

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 2018

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 2018

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)
P Burns
P Christopher
T Clarke
G Dupree
M Fenton (resigned 9 August 2018)
B Matthews
A McKerracher
K Phillips (appointed 10 September 2018)
L Phillips (appointed 1 September 2018)
S Roberts (appointed 6 March 2018)
R Stephen (appointed 1 September 2017)
D Tidmarsh (resigned 27 November 2017)
D Wheeldon

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

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY TRUST, ITS TRUSTEES AND
ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2018**

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

Executive team

H Monk, Executive Director
T Rowland, Director of Finance and Operations
R Church, Director of Finance (voluntary redundancy on 14 August 2018)
J Evans, Director of HR (resigned 31 May 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 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates seven Academies, six selective and one 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 7358 in the school census in October 2017.

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.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 six 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

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 a senior leadership team that oversees the day to day management.

All Trustees of the Board and Governors of the Local Governing Bodies 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 Foundation Office Senior Leadership Team (in relation to the provision of services provided to the Academy Trust and the Academies by the Foundation Office Senior Leadership Team 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 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;
- risk management that is identifying, quantifying and devising systems to minimise the major risks affecting the Academy Trust; and
- ensuring the Academy Trust and the Academies are conducted in compliance with the general law.

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

In summary, 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 Principal and Foundation Office Senior Leadership Team and offer challenging but positive support to the Principal;
- continually review the overall impact of the Academy; and
- assist with and review the implementation of certain academy policies, such as student admissions and behaviour.

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. The Chair of the Board of Trustees from time to time is an ex-officio member of the Foundation's standing committee known as the Policy and Strategy Committee (PSC). The PSC recommends general strategy and a plan for the Foundation as a whole; recommends educational policy and strategy for the Foundation as a whole; recommends the allocation and distribution of the Foundation's resources for all purposes, in relation to the above; keep under review the role and performance of 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.

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 a vision to make Birmingham the best place to be educated in the UK. The Academy Trust has grown since the initial six schools with King Edward VI Handsworth Grammar School for Boys joining the family on 1 September 2017.

Our emergent core values are:

- Excellence & Opportunity
- Independence & Respect
- Community & 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 establishment (SCITT) based at their lead school, King Edward VI Camp Hill School for Girls. The SCITT is recognised as the No. 1 provider nationally for school based training. The trainees achieved 100% employment at the end of the year.

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.

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

STRATEGIC REPORT

Review of activities

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

The first year of the Academy Trust saw the pulling together of seven Academies. The initial priorities have been to form and strengthen central services. This has been achieved in several ways:

- Streamlining financial systems and transitioning two Academies onto the Academy Trust central financial system. This system is cloud-based and offers stability and business continuity.
- The Scheme of Financial Delegation was implemented.
- HR central services merged into one single HR information system.
- HR policies have been reviewed to ensure consistency and Academy Trust wide policies have been developed.
- The growth of the Academy Trust begun with the onboarding of a second non-selective Academy taking place to join on 1 September 2018.
- Approval was granted for the appointment of a Collaboration Manager to support with collaboration projects between the Academies.
- The Governance Department supported the Board of Trustees to form six committees of the Board and recruited clerks for the Local Governing Bodies.
- A single approach to risk management was implemented.
- A Provision of Services Agreement was formed and agreed.

Key performance indicators

2017/18 was the first year of operation for the Academy Trust. A set of key financial performance indicators are currently being developed and will be included in the Trustees' Report in 2018/19 and subsequent years.

Pupil Attendance Data

School	Present + AEA (%)	Authorised Absence (%)	Unauthorised Absence (%)	Unrecorded (%)
King Edward VI Aston School	92.52	6.97	0.52	0.00
King Edward VI Camp Hill School for Boys	90.54	8.97	0.48	0.00
King Edward VI Camp Hill School for Girls	94.56	4.56	0.88	0.01
King Edward VI Five Ways School	94.61	5.3	0.09	0.00
King Edward VI Handsworth Grammar School for Boys	95.26	3.98	0.75	0.00
King Edward VI Handsworth School	94.17	5.71	0.12	0.00
King Edward VI Sheldon Heath Academy	91.15	5.23	2.63	0.99

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 2018

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 for the year was £37,835,175 (excluding amounts transferred on conversion); expenditure against the fund was £38,332,146 including £284,000 in relation to Actuarial movements in the LGPS pension deficit. After transfers, the restricted general fund generated an in-year surplus of £4,584,107 excluding the LGPS pension deficit of £9,575,000.

