

Esprit Multi Academy Trust

Trustees' Report and Financial Statements

For the Year Ended 31 August 2019



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Reference and Administrative Details

Members

Mrs E Gaffney
Mr G Cartlidge
Cllr L Dodd (appointed 5 December 2018)
Mrs N Davis (appointed 5 December 2018)
Mr S Bray (appointed 5 December 2018)
Mr J Williamson (resigned 5 December 2018)
Mrs M Yates (resigned 5 December 2018)
Mr S Lees (resigned 1 April 2019)
Mr F Gaffney (appointed 4 December 2019)
Mr S Atkins (appointed 4 December 2019)

Trustees

Mrs E Gaffney, Chair of Trustees¹
Mr R Johnstone
Ms M Chadwick
Mrs K Longson (resigned 4 December 2019)¹
Mr S Lees¹
Mrs S Moran, Executive Principal & Accounting Officer¹
Ms A Moore (appointed 1 April 2019)
Mrs N Davis (resigned 5 December 2018)
Mr A Tomkins (resigned 5 December 2018)
Mr S Bray (resigned 5 December 2018)¹
Mr P Atkins (appointed 4 December 2019)
Mr P Ralison (appointed 4 December 2019)

¹ Audit committee membership

Company registered number

10481082

Company name

Esprit Multi Academy Trust

Principal and registered office

Northwood Broom Academy, Keelings Road, Stoke-on-Trent, ST1 6QA

Executive Principal

Mrs S Moran

Senior management team

Mrs S Moran, Executive Principal & Accounting officer
Mrs S Carrigan, Principal
Mrs Y Glaister, Principal
Mrs L Lancaster, Executive Business Manager (Chief Financial Officer)

Reference and Administrative Details (continued)
For the Year Ended 31 August 2019

Independent auditors

Dains LLP, Suite 2, Albion House, 2 Etruria Office Village, Forge Lane, Etruria, Stoke on Trent, ST1 5RQ

Bankers

Lloyds Bank, Fountain Square, Stoke on Trent, Staffordshire, ST1 1LE

Solicitors

Cooks Lawyers, Manchester Business Park, Aviator Way, 3000 Aviator Way, Wythenshawe, Manchester, M22 5TG

Trustees' Report
For the Year Ended 31 August 2019

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

Structure, governance and management

a. Constitution

The academy trust is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy trust.

The Trustees of Esprit Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as ESPRIT Multi Academy Trust.

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

b. Members' liability

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

c. Trustees' indemnities

The trustees benefit from indemnity insurance to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of negligence, default or breach of duty of which they may be found guilty in relation to the Academy Trust. The academies within the Academy Trust have opted in to the academies risk protection arrangement (RPA) in the year which protect the Trustees to a maximum aggregated value of £10 million during any one year of membership.

d. Method of recruitment and appointment or election of Trustees

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

e. Policies adopted for the induction and training of Trustees

All trustees are provided with the governance handbook and any other document that will support them in their role as a trustee. They are signposted to all policies and procedures which govern the running of the academies. They are encouraged to take part in the induction training course run by Stoke Governor Services once elected. All policies and procedures are reviewed annually by the trustees. Skills audits are completed annually and analysis of these determine high priority CPD, for example, Academies Financial Handbook 2018.

Trustees' Report (continued)
For the Year Ended 31 August 2019

Structure, governance and management (continued)

f. Organisational structure

The structure of the trust consists of a board of trustees and one Local Community Governance Committee (LCGC) for the three academies. Decisions delegated to the board of trustees are defined in the financial scheme of delegation. Other decisions which are delegated to the board of trustees and the Local Community Governance Committee are defined in the overarching scheme of delegation.

The management Structure from 1 September 2019 consists of an Executive Principal, a Principal at Grove Academy, a Principal shared between Hamilton and Northwood Broom with one deputy principal at each infant academy. Grove Academy has additional deputy positions. Northwood Broom have two Assistant Principal posts one of which has been seconded to Grove Academy from 1 September 2019 and the other is currently on Maternity leave. There is an Executive Business Manager for the Academy Trust, and a Senior Administration and Finance Officer in each academy. These posts constitute the senior leadership team of each academy. The Senior Leadership team are responsible for the day to day leadership and management for each academy which includes implementing strategic decisions made by the trust board and local governing body, in line with the trust improvement plan and individual academy improvement plans.

g. Arrangements for setting pay and remuneration of key management personnel

All key management have annual appraisals and pay progression is awarded in line with either the managing support staff performance policy or the teacher appraisal policy.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	-
Full-time equivalent employee number	-

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£
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Total cost of facility time	-
Total pay bill	3,843,694
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

There are no connected organisations or related party relationships other than those noted in note 27 to the financial statements.

Best Practice Network – Potteries Teaching School Alliance - no transactions in 2018/19.

Objectives and activities

a. Objects and aims

The Vision of the Trust

Being Agreed at Trust Board November 2019

ESPRIT MAT's vision is to establish world class academies that are centres of excellence for leadership and teaching, learning and where pupils are safe and engaged in their learning.

The Academy Trust is driven by the moral purpose of making a significant difference in areas where failure has been ingrained and ambitions stunted.

