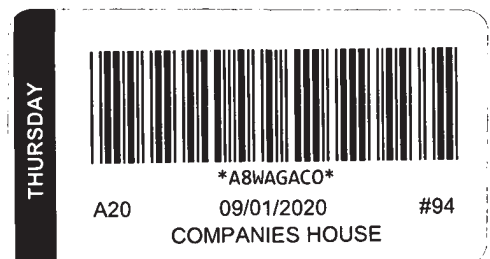


Company Registration Number: 07665550 (England and Wales)

EBN TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



EBN TRUST
(A company limited by guarantee)

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EBN TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019**

Members

G Ferrante
G Alexander
B Mabey

Directors

J Allen
A Andersen (resigned 19 July 2019)
C Etheridge (resigned 1 July 2019)
J Farrell
M Spence
P Weir, Chair of Directors
M Wallis-Baldwin
A Hughes (appointed 12 September 2019)

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

Matthew Wallis-Baldwin

Senior Management Team

L Thomas, Head of School - EBN 1
L Cabena, Head of School - EBN 2 (to 15/2/19)
M Wallis-Baldwin, Executive Head Teacher & Head of School - EBN 2 (from 15/2/19)
S Christie, Trust Business Manager (resigned 12/5/19)

Independent auditor

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

EBN TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Advisers (continued)

Bankers

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

Solicitors

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

EBN TRUST
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Directors present their annual report together with the financial statements and auditor's report of the charitable company from the 1 September 2018 to 31 August 2019. 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 seventh 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. A further inspection carried out in December 2018 judged EBN Academy as continuing to be a 'Good' School.

An Ofsted inspection was carried out in December 2018 at EBN2 and judged 'Good' in all categories.

There were 110 students on roll at EBN 1 across the year 2018-19 (to 31st August 2019).

There were 99 students on roll at EBN 2 across the year 2018-19 (to 31st August 2019).

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.

EBN TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 and the Executive Head Teacher), the sub committees that include the Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN 1 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 (who is also Head Teacher of EBN 2), Head Teacher of EBN 1, the consultant CFO and the "senior leadership team" 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 Head Teacher (who is also Head Teacher of EBN 2 and the Accounting Officer), the Head Teacher of EBN1, the Deputy Head Teachers and the Extended Management 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 Finance, HR and General Purposes 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 (who is also Head Teacher of EBN 2)
- Head Teacher of EBN1
- Performance Management of the Executive Head Teacher and Head Teacher of EBN1.
- Student behaviour
- Staff discipline
- Complaints
- Significant areas of change management (staff re-structuring)

EBN TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 Teacher and other leadership posts.

Progression on the ISR for the Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN1 will be subject to a review of their performance set against the annual appraisal review. This review will be undertaken by a 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 Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN 1 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 salary of Executive Head Teacher (who is also Head Teacher of EBN 2) and Head Teacher of EBN1 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".

EBN TRUST
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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

OBJECTIVES, STRATEGIES AND ACTIVITIES

Key Objectives for the forthcoming year are:

1. To secure the strategic direction of the MAT.
2. To secure projected student number.
3. To ensure the frontline and backroom staffing structures are fit for purpose, financially viable and meet the needs of the Trust.
4. To strategically respond to the December 2019 OFSTED Action Points.
5. 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.
6. 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.
7. Attendance is a minimum of 80% at both Academies.
8. 100% of Year 11 students on roll at the Academies achieve a recognised English and maths qualification.
9. 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 77% 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 and progress from baseline in English and Maths relative to the length of time students have attended the Academy. Below is a summary of performance outcomes for the two Academies.

Summary of GCSE Examination Results for EBN1 (Total 29 Students):

	2019	Number of Students	2018
5 Level 9-4 GCSE Grades incl English and Maths	0%	0	3%
5 Level 9-1 GCSE Grades incl English and Maths	66%	19	87%
5 Level 9-1 GCSE Grade	66%	19	80%
1 Level 9-1 GCSE Grade	100%	29	93%
Pass Any Qualification	100%	29	100%

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

Summary of GCSE Examination Results for EBN2 (Total 34 Students):

	2019	Number of Students	2018
5 Level 9-4 GCSE Grades incl English and Maths	3%	1	3%
5 Level 9-1 GCSE Grades incl English and Maths	59%	20	87%
5 Level 9-1 GCSE Grades	59%	20	90%
1 Level 9-1 Grade	91%	31	93%
Pass Any Qualification	100%	34	100%

Summary of Progress from Baseline at EBN1

At the end of the Academic Year 2018-19:

50% of students were making good or better progress in English.
50% of students were making good or better progress in Maths.
50% of Year 9 students and 55% of Year 10 students had been attending the Academy for less than 2 terms.

