

Company Registration Number: 10654935 (England & Wales)

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2019

Members

P Burns
T Clarke
The Schools of King Edward VI in Birmingham

Trustees

H Thomas, Chair
E Conway, Vice Chair (resigned 10 September 2018)
S Roberts, Vice Chair
P Burns
T Clarke
A McKerracher
G Dupree
B Matthews
R Stephen
K Phillips (appointed 10 September 2018, resigned 1 September 2019)
L Phillips (appointed 1 September 2018)
D Wheeldon
F Kinkhabwala (appointed 1 September 2019)
R Palmer (appointed 24 April 2019)
K Ricks (appointed 1 September 2019)
L Roan (appointed 1 September 2019)
P Christopher (resigned 21 January 2019)

Company registered number

10654935

Company name

King Edward VI Academy Trust Birmingham

Principal and registered office

Foundation Office
Edgbaston Park Road
Birmingham
West Midlands
B15 2UD

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2019**

Company secretary

L Ganderton

Executive director

H Monk

Senior management team

C Parker, Headteacher - King Edward VI Aston School
M Garrod, Headteacher - King Edward VI Camp Hill School for Boys
L Johnson, Headteacher - King Edward VI Camp Hill School for Girls
Y Wilkinson, Headteacher - King Edward VI Five Ways School
A Whittall, Headteacher - King Edward VI Handsworth School for Girls
J Allen, Headteacher - King Edward VI Sheldon Heath Academy
S Bird, Headteacher - King Edward VI Handsworth Grammar School for Boys
N Walters, Headteacher - King Edward VI Handsworth Wood Girls' Academy

Executive team

H Monk, Executive Director
T Rowland, Director of Finance and Operations
S Cunningham, Director of HR (appointed September 2018)

Independent auditor

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

Bankers

Lloyds Bank
Solihull Business Centre – GLC
Creynolds Lane
Shirley
Solihull
B90 4ES

Solicitors

Stone King LLP
Colmore Gate
2-6 Colmore Row
Birmingham
B3 2QD

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The Academy Trust operates eight Academies, six selective and two non-selective, for pupils aged 11 to 18 serving the City of Birmingham. Its Academies had a combined pupil capacity of 6847 and had a roll of 8619 in the school census in October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. It is governed by its Memorandum and Articles of Association. The Trustees of the Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as King Edward VI Academy Trust Birmingham. Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details.

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.

Trustees' indemnities

The Academy Trust, through its insurance provision, indemnifies the Trustees' against claims made arising from negligent acts, errors or omissions whilst on Academy Trust business. The insurance provides cover up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

The number of Trustees must not be less than three but shall not be subject to any maximum.

The Academy Trust shall have the following Trustees:

- between six and eight Trustees from the Local Governing Bodies appointed by the Trustees;
- up to six Trustees appointed by the Members;
- a minimum of two Parent Trustees elected or appointed in the event that no Local Governing Bodies are established; and
- any Co-opted Trustee; provided that:
- at least eight of the Trustees must at all times also be members of the board of trustees of the Foundation; and
- in making appointments of Trustees, the Members and Trustees (as the case may be) shall have regard to the need to ensure an appropriate mix of skills on the board, including, but without limitation finance, HR and school improvement.

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

Policies and procedures adopted for the induction and training of Trustees

All new Trustees are provided with an induction pack which contains essential documents including the Articles of Association, Decision Making Matrix, Scheme of Governance, Scheme of Financial Delegation and Master Funding Agreement. The new Trustee will meet with the Chair and key Academy Trust personnel.

Organisational structure

Meetings of the Board of Trustees usually take place seven times throughout the year with extra meetings taking place as required. The Board met seven times in the year under review. The Board receive reports from the eight Local Governing Bodies on a termly basis. They also receive reports from the undernoted Academy Trust Committees:

- Finance
- Audit
- Curriculum Standards and Welfare
- HR
- Parent Liaison
- Staff Liaison
- Joint Strategy
- Academies LGBs

These committees meet regularly throughout the year on a cycle to complement the board meetings. Much of the detailed work is undertaken by the committees as per their terms of reference.

The Accounting Officer of the Academy Trust is the Executive Director. The Academy Trust has an executive team that oversees day to day management.

All Trustees of the Board and Governors of the Local Governing Bodies (LGB) are unpaid in their roles.

The Trustees are responsible for the governance and supervision of the Academy Trust, its committees (including the LGBs) and the management of the relationship with the Academy Trust Executive Team (in relation to the provision of services provided to the Academy Trust and the Academies by Foundation Office staff through the Provision of Services Agreement).

The Trustees have a number of duties and responsibilities relating to the management of the Academy Trust and its finances. In summary, the Trustees are responsible for:

- establishing the vision, mission and values for the Academy Trust;
- carrying on the Academy Trust in accordance with the objects of the Academy Trust as set out in the Articles and safeguarding the assets of the Academy Trust;
- designing strategy and structure for the operation of the Academy Trust;
- oversight of the operation of the Academies and directing the education, pastoral care, financial and other policies of the Academies in accordance with the Articles and the Funding Agreements (including the ESFA's Academies Financial Handbook);
- ensuring sound management and administration of the Academy Trust, and ensuring that managers are equipped with the relevant skills and guidance;
- financial controls and the financial management of the Academy Trust in accordance with the provisions of the Handbook, which sets out in detail provisions for the financial management of each Academy including guidance on financial systems and controls and accounting and reporting requirements;
- setting standards of conduct and values, monitoring performance and the achievement of objectives, and ensuring that plans for improvement are acted upon;

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

- risk management, including identifying, quantifying and devising systems to minimise the major risks affecting the Academy Trust; and
- ensuring the activities of the Academy Trust and the Academies are conducted in compliance with the general law.

The role of the Local Governing Body (LGB) is to:

- provide advice to the Trustees on the functioning of that Academy;
- act as a key link between the Academy Trust, parents and the Academy community;
- act as a sounding board for the Headteacher and Academy Trust Senior Leadership Team and offer challenging but positive support to the Headteacher;
- continually review the overall impact of the Academy;
- assist with and review the implementation of certain academy policies, such as student admissions and behaviour;
- Set an annual budget for the Academy; and
- Appointing, removing and setting the remuneration of Headteachers.

The LGB is made up of individuals who may or may not also be Trustees in accordance with the Articles. Each Academy has a leadership team in place for day to day management.

Arrangements for setting pay and remuneration of key management personnel

In line with the Academy Trust's Articles, the Academy Trust sponsor, the Schools of King Edward VI in Birmingham (the 'Foundation'), appoints the Executive Director and donates his Senior Leadership services to the Academy Trust. The Foundation Remuneration Committee sets the pay and remuneration of key leadership posts of the Foundation. The Chair of the Academy Trust is a member of the Remuneration Committee.

Related Parties and other Connected Charities and Organisations

The Academy Trust is sponsored by the Schools of King Edward VI in Birmingham (the 'Foundation') charity. The Foundation has both a governance based and contractual based relationship with the Academy Trust. For example, the Chair of the Academy Trust's Board of Trustees from time to time is an ex-officio member of the standing committee known as the Joint Strategy Committee (JSC). The JSC: recommends general strategy and a plan for the Foundation and Academy Trust as a whole; recommends educational policy and strategy for the Foundation and Academy Trust as a whole; recommends the allocation and distribution of the Foundation's resources for all purposes, in relation to the above; and keeps under review the role and performance of all the Foundation's schools.

Any recharged central service/senior leadership costs, above those that are donated from the Foundation, are recharged as part of an agreed Service Level Agreement and at no more than cost..

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

OBJECTIVES AND ACTIVITIES

Objects and aims

The Objects of the Academy Trust (the purposes it exists to further) are:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"), and
- to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants

Objectives, strategies and activities

King Edward VI Academy Trust Birmingham was established in 2017 with an overarching mission to make Birmingham the best place to be educated in the UK. The Academy Trust has grown since its inception, with Handsworth Wood Girls' Academy joining on 1 September 2018 and Balaam Wood Academy joining on 1 September 2019. Discussions are ongoing with additional potential future new joiners.