The Aim of the Trust

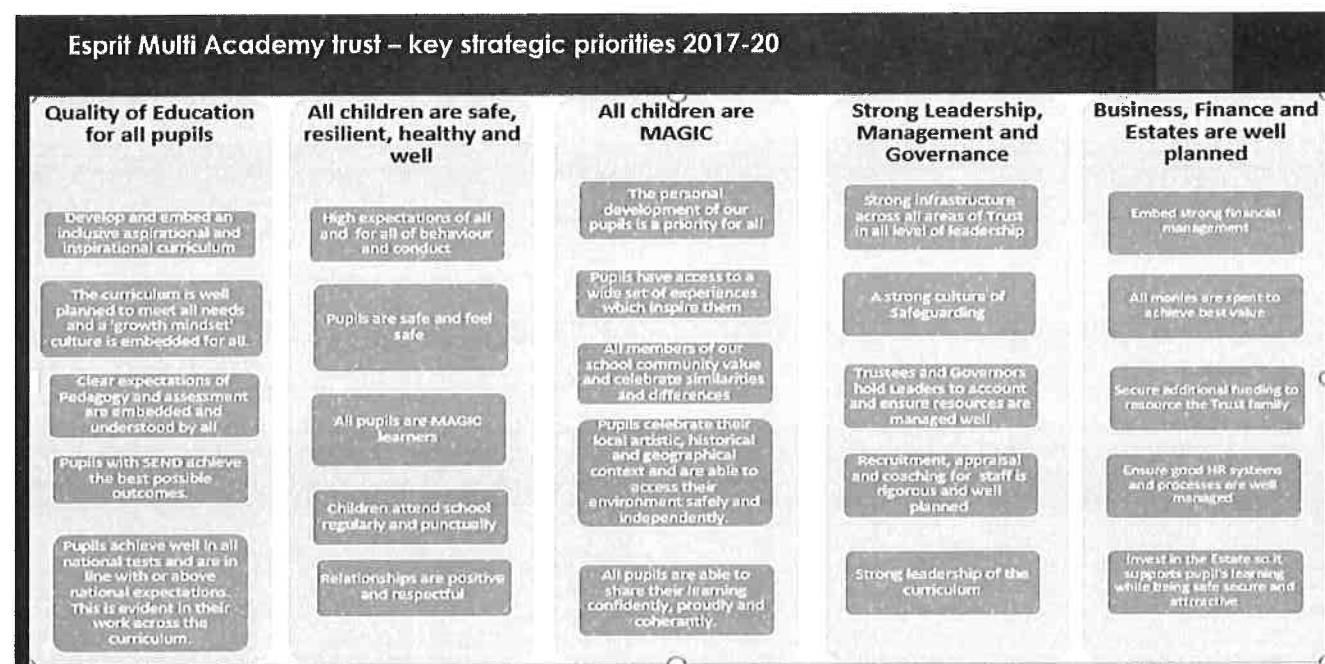
The Academy Trust currently has a group of 3 academies who work together to realise the vision and provide an excellent service to the children, parents and local community.

How the Trust realises its vision and aims is simple

Whilst each academy works coherently to realise the aims and the vision of the Academy Trust, they also have their own annual individual academy improvement plans to ensure that each academy is highly effective at meeting its own performance and outcome targets for children in the academy. Each academy maintains its autonomy to deliver on their plans to ensure that each child makes good or better progress given their starting points. Termly monitoring and pupil progress meetings take place and inform improvement plans to drive and improve which are written and shared amongst all staff to ensure pupil progress and attainment remains at the heart of academy improvement.

Objectives and activities (continued)

b. Objectives, strategies and activities



c. Public benefit

The trust manages and develops academies within its trust; providing education via a broad and balanced curriculum for children from Early Years Foundation Stage to end of Key Stage 2 within the local community alongside additional before and after school care.

Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report

a. Achievements and performance
Key performance indicators

EARLY YEARS AND KEY STAGE 1	NATIONAL ALL 2019	HAMILTON 2018	HAMILTON 2019	HAMILTON 2020 TARGETS	NORTHWOOD 2018	NORTHWOOD 2019	NORTHWOOD 2020 TARGETS
ALL EXP STANDARD R, W, M	65%	67%	68.6%	69%	70%	61%	67%
EXP STANDARD READING	76%	71.7%	74.5%	76%	80%	76%	72%
HIGHER STANDARD R	25%	25%	25.6%	25%	13.3%	14.8%	17%
PP EXP STANDARD R	61.9%	84.5%	80%	50%	72.7%	66.7%	63%
PP HIGHER STANDARD R	13.8%	15.4%	20%	21%	9.1%	9.5%	21%
EXP STANDARD WRITING	69.2%	70%	70.6%	72%	77%	65%	70%
HIGHER STANDARD W	14.8%	13.3%	17.6%	18%	3.3%	5.6%	13%
PP EXP STANDARD W	54.7%	84.6%	70%	57%	43.6%	47.6%	58%
PP HIGHER STANDARD W	7.2%	0%	0%	14%	4.5%	4.8%	5%
EXP STANDARD MATHS	75.7%	78.3%	78.4%	81%	78%	72%	81%
HIGHER STANDARD M	21.7%	18.3%	27.5%	27%	15%	14.8%	15%
PP EXP STANDARD MATHS	62.3%	75.9%	80%	50%	43.6%	41.9%	53%
PP HIGHER STANDARD M	11.7%	15.4%	30%	29%	9.1%	9.5%	16%
EXPECTED STANDARD PHONICS Y1	81.9%	74.5%	67.2%	82%	79%	61%	79%
PP EXPECTED STANDARD PHONICS Y1	70.7%	87.5%	35.7%	82%	48.4%	57.9%	80%
EXPECTED STANDARD PHONICS Y2	55.9% retakes 88% whole	70%	50% retakes 88% whole	76% retakes 73 whole cohort	70% RETAKES 95%	30% retakes 83%	65% Retakes 85% Whole Cohort
GLD	71.8%	69%	64.4%	73%	54%	67%	71%
PP GLD	56.3%	60%	33.3%	67%	55%	62.5%	67%