Summary of Progress from Baseline at EBN2

At the end of the Academic Year 2018-19:

56% of students were making good or better progress in English.
50% of students were making good or better progress in Maths.
89% of Year 9 students and 67% of Year 10 students had been attending the Academy for less than 2 terms.

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 a key performance indicator. Total pupil numbers were 180 across the EBN Trust for 2018/19 and this is expected to remain the same for 2019/20.

Another key financial performance indicator is staffing costs as a percentage of income. For 2018/19 this was 70% (2018: 73%) compared to a budget of 70.4% (2018: 72.5%), excluding capital grants.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 2019 was £2,851,336 (2018: £3,158,953) comprising surpluses/(deficits) of £441,030, £(633,000), and £3,043,306 in Unrestricted, Restricted General and Restricted Fixed Assets Funds respectively. Included in restricted reserves is the LGPS pension deficit of £(633,000).

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 £3,043,306 at 31 August 2019.

Cash in hand at 31 August 2019 was £439,091.

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.

Reserves will be expended at the discretion of Trustees according to academy investment and capital maintenance plans. It is however the policy of the Trust that at no time will the level of total reserves fall below the equivalent of the total Trust payroll for one month.

The Trust's free reserves at the year end amounted to £441,030, 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 schools 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 2019

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. To this end the Trust is reviewing its vision and ethos to ensure that it meets the requirements of its students.

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 deliver progress 8 by keeping the curriculum areas up to date. The Curriculum is under review during 2019-20 to ensure that learners at all levels have access to relevant qualifications and experiences to prepare them for adult life. The Trust are also exploring the potential for supporting students still in mainstream school through a possible program of short term intervention.

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.

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DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2019

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 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 17/11/19 and signed on its behalf by:



P Weir
Chair of Directors

EBN TRUST
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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 6 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
J Allen	6	6
A Andersen	5	6
C Etheridge	2	3
J Farrell	3	6
M Spence	0	6
P Weir	6	6
M Wallis-Baldwin	6	6
A Hughes	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 6 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 received Good Ofsted inspections. The Board had robust plans in place to ensure that provision and outcomes at each school improve during the year.

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

Attendance at meetings in the year was as follows:

Director	Meetings attended	Out of a possible
A Andersen	2	3
C Etheridge	2	3
P Weir	3	3
M Wallis-Baldwin	3	3
J Allen, Chair	3	3

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GOVERNANCE STATEMENT (continued)

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:

Reviewing key systems and processes

In the absence of a Senior school business manager the Trust has taken the opportunity to review the financial systems and processes in order to become more effective and ensure transparency at all levels. There is continuing work in reviewing the functioning of the back room services including ensuring the staffing structure and roles of all staff are fit for purpose.

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".

Restructuring

A comprehensive restructure of the leadership team, teaching staff and personal coaches has taken place in order to streamline leadership teams, ensure that all roles and responsibilities are clear and paid in line with the relevant pay scale, ensure that all TLR's are paid in line with STPCD and to secure better value for money.

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.

The Trust have continued to contract a number of services 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.

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GOVERNANCE STATEMENT (continued)

Monitoring

Areas are monitored for best value by:

- In house monitoring by the Head Teacher 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
- 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 2018 to 31 August 2019 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 2018 to 31 August 2019 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.

In December 2018 the Trust appointed the services of Pam Turner, a qualified accountant and experienced consultant. Pam was brought in to specifically address the internal controls and processes. In addition to this we have changed finance systems in the year and required additional assistance to ensure this was done appropriately. While these issues were being addressed we also appointed an additional qualified accountant as an independent advisor to the board. These steps meant that review and feedback to the Board was constant and by qualified people.

In June 2019 Pam Turner was asked by the Board to continue working with the Trust in the capacity of Chief Financial Officer. Due to this change in role Pam is unable to act as Responsible Officer and therefore the Board are in the process of appointing an alternative to perform internal audit checks on a termly basis going forward. As a result, there were no Responsible Officer visits during the year.