Our emergent core values are:

- Excellence and Opportunity
- Independence and Respect
- Community and Diversity

The pursuit of excellence is central to enable children to fulfil their potential. This is supported by ensuring that the existing schools meet the challenges that face them through the provision of clear strategies, strong support, scrutiny and good governance. In particular, the Academy Trust will need to ensure that the existing schools meet the challenges that face them through our accessibility strategy, which takes different forms in the selective Academies and non-selective Academies but remains at the centre of the purpose of each school.

King Edward's Consortium

The King Edward's Consortium is a School-Centred Initial Teacher Training (SCITT) provider based at King Edward VI Camp Hill School for Girls (which acts as the 'lead school' for the Consortium). The SCITT has been recognised as the number one provider nationally for school-based teacher training. The trainees achieved 100% employment at the end of the year.

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

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission throughout the objectives, strategies and activities detailed within this report and when exercising their powers or duties.

STRATEGIC REPORT

Achievements and performance

Review of activities

We believe that the moral purpose of the Academy Trust is to play a prominent role in the education of children in Birmingham, regardless of background.

A key priority in 2018/19 has been to continue to strengthen the support services provided to the Academies within the Academy Trust. This has been achieved in several ways:

- The appointment of a Consultant Head to provide educational support.
- Academy Trust-wide HR policies have been reviewed to ensure consistency.
- The growth of the Academy Trust continued with the onboarding of a third non-selective Academy on 1 September 2019.
- A Head of Procurement was appointed to support with cost savings and efficiencies across the Academies.
- The Governance Department has started to implement a governor recruitment process.
- A renewed Provision of Services Agreement was agreed.
- The Collaboration Manager coordinated a set of Academy Trust-wide joint working initiatives across the Academies.

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

Key performance indicators

Overall performance at the end of key stage 4 in 2019 - all pupils

Showing 9 schools

School name	Type of school	Number of pupils at end of key stage 4	Progress 8 score & description	Entering EOfC	Staying in education or entering employment (2017 leavers)	Grade 5 or above in English & maths GCSEs	Attainment 8 score	EOfC average point score
King Edward VI Camp Hill School for Boys	Academy	118	Well above average 0.96	91.5%	98% (91 of 93 pupils)	97.5%	62.7	8.14
Create My schools list								
King Edward VI Camp Hill School for Girls	Academy	147	Well above average 0.71	93.9%	98% (119 of 121 pupils)	99.3%	79.7	7.76
Create My schools list								
King Edward VI Handsworth School	Academy	162	Well above average 0.65	88.3%	99% (127 of 128 pupils)	98.8%	74.8	7.07
Create My schools list								
King Edward VI Five Ways School	Academy	181	Well above average 0.83	99.4%	99% (151 of 153 pupils)	97.2%	76.8	7.43
Create My schools list								
King Edward VI Aston School	Academy	120	Above average 0.3	95.0%	97% (101 of 104 pupils)	95.8%	70.9	8.77
Create My schools list								
King Edward VI Handsworth Wood Girls' Academy	Academy	139	Average 0.22	19.4%	99% (121 of 122 pupils)	37.4%	45.8	3.88
Create My schools list								
King Edward VI Handsworth Grammar School for Boys	Academy	150	Average 0.18	43.3%	99% (144 of 146 pupils)	93.3%	67.4	6.08
Create My schools list								
King Edward VI Sheldon Heath Academy	Academy	193	Average -0.17	66.3%	90% (155 of 172 pupils)	43.0%	42.9	4.13
Create My schools list								

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TRUSTEES' REPORT (continued)
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A level performance at the end of 16 to 18 in 2018 - all students

Showing 8 schools and colleges

School or college name	Type of school or college	Number of students with an A level exam entry	Progress score & description	Average result		Students completing their main study programme	Achieving AAB or higher in at least 2 facilitating subjects	Grade and points for a student's best 3 A levels
				Grade	Point score			
King Edward VI Camp Hill School for Boys	Academy	132	Above average 0.11	A-	47.07	100.0%	64.6% (127 students)	A- 48.01 (127 students)
Create My schools list								
King Edward VI Sheldon Heath Academy	Academy	55	Average 0.13	C+	31.78	89.7%	14.8% (27 students)	C 30.49 (27 students)
Create My schools list								
King Edward VI Aston School	Academy	135	Average 0.11	B-	37.30	91.1%	24.2% (124 students)	B- 37.31 (124 students)
Create My schools list								
King Edward VI Five Ways School	Academy	210	Average 0.00	B+	42.50	99.5%	39.8% (206 students)	B+ 42.30 (206 students)
Create My schools list								
King Edward VI Handsworth Wood Girls' Academy	Academy	23	Average -0.03	D+	24.65	100.0%	0.0% (15 students)	D+ 21.78 (15 students)
Create My schools list								
King Edward VI Handsworth School	Academy	139	Below average -0.11	B	38.81	99.3%	30.1% (136 students)	B 40.02 (136 students)
Create My schools list								
King Edward VI Camp Hill School for Girls	Academy	175	Below average -0.24	B	41.46	98.9%	37.9% (169 students)	B+ 42.45 (169 students)
Create My schools list								
King Edward VI Handsworth Grammar School for Boys	Academy	130	Below average -0.25	C	31.57	98.4%	16.8% (112 students)	C+ 33.51 (112 students)
Create My schools list								

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 it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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

Financial review

Review of activities

Principal Funding and financial performance

The Academy Trust received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the year.

Restricted General Fund

The majority of the Academy Trust's income was received through Education and Skills Funding Agency (ESFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy Trust's charitable activities, its educational operations. These revenue grants and the associated expenditure made against them are detailed in the SOFA. General Restricted Fund income (excluding amounts transferred on conversion) was £45,241,879 (2018: £37,835,175); expenditure against the fund was £44,281,452 (2018: £38,048,146) including £783,000 (2018: £284,000) in relation to Actuarial movements in the LGPS pension deficit. After transfers, the restricted general fund generated an in-year surplus of £6,132,076 (2018: £4,632,704) excluding the LGPS pension deficit of £14,512,000 (2018: £9,575,000).

Unrestricted Funds

Income received into the Unrestricted Fund was £2,103,662 (2018: £2,305,716) excluding transfers on conversion of £251,191 (2018: £3,379,070). Expenditure against the fund was £1,833,254 (2018: £2,267,422) for the year, giving an Unrestricted Fund, in-year surplus, £3,792,508 (2018: £3,270,909) after transfers.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Trust's Depreciation Policy.

Income received into the fund (excluding amounts transferred on conversion) was £7,064,710 (2018: £2,399,056). This included £1,422,797 (2018: £1,367,214) School Capital Allocation, £182,319 (2018: £174,802) of Devolved Capital Grant Funding, capital donations raised via fundraising of £104,504 (2018: £299,052) and capital donations of £4,900,000 (2018: £491,587) receivable from The Schools of King Edward VI in Birmingham (the 'Foundation'). Expenditure from the fund equates to £4,741,147 (2018: £4,232,167) of depreciation. The resultant surplus for the year after transfers is £105,411,957 (2018: £90,706,382) including the amounts transferred on conversion of £12,337,512 (2018: £92,415,918).

Summary of Financial Position

Total fund balance as at 31st August 2019 was £100,824,541 (2018: £89,034,995) comprised of a surplus of £3,792,508 (2018: £3,319,506), £6,132,076 (2018: £4,632,704) and £105,411,957 (2018: £90,706,382) in Unrestricted, Restricted and Restricted Fixed Asset Funds respectively excluding the pension fund deficit of £14,512,000 (2018: £9,575,000).

Balance Sheet

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

Some assets were used by the local community, predominantly for sports but also working with local charities to raise funds and support for the elderly and disadvantaged.

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

The net book value of the Academy Trust's tangible fixed assets as at 31 August 2019 was £98,033,290 (2018: £89,188,622). Cash at bank at 31st August 2019 was £6,927,073 (2018: £9,087,563) which includes capital grants received, but not yet spent at the year end.

