u>

The notes on pages 25 to 45 form part of these financial statements.

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

BALANCE SHEET
AS AT 31 AUGUST 2018

		2018		2017	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	10		3,119,228		3,244,752
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	12	20,811		59,005	
Debtors: amounts falling due within one year	12	215,618		609,732	
Cash at bank and in hand		494,058		357,773	
		730,487		1,026,510	
CREDITORS: amounts falling due within one year	13	(308,762)		(401,473)	
NET CURRENT ASSETS			421,725		625,037
TOTAL ASSETS LESS CURRENT LIABILITIES			3,540,953		3,869,789
Defined benefit pension scheme liability	19		(382,000)		(244,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			3,158,953		3,625,789
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted funds excluding pension liability		3,119,228		3,244,752	
Pension reserve		(382,000)		(244,000)	
Total restricted funds			2,737,228		3,000,752
Unrestricted funds	14		421,725		625,037
TOTAL FUNDS			3,158,953		3,625,789

The financial statements on pages 22 to 45 were approved by the Directors, and authorised for issue, on 20 December 2018 and are signed on their behalf, by:



P Weir
Chair of Directors

The notes on pages 25 to 45 form part of these financial statements.

EBN TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	17	<u>139,426</u>	<u>(38,912)</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		<u>(32,532)</u>	<u>(263,940)</u>
Capital grants from DfE/ESFA		<u>29,391</u>	<u>10,666</u>
Net cash used in investing activities		<u>(3,141)</u>	<u>(253,274)</u>
Change in cash and cash equivalents in the year		136,285	(292,186)
Cash and cash equivalents brought forward		<u>357,773</u>	<u>649,959</u>
Cash and cash equivalents carried forward	18	<u><u>494,058</u></u>	<u><u>357,773</u></u>

The notes on pages 25 to 45 form part of these financial statements.

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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 2017 to 2018 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, 1580 Coventry Road, Yardley, Birmingham, West Midlands, B26 1AL. 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 funders where the asset acquired or created is held for a specific purpose.

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

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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
Furniture and fixtures	-	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 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 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.

1.10 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.

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 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.

1.13 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 12. 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 13. 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.

1.14 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 19, 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.

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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.

1.15 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 19, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

EBN TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Capital Grants	29,391	29,391	(134,113)
<i>Total 2017</i>	<u>(134,113)</u>	<u>(134,113)</u>	

3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,834,167	1,834,167	1,647,969
Start up Grants	-	10,000	10,000	42,500
Other DfE/ESFA Grants	-	56,904	56,904	81,668
	<u>-</u>	<u>1,901,071</u>	<u>1,901,071</u>	<u>1,772,137</u>
Other funding				
Sponsorship income	-	600	600	7,000
Pupil led funding	1,519,471	-	1,519,471	1,678,139
Other income	77,883	-	77,883	49,068
Catering income	49,623	-	49,623	51,822
	<u>1,646,977</u>	<u>600</u>	<u>1,647,577</u>	<u>1,786,029</u>
	<u>1,646,977</u>	<u>1,901,671</u>	<u>3,548,648</u>	<u>3,558,166</u>
<i>Total 2017</i>	<u>1,779,029</u>	<u>1,779,137</u>	<u>3,558,166</u>	

EBN TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Total funds 2018 £	<i>Total funds 2017 £</i>
Lettings income	3,392	3,392	<i>5,568</i>
<i>Total 2017</i>	5,568	5,568	

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	<i>Total 2017 £</i>
Funding for educational operations:					
Direct costs	2,124,148	158,056	629,998	2,912,202	<i>2,718,860</i>
Support costs	579,638	228,462	416,965	1,225,065	<i>1,005,869</i>
	2,703,786	386,518	1,046,963	4,137,267	<i>3,724,729</i>
<i>Total 2017</i>	2,478,299	351,171	895,259	3,724,729	

EBN TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. SUPPORT COSTS

	Total 2018	Total 2017
	£	£
Technology costs	17,645	9,003
Recruitment and support	26,214	15,170
Maintenance of premises and equipment	203,215	168,595
Rent and rates	15,548	18,876
Security and transport	12,275	13,924
Catering	62,354	58,896
Other support costs	60,537	73,122
Subscriptions	185,969	57,290
Governance costs	14,850	15,900
Legal and professional fees	46,820	21,093
Wages and salaries	412,349	403,515
National insurance	34,009	32,485
Pension cost	133,280	118,000
	1,225,065	1,005,869
	1,225,065	1,005,869
<i>Total 2017</i>	<i>1,005,869</i>	<i>1,005,869</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 other legal costs.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	158,056	149,776
Auditor's remuneration - audit	12,850	12,450
Auditor's remuneration - other services	2,000	3,450
Operating lease rentals	1,952	1,972
	174,858	167,648
	174,858	167,648

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	1,936,110	1,834,903
Social security costs	202,295	198,492
Operating costs of defined benefit pension schemes	306,343	279,894
	<u>2,444,748</u>	<u>2,313,289</u>
Agency staff costs	134,204	137,510
Staff restructuring costs	7,060	27,500
Secondment costs	117,774	-
	<u><u>2,703,786</u></u>	<u><u>2,478,299</u></u>