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GOVERNANCE STATEMENT (continued)

The internal auditor will report to the Board of Directors through the Finance, HR and General Purposes 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.

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 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 17-12-19 and signed on their behalf, by:



P Weir
Chair of Directors



M Wallis-Baldwin
Accounting Officer

EBN TRUST
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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 2018.

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 2018.

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

17-12-19

EBN TRUST
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019**

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 2018 to 2019;
- 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 17/12/19 and signed on its behalf by:



P Weir
Chair of Directors

EBN TRUST
(A company limited by guarantee)

**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 2019 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 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 2018 to 2019 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 (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), 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: 17-12-19

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 2018 to 2019, 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 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

Reporting Accountant

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

Date: 17-12-19

EBN TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:						
Donations and capital grants	2	-	-	40,092	40,092	29,391
Funding for Educational Operations	3	1,693,838	1,933,389	-	3,627,227	3,548,648
Other trading activities	4	-	-	-	-	3,392
TOTAL INCOME		1,693,838	1,933,389	40,092	3,667,319	3,581,431
EXPENDITURE ON:						
Educational Operations		1,507,332	2,220,637	86,967	3,814,936	4,137,267
TOTAL EXPENDITURE	5	1,507,332	2,220,637	86,967	3,814,936	4,137,267
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	14	186,506 (167,201)	(287,248) 196,248	(46,875) (29,047)	(147,617) -	(555,836) -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		19,305	(91,000)	(75,922)	(147,617)	(555,836)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(160,000)	-	(160,000)	89,000
NET MOVEMENT IN FUNDS		19,305	(251,000)	(75,922)	(307,617)	(466,836)
RECONCILIATION OF FUNDS:						
Total funds brought forward		421,725	(382,000)	3,119,228	3,158,953	3,625,789
TOTAL FUNDS CARRIED FORWARD		441,030	(633,000)	3,043,306	2,851,336	3,158,953

The notes on pages 25 to 46 form part of these financial statements.

EBN TRUST
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REGISTERED NUMBER: 07665550

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		3,043,306		3,119,228
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	12	-		20,811	
Debtors: amounts falling due within one year	12	244,487		215,618	
Cash at bank and in hand		439,091		494,058	
			<u>683,578</u>		<u>730,487</u>
CREDITORS: amounts falling due within one year	13		<u>(242,548)</u>		<u>(308,762)</u>
NET CURRENT ASSETS			<u>441,030</u>		<u>421,725</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,484,336</u>		<u>3,540,953</u>
Defined benefit pension scheme liability	20		<u>(633,000)</u>		<u>(382,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>2,851,336</u></u>		<u><u>3,158,953</u></u>
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted fixed asset funds			3,043,306	3,119,228	
Pension reserve			<u>(633,000)</u>	<u>(382,000)</u>	
Total restricted income funds			<u>2,410,306</u>	<u>2,737,228</u>	
Unrestricted income funds	14		<u>441,030</u>	<u>421,725</u>	
TOTAL FUNDS			<u><u>2,851,336</u></u>	<u><u>3,158,953</u></u>	

The financial statements on pages 22 to 46 were approved by the Directors, and authorised for issue, on 17-12-19 and are signed on their behalf, by:



P Weir
Chair of Trustees

EBN TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	17	<u>(84,014)</u>	<u>139,426</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(11,045)	(32,532)
Capital grants from DfE/ESFA		40,092	29,391
Net cash provided by/(used in) investing activities		<u>29,047</u>	<u>(3,141)</u>
Change in cash and cash equivalents in the year		(54,967)	136,285
Cash and cash equivalents brought forward		<u>494,058</u>	<u>357,773</u>
Cash and cash equivalents carried forward	18	<u><u>439,091</u></u>	<u><u>494,058</u></u>

The notes on pages 25 to 46 form part of these financial statements.

EBN TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

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 Group.

EBN TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

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 2019**

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 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.