Reserves policy

The Trustees review the reserve levels of the Academy Trust annually and on a regular basis through the annual budgeting and business planning process. This review encompasses the nature of the income and expenditure streams, the need to match income with financial commitments and the nature of reserves. The Trustees compare the reserve levels to the target for the Academy Trust.

Reserves are classified as either restricted or unrestricted. Restricted reserves include the restricted income fund which represents any unspent balance of General Annual Grant (GAG) from the Education and Skills Funding Agency (ESFA) and the National College for Teaching and Leadership (NCTL) plus the restricted fixed asset fund. The deficit on the pension reserve representing the FRS102 pension liability for the West Midlands Local Government Pension Scheme is included within restricted reserves.

Unrestricted reserves represent any surplus funds on activities where there is no restriction on their use. These funds can be carried forward without limit. The Academy Trust's free reserves are those income funds that are freely available for general purposes, which under SORP 2015, are the unrestricted reserves of £3,792,508.

Reserves are required in order to cover the risks of an unforeseen emergency or other unexpected need for funds (e.g. repair costs arising from adverse weather conditions or covering the cost of prolonged staff absences); to support the strategic ambitions of the Academy Trust by planning for future capital and revenue investment (e.g. new or improved school buildings); to recognise the risk that as pupil funding changes staffing and non-staffing expenditure may not be aligned to income levels fast enough and also to hold back a contingency to cover unknown future cost increases (e.g. National Insurance and Pension Schemes).

In accordance with ESFA and Charity Commission guidance Trustees assess that the underlying viability of the Academy Trust is determined by the level of reserves within the unrestricted income funds and restricted income fund (for General Annual Grant (GAG)) less funds held in any designated fund (if applicable) and funds committed for capital projects.

For the purpose of this policy this figure is defined as "available reserves" which excludes the pension liability for £14,512,000. Calculating a prudent level of available reserves that the Academy Trust should hold is a matter of judgement for the Trustees. On the one hand a high level of reserves demonstrates to stakeholders that the Academy Trust is financially secure and can deal with unforeseen circumstances and events, but the counter argument is that funding may not have been directed in a timely manner to the welfare of the Academy Trust's beneficiaries – its recent, current and future pupils.

Reserves are an inherent part of the risk management process of the Academy Trust. The need for reserves will vary depending on its current and future financial position. At present given the future uncertainty around the National Funding Formula for pupil funding and the inherent risks during the early years of a new Academy Trust the Trustees have assessed that a cautious approach is required. Trustees have therefore assessed that the Academy Trust should hold a level of available reserves representing a minimum of 4 weeks of annual GAG income (i.e. 7.7% of GAG income).

The total level of reserves held at 31 August 2019 was £100,824,541 (2018: £89,034,995) as set out in the Balance Sheet and Note 16 to the accounts. Within the total reserves figure is an amount of £105,411,957 (2018: £90,706,382) represented by the restricted fixed asset fund. This fund includes the cumulative value of the Academy Trust's capital grant and donations less depreciation and will normally equal the net book value of the Academy Trust's fixed assets, unless any amount of grant or donations have not been spent at the year-end, where in this case the net book value will be lower.

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This fund cannot be spent and is therefore not a free reserve nor is it included in the calculation of the target level of available reserves.

At 31 August 2019 the available reserves of the Academy Trust was £9,924,584 (2018: £7,903,613) representing 4 weeks of budgeted GAG income for the 2018/19 Financial year. Currently the Trust is holding higher level of reserves than expected. Some of these reserves are designated for new builds at Camp Hill School for Girls and Handsworth School for Girls. Consideration will be given by Trustees for other projects which the reserves can be designated.

Principal risks and uncertainties

Risks are identified, scored, reviewed and mitigated using the GRC-ONE risk management software, which has been specifically developed for academies and Academy Trusts. The Academy Trust Audit Committee reviews the risk register on a periodic basis.

Risk	Description	Mitigation Plans
The organisation suffers from a significant or prolonged governance failure	Prolonged governance failure leads to increased public and government concern over the lack of good management practice and public accountability. Good corporate governance structures encourage creation of value, provide accountability and control systems commensurate with the risks involved with the Board of Trustees being responsible for the corporate governance of their trust.	The Academy Trust has a robust governance structure in place, supported by Terms of Reference and monitoring of governor-related compliance activities (e.g. declaration of business interests). These structures and arrangements are subject to periodic review and updated to reflect any changes in the regulatory environment (e.g. GDPR).
The Trust operation is poorly managed or ineffective	Poor management can cause organisations to permanently close. Poor leadership results in high turnover of employees and low morale; the cost of recruitment and training becomes prohibitive, which can impact a business's ability to continue operations.	The Academy Trust has staff seconded to it from the Schools of King Edward VI Foundation Charity. These staff are lined managed by director-level members of the charity's senior leadership team. There is also a performance management and development system in place which links the objectives and performance of the organisation to the individual objectives and performance of leaders and members of staff.
There are insufficient funds to deliver the Trust services to the appropriate level	Poor management of finances may lead to the budget being overextended in comparison with revenues or contributions received. Without sufficient business reserves it may not be able to absorb consistent losses, and the organisation can fail.	The Academy Trust has a dedicated finance function which includes peripatetic finance managers who work closely with each academy to set and monitor budgets. There is a reserves policy in place and the actual position on reserves is monitored against this so that any remedial action required can be taken quickly and effectively.
The Trust fails to adequately protect its reputation	Risk to reputation is caused by a misalignment of values; the organisation failing in some way to meet stakeholder expectations, delivering significantly below expectation. As reputation is a relational concept this failure can manifest itself in a number of different ways.	A mission statement and set of values are in place, as is a Marketing and Communications team who monitor reputational risks.
The Trust fails in its compliance responsibilities	Failure to comply with these compliance requirements can have serious consequences for both organisations and individuals. Sanctions can include letters for improvement, fines, prosecution, imprisonment and disqualification from continuing to transact business or practice.	The Academy Trust has a robust governance structure in place. We also employ a Company Secretary who ensures that compliance responsibilities are understood and adhered to. We also use the GRC-ONE risk management system which is based on meeting the regulatory requirements of the ESFA, Ofsted and other relevant bodies.

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

Financial risk management objectives and policies

The objectives of the Academy Trust's Risk Management Procedure, is to identify the principal risks facing the Academy Trust so that existing controls may be considered and further action taken if required, including external insurances.

The Board of Trustees has compiled a comprehensive risk management process to identify and monitor the risks faced by the Academy Trust within the context of the Trust constitution.

The financial risks considered include; economic/financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial statutory requirements.

Fundraising

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

PLANS FOR FUTURE PERIODS

Future developments

The Academy Trust is focused on ensuring the provision for children at our Academies is good with strong Ofsted results of good or better.

We will continue to look at the growth of the Academy Trust with the addition of Academies with the criteria the Board has set out below:

- within the Birmingham local authority boundary;
- secondary phase (studio schools and all-through schools have not been considered);
- not already part of a MAT or known to be in discussions to join another MAT;
- not a special school;
- not a selective school;
- not a faith school;
- graded Ofsted 2 or 3 (or received a grade 1 in 2014 or earlier); and
- not below the national average for Ever6 FSM.

Schools positioned to us by the Regional Schools Commissioner are considered on a case by case basis.

Handsworth Wood Girls' Academy joined the Academy Trust on 1 September 2018 and Balaam Wood joined on 1 September 2019. In addition it is anticipated that one school will join the Trust in the 12 months

New proposed admissions policy

In November 2018, the Trust proposed significant changes to the Admissions policies for its six selective schools, designed to provide high-quality education for the children of Birmingham, regardless of background. The new proposals build on the earlier changes by further improving access for disadvantaged students, ensuring there is more priority for local children and providing a consistent approach across all of the Trust's selective schools.

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

In developing these proposals, we were minded of the direction set out in the September 2016 Green Paper and in the guidance on the Selective Schools Expansion Fund, both of which emphasised a need for selective schools to do more to attract disadvantaged children. We are delighted that many of the grammar schools in the West Midlands have already followed the lead set in our earlier changes and introduced quotas for Pupil Premium entry. We hope our new proposals will also stimulate others to follow.