Unrestricted Funds

Income received into the Unrestricted Fund was £2,482,462 excluding transfers of £3,379,070. Expenditure against the fund was £2,267,422 for the year, giving an Unrestricted Fund, in-year surplus, £3,319,506 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 was £2,399,056 (excluding amounts transferred on conversion). This included £1,367,214 School Capital Allocation, £174,802 of Devolved Capital Grant Funding, capital donations raised via fundraising of £299,052 and capital donations of £491,587 receivable from The Schools of King Edward VI in Birmingham (the 'Foundation'). Expenditure from the fund equates to £4,232,167 of depreciation. The resultant surplus for the year after transfers is £90,706,382 including the amounts transferred on conversion of £92,415,918.

Summary of Financial Position

Total fund balance as at 31st August 2018 was £89,034,995 comprised of a surplus of £3,319,506, £90,706,382 and £4,584,107 in Unrestricted, Restricted and Restricted Fixed Asset Funds respectively excluding the pension fund deficit of £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.

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

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

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 £3,319,506.

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". The negative pension reserve is not deducted from available reserves. 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 effectively "weather any storm" 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 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 between 4 to 8 weeks of annual GAG income (i.e. between 7.7% and 15.4% of GAG income).

The total level of reserves held at 31 August 2018 was £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 £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. 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.

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

At 31 August 2018 the available reserves of the Academy Trust was £7,903,613 representing 10 weeks of budgeted GAG income for the 2018/19 Financial year. This was in line with Trustee's expectations.

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 2018

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

During the year one of the Academies engaged a fundraising consultancy to conduct a feasibility study in the first instance to determine the fundraising potential/target, methodology, timelines, roles and responsibilities and management structure for a music block on the Five Ways campus. Based upon the recommendations in the report a full management service to run an appeals campaign was launched.

The fundraising methods to be used were tried and tested capital fundraising techniques that relies on a focused approach to individuals with the school community, namely Governors, Alumni and parents. The campaign methodology followed an opt-in approach. Prospective donors were invited to a presentation about the aims and objectives of the campaign where it was explained how interested people could get involved as volunteers and/or givers and guests were asked to complete a response card that gave various options on how they could support the campaign. Individuals who were not interested were not pursued further. The finances of the campaign were closely monitored by Governors, with funds received during 2017/18 together with future long-term pledges.

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. In addition it is anticipated that one Academy will join the Trust in the next 12 months.

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

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.

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 would 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 children achieving the standard "priority" score (expected to be 220) would 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 long 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.

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

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 12. 12. 18 and signed on its behalf by:



H Thomas
Chair of Trustees

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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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 6 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	6	6
E Conway, Vice Chair	3	6
P Burns	4	6
P Christopher	4	6
T Clarke	5	6
G Dupree	5	6
M Fenton	3	6
B Matthews	6	6
A McKerracher	4	6
K Phillips	0	0
L Phillips	0	0
S Roberts	1	2
R Stephen	3	6
D Tidmarsh	1	1
D Wheeldon	5	6

During the year D Tidmarsh stepped down from the Board and S Roberts 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 HR and IT skills. The next review of the Board will take place in 2019. 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)	5	5
H Thomas	5	5
D Wheeldon	4	5
J Trafford	2	5
A Horvath	3	5

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)	1	2
C Hawtin	1	2
S Yacoob	2	2
D Fenton	1	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:

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

Capacity to Handle Risk

The board of 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of 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 a review on purchasing, ordering, tendering and payments. The outcome of this review was presented to the Audit Committee on 5 December 2018 and through the Committee's minutes will be reported to the Finance Committee. The internal auditors confirmed that the Board can take reasonable assurance that the controls in place to manage the system are suitably designed and consistently applied. No major control weaknesses were discovered.

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

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 12/12/18 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 2017.

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 2017.

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



H Monk
Accounting Officer

12-12-18

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

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

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 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 12/12/18 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 2018 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 2017 to 2018 issued by the Education and 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education and 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, 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: 17-12-18

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 2017 to 2018, 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 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusion includes a review of the design and implementation of the charitable company's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the charitable company 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 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.