EBN TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

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 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

EBN TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Capital Grants	40,092	40,092	29,391
<i>Total 2018</i>	<u>29,391</u>	<u>29,391</u>	

3. FUNDING FOR TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,817,034	1,817,034	1,834,167
Start up Grants	-	-	-	10,000
Other DfE/EFA Grants	-	115,155	115,155	56,904
	<u>-</u>	<u>1,932,189</u>	<u>1,932,189</u>	<u>1,901,071</u>
Other government grants				
Local authority grants	-	1,200	1,200	-
	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Other funding				
Sponsorship income	-	-	-	600
Pupil led funding	1,625,694	-	1,625,694	1,519,471
Other income	4,274	-	4,274	77,883
Catering income	63,870	-	63,870	49,623
	<u>1,693,838</u>	<u>-</u>	<u>1,693,838</u>	<u>1,647,577</u>
	<u>1,693,838</u>	<u>1,933,389</u>	<u>3,627,227</u>	<u>3,548,648</u>
<i>Total 2018</i>	<u>1,646,977</u>	<u>1,901,671</u>	<u>3,548,648</u>	

EBN TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings income	-	-	3,392
<i>Total 2018</i>	<u>3,392</u>	<u>3,392</u>	

5. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Funding for educational operations:					
Direct costs	1,722,859	86,967	309,974	2,119,800	2,912,202
Support costs	1,018,667	266,494	409,975	1,695,136	1,225,065
	<u>2,741,526</u>	<u>353,461</u>	<u>719,949</u>	<u>3,814,936</u>	<u>4,137,267</u>
<i>Total 2018</i>	<u>2,703,786</u>	<u>386,518</u>	<u>1,046,963</u>	<u>4,137,267</u>	

EBN TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

6. SUPPORT COSTS

	Total 2019 £	Total 2018 £
Technology costs	8,077	17,645
Recruitment and support	12,046	26,214
Maintenance of premises and equipment	240,522	203,215
Rent and rates	25,972	15,548
Security and transport	52,449	12,275
Catering	70,871	62,354
Other support costs	59,537	60,537
Subscriptions	131,628	185,969
Governance costs	15,300	14,850
Legal and professional fees	60,068	46,820
Wages and salaries	726,025	412,349
National insurance	36,072	34,009
Pension cost	256,569	133,280
	<u>1,695,136</u>	<u>1,225,065</u>
<i>Total 2018</i>	<u>1,225,065</u>	

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.

During the year there was an instance of fraud amounting to £7k. The amount was fully recovered from the bank. The Trust notified the ESFA in accordance with the Academies Financial Handbook.

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	86,967	158,056
Auditor's remuneration - audit	13,250	12,850
Auditor's remuneration - other services	2,050	2,000
Operating lease rentals	19,250	1,952
	<u>121,517</u>	<u>174,858</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	1,835,922	1,936,110
Social security costs	244,741	202,295
Operating costs of defined benefit pension schemes	460,990	306,343
	<u>2,541,653</u>	<u>2,444,748</u>
Agency staff costs	199,873	134,204
Staff restructuring costs	-	7,060
Secondment costs	-	117,774
	<u>2,741,526</u>	<u>2,703,786</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Severance payments	-	7,060

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

There are no non-statutory/non contractual severance payments included in staff costs during the year (2018: one for £7,060).

c. Staff numbers

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

	2019 No.	2018 No.
Management	1	3
Teaching	17	23
Admin and support	26	25
	<u>44</u>	<u>51</u>

d. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1

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**NOTES TO THE FINANCIAL STATEMENTS
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8. STAFF COSTS (continued)

e. Key management personnel

The key management personnel of the Trust comprise the Executive Head Teacher (who is also Head Teacher of EBN 2), the Business Manager (who resigned in the year) and the Head Teacher of EBN 1. 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 £286,643 (2018: £482,188).

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:

		2019 £	2018 £
M Rooney	Remuneration	-	90,000-95,000
	Pension contributions paid	-	15,000-20,000
Matthew Wallis-Baldwin	Remuneration	85,000-90,000	-
	Pension contributions paid	10,000-15,000	-

During the year, no Directors received any reimbursement of expenses (2018 - £NIL).