GROVE TARGETS 2019-20	Y2 DATA	ENGLISH READING ARE (sept 19 baseline)	ENGLISH READING GD (sept 19 baseline)	WRITING ARE (sept 19 baseline)	WRITING GD (sept 19 baseline)	MATHS ARE (sept 19 baseline)	MATHS GD (sept 19 baseline)
Y3 ALL	R 74% (GDS 20%) W 66% (GDS 11%) M 74% (GDS 22%)	74%	20%	67%	11%	75%	22%
Y3 PP	R 71% (GDS 17%) W 56% (GDS 6%) M 68% (GDS 17%)	71%	17%	59%	6%	71%	17%
Y4 ALL	R 72% (GDS 18%) W 69% (GDS 8%) M 86% (GDS 14%)	71%	9%	48%	0%	60%	0%
Y4 PP	R 67% (GDS 8%) W 60% (GDS 4%) M 62.5% (GDS 8%)	64.5%	2%	40%	0%	44%	0%
Y5 ALL	R 73% (GDS 25%) W 66% (GDS 14%) M 76% (GDS 26%)	76%	15%	51%	10%	73%	13%
Y5 PP	R 70% (GDS 15%) W 60% (GDS 5%) M 73% (GDS 23%)	56%	12%	36.5%	2%	59%	7%
Y6 ALL	R 75 % (GDS 29%) W 68% (GDS 18.5%) M 77% (GDS 21%)	57% (Rising Stars)	24% (Rising Stars)	44% (TA)	7% (TA)	73% (SAT)	14% (SAT)
Y6 PP	R 65% (GDS 22%) W 59% (GDS 9%) M 63% (GDS 17%)	48%	6%	57%	9%	61%	7%

Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

(continued)

KEY STAGE 2 TARGETS 2019-20	NATIONAL 2019	CITY 2019	GROVE 2018	GROVE 2019	GROVE TARGET 2020 (108 pupils)
EXPECTED STANDARD IN READING, WRITING AND MATHS	65%	59%	41%	49%	60%
HIGHER STANDARD IN READING, WRITING AND MATHS	11%	7%	1%	3%	10%
PP EXPECTED STANDARD IN READING, WRITING AND MATHS (46)	51%	48%	21%	28%	39%
PP HIGHER STANDARD IN READING, WRITING AND MATHS	5%	4%	0%	2%	5%
EXPECTED STANDARD READING	73%	67%	52%	66%	73%
HIGHER STANDARD READING	27%	20%	16%	14%	19%
EXPECTED STANDARD WRITING	79%	74%	60%	63%	70%
HIGHER STANDARD WRITING	20%	16%	4%	7%	7 - 17%
EXPECTED STANDARD MATHS	79%	74%	54%	69%	79%
HIGHER STANDARD MATHS	27%	19%	7%	8%	3-18%
AVERAGE SCALE SCORE READING	104.4	102.9	102.6	102.3	102.9 CITY 19
PP AVERAGE SCALE SCORE READING	101.9	101.0	101.2	99.1	101.0 CITY 19
PROGRESS IN READING	0.03	-0.9	-5.23	-4.85	- 0.9 CITY 19
PROGRESS IN WRITING	0.03	-0.4	-3.25	-4.78	- 0.4 CITY 19
AVERAGE SCALE SCORE MATHS	105.0	103.8	101.1	101.6	103.8 CITY 19
PP AVERAGE SCALE SCORE MATHS	102.5	101.8	99.4	99.0	101.8 CITY 19
PROGRESS IN MATHS	0.03	-0.6	-5.79	-4.94	- 0.6 CITY 19
EXPECTED STANDARD GPAS	78%	74%	65%	72%	75%
HIGHER STANDARD GPAS	36%	33%	25%	27%	30%

b. Going concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

(continued)

c. Financial review

The main streams of funding during the year were grants received from the Education and Skills Funding Agency (ESFA) and the Local Authority (LA).

All grants received from the ESFA and LA during the period and the associated expenditure are shown as restricted general funds in the Statement Of Financial Activities.

During the year ended 31 August 2019, the Academy Trust has restricted general funds income of £4,446,578 and associated expenditure of £4,776,964 (excluding LGPS pension costs).

The Academy Trust has unrestricted income that relates to trading activities that totals £204,602, donations of £14,960 and investment income of £327 for the year and related expenditure of £96,010.

At 31 August 2019 the net book value of fixed assets was £5,929,372 and the movement in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The Local Government Pension Scheme (LGPS) liability at 31 August 2019 totalled £1,814,000.

Reserves policy

The Academy Trust reserves policy is included within the Financial Regulations policy. The cash reserves for the Academy Trust are freely available for general purposes and are held in instant access bank accounts.

The total value of the funds in the Academy Trust at the 31 August 2019 amounted to £4,352,379.

At 31 August 2019 the restricted fixed asset fund amounting to £6,077,249 which included the net book value of fixed assets of £5,929,372 and £147,877 of unspent capital grant income.

The Local Government Pension Scheme (LGPS) reserve at 31 August 2019 totalled £1,814,000.

General restricted funds amounted to £nil at 31 August 2019.

At 31 August 2019 unrestricted funds carried forward amounted to £89,130.

Investment policy

The trust investment policy is included within the Financial Regulations policy. There are currently no investments held by the trust.

Trustees' Report (continued)
For the Year Ended 31 August 2019

Strategic report (continued)

(continued)

Principal risks and uncertainties

Principal risks to the trust are pupil numbers and pension fund deficit transferred to the trust from the Local authority upon conversion. Pupil numbers are affected by high mobility within the local community and increased private landlord housing. Additional risk identified is that two of the three academies are infant academies and therefore 25% of their academy population is funded at a lower level to their peers. Other risks include retaining our more experienced, skilled and therefore more expensive staff.

All academies within the trust have pupil vacancies and these need to be filled to ensure we are viable in future years. There is significant investment needed in the academy building at Grove Academy, a large amount of this will be funded via the PFI contract including a complete roof replacement, which is currently underway.

Fundraising

Fundraising during this year has been completed in several ways.

- CIF – Entrust have assisted in applying for CIF funding for two of the academies and being successful in one
- Parent Forum/In academy fundraising – each academy has hosted events within their school buildings and grounds to raise funds for improving resources or to make specific purchases within their academy;
- School fund collections are made at regular intervals where parents and carers are invited to contribute to events and projects, either by donating cash or by donating products for resale / use in fairs.