Our new proposals create catchment areas for each of the selective schools. Within these catchments:

- children eligible for Pupil Premium funding will be guaranteed an offer of a place at their local selective school if they achieve the standard qualifying score, expected to be 205. If fewer than 25% of places are filled in this way, the remainder of those 25% will be offered to PP-eligible applicants from outside the catchment area.
- other (non-Pupil Premium) children achieving the standard "priority" score (expected to be 222) will be strongly prioritised for a place at their local selective school.

The remaining places would be allocated on the basis of the score achieved in the entrance test, as at present.

Agency arrangements

The Academy Trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 15.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy Trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

In accordance with the Academy Trust's Equal opportunities policy, the Academy Trust has established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

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

Disclosure of information to auditor

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 the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditor is 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 11.12.19 and signed on its behalf by:



H Thomas
Chair of Trustees

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that King Edward VI Academy Trust Birmingham 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 Director, 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 King Edward VI Academy Trust Birmingham 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 9 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
H Thomas, Chair	9	9
S Roberts, Vice Chair	3	9
P Burns	9	9
T Clarke	7	9
A McKerracher	5	9
G Dupree	7	9
B Matthews	9	9
R Stephen	5	9
K Phillips	4	9
L Phillips	8	9
D Wheeldon	7	9
R Palmer	2	3
P Christopher	4	4

During the year E Conway and P Christopher stepped down from the Board and K Phillips, L Phillips and R Palmer joined the Board. In the first year, the Academy Trust reviewed the skill set and diversity of the Board. It was noted that diversity could be improved along with the female representation on the Board. The Board recognised that it lacked Legal and IT skills. The next review of the Board will take place in 2020. The self-evaluation will include reviewing the skill set of the Board members, the effectiveness of meetings and identify any training needs.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Finance Committee is a sub-committee of the main board of trustees. Its purpose includes:

- develop a financial strategy for the Academy Trust and consider policies, procedures or plans required to realise such a strategy;
- consider the Academy Trust's indicative funding, once notified by the ESFA, and to assess its implications for the Academy Trust;
- consider and recommend acceptance/non-acceptance of the Academy Trust's budget to the Trustees; and
- monitor income and expenditure.

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
B Matthews (Chair)	7	7
H Thomas	6	7
D Wheeldon	6	7
J Trafford	3	7
A Horvath	7	7
S O'Connor	1	1

The Audit Committee is also a sub-committee of the main board of trustees. Its purpose includes:

- to review, before submission to and approval by the Trust Board, and before clearance by the auditors and challenge where necessary, the actions and judgements of management, in relation to the audited financial statements, operating and financial review - and related formal statements;
- to review Internal control and Risk management;
- consider the requirement for internal auditors annually;
- recommend to the Academy Trust Board the appointment or reappointment of the external auditors;
- review the auditor's findings of their work; and
- receive and review the Academy Trust gift and hospitality register

Attendance at meetings in the year was as follows:

	Meetings attended	Out of a possible
G Dupree (Chair)	2	2
C Hawtin	2	2
S Yacoob	0	2

Review of Value for Money

As Accounting Officer, the Executive Director 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:

- Further improving the central services offer providing our academies with well structured, value for money support services
- Embedding the Financial Regulations, including the Scheme of Financial Delegation to provide clear guidelines on procurement and value for money

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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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 ongoing 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 King Edward VI Academy Trust Birmingham 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 Finance 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 Academy Trust has considered the need for a specific internal audit function and has appointed RSM Risk Assurance Services LLP to carry out reviews of the systems as determined by the Audit Committee. During the year the internal auditors carried out reviews of HR recruitment processes and IT cyber security.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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GOVERNANCE STATEMENT (continued)

Review of Effectiveness

As Accounting Officer, the Executive Director has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditor;
- the work of the internal reviewer;
- 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 Finance Committee and 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 11.12.19 and signed on their behalf, by:



H Thomas
Chair of Trustees



H Monk
Accounting Officer

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of King Edward VI Academy Trust Birmingham 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 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.



H Monk
Accounting Officer

11.12.19

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

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 Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 11.12.19 and signed on its behalf by:



H Thomas
Chair of Trustees

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI ACADEMY TRUST BIRMINGHAM

Opinion

We have audited the financial statements of King Edward VI Academy Trust Birmingham (the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the 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.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI ACADEMY TRUST BIRMINGHAM

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report (which includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance Statement), other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF KING EDWARD VI ACADEMY TRUST BIRMINGHAM

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities, 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.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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


Helen Drew (Senior statutory auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG
Date: **18.12.19**

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING EDWARD VI ACADEMY TRUST BIRMINGHAM AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 12 June 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 King Edward VI Academy Trust Birmingham 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 King Edward VI Academy Trust Birmingham and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to King Edward VI Academy Trust Birmingham and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than King Edward VI Academy Trust Birmingham and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of King Edward VI Academy Trust Birmingham's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of King Edward VI Academy Trust Birmingham's funding agreement with the Secretary of State for Education dated 30 August 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 the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO KING
EDWARD VI ACADEMY TRUST BIRMINGHAM AND THE EDUCATION & SKILLS FUNDING AGENCY**
(continued)

Conclusion

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


Crowe U.K. LLP

Reporting Accountant

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

Date: 18.12.19

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(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 £	As restated Total funds 2018 £
Income from:						
Donations & capital grants:						
Transfer from local authority on conversion	2	-	-	-	-	13,432,138
Transfer from other academies	2	251,191	(1,319,555)	12,337,512	11,269,148	75,586,899
Other donations and capital grants	2	107,436	911,060	7,064,710	8,083,206	3,408,788
Charitable activities	3	1,220,413	43,959,370	-	45,179,783	37,927,459
Teaching schools	26	-	285,050	-	285,050	237,044
Other trading activities	4	775,813	86,399	-	862,212	966,656
Total income		2,354,853	43,922,324	19,402,222	65,679,399	131,558,984
Expenditure on:						
Raising funds		604,389	85,015	-	689,404	827,795
Charitable activities		1,228,865	44,765,734	4,741,147	50,735,746	43,591,287
Teaching schools	26	-	213,703	-	213,703	235,907
Total expenditure	5	1,833,254	45,064,452	4,741,147	51,638,853	44,654,989
Net income before transfers		521,599	(1,142,128)	14,661,075	14,040,546	86,903,995
Transfers between Funds	16	-	(44,500)	44,500	-	-
Net income / (expenditure) before other recognised gains and losses		521,599	(1,186,628)	14,705,575	14,040,546	86,903,995
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(2,251,000)	-	(2,251,000)	2,131,000
Net movement in funds		521,599	(3,437,628)	14,705,575	11,789,546	89,034,995
Reconciliation of funds:						
Total funds brought forward		3,270,909	(4,942,296)	90,706,382	89,034,995	-
Total funds carried forward		3,792,508	(8,379,924)	105,411,957	100,824,541	89,034,995

The notes on pages 29 to 59 form part of these financial statements.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)
REGISTERED NUMBER: 10654935

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	10		98,033,290		89,188,622
Current assets					
Debtors	12	7,135,345		2,733,743	
Investments	13	7,437,143		1,001,877	
Cash at bank and in hand		6,927,073		9,087,563	
		<u>21,499,561</u>		<u>12,823,183</u>	
Creditors: amounts falling due within one year	14	<u>(4,196,310)</u>		<u>(3,401,810)</u>	
Net current assets			<u>17,303,251</u>		<u>9,421,373</u>
Total assets less current liabilities			<u>115,336,541</u>		<u>98,609,995</u>
Defined benefit pension scheme liability	23	<u>(14,512,000)</u>		<u>(9,575,000)</u>	
Net assets including pension scheme liabilities			<u>100,824,541</u>		<u>89,034,995</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	16	6,132,076		4,632,704	
Restricted fixed asset funds	16	105,411,957		90,706,382	
Restricted income funds excluding pension liability		<u>111,544,033</u>		<u>95,339,086</u>	
Pension reserve		<u>(14,512,000)</u>		<u>(9,575,000)</u>	
Total restricted income funds			<u>97,032,033</u>		<u>85,764,086</u>
Unrestricted income funds	16		<u>3,792,508</u>		<u>3,270,909</u>
Total funds			<u>100,824,541</u>		<u>89,034,995</u>