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**NOTES TO THE FINANCIAL STATEMENTS
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10. TANGIBLE FIXED ASSETS

	Freehold property £	L/Term Leasehold property £	Furniture and fixtures £	Computer equipment £	Total £
Cost					
At 1 September 2018	2,267,780	1,022,085	827,703	355,932	4,473,500
Additions	11,045	-	-	-	11,045
At 31 August 2019	<u>2,278,825</u>	<u>1,022,085</u>	<u>827,703</u>	<u>355,932</u>	<u>4,484,545</u>
Depreciation					
At 1 September 2018	122,003	120,588	767,175	344,506	1,354,272
Charge for the year	21,576	20,442	37,759	7,190	86,967
At 31 August 2019	<u>143,579</u>	<u>141,030</u>	<u>804,934</u>	<u>351,696</u>	<u>1,441,239</u>
Net book value					
At 31 August 2019	<u>2,135,246</u>	<u>881,055</u>	<u>22,769</u>	<u>4,236</u>	<u>3,043,306</u>
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>

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

	2019 £	2018 £
Due after more than one year		
Other debtors	-	20,811
	<u> </u>	<u> </u>
Due within one year		
Trade debtors	50,738	68,790
VAT repayable	127,234	40,004
Other debtors	22,212	47,814
Prepayments and accrued income	44,303	59,010
	<u>244,487</u>	<u>215,618</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

13. CREDITORS: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	45,987	280,167
Other taxation and social security	85,855	-
Other creditors	42,573	1,025
Accruals and deferred income	68,133	27,570
	<hr/> 242,548 <hr/>	<hr/> 308,762 <hr/>
	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	-	37,528
Amounts released from previous years	-	(37,528)
	<hr/>	<hr/>
Deferred income at 31 August 2019	<hr/> - <hr/>	<hr/> - <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. STATEMENT OF FUNDS

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Pupil led funding	273,847	1,625,694	(1,507,332)	(167,201)	-	225,008
Other income	147,878	68,144	-	-	-	216,022
	<u>421,725</u>	<u>1,693,838</u>	<u>(1,507,332)</u>	<u>(167,201)</u>	<u>-</u>	<u>441,030</u>
Restricted general funds						
General Annual Grant (GAG)	-	1,817,034	(2,013,282)	196,248	-	-
Other DfE/ESFA grants	-	115,155	(115,155)	-	-	-
Local authority grants	-	1,200	(1,200)	-	-	-
Pension reserve	(382,000)	-	(91,000)	-	(160,000)	(633,000)
	<u>(382,000)</u>	<u>1,933,389</u>	<u>(2,220,637)</u>	<u>196,248</u>	<u>(160,000)</u>	<u>(633,000)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds	3,119,228	40,092	(86,967)	(29,047)	-	3,043,306
Total restricted funds	<u>2,737,228</u>	<u>1,973,481</u>	<u>(2,307,604)</u>	<u>167,201</u>	<u>(160,000)</u>	<u>2,410,306</u>
Total of funds	<u><u>3,158,953</u></u>	<u><u>3,667,319</u></u>	<u><u>(3,814,936)</u></u>	<u><u>-</u></u>	<u><u>(160,000)</u></u>	<u><u>2,851,336</u></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.

Restricted fixed asset fund

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

14. STATEMENT OF FUNDS (continued)

Transfers between funds

Transfers relate to Devolved Formula Capital funding spent on repairs and maintenance expenditure from the General Annual Grant.

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 2019.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	Total 2018 £
EBN 1	251,777	145,031
EBN 2	284,895	60,046
Trust	(95,642)	216,648
Total before fixed asset fund and pension reserve	441,030	421,725
Restricted fixed asset fund	3,043,306	3,119,228
Pension reserve	(633,000)	(382,000)
Total	2,851,336	3,158,953

The Trust is carrying net deficits on their portion of the funds as follows:

	Amount of deficit £
Trust	(95,642)

The Trust is carrying a net deficit of £95,642 on these funds due to the Academy Trust not having had a policy to charge central services to its constituent academies.

The Directors acknowledge that the Trust does provide central services to the academies and aim to implement a policy going forward. The central services policy will be to charge 17% to cover central costs in the current year. This will remove the deficit and allow for current year charges. The central service charge will be reviewed as part of budget planning for 2020-21 and as part of the 2019-20 year end process.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

14. STATEMENT OF FUNDS (continued)

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 2019 £	Total 2018 £
EBN1	767,448	241,999	141,336	278,254	1,429,037	1,874,631
EBN 2	758,647	223,038	155,458	330,175	1,467,318	1,734,599
Trust	196,764	553,628	6,200	75,022	831,614	369,981
	<u>1,722,859</u>	<u>1,018,665</u>	<u>302,994</u>	<u>683,451</u>	<u>3,727,969</u>	<u>3,979,211</u>

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

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
General 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>