Trustees' Report (continued)
For the Year Ended 31 August 2019

Plans for future periods

Future developments

Key priorities for the Academy Trust during the 2019/20 academic year are:

Key Performance Targets for 2019-20

Quality of Education for all pupils	All children are resilient, healthy and well	All children are MAGIC	Strong Leadership, management and Governance	Business, Finance and Estates are well planned
<ol style="list-style-type: none"> 1. Pupils attainment is in line with national for all Statutory tests or the gap with national is closing rapidly. 2. The Infant schools retain a good judgement and Grove secures at least R1. 3. Every child who has attended school for at least 2 years makes good progress. 	<ol style="list-style-type: none"> 1. Behaviour systems are reviewed and support targeted to ensure exclusion rates are in line or below national. 2. CPoMs embedded across the MAT and used effectively to safeguard pupils. 3. Attendance in each school is at least at national and for SEND and Disadvantaged increase on 2018. 	<ol style="list-style-type: none"> 1. Each school has defined their 'MAGIC' offer and implemented. 2. Every pupil celebrates the local heritage and engages with the environment, sport, art and/ or oracy. 3. Each school works within their local community to develop trust, respect and tolerance. 	<ol style="list-style-type: none"> 1. Trustees, Governors and EP have clearly defined roles and responsibilities: impact of their support/ challenge is evident. 2. Infant schools trial shared leadership: standards are improved/ maintained. 3. Grove leadership roles/ responsibilities are clearly defined and linked to improved outcomes 	<ol style="list-style-type: none"> 1. Financial monitoring is robust and accurate. 2. HR systems are reviewed across the Trust to ensure effective support 3. External funding is secured to develop <ul style="list-style-type: none"> - hall and kitchen at Northwood - Outdoor facilities at Grove.

Proposed 2019-20 Performance

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Quality of Education for all pupils	All children are resilient, healthy and well	All children are MAGIC	Strong Leadership, management and Governance	Business, Finance and Estates are well planned
<ol style="list-style-type: none"> 1. Individual school data targets are monitored termly and steps taken to ensure on trackness. (1) 2. All teaching is judged good or better or relevant support is in place to improve. (2) 3. Every child who has attended school for at least 2 years makes good progress. (3) 	<ol style="list-style-type: none"> 1. Permanent and fixed term exclusions are in line or below national (4) 2. Evidence demonstrates all vulnerable children receive the support they need (PP and SEND) (5) 3. Attendance data for all groups of pupils is at least at national or rapidly improving (6) 	<ol style="list-style-type: none"> 1. Monitoring of pupil's access to MAGIC learning shows termly access (7) 2. Every pupil has engaged with the local heritage, environment, sport, art. (8) 3. Schools can evidence 1 community project and a reduction in negative community incidents. (9) 	<ol style="list-style-type: none"> 1. Governance attendance is high and evidence of challenge strong. (10) 2. Infant schools led by YG demonstrate in T & L review/ Ofsted they are Good. (11) 3. Grove leadership directly impact upon improved data, particularly Y6 Disadvantaged pupils (12) 	<ol style="list-style-type: none"> 1. External monitoring (SRMA and Audit) identify good financial management (13) 2. Staff attendance and compliance data indicates good work life balance. (14) 3. Monies secured to improve learning and or safety on school sites (15)

Trustees' Report (continued)
For the Year Ended 31 August 2019

Funds held as custodian on behalf of others

There are no funds held on custodian on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 4 December 2019 and signed on its behalf by:

E. Jane Gaffney

Mrs E Gaffney
Chair of Trustees

Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that ESPRIT Multi Academy Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Trustees has delegated the day-to-day responsibility to the Executive Principal, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between ESPRIT Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 4 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Gaffney, Chair of Trustees	3	4
Mr R Johnstone	4	4
Ms M Chadwick	4	4
Mrs K Longson	3	4
Mr S Lees	2	4
Mrs S Moran, Executive Principal & Accounting Officer	3	4
Ms A Moore (Appointed 1 April 2019)	2	2
Mrs N Davis (Resigned 5 December 2018)	1	2
Mr A Tomkins (Resigned 5 December 2018)	0	2
Mr S Bray (Resigned 5 December 2018)	1	2

The Board of Trustees maintained effective oversight of funds by having four Executive Business Manager Reports during the year and Management Accounts on nine occasions. In addition the Board of Trustees Audit Committee met three times during the year in addition to the Full Trustee Board meetings.

The Audit Committee is a sub-committee of the main board of Trustees. Its purpose is to advise the Board on matters relating to the Academy Trust's audit arrangements and systems of internal control.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs E Gaffney	3	3
Mr S Bray (Resigned 5 December 2018)	0	2
Mrs K Longson	1	3
Mr S Lees	3	3
Mrs S Moran	3	3

Governance Statement (continued)

Review of value for money

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

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

- staffing review at all schools where vacant posts have not been filled and staff have been realigned. As a result of the review we have done a restructure at Grove, we have continued with shared leadership across the infant schools
- BASC
- Invited SRMA support and are developing an action plan for any potential cost savings to be considered by trustees and will be shared with members at the next AGM
- Implementation of systems to safeguard income – parentpay debt avoidance
- Power maths scheme to improve teachers workload and reduce photocopying and resources costs
- Read Write Inc has been identified for 2019/20
- Focus at curriculum resources

Key Area	Initiative	Outcomes
Shared Resources	MAPA Training / Central Inclusion Hub	MAPA Training has been successfully shared with staff across all three academies reducing costs of sending staff on expensive courses and to offsite training venues. Central Inclusion Hub allowed for inclusion and safeguarding staff to focus on improving the support given to vulnerable children in order to improve consistency across the MAT.
Shared Staffing	Central staffing have been employed in the following roles: Central Safeguarding Officer Data Protection Officer Sites Manager	Sharing staff in these roles has allowed the sharing of the cost of employment – reducing the potential costs to each academy and improving the ability to secure high calibre staff members.
Cloud based systems	Using cloud-based systems for Finance, HR reporting and storing of documents	The ability for staff to work collaboratively on documents and resources allowing for improved workflows, organisation and access to documents.