The financial statements on pages 27 to 60 were approved by the Trustees, and authorised for issue, on 11.12.19 and are signed on their behalf, by:



H Thomas
Chair of Trustees

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	<i>As restated</i> 2018 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	19	(4,286,136)	263,247
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,248,303)	<i>(1,522,435)</i>
Capital funding received from ESFA and other sources		2,564,710	1,700,004
Net cash provided by investing activities		1,316,407	177,569
Cash transferred on conversion/from existing academies	25	809,239	8,646,747
Net cash provided by financing activities		809,239	8,646,747
Change in cash and cash equivalents in the year		(2,160,490)	9,087,563
Cash and cash equivalents brought forward		9,087,563	-
Cash and cash equivalents carried forward	20	6,927,073	9,087,563

The notes on pages 30 to 60 form part of these financial statements.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements represent the financial results and financial position of King Edward VI Academy Trust Birmingham ("the Academy Trust"), which comprised of the following member academies at the 31 August 2019:

King Edward VI Aston School
King Edward VI Camp Hill School for Boys
King Edward VI Camp Hill School for Girls
King Edward VI Five Ways School
King Edward VI Handsworth School
King Edward VI Handsworth Grammar School for Boys
King Edward VI Sheldon Heath Academy
King Edward VI Handsworth Wood Girls' Academy (From 1 September 2018, previously Handsworth Wood Girls' Academy)

King Edward VI Handsworth Wood Girls' Academy was an existing academy and transferred into the Academy Trust on 1 September 2018 and all the operations and assets and liabilities were transferred to the Academy Trust on this date. Further details can be found in note 25.

1.2 Company status

The Academy Trust is a company limited by guarantee and was incorporated in England and Wales (registered number 10654935). The address of the registered office is Foundation Office, Edgbaston Park Road, Birmingham, B15 2UD. The members of the company are named in the reference and administration pages. In the event of the Academy Trust being wound up, the liability in respect of the guarantee is limited to £10 per member of the Academy Trust.

1.3 Going concern

The Trustee's 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.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Income

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

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

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

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

Good and services that are received as donations in kind are recognised in the SOFA as incoming resources. A corresponding expenditure of the same amount is also recognised.

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

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

1.5 Expenditure

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

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

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

Expenditure is inclusive of irrecoverable VAT.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.6 Tangible fixed assets and depreciation

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities 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 these assets, less their estimated residual value, over their expected useful lives on the following bases:

Licence to occupy	-	2% - 10%
Long leasehold property	-	0.8% - 2%
Long leasehold improvements	-	5%
Furniture and fixtures	-	10%
Motor vehicles	-	20%
Computer equipment	-	33.33%

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

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

1.7 Current asset investments

Short term investments comprise funds held on Money Market and Call Notice deposit accounts and are not readily accessible within 3 months or 32 days respectively.

1.8 Operating leases

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

1.9 Debtors

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.10 Cash at Bank and in hand

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

1.11 Liabilities and provisions

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

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Taxation

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.14 Pensions

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

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

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

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

1.15 Transfer in of an existing academy

The transfer into the Academy Trust of an existing Academy involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred from King Edward VI Handsworth Wood Girls' Academy have been valued at their fair value, being a reasonable estimate of the current market value that the Trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for King Edward VI Academy Trust Birmingham. The amounts have been recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 25.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.16 Agency arrangements

The Academy Trust acts as an agent in distributing bursary funds and grants from the ESFA and other government bodies. Payments received and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. In some instances the trust can use a percentage of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

1.17 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 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.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.18 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Academy Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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.

The Academy Trust receives donated services from Schools of King Edward VI in Birmingham (the 'Foundation') valued at £827,584 (2018: £666,346) which is an approximation of the service costs provided to the Academy Trust, this has been included as both income and expenditure.

Critical areas of judgment:

There are no further critical judgments which would have a material impact on the financial statements.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Transfer from local authority on conversion	-	-	-	-	13,432,138
Transfer from other academies (note 25)	251,191	(1,319,555)	12,337,512	11,269,148	75,586,899
Total transfers	251,191	(1,319,555)	12,337,512	11,269,148	89,019,037
Donations	107,436	911,060	104,503	1,122,999	1,308,784
Capital Grants - ESFA	-	-	2,048,757	2,048,757	1,608,417
Capital donations - Foundation	-	-	4,911,450	4,911,450	491,587
Total other donated income	107,436	911,060	7,064,710	8,083,206	3,408,788
Total	358,627	(408,495)	19,402,222	19,352,354	92,427,825
<i>Total 2018</i>	<i>3,514,302</i>	<i>(5,901,451)</i>	<i>94,814,974</i>	<i>92,427,825</i>	

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>As restated</i> Total funds 2018 £
DFE/ESFA GRANTS				
General Annual Grant (GAG)	-	41,207,149	41,207,149	35,045,842
Start Up Grant	-	80,000	80,000	-
Other DfE/ESFA Grants	-	2,317,238	2,317,238	1,399,214
	-	43,604,387	43,604,387	36,445,056
OTHER GOVERNMENT GRANTS				
Local authority grants	-	130,685	130,685	75,586
	-	130,685	130,685	75,586
OTHER FUNDING				
Revenue grants - Foundation	-	105,000	105,000	104,052
Other grants	-	119,298	119,298	72,468
Trips income	989,260	-	989,260	999,118
Catering income	231,153	-	231,153	231,179
	1,220,413	224,298	1,444,711	1,406,817
	1,220,413	43,959,370	45,179,783	37,927,459
<i>Total 2018</i>	1,230,297	36,697,162	37,927,459	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	<i>Total</i> funds 2018 £
Lettings income	148,480	-	148,480	136,817
Income from other trading activities	461,892	-	461,892	534,089
Income from other ancillary activities	165,441	86,399	251,840	295,750
	775,813	86,399	862,212	966,656
<i>Total 2018</i>	940,187	26,469	966,656	

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**NOTES TO THE FINANCIAL STATEMENTS
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5. EXPENDITURE

	Staff costs 2019 £	Premises 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading					
Direct costs	494,366	-	195,038	689,404	827,795
Support costs	-	-	-	-	-
Charitable Activities:					
Direct costs	29,221,519	4,741,147	3,772,677	37,735,343	32,316,433
Support costs	7,610,183	945,018	4,445,202	13,000,403	11,451,600
Teaching schools	138,728	-	74,975	213,703	235,907
	<u>37,464,796</u>	<u>5,686,165</u>	<u>8,487,892</u>	<u>51,638,853</u>	<u>44,831,735</u>
<i>Total 2018</i>	<u>31,480,310</u>	<u>5,317,591</u>	<u>8,033,834</u>	<u>44,831,735</u>	

6. SUPPORT COSTS

	2019 £	Restated 2018 £
Technology costs	551,255	449,870
School trip expenditure	1,061,584	1,262,881
Professional fees	224,517	56,976
Governance costs	67,169	72,236
Recruitment and support	120,367	159,435
Premises costs	945,018	917,809
Cleaning	258,840	405,086
Rent and rates	229,694	202,543
Energy costs	902,574	771,495
Insurances & security	340,185	306,764
Other support costs	689,017	714,636
Wages and salaries	5,761,164	4,868,744
National insurance	331,021	283,123
Pension cost	1,517,998	803,256
	<u>13,000,403</u>	<u>11,274,854</u>
<i>Total 2018</i>	<u>11,274,854</u>	

During the year the trust incurred governance costs in relation to statutory audit fees and professional fees.