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 2019**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted general funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	3,043,306	3,043,306
Current assets	441,030	242,548	-	683,578
Creditors due within one year	-	(242,548)	-	(242,548)
Provisions for liabilities and charges	-	(633,000)	-	(633,000)
	<u>441,030</u>	<u>(633,000)</u>	<u>3,043,306</u>	<u>2,851,336</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	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>

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

	2019 £	2018 £
Net expenditure for the year (as per Statement of Financial Activities)	(147,617)	(555,836)
Adjustment for:		
Depreciation charges	86,967	158,056
(Increase)/decrease in debtors	(8,058)	436,635
Decrease in creditors	(66,214)	(97,038)
Capital grants from DfE/ESFA	(40,092)	(29,391)
Defined benefit pension scheme cost less contributions payable	83,000	220,000
Defined benefit pension scheme finance cost	8,000	7,000
Net cash (used in)/provided by operating activities	<u>(84,014)</u>	<u>139,426</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	439,091	494,058
Total	<u>439,091</u>	<u>494,058</u>

19. CONTINGENT LIABILITIES

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". According to HM Treasury, any impact of GMPs is unlikely to be material to the pension valuation and therefore no allowance for GMP equalisation has been made in the FRS102 LGPS pension liability for this year. Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

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 2016 and of the LGPS 31 March 2016.

Contributions amounting to £31,067 were payable to the schemes at 31 August 2019 (2018 - £nil) and are included within creditors.

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £174,253 (2018 - £168,439) and at the year-end £31,067 (2018 - £nil) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the

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

'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly no provision for any additional past benefit pension costs is included in these financial statements.

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 2019 was £202,000 (2018 - £nil), of which employer's contributions totalled £160,000 (2018 - £nil) and employees' contributions totalled £42,000 (2018 - £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 trust 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:

	2019	2018
Discount rate for scheme liabilities	1.90 %	2.70 %
Rate of increase in salaries	3.65 %	3.80 %
Rate of increase for pensions in payment / inflation	2.15 %	2.30 %
Inflation assumption (CPI)	2.15 %	2.30 %

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

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

	2019	2018
Retiring today		
Males	20.9	21.9
Females	23.2	24.4
Retiring in 20 years		
Males	22.6	24.1
Females	25.1	26.7

	At 31 August 2019	At 31 August 2018
	£	£
Sensitivity analysis - on scheme liabilities		
Discount rate +0.1%	43,000	17,000
Discount rate -0.1%	(44,000)	(17,000)
Mortality assumption - 1 year increase	(49,000)	(18,000)
Mortality assumption - 1 year decrease	48,000	17,000
CPI rate +0.1%	(43,000)	(17,000)
CPI rate -0.1%	42,000	16,000

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

	Fair value at 31 August 2019	Fair value at 31 August 2018
	£	£
Equities	468,000	106,000
Gilts	74,000	12,000
Property	63,000	14,000
Cash and other liquid assets	28,000	6,000
Other bonds	29,000	6,000
Other	115,000	23,000
	<u>777,000</u>	<u>167,000</u>
Total market value of assets	777,000	167,000

The actual return on scheme assets was £30,000 (2018 - £1,000).

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

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

	2019 £	2018 £
Net interest cost	8,000	7,000
Current Service Cost	219,000	220,000
Past service Cost	24,000	-
	<u>251,000</u>	<u>227,000</u>
Total	<u>251,000</u>	<u>227,000</u>

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

	2019 £	2018 £
Opening defined benefit obligation	549,000	409,000
Current service cost	219,000	220,000
Interest cost	20,000	11,000
Employee contributions	42,000	-
Actuarial losses/(gains)	178,000	(92,000)
Benefits paid	378,000	1,000
Past service costs	24,000	-
	<u>1,410,000</u>	<u>549,000</u>
Closing defined benefit obligation	<u>1,410,000</u>	<u>549,000</u>

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

	2019 £	2018 £
Opening fair value of scheme assets	167,000	165,000
Interest income	12,000	4,000
Actuarial losses/(gains)	18,000	(3,000)
Employer contributions	160,000	-
Employee contributions	42,000	-
Benefits paid	378,000	1,000
	<u>777,000</u>	<u>167,000</u>
Closing fair value of scheme assets	<u>777,000</u>	<u>167,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

21. OPERATING LEASE COMMITMENTS

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	18,708	9,066
Between 1 and 5 years	33,086	25,449
Total	<u>51,794</u>	<u>34,515</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 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.