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy 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 ESPRIT Multi Academy 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 Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy 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 Trustees.

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Dains LLP, the external auditors, to perform additional checks.

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

- Payroll testing
- Purchase transaction testing
- Income transaction testing
- Control account review

On a termly basis, the external auditors report to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Governance Statement (continued)

Review of effectiveness

As accounting officer, the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- SRMA;
- the work of the executive managers within the academy 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 audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 4 December 2019 and signed on their behalf by:

E. Jane Gaffney

Mrs E Gaffney
Chair of Trustees

S Moran.

Mrs S Moran
Accounting Officer

Esprit Multi Academy Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Esprit Multi Academy Trust I have considered my responsibility to notify the academy trust board of Trustees 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 Trustees are able to identify any material irregular or improper use of all 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 Trustees and ESFA.



Mrs S Moran
Accounting Officer
Date: 4 December 2019

Statement of Trustees' responsibilities
For the Year Ended 31 August 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published 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 Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Trustees on 4 December 2019 and signed on its behalf by:

E. Jane Gaffney

Mrs E Gaffney
Chair of Trustees

Independent Auditors' Report on the financial statements to the Members of Esprit Multi Academy Trust

Opinion

We have audited the financial statements of Esprit Multi Academy 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 academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the 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 Auditors' 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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.

Independent Auditors' Report on the financial statements to the Members of Esprit Multi Academy Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent Auditors' Report on the financial statements to the Members of Esprit Multi Academy Trust (continued)

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 Auditors' 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 Auditors' report.

Use of our report

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



Simon Hawkins (Senior statutory auditor)
for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

4 December 2019

Independent Reporting Accountant's Assurance Report on Regularity to Esprit Multi Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Esprit Multi Academy 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 Esprit Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Esprit Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Esprit Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Esprit Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Esprit Multi Academy Trust's funding agreement with the Secretary of State for Education dated 26 July 2017 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 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.

Esprit Multi Academy Trust
(A company limited by guarantee)

**Independent Reporting Accountant's Assurance Report on Regularity to Esprit Multi Academy Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date: 4 December 2019

Esprit Multi Academy 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 funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants:	3					
Transfer from LA on conversion		-	-	-	-	5,405,102
Other donations and capital grants		14,960	-	244,165	259,125	258,340
Charitable activities:						
Funding for academy trust's educational operations	4	-	4,446,578	-	4,446,578	4,163,216
Other trading activities	5	204,602	-	-	204,602	176,090
Investments	6	327	-	-	327	335
Total income		219,889	4,446,578	244,165	4,910,632	10,003,083
Expenditure on:						
Raising funds	7	96,010	-	-	96,010	103,067
Charitable activities:						
Academy trust educational operations	8	-	4,965,964	116,113	5,082,077	4,982,182
Total expenditure		96,010	4,965,964	116,113	5,178,087	5,085,249
Net income/ (expenditure)		123,879	(519,386)	128,052	(267,455)	4,917,834
Transfers between funds	17	(330,386)	330,386	-	-	-
Net movement in funds before other recognised gains/(losses)		(206,507)	(189,000)	128,052	(267,455)	4,917,834
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(610,000)	-	(610,000)	312,000
Net movement in funds		(206,507)	(799,000)	128,052	(877,455)	5,229,834

Esprit Multi Academy Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account) (continued)
For the Year Ended 31 August 2019

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Reconciliation of funds:					
Total funds brought forward	295,637	(1,015,000)	5,949,197	5,229,834	-
Net movement in funds	(206,507)	(799,000)	128,052	(877,455)	5,229,834
Total funds carried forward	89,130	(1,814,000)	6,077,249	4,352,379	5,229,834

The notes on pages 28 to 54 form part of these financial statements.

Esprit Multi Academy Trust
(A company limited by guarantee)

Registered number: 10481082
Balance Sheet
As at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	14	5,929,372	5,701,529
		<u>5,929,372</u>	<u>5,701,529</u>
Current assets			
Debtors	15	260,952	288,216
Cash at bank and in hand	21	463,981	717,710
		<u>724,933</u>	<u>1,005,926</u>
Creditors: amounts falling due within one year	16	(487,926)	(462,621)
Net current assets		<u>237,007</u>	<u>543,305</u>
Total assets less current liabilities		<u>6,166,379</u>	<u>6,244,834</u>
Net assets excluding pension liability		<u>6,166,379</u>	<u>6,244,834</u>
Defined benefit pension scheme liability	23	(1,814,000)	(1,015,000)
Total net assets		<u><u>4,352,379</u></u>	<u><u>5,229,834</u></u>
Funds of the academy trust			
Restricted funds:			
Restricted income funds excluding pension liability	17	6,077,249	5,949,197
Pension reserve	17	(1,814,000)	(1,015,000)
Total restricted income funds	17	<u>4,263,249</u>	<u>4,934,197</u>
Unrestricted income funds	17	<u>89,130</u>	<u>295,637</u>
Total funds		<u><u>4,352,379</u></u>	<u><u>5,229,834</u></u>

The financial statements on pages 24 to 54 were approved by the Trustees, and authorised for issue on 04 December 2019 and are signed on their behalf, by:

E. Jane Gaffney

Mrs E Gaffney
Chair of Trustees

The notes on pages 28 to 54 form part of these financial statements.

Esprit Multi Academy 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 operating activities	19	(175,264)	(206,110)
Cash flows from investing activities	20	(78,465)	923,820
Change in cash and cash equivalents in the year		(253,729)	717,710
Cash and cash equivalents at the beginning of the year		717,710	-
Cash and cash equivalents at the end of the year	21	463,981	717,710

The notes on pages 28 to 54 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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.

Esprit Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy trust has provided the goods or services.