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

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	4,741,147	4,232,167
Auditor's remuneration - audit	31,570	29,300
Auditor's remuneration - other services	3,200	3,200
Operating lease rentals	77,575	80,519
	=====	=====

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	28,508,049	24,594,274
Social security costs	2,818,358	2,374,558
Operating costs of defined benefit pension schemes	5,539,483	4,055,103
	36,865,890	31,023,935
Agency staff costs	580,214	369,996
Staff restructuring costs	18,692	86,379
	37,464,796	31,480,310

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

Included in staff restructuring costs was one non-statutory/non-contractual severance payments for £8,082 (2018: one for £44,026).

c. Staff numbers

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

	2019	2018
	No.	No.
Management	50	36
Teachers	490	433
Support	368	344
	908	813

d. Higher paid staff

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

	2019	2018
	No.	No.
In the band £60,001 - £70,000	19	15
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	1	2
In the band £90,001 - £100,000	4	2
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	1	1

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NOTES TO THE FINANCIAL STATEMENTS
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8. STAFF COSTS (CONTINUED)

e. Key management personnel

The key management personnel of the Academy Trust comprise the senior management team, details of whom can be found within the reference and administrative pages. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £1,024,394 (2018: £874,861).

Included in the above is the Foundation donation for the provision of Key Management Personnel to the Trust, this year it amounted to £188,296 (2018: 257,075) of the donated services.

9. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration (2018 - £NIL).

During the year ended 31 August 2019, Trustees received reimbursement of expenses for £162 (2018: £146).

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

	Licence to occupy properties £	Long Leasehold property £	Long leasehold improve- ments £	Furniture and fixtures £	Motor vehicles £
Cost or valuation					
At 1 September 2018	51,085,382	39,837,824	362,185	698,908	89,233
Additions	4,303	-	90,376	143,321	13,168
Transfer between classes	1,255,867	-	-	(186,824)	-
Transfers from existing academies	-	12,139,765	-	141,245	-
At 31 August 2019	<u>52,345,552</u>	<u>51,977,589</u>	<u>452,561</u>	<u>796,650</u>	<u>102,401</u>
Depreciation					
At 1 September 2018	3,280,449	746,718	18,455	76,236	20,972
Charge for the year	3,334,036	961,757	154,909	100,373	25,209
Transfer between classes	10,260	-	-	(10,260)	-
At 31 August 2019	<u>6,624,745</u>	<u>1,708,475</u>	<u>173,364</u>	<u>166,349</u>	<u>46,181</u>
Net book value					
At 31 August 2019	<u>45,720,807</u>	<u>50,269,114</u>	<u>279,197</u>	<u>630,301</u>	<u>56,220</u>
At 31 August 2018	<u>47,804,933</u>	<u>39,091,106</u>	<u>343,730</u>	<u>622,672</u>	<u>68,261</u>

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NOTES TO THE FINANCIAL STATEMENTS
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10. TANGIBLE FIXED ASSETS (CONTINUED)

	Computer equipment £	Assets under construction £	Total £
Cost or valuation			
At 1 September 2018	278,214	1,069,043	93,420,789
Additions	243,546	753,589	1,248,303
Transfer between classes	-	(1,069,043)	-
Transfers from existing academies	56,502	-	12,337,512
At 31 August 2019	<u>578,262</u>	<u>753,589</u>	<u>107,006,604</u>
Depreciation			
At 1 September 2018	89,337	-	4,232,167
Charge for the year	164,863	-	4,741,147
Transfer between classes	-	-	-
At 31 August 2019	<u>254,200</u>	<u>-</u>	<u>8,973,314</u>
Net book value			
At 31 August 2019	<u>324,062</u>	<u>753,589</u>	<u>98,033,290</u>
At 31 August 2018	<u>188,877</u>	<u>1,069,043</u>	<u>89,188,622</u>

Leasehold

The long-leasehold land and buildings for King Edward VI Sheldon Heath Academy, built under the Buildings Schools for the Future programme, were transferred to the Academy on a peppercorn lease of 125 years. The lease is not yet signed due to snagging works still to be resolved but it is the intention of the Trustees that the lease will be signed upon satisfactory completion of the snagging works.

The long-leasehold land and buildings for King Edward VI Handsworth Grammar School for Boys were transferred to the Academy on a peppercorn lease of 125 years. The legal owners of the leasehold properties being The Trustees of the Charity called Handsworth Grammar School.

The long-leasehold land and buildings for King Edward VI Handsworth Wood Girls' Academy were transferred to the Academy on a peppercorn lease of 125 years. The legal owners of the leasehold properties being Birmingham City Council.

Licence to occupy

The licence to occupy properties represent the value of the land and buildings that were transferred to the schools from the registered charity The Schools of King Edward VI in Birmingham and which the school has use of on a 21 year licence to occupy that commenced 1 September 2017. The value of the land and buildings was independently valued in 2012 by GVA Grimley Ltd, Birmingham using the depreciated replacement cost method of valuation and the net book value was transferred in on conversion at 1 September 2017.

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

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the year ended 31 August 2019 was £26,319 (2018 - £13,633).

12. DEBTORS

	2019	<i>As restated</i>
	£	2018
		£
Trade debtors	80,654	67,761
Accrued capital grants	4,900,000	400,000
Other debtors	674,738	1,353,618
Prepayments and other accrued income	1,479,953	912,364
	<u>7,135,345</u>	<u>2,733,743</u>

13. CURRENT ASSET INVESTMENTS

	2019	2018
	£	£
Short term deposits	<u>7,437,143</u>	<u>1,001,877</u>

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	<i>As restated</i>
	£	2018
		£
Trade creditors	917,324	592,193
Other taxation and social security	668,075	589,580
Other creditors	1,154,185	959,618
Accruals and deferred income	1,456,726	1,260,419
	4,196,310	3,401,810
	4,196,310	3,401,810
	2019	2018
	£	£
Deferred income		
Deferred income at 1 September 2018	309,740	-
Amounts released from previous years	(309,740)	-
Resources deferred during the year	865,010	309,740
	865,010	309,740
	865,010	309,740

Included in deferred income are grants and other trip income received in advance of entitlement for the 19/20 academic year.

15. AGENCY ARRANGEMENTS

The Academy Trust distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2019 the Academy Trust received £210,536 (2018: £151,648), disbursed £182,495 (2018: £143,505) and £nil (2018: £274,324) was transferred in on conversion in relation to this fund. An amount of £310,508 (2018: £282,467) is included in other creditors relating to undistributed funds.

The Academy Trust distributes PGCE training bursaries to students as an agent for the NCTL. In the accounting period ending 31 August 2019 the academy received £606,800 (2018: £603,500) and disbursed £694,200 (2018: £516,100) from the fund. An amount of £nil (2018: £87,400) is included in other creditors relating to amounts due to the NCTL.

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	90,952	2,103,662	(1,833,254)	-	-	361,360
Transfer on conversion	3,179,957	251,191	-	-	-	3,431,148
	<u>3,270,909</u>	<u>2,354,853</u>	<u>(1,833,254)</u>	<u>-</u>	<u>-</u>	<u>3,792,508</u>
Restricted funds						
General Annual Grant (GAG)	-	41,207,149	(40,318,069)	(44,500)	-	844,580
Other DfE/EFA grants	-	2,317,238	(2,317,238)	-	-	-
LA grants	-	235,685	(235,685)	-	-	-
Other grants	-	119,298	(119,298)	-	-	-
Funds inherited on conversion	4,542,370	583,445	-	-	-	5,125,815
Other funds	-	86,399	(86,399)	-	-	-
Teaching school	90,334	285,050	(213,703)	-	-	161,681
Donations	-	911,060	(911,060)	-	-	-
Start up grant	-	80,000	(80,000)	-	-	-
Pension reserve	(9,575,000)	(1,903,000)	(783,000)	-	(2,251,000)	(14,512,000)
	<u>(4,942,296)</u>	<u>43,922,324</u>	<u>(45,064,452)</u>	<u>(44,500)</u>	<u>(2,251,000)</u>	<u>(8,379,924)</u>
Restricted fixed asset funds						
ESFA Capital grants	1,517,760	2,164,710	-	(1,203,803)	-	2,478,667
Tangible fixed assets	89,188,622	12,337,512	(4,741,147)	1,248,303	-	98,033,290
Foundation donation	-	4,900,000	-	-	-	4,900,000
	<u>90,706,382</u>	<u>19,402,222</u>	<u>(4,741,147)</u>	<u>44,500</u>	<u>-</u>	<u>105,411,957</u>
Total restricted funds	<u>85,764,086</u>	<u>63,324,546</u>	<u>(49,805,599)</u>	<u>-</u>	<u>(2,251,000)</u>	<u>97,032,033</u>
Total of funds	<u>89,034,995</u>	<u>65,679,399</u>	<u>(51,638,853)</u>	<u>-</u>	<u>(2,251,000)</u>	<u>100,824,541</u>

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019**

16. STATEMENT OF FUNDS (CONTINUED)

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

Unrestricted funds

These funds represent those resources which may be used towards meeting any of the charitable objects of the charitable company at the discretion of the Trustees.