Staff restructuring costs comprise:

	2018 £	2017 £
Severance payments	<u><u>7,060</u></u>	<u><u>27,500</u></u>

b. Non-statutory/non-contractual staff severance payments

There was one non-statutory/non contractual severance payment included in staff costs during the year for £7,060 paid on 20 June 2018 (2017: two, £10,000 and £17,500).

c. Staff numbers

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

	2018 No.	2017 No.
Management	3	3
Teaching	23	22
Admin and support	25	29
	<u><u>51</u></u>	<u><u>54</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	1
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	0
In the band £100,001 - £110,000	0	1

e. Key management personnel

The key management personnel of the Trust comprise the Executive Head Teacher, the Business Manager and the Head of School of each Academy. The total amount of employee benefits (including employers' pension and national insurance contributions) received by key management personnel for their services to the Trust was £482,188 (2017: £328,478).

9. 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. Executive Head Teacher, Head of Schools and other staff Directors only receive remuneration in respect of services they provide undertaking the roles of Executive Head Teacher/Head of School 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:

		2018	2017
		£	£
M Rooney	Remuneration	90,000-95,000	100,000-105,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year, no Directors received any reimbursement of expenses (2017 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

10. TANGIBLE FIXED ASSETS

	Freehold property £	L/Term Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost					
At 1 September 2017	2,250,169	1,022,085	813,281	355,433	4,440,968
Additions	17,611	-	14,422	499	32,532
At 31 August 2018	<u>2,267,780</u>	<u>1,022,085</u>	<u>827,703</u>	<u>355,932</u>	<u>4,473,500</u>
Depreciation					
At 1 September 2017	77,000	100,157	729,416	289,643	1,196,216
Charge for the year	45,003	20,431	37,759	54,863	158,056
At 31 August 2018	<u>122,003</u>	<u>120,588</u>	<u>767,175</u>	<u>344,506</u>	<u>1,354,272</u>
Net book value					
At 31 August 2018	<u>2,145,777</u>	<u>901,497</u>	<u>60,528</u>	<u>11,426</u>	<u>3,119,228</u>
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>

The leasehold property is leased from Tesco Plc. over 100 years for peppercorn rent.

11. DIRECTORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Trust has purchased insurance to protect directors 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. It is not possible to quantify the directors' and officers' indemnity element from the overall cost of the combined insurance cover.

12. DEBTORS

	2018 £	2017 £
Due after more than one year		
Other debtors	20,811	59,005
	<u>20,811</u>	<u>59,005</u>
Due within one year		
Trade debtors	68,790	229,315
VAT repayable	40,004	175,937
Other debtors	47,814	44,487
Prepayments and accrued income	59,010	159,993
	<u>215,618</u>	<u>609,732</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

12. DEBTORS (continued)

13. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	280,167	180,290
Other taxation and social security	-	99,588
Other creditors	1,025	54,321
Accruals and deferred income	27,570	67,274
	<u>308,762</u>	<u>401,473</u>
	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	37,528	52,660
Resources deferred during the year	-	37,528
Amounts released from previous years	(37,528)	(52,660)
	<u>-</u>	<u>37,528</u>
Deferred income at 31 August 2018	-	37,528

Deferred income in prior year consists of financial contributions received in advance of the 2017/18 academic year. There is no deferred income at the year end 31 August 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Pupil led funding	608,057	1,519,471	(1,701,755)	(151,926)	-	273,847
Other income	16,980	130,898	-	-	-	147,878
	<u>625,037</u>	<u>1,650,369</u>	<u>(1,701,755)</u>	<u>(151,926)</u>	<u>-</u>	<u>421,725</u>
Restricted general funds						
General Annual Grant (GAG)	-	1,834,167	(1,982,952)	148,785	-	-
Start up grants	-	10,000	(10,000)	-	-	-
Other DfE/ESFA grants	-	56,904	(56,904)	-	-	-
Other Income	-	600	(600)	-	-	-
Pension reserve	(244,000)	-	(227,000)	-	89,000	(382,000)
	<u>(244,000)</u>	<u>1,901,671</u>	<u>(2,277,456)</u>	<u>148,785</u>	<u>89,000</u>	<u>(382,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	3,244,752	-	(158,056)	32,532	-	3,119,228
Capital grants	-	29,391	-	(29,391)	-	-
	<u>3,244,752</u>	<u>29,391</u>	<u>(158,056)</u>	<u>3,141</u>	<u>-</u>	<u>3,119,228</u>
Total restricted funds	<u>3,000,752</u>	<u>1,931,062</u>	<u>(2,435,512)</u>	<u>151,926</u>	<u>89,000</u>	<u>2,737,228</u>
Total of funds	<u>3,625,789</u>	<u>3,581,431</u>	<u>(4,137,267)</u>	<u>-</u>	<u>89,000</u>	<u>3,158,953</u>

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 DfE/ESFA 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 provision.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. STATEMENT OF FUNDS (continued)