1.4 Expenditure

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

- **Expenditure on raising funds**

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **Charitable activities**

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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

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

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

Depreciation is provided on the following bases:

Long-term leasehold land	- 0.8% straight line
Long-term leasehold property	- 2% straight line
Property Improvements	- 2% straight line
Computer equipment	- 25% straight line

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

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

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1. Accounting policies (continued)

1.8 Debtors

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

1.9 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.

1.10 Liabilities

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

1.11 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 bases 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 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 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 Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1. Accounting policies (continued)

1.13 Pensions

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

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

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

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

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Notes to the Financial Statements
For the Year Ended 31 August 2019

2. Critical accounting estimates and areas of judgement

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

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.

Local Government Pension Scheme

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Critical areas of judgement:

Long term leasehold land and buildings

The long term leasehold land and buildings within the accounts relates to the academy premises which were donated to the academy on conversion on 125 year lease from The Council of the City of Stoke-on-Trent. The leasehold land and buildings were valued using the local authority valuation. They are being depreciated in accordance with the depreciation policies set out in note 1. No annual charge is made for the use of the land and buildings under the terms of the lease, as management is not able to reliably measure open market rate.

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	14,960	-	14,960	5,405,102
Capital Grants	-	244,165	244,165	258,340
	<u>14,960</u>	<u>244,165</u>	<u>259,125</u>	<u>5,663,442</u>

In 2018 the allocation between funds was unrestricted income of £629,072, restricted income of deficit £1,015,839 and restricted fixed assets income of £6,050,209.

Notes to the Financial Statements
For the Year Ended 31 August 2019

4. Funding for the academy trust's direct costs

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants			
General annual grant (GAG)	3,302,111	3,302,111	3,127,674
Pupil Premium	361,133	361,133	275,018
Other DfE/ESFA grants	243,067	243,067	210,503
	<u>3,906,311</u>	<u>3,906,311</u>	<u>3,613,195</u>
Other government grants			
Nursery education grants	325,312	325,312	332,392
Additional educational needs	112,796	112,796	143,702
Other local authority grants	14,429	14,429	3,000
	<u>452,537</u>	<u>452,537</u>	<u>479,094</u>
Other funding			
Catering Income	72,560	72,560	69,327
Other self-generated income	15,170	15,170	1,600
	<u>4,446,578</u>	<u>4,446,578</u>	<u>4,163,216</u>

In 2018 the allocation between funds was £4,163,216 to restricted income.

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
After school club income	99,874	99,874	143,981
Staff services	36,691	36,691	1,095
Supply teacher insurance income	40,090	40,090	21,600
Other trading income	27,947	27,947	9,414
	<u>204,602</u>	<u>204,602</u>	<u>176,090</u>

In 2018 the allocation between funds was £176,090 to unrestricted income.

Notes to the Financial Statements
For the Year Ended 31 August 2019

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Investment income	327	327	335

In 2018 the allocation between funds was £335 to unrestricted income.

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	90,523	-	5,487	96,010	103,067
Educational Operations:					
Direct costs	3,374,219	-	228,689	3,602,908	3,463,559
Allocated support costs	378,952	344,669	755,548	1,479,169	1,518,623
	3,843,694	344,669	989,724	5,178,087	5,085,249
Total 2018	3,789,741	367,433	928,075	5,085,249	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Educational operations	3,602,908	1,479,169	5,082,077	4,982,182
Total 2018	3,463,559	1,518,623	4,982,182	

Notes to the Financial Statements
For the Year Ended 31 August 2019

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	3,374,219	3,334,233
Educational supplies	76,324	62,291
Examination fees	-	1,365
Staff development	51,234	14,549
Technology costs	35,852	38,929
Consultancy costs	64,034	11,443
Travel and subsistence	1,245	749
	3,602,908	3,463,559

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
LGPS net finance cost	30,000	30,000
Staff costs	378,952	368,229
Depreciation	116,113	106,830
Staff development	14,990	45,381
Technology costs	85,447	66,568
Consultancy costs	58,245	133,762
Recruitment and support	1,319	2,302
Maintenance of premises & equipment	303,052	243,850
Catering costs	234,076	235,543
Cleaning	102,045	120,659
Rates	13,860	20,935
Energy	62,208	47,308
Insurance	58,075	75,732
Transport	464	1,752
Other support costs	20,323	19,772
	1,479,169	1,518,623

Notes to the Financial Statements
For the Year Ended 31 August 2019

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Depreciation of tangible fixed assets:		
- owned by the charity	116,113	106,830
Operating lease rentals	29,724	29,724
PFI costs	223,722	212,307
Fees paid to auditors for:		
- audit	8,250	8,000
- other services	4,480	2,600
	<u> </u>	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	2,777,452	2,725,183
Social security costs	242,663	238,932
Pension costs	741,280	721,690
	<u>3,761,395</u>	<u>3,685,805</u>
Agency staff costs	76,014	103,936
Staff restructuring costs	6,285	-
	<u>3,843,694</u>	<u>3,789,741</u>

Staff restructuring costs comprise:

	2019 £	2018 £
Redundancy payments	6,285	-
	<u>6,285</u>	<u>-</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

10. Staff costs (continued)

b. Staff numbers

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

	2019 No.	2018 No.
Management	8	9
Teachers	38	35
Administration and support	107	107
	153	151

c. 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	1	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as list on page 1. The total amount of employee benefit (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £370,753 (2018 - £391,476).

Notes to the Financial Statements
For the Year Ended 31 August 2019

11. Central services

The academy trust has provided the following central services to its academies during the year:

- Finance
- Legal support
- Estates
- Governance support
- Compliance & data protection

The academy trust charges for these services on the following basis:

The charge to the academies is 8% of the general annual grant received by the academies plus any specific support costs.

The actual amounts charged during the year were as follows:

	2019 £	2018 £
Northwood Broom Academy	65,000	84,729
Hamilton Academy	60,000	80,789
Grove Academy	150,000	170,953
Total	275,000	336,471

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2019 £	2018 £
Mrs S Moran - Executive Principal & Accounting Officer	Remuneration	80,000 -	75,000 -
		85,000	80,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000

During the year ended 31 August 2019, expenses totalling £919 were reimbursed or paid directly to 1 Trustee (2018 - £584 to 1 Trustee).