Restricted funds

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education and the Local Authority(ies).

Restricted fixed asset funds

These funds represents the carrying value of fixed assets that have either been received upon conversion of constituent Academies of the Trust or have been purchased from grants received from the ESFA or from The Schools of King Edward VI in Birmingham. It also includes grants from the ESFA plus other amounts received which have yet to be spent on future capital assets.

Transfers between funds

Transfers between funds represent capital items purchased from GAG and other capital funds and offset by capital grants spent on revenue expenditure along with other expenditure transfers.

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £	<i>Total 2018 £</i>
King Edward VI Aston School	(286,078)	433,353
King Edward VI Camp Hill School for Boys	885,057	755,800
King Edward VI Camp Hill School for Girls	1,122,521	1,017,626
King Edward VI Five Ways School	1,192,298	965,747
King Edward VI Handsworth School	2,074,929	1,986,117
King Edward VI Handsworth Grammar School for Boys	753,773	675,474
King Edward VI Sheldon Heath Academy	2,031,231	1,543,377
Central Services	807,541	435,785
King Edward Consortium	161,680	90,334
King Edward VI Handsworth Wood Girls' Academy	1,181,632	-
Total before fixed asset fund and pension reserve	9,924,584	7,903,613
Restricted fixed asset fund	105,411,957	90,706,382
Pension reserve	(14,512,000)	(9,575,000)
Total	100,824,541	89,034,995

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

16. STATEMENT OF FUNDS (CONTINUED)

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

Name of academy	Amount of deficit £
King Edward VI Aston School	286,078

The school in deficit has temporarily funded capital works in advance of receipt of the capital funding. This will be resolved on future receipt of the accrued capital grant.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £	<i>Total 2018 £</i>
King Edward VI Aston School	3,310,154	675,027	111,939	952,451	5,049,571	5,256,116
King Edward VI Camp Hill School for Boys	2,926,394	540,782	104,660	996,073	4,567,909	4,523,534
King Edward VI Camp Hill School for Girls	3,379,959	582,505	108,047	1,114,103	5,184,614	4,930,194
King Edward VI Five Ways School	4,012,142	750,849	118,364	1,128,281	6,009,636	6,290,484
King Edward VI Handsworth School	3,536,407	722,651	101,712	1,007,905	5,368,675	5,318,008
King Edward VI Handsworth Grammar School for Boys	3,636,103	685,842	122,429	936,429	5,380,803	5,646,468
King Edward VI Sheldon Heath	4,910,406	1,146,512	242,717	1,078,492	7,378,127	7,677,780
King Edward VI Consortium Teaching School	98,717	40,011	-	77,019	215,747	235,906
Central services	-	1,907,010	25,050	375,869	2,307,929	544,332
King Edward VI Handsworth Wood Girls Academy	3,854,193	749,132	62,497	768,873	5,434,695	-
	29,664,475	7,800,321	997,415	8,435,495	46,897,706	40,422,822

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16. STATEMENT OF FUNDS (CONTINUED)

STATEMENT OF FUNDS - PRIOR YEAR - AS RESTATED

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
General funds						
General Funds	-	2,305,716	(2,090,676)	(124,088)	-	90,952
Transfer on conversion	-	3,379,070	-	(199,113)	-	3,179,957
Restricted funds						
General Annual Grant (GAG)	-	35,045,842	(35,156,271)	110,429	-	-
Other DfE/EFA grants	-	1,399,214	(1,399,214)	-	-	-
LA grants	-	75,586	(75,586)	-	-	-
Funds inherited on conversion	-	4,646,049	(103,679)	-	-	4,542,370
Other funds	-	202,989	(202,989)	-	-	-
Teaching school	-	237,044	(235,907)	89,197	-	90,334
Donations	-	208,154	(208,154)	-	-	-
Donated services	-	666,346	(666,346)	-	-	-
Pension reserve	-	(11,422,000)	(284,000)	-	2,131,000	(9,575,000)
	-	31,059,224	(38,332,146)	199,626	2,131,000	(4,942,296)
Restricted fixed asset funds						
ESFA Capital grants	-	1,608,417	-	(90,657)	-	1,517,760
Tangible fixed assets	-	92,415,918	(4,232,167)	1,004,871	-	89,188,622
Foundation capital grants	-	491,587	-	(491,587)	-	-
Capital donations	-	299,052	-	(299,052)	-	-
	-	94,814,974	(4,232,167)	123,575	-	90,706,382
Total restricted funds	-	125,874,198	(42,564,313)	323,201	2,131,000	85,764,086
Total of funds	-	131,558,984	(44,654,989)	-	2,131,000	89,034,995

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	98,033,290	98,033,290
Current assets	3,792,508	10,328,386	7,378,667	21,499,561
Creditors due within one year	-	(4,196,310)	-	(4,196,310)
Provisions for liabilities and charges	-	(14,512,000)	-	(14,512,000)
	<u>3,792,508</u>	<u>(8,379,924)</u>	<u>105,411,957</u>	<u>100,824,541</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	89,188,622	89,188,622
Current assets	3,270,909	8,034,514	1,517,760	12,823,183
Creditors due within one year	-	(3,401,810)	-	(3,401,810)
Provisions for liabilities and charges	-	(9,575,000)	-	(9,575,000)
	<u>3,270,909</u>	<u>(4,942,296)</u>	<u>90,706,382</u>	<u>89,034,995</u>

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

18. CENTRAL SERVICES

The Academy Trust has provided the following central services to its Academies during the year. The Academy Trust has an established model for strategic and back-office support services, providing an efficient and effective service to its academies. Provision covers:

- strategic support;
- governance, including the provision of a Company Secretary and Clerks;
- finance support, including dedicated Finance Managers;
- human resources and payroll, including dedicated HR Officers;
- estates, including support for capital projects, health and safety and the co-ordination of central contracts (e.g. insurance);
- marketing and communications; and
- admissions (where applicable).

The Academy Trust charges for these services on the following basis:

Each academy pays a contribution to central services. For 2018/19 this was based on a standard figure of £62,500 which was then adjusted downwards for some Academies to reflect the fact that some (new joiners) still had their own legacy payroll arrangements and some (non-selective) received an admissions service from the local authority.