Restricted fixed asset fund

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

Transfers between funds

Transfers relate to expenditure on fixed assets from restricted funds and recurrent educational expenditure in excess of GAG 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 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018	Total 2017
	£	£
EBN 1	145,031	469,344
EBN 2	60,046	102,259
Trust	216,648	53,434
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	421,725	625,037
Restricted fixed asset fund	3,119,228	3,244,752
Pension reserve	(382,000)	(244,000)
	<hr/>	<hr/>
Total	<u>3,158,953</u>	<u>3,625,789</u>

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2018	Total 2017
	£	£	£	£	£	£
EBN1	1,097,809	197,823	29,230	549,769	1,874,631	1,663,619
EBN 2	906,293	207,295	17,584	603,427	1,734,599	1,587,645
Trust	120,046	174,520	-	75,415	369,981	323,689
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>2,124,148</u>	<u>579,638</u>	<u>46,814</u>	<u>1,228,611</u>	<u>3,979,211</u>	<u>3,574,953</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
General funds						
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>
Restricted general funds						
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>
Restricted fixed asset funds						
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>3,851,897</u>	<u>3,429,621</u>	<u>(3,724,729)</u>	<u>-</u>	<u>69,000</u>	<u>3,625,789</u>

15. CENTRAL SERVICES

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted general funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	3,119,228	3,119,228
Debtors due after more than 1 year	20,811	-	-	20,811
Current assets	400,914	308,762	-	709,676
Creditors due within one year	-	(308,762)	-	(308,762)
Provisions for liabilities and charges	-	(382,000)	-	(382,000)
	<u>421,725</u>	<u>(382,000)</u>	<u>3,119,228</u>	<u>3,158,953</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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	566,032	401,473	-	967,505
Creditors due within one year	-	(401,473)	-	(401,473)
Provisions for liabilities and charges	-	(244,000)	-	(244,000)
	<u>625,037</u>	<u>(244,000)</u>	<u>3,244,752</u>	<u>3,625,789</u>

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

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(555,836)	(295,108)
Adjustment for:		
Depreciation charges	158,056	149,776
Decrease in debtors	436,635	232,919
Decrease in creditors	(97,038)	(233,833)
Capital grants and other capital income	(29,391)	(10,666)
Defined benefit pension scheme cost less contributions payable	220,000	113,000
Defined benefit pension scheme finance cost	7,000	5,000
Net cash provided by/(used in) operating activities	<u>139,426</u>	<u>(38,912)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	494,058	357,773
Total	<u>494,058</u>	<u>357,773</u>

19. 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 £nil were payable to the schemes at 31 August 2018 (2017 - 95,000) 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.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

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**NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

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

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

The employer's pension costs paid to TPS in the period amounted to £168,439 (2017 - £162,000).

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

Under the definitions set out in FRS 102, the TPS is an unfunded 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 2018 was £nil (2017 - £nil), of which employer's contributions totalled £nil (2017 - £nil) and employees' contributions totalled £nil (2017 - £nil). The agreed contribution rates for future years are 16.2% for employers and between 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:

	2018	2017
Discount rate for scheme liabilities	2.70 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %
Inflation assumption (CPI)	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	21.9	21.8
Females	24.4	24.3
Retiring in 20 years		
Males	24.1	24.0
Females	26.7	26.6

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**NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

Sensitivity analysis - on scheme liabilities	At 31 August 2018 £	At 31 August 2017 £
Discount rate +0.1%	532,000	397,000
Discount rate -0.1%	566,000	422,000
Mortality assumption - 1 year increase	567,000	422,000
Mortality assumption - 1 year decrease	532,000	396,000
CPI rate +0.1%	566,000	421,000
CPI rate -0.1%	533,000	397,000

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	106,000	105,000
Gilts	12,000	12,000
Property	14,000	12,000
Cash and other liquid assets	6,000	8,000
Other bonds	6,000	6,000
Other	23,000	22,000
Total market value of assets	167,000	165,000

The actual return on scheme assets was £1,000 (2017 - £25,000).

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

	2018 £	2017 £
Net interest cost	7,000	5,000
Current Service Cost	220,000	113,000
Total	227,000	118,000

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**NOTES TO THE FINANCIAL STATEMENTS
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19. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Opening defined benefit obligation	409,000	345,000
Current service cost	220,000	113,000
Interest cost	11,000	8,000
Actuarial gains	(92,000)	(56,000)
Benefits paid	1,000	(1,000)
	<u>549,000</u>	<u>409,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	165,000	150,000
Interest income	4,000	3,000
Actuarial gains/(losses)	(3,000)	13,000
Benefits paid	1,000	(1,000)
	<u>167,000</u>	<u>165,000</u>

20. OPERATING LEASE COMMITMENTS

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	9,066	9,260
Between 1 and 5 years	25,449	34,243
	<u>34,515</u>	<u>43,503</u>
Total	<u>34,515</u>	<u>43,503</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. MEMBERS' LIABILITY

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

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust 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 Directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period in the period of account, other than certain directors' remuneration and expenses already disclosed in note 9.