13. Trustees' and Officers' insurance

The academy trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Notes to the Financial Statements
For the Year Ended 31 August 2019

14. Tangible fixed assets

	Long-term leasehold property £	Property Improve- ments £	Computer equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 September 2018	5,767,329	-	7,118	33,912	5,808,359
Additions	-	250,948	44,236	48,772	343,956
Transfers between classes	-	82,684	-	(82,684)	-
At 31 August 2019	5,767,329	333,632	51,354	-	6,152,315
Depreciation					
At 1 September 2018	105,895	-	935	-	106,830
Charge for the year	105,895	2,586	7,632	-	116,113
At 31 August 2019	211,790	2,586	8,567	-	222,943
Net book value					
At 31 August 2019	5,555,539	331,046	42,787	-	5,929,372
At 31 August 2018	5,661,434	-	6,183	33,912	5,701,529

15. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	4,467	14,252
VAT repayable	49,112	112,094
Prepayments and accrued income	207,373	161,870
	260,952	288,216

Notes to the Financial Statements
For the Year Ended 31 August 2019

16. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	121,844	230,929
Other taxation and social security	53,639	54,632
Other creditors	63,213	60,809
Accruals and deferred income	249,230	116,251
	487,926	462,621
	2019	2018
	£	£
Deferred income at 1 September 2018	68,318	-
Resources deferred during the year	63,221	68,318
Amounts released from previous periods	(68,318)	-
	63,221	68,318

Amount included in deferred income related to grant income for the year 2019/20.

Esprit Multi Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
Unrestricted funds	295,637	219,889	(96,010)	(330,386)	-	89,130
Restricted funds						
General Annual Grant (GAG)	-	3,302,111	(3,632,497)	330,386	-	-
Pupil Premium	-	361,133	(361,133)	-	-	-
Other DfE/ESFA grants	-	243,067	(243,067)	-	-	-
Nursery Grants	-	325,312	(325,312)	-	-	-
Other government grants	-	127,225	(127,225)	-	-	-
Other restricted funds	-	87,730	(87,730)	-	-	-
Pension reserve	(1,015,000)	-	(189,000)	-	(610,000)	(1,814,000)
	<u>(1,015,000)</u>	<u>4,446,578</u>	<u>(4,965,964)</u>	<u>330,386</u>	<u>(610,000)</u>	<u>(1,814,000)</u>

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Statement of funds (continued)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Assets donated on conversion	5,662,409	-	(106,220)	-	-	5,556,189
DfE/ESFA capital grants	281,580	244,165	(8,438)	-	-	517,307
Capital expenditure from GAG	5,208	-	(1,455)	-	-	3,753
	<u>5,949,197</u>	<u>244,165</u>	<u>(116,113)</u>	<u>-</u>	<u>-</u>	<u>6,077,249</u>
Total Restricted funds	<u>4,934,197</u>	<u>4,690,743</u>	<u>(5,082,077)</u>	<u>330,386</u>	<u>(610,000)</u>	<u>4,263,249</u>
Total funds	<u>5,229,834</u>	<u>4,910,632</u>	<u>(5,178,087)</u>	<u>-</u>	<u>(610,000)</u>	<u>4,352,379</u>

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

Unrestricted funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

Restricted general funds

The restricted general funds represent grants received for the Academy Trust's operational activities and development, restricted trip income and other restricted income.

Pension reserve

The pension reserve represents the Academy Trust's share of pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

The restricted fixed asset fund relates to grant funding received from the ESFA to carry out works of capital nature, capital expenditure from GAG, and also the donation of assets on conversion.

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£	£
Grove Academy	7,357	52,129
Hamilton Academy	(107,062)	40,543
Northwood Broom Academy	69,990	52,714
Central Services	118,845	150,251
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	89,130	295,637
Restricted fixed asset fund	6,077,249	5,949,197
Pension reserve	(1,814,000)	(1,015,000)
	<hr/>	<hr/>
Total	4,352,379	5,229,834
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit
	£
Hamilton Academy	107,062
	<hr/> <hr/>

Hamilton are running a deficit balance due to the high costs of the PFI contract in comparison with Northwood Broom.

The academy trust is taking the following action to return the academy to surplus:

As staffing ratios and pastoral team need to be maintained at similar levels we have removed fixed term contracts and vacant roles wherever possible. The Academy Principal will be working across both Infant academies from September 2019 and the SENCO will be in class part time. The overspend was always planned to support the development of inclusion and safeguarding within the pastoral team at Hamilton.

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Statement of funds (continued)

Total cost analysis by academy

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 £
Northwood Broom academy	677,101	137,276	20,956	304,664	1,139,997	1,193,689
Hamilton academy	722,840	171,087	10,126	319,945	1,223,998	1,154,700
Grove academy	1,551,199	140,390	45,242	449,722	2,186,553	2,044,048
Central Services	-	284,801	-	37,625	322,426	362,982
Academy trust	2,951,140	733,554	76,324	1,111,956	4,872,974	4,755,419

Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Statement of funds (continued)

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

	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds					
Unrestricted funds	805,497	(103,067)	(406,793)	-	295,637
Restricted general funds					
General Annual Grant (GAG)	3,127,674	(3,528,649)	400,975	-	-
Pupil Premium	363,179	(363,179)	-	-	-
Other DfE/ESFA grants	210,503	(210,503)	-	-	-
Nursery Grants	332,392	(332,392)	-	-	-
Other government grants	146,702	(146,702)	-	-	-
Other restricted funds	70,927	(70,927)	-	-	-
Pension reserve	(1,104,000)	(223,000)	-	312,000	(1,015,000)
	3,147,377	(4,875,352)	400,975	312,000	(1,015,000)
Restricted fixed asset funds					
Assets donated on conversion	5,768,629	(106,220)	-	-	5,662,409
DfE/ESFA capital grants	281,580	-	-	-	281,580
Capital expenditure from GAG	-	(610)	5,818	-	5,208
	6,050,209	(106,830)	5,818	-	5,949,197
Total Restricted funds	9,197,586	(4,982,182)	406,793	312,000	4,934,197
Total funds	10,003,083	(5,085,249)	-	312,000	5,229,834