The actual amounts charged during the year were as follows:

	2019	2018
	£	£
King Edward VI Aston School	62,500	45,000
King Edward VI Camp Hill School for Boys	62,500	45,000
King Edward VI Camp Hill School for Girls	65,000	45,000
King Edward VI Five Ways School	67,500	45,000
King Edward VI Handsworth School	65,000	45,000
King Edward VI Handsworth Grammar School for Boys	62,000	40,000
King Edward VI Sheldon Heath	59,166	35,000
King Edward VI Handsworth Wood Girls Academy	21,540	-
	<u>465,206</u>	<u>300,000</u>
Total		

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

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

	2019	<i>As restated</i>
	£	2018
		£
Net income for the year (as per Statement of Financial Activities)	14,040,546	86,903,995
ADJUSTMENT FOR:		
Depreciation charges	4,741,147	4,232,167
Capital grants receivable	(7,064,710)	(2,100,004)
Increase in debtors	98,398	(2,156,997)
Increase in creditors	794,500	3,223,693
Fixed assets transferred on conversion	(12,337,512)	(91,898,354)
Pension scheme liabilities assumed on conversion	1,903,000	11,422,000
Defined benefit pension scheme service cost	290,000	283,000
LGPS pension scheme adjustment - finance cost	493,000	1,000
Cash transferred on conversion/from existing academies	(809,239)	(8,646,747)
Current asset investment gains	(6,435,266)	(1,000,506)
Net cash (used in)/provided by operating activities	(4,286,136)	263,247

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash in hand	6,927,073	9,087,563
Total	6,927,073	9,087,563

21. CONTINGENT LIABILITIES

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

22. CAPITAL COMMITMENTS

At 31 August 2019 the Academy Trust had capital commitments as follows:

	2019	2018
	£	£
Contracted for but not provided in these financial statements	444,719	-

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

23. PENSION COMMITMENTS

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

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

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

Teachers' Pension Scheme

The Academy Trust participates in the Teachers' Pension Scheme ("the TPS") for its teaching staff. The pension charge for the year includes contributions payable to the TPS of £3,356,263 (2018 - £2,907,000) and at the year-end 397,837 (2018 - £343,273) was accrued in respect of contributions to this scheme.

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

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

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

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

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

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

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

23. PENSION COMMITMENTS (CONTINUED)

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,736,000 (2018 - £1,279,000), of which employer's contributions totalled £1,454,000 (2018 - £1,050,000) and employees' contributions totalled £282,000 (2018 - £229,000). The agreed contribution rates for future years are between 17.8% and 22.9% for employers and between 7.4% and 11.7% for employees.

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

The trust has entered into an agreement to make contributions in addition to normal funding levels due to the scheme being in deficit. It is anticipated that the additional contributions will be paid over the following year as follows:

2019/20: £418,620

Principal actuarial assumptions:

	2019	2018
Discount rate for scheme liabilities	1.85 %	2.65 %
Rate of increase in salaries	3.75 %	3.80 %
Rate of increase for pensions	2.25 %	2.30 %

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

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

Sensitivity analysis	At 31 August 2019	At 31 August 2018
	£	£
Discount rate +0.1%	30,247,000	20,867,000
Discount rate -0.1%	31,520,000	21,738,000
Mortality assumption - 1 year increase	32,108,000	22,033,000
Mortality assumption - 1 year decrease	29,695,000	20,588,000
CPI rate +0.1%	31,440,000	21,688,000
CPI rate -0.1%	30,326,000	20,916,000

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**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:

	Fair value at 31 August 2019 £	<i>Fair value at 31 August 2018 £</i>
Equities	9,839,000	7,418,000
Gilts	1,550,000	843,000
Other bonds	619,000	434,000
Property	1,336,000	951,000
Cash	591,000	440,000
Other	2,430,000	1,637,000
	<u>16,365,000</u>	<u>11,723,000</u>

The actual return on scheme assets was £958,000 (2018 - £131,000).

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

	2019 £	<i>2018 £</i>
Current service cost	1,947,000	1,051,000
Net interest on defined liability	284,000	278,000
Admin expenses	6,000	5,000
Transfer on conversion	1,903,000	11,422,000
	<u>4,140,000</u>	<u>12,756,000</u>

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

	2019 £	<i>2018 £</i>
Opening defined benefit obligation	21,298,000	-
Transferred in on existing academies joining the trust	4,085,000	22,065,000
Current service cost	1,648,000	1,051,000
Interest cost	673,000	561,000
Employee contributions	282,000	229,000
Actuarial losses/(gains)	2,820,000	(2,283,000)
Benefits paid	(228,000)	(325,000)
Past service costs	299,000	-
	<u>30,877,000</u>	<u>21,298,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
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23. PENSION COMMITMENTS (CONTINUED)

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

	2019 £	2018 £
Opening fair value of scheme assets	11,723,000	-
Transferred in on existing academies joining the trust	2,182,000	10,643,000
Interest income	389,000	283,000
Return on assets less interest	569,000	(152,000)
Employer contributions	1,454,000	1,050,000
Employee contributions	282,000	229,000
Benefits paid	(228,000)	(325,000)
Administration expenses	(6,000)	(5,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	16,365,000	11,723,000
	<hr/> <hr/>	<hr/> <hr/>

24. OPERATING LEASE COMMITMENTS

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	17,631	80,776
Between 1 and 5 years	58,649	72,455
	<hr/>	<hr/>
Total	76,280	153,231
	<hr/> <hr/>	<hr/> <hr/>

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

25. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

**KING EDWARD VI HANDSWORTH WOOD
GIRLS' ACADEMY**

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Long-term leasehold property	12,139,765	-	12,139,765
Furniture and equipment	141,245	-	141,245
Computer equipment	56,502	-	56,502
Debtors due within one year	327,259	-	327,259
Cash in bank and in hand	809,239	-	809,239
Liabilities			
Creditors due within one year	(301,862)	-	(301,862)
Pensions			
Pensions - pension scheme liabilities	(1,903,000)	-	(1,903,000)
Net assets	<u>11,269,148</u>	<u>-</u>	<u>11,269,148</u>

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

26. TEACHING SCHOOL TRADING ACCOUNT

	2019 £	2019 £	2018 £	2018 £
Income				
DIRECT INCOME				
Tuition fees	285,050		222,660	
OTHER INCOME				
Grant income	-		14,000	
Donations	-		384	
TOTAL OTHER INCOME	-		14,384	
TOTAL INCOME		285,050		237,044
Expenditure				
DIRECT EXPENDITURE				
Direct staff costs	98,717		130,491	
Other direct costs	23,276		17,889	
TOTAL DIRECT EXPENDITURE	121,993		148,380	
OTHER EXPENDITURE				
Other staff costs	40,011		33,470	
Other costs	51,699		54,057	
TOTAL OTHER EXPENDITURE	91,710		87,527	
TOTAL EXPENDITURE		213,703		235,907
TRANSFERS BETWEEN FUNDS EXCLUDING DEPRECIATION		-		89,197
SURPLUS FROM ALL SOURCES		71,347		90,334
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2018		90,334		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2019		161,681		90,334

27. POST BALANCE SHEET EVENTS

From 1 September 2019 the trustees have agreed to expand the Academy Trust by welcoming Balaam Wood Academy (to be known as King Edward VI Balaam Wood Academy) into the Trust.

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NOTES TO THE FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS

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

The Academy Trust receives finance, accounting, payroll and personnel, admissions support and governance services from Schools Of King Edward VI in Birmingham ("the Foundation"). No charge is made for the unpaid services provided although a contribution of £240,400 is made. An estimated cost of the value of the services donated to the Academy Trust had been included in both income and expenditure for the sum of £827,584.

Transactions with the Schools of King Edward VI in Birmingham (the 'Foundation') during the year include:

	2019	2018
	£	£
Income		
Grants from the Foundation to the Academy Trust	5,016,450	595,639
Fees received for KES Teachers training at KEC	6,000	6,384
Costs incurred by the Academy Trust and reimbursed by the Foundation	13,810	31,169
Payments made from Foundation Restricted Funds to the Academy Trust	54,807	14,517
Other Income received by Foundation and passed over to the Academy Trust	56,387	4,579
Expenditure		
Costs incurred by the Foundation and recharged to the Academy Trust	138,190	153,700
Contribution to the Foundation for services	-	9,484
Secondment of Staff to the Academy Trust	325,543	225,000
Balance Sheet		
Amounts owed by the Foundation at 31 August 2019 (Funds held by the Foundation on behalf of the Academy Trust)	-	760,574
Grants due to the Academy Trust but not yet received from the Foundation	4,900,000	400,000
Other income paid to the Academy Trust after the year-end	8,362	-
Recharge amounts due to the Foundation at 31 August 2019	76,699	-
	<u> </u>	<u> </u>

29. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.