Notes to the Financial Statements
For the Year Ended 31 August 2019

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	5,929,372	5,929,372
Current assets	89,130	487,926	147,877	724,933
Creditors due within one year	-	(487,926)	-	(487,926)
Provisions for liabilities and charges	-	(1,814,000)	-	(1,814,000)
Total	89,130	(1,814,000)	6,077,249	4,352,379

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	5,701,529	5,701,529
Current assets	295,637	462,621	247,668	1,005,926
Creditors due within one year	-	(462,619)	-	(462,619)
Provisions for liabilities and charges	-	(1,015,000)	-	(1,015,000)
Total	295,637	(1,014,998)	5,949,197	5,229,836

Notes to the Financial Statements
For the Year Ended 31 August 2019

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

	2019 £	2018 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(267,455)	4,917,834
Adjustments for:		
Depreciation	116,113	106,830
Capital grants from DfE and other capital income	(244,165)	(258,340)
Interest receivable	(327)	(335)
Defined benefit pension scheme obligation inherited	-	1,104,000
Defined benefit pension scheme cost less contributions payable	138,000	193,000
Defined benefit pension scheme finance cost	30,000	30,000
Decrease/(increase) in debtors	27,263	(264,482)
Increase in creditors	25,307	462,621
Assets from local authority on conversion	-	(5,768,629)
Cash received from local authority on conversion	-	(728,609)
Net cash used in operating activities	(175,264)	(206,110)

20. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	327	335
Purchase of tangible fixed assets	(343,956)	(39,730)
Capital grants from DfE Group	265,164	234,606
Cash received on conversion	-	728,609
Net cash (used in)/provided by investing activities	(78,465)	923,820

21. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	463,981	717,710
Total cash and cash equivalents	463,981	717,710

Notes to the Financial Statements
For the Year Ended 31 August 2019

22. Capital commitments

	2019 £	2018 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>105,879</u>	<u>203,421</u>

23. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teachers' 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 Staffordshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £63,213 were payable to the schemes at 31 August 2019 (2018 - £49,268) and are included within creditors.

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers Pension Budgeting and Valuation Accounts

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £266,000 (2018 - £262,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £394,000 (2018 - £328,000), of which employer's contributions totalled £317,000 (2018 - £262,000) and employees' contributions totalled £ 77,000 (2018 - £66,000). The agreed contribution rates for future years are 24.2% per cent for employers and 5.5% - 12.5% per cent for employees.

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

Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Pension commitments (continued)

Principal actuarial assumptions

	2019	2018
	%	%
Rate of increase in salaries	2.70	2.70
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80
Inflation assumption (CPI)	2.30	2.30
Commutation of pensions to lump sums pre-April 2008	50.00	50.00
Commutation of pensions to lump sums post-April 2008	75.00	75.00

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

	2019	2018
	Years	Years
<i>Retiring today</i>		
Males	21.1	22.1
Females	23.5	24.4
<i>Retiring in 20 years</i>		
Males	22.2	24.1
Females	24.8	26.4

Sensitivity analysis

	2019	2018
	£000	£000
Discount rate +0.1%	(111)	(69)
Discount rate -0.1%	111	69
Salary increase rate +0.1%	13	11
Salary increase rate -0.1%	(13)	(11)
CPI rate +0.1%	96	58
CPI rate -0.1%	(96)	(58)

Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Pension commitments (continued)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	1,115,000	812,000
Bonds	361,000	221,000
Property	131,000	93,000
Cash and other liquid assets	33,000	35,000
Total market value of assets	1,640,000	1,161,000

The actual return on scheme assets was £103,000 (2018 - £78,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £	2018 £
Current service cost	(455,000)	(455,000)
Past service cost	(21,000)	-
Interest income	38,000	23,000
Interest cost	(68,000)	(53,000)
Total amount recognised in the Statement of Financial Activities	(506,000)	(485,000)

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

	2019 £	2018 £
At 1 September	2,176,000	-
Upon conversion	-	1,875,000
Current service cost	455,000	455,000
Interest cost	68,000	53,000
Employee contributions	77,000	66,000
Actuarial losses/(gains)	657,000	(273,000)
Past service costs	21,000	-
At 31 August	3,454,000	2,176,000

Notes to the Financial Statements
For the Year Ended 31 August 2019

23. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	1,161,000	-
Upon conversion	-	771,000
Interest income	38,000	23,000
Actuarial gains	47,000	39,000
Employer contributions	317,000	262,000
Employee contributions	77,000	66,000
At 31 August	1,640,000	1,161,000

24. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Amounts payable:		
Within 1 year	29,724	29,724
Between 1 and 5 years	15,770	45,495
	45,494	75,219

25. Other financial commitments

At 31 August 2019 the academy trust had commitments under non-cancellable PFI contracts of:

	2019 £	2018 £
Within 1 year	228,471	220,340
Between 1 and 5 years	913,885	881,360
After more than 5 years	95,196	312,148
	1,237,552	1,413,848

Notes to the Financial Statements
For the Year Ended 31 August 2019

26. 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.

27. Related party transactions

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

J B S Joinery Limited is connected to Esprit Multi Academy Trust as the company is controlled by a the spouse of a member of key management (until 31 August 2018).

The academy trust purchased services from J B S Joinery Limited totalling £nil (2018 - £61,117) during the year. There were no amounts outstanding at 31 August 2019 (2018 - £nil).

The academy trust made the purchases at arm length in accordance with the financial regulations.

In entering into these transactions the trust has complied with the requirements of the ESFA's Academies Financial Handbook 2018.