Crowe U.K. LLP

Reporting Accountant

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

Date:

17-12-18

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 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Income from:					
Donations & capital grants:					
Transfer from local authority on conversion	2	865,738	(1,916,000)	14,482,400	13,432,138
Transfer from other academies	2	2,513,332	(4,859,951)	77,933,518	75,586,899
Other donations and capital grants	2	135,232	874,500	2,399,056	3,408,788
Charitable activities	3	1,407,043	36,697,162	-	38,104,205
Teaching schools	25	-	237,044	-	237,044
Other trading activities	4	940,187	26,469	-	966,656
Total income		5,861,532	31,059,224	94,814,974	131,735,730
Expenditure on:					
Raising funds		827,795	-	-	827,795
Charitable activities		1,439,627	38,096,239	4,232,167	43,768,033
Teaching schools	25	-	235,907	-	235,907
Total expenditure	5	2,267,422	38,332,146	4,232,167	44,831,735
Net income before transfers		3,594,110	(7,272,922)	90,582,807	86,903,995
Transfers between Funds	16	(323,201)	199,626	123,575	-
Net income / (expenditure) before other recognised gains and losses		3,270,909	(7,073,296)	90,706,382	86,903,995
Actuarial gains on defined benefit pension schemes	23	-	2,131,000	-	2,131,000
Net movement in funds		3,270,909	(4,942,296)	90,706,382	89,034,995
Reconciliation of funds:					
Total funds brought forward		-	-	-	-
Total funds carried forward		3,270,909	(4,942,296)	90,706,382	89,034,995


The notes on pages 28 to 61 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 2018

	Note	£	2018 £
Fixed assets			
Tangible assets	10		89,188,622
Current assets			
Debtors	12	2,556,997	
Investments	13	1,001,877	
Cash at bank and in hand		9,087,563	
		<u>12,646,437</u>	
Creditors: amounts falling due within one year	14	<u>(3,225,064)</u>	
Net current assets			<u>9,421,373</u>
Total assets less current liabilities			<u>98,609,995</u>
Defined benefit pension scheme liability	23		(9,575,000)
Net assets including pension scheme liabilities			<u><u>89,034,995</u></u>
Funds of the academy			
Restricted funds:			
Restricted income funds	16	4,632,704	
Restricted fixed asset funds	16	90,706,382	
		<u>95,339,086</u>	
Restricted funds excluding pension liability			
Pension reserve		(9,575,000)	
Total restricted funds			<u>85,764,086</u>
Unrestricted income funds	16		<u>3,270,909</u>
Total funds			<u><u>89,034,995</u></u>

The financial statements on pages 25 to 61 were approved by the Trustees, and authorised for issue, on 12.12.18 and are signed on their behalf, by:


H Thomas
Chair of Trustees

The notes on pages 28 to 61 form part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £
Cash flows from operating activities		
Net cash provided by operating activities	19	8,044,256
Cash flows from investing activities:		
Purchase of tangible fixed assets		(1,522,435)
Capital funding received from ESFA and other sources		1,700,004
Net cash provided by investing activities		177,569
Cash transferred on conversion	20	865,738
Net cash provided by financing activities		865,738
Change in cash and cash equivalents in the year		9,087,563
Cash and cash equivalents brought forward		-
Cash and cash equivalents carried forward	20	9,087,563

The notes on pages 28 to 61 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 2018

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 2017 to 2018 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 2018:

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 Grammar School for Boys converted to Academy status on 1 September 2017 and all the operations and assets and liabilities were transferred to the Academy Trust on this date. Further details can be found in note 21.

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 and King Edward VI Sheldon Heath Academy were existing academies and transferred into the Academy Trust on 1 September 2017 and all the operations and assets and liabilities were transferred to the Academy Trust on this date. Further details can be found in note 22.

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.

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.3 Going concern

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

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.

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

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

1. ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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% - 4.76%
Long leasehold property	-	0.8% - 2%
Long leasehold improvements	-	5%
Furniture and fixtures	-	10%
Motor vehicles	-	20%
Computer equipment	-	33.33%

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 Cash at Bank and in hand

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

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

1. ACCOUNTING POLICIES (CONTINUED)

1.10 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.

1.11 Financial instruments

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

1.12 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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 2018

1. ACCOUNTING POLICIES (CONTINUED)

1.13 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local 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.

1.14 Conversion to an academy

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Handsworth Grammar School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in 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 21.

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

1. ACCOUNTING POLICIES (CONTINUED)

1.15 Transfer in of existing academies

The transfer into the 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 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 and King Edward VI Sheldon Heath 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 22.

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 2018**

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

The Academy Trust receives donated services from Schools of King Edward VI in Birmingham (the 'Foundation') valued at £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 2018

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Transfer from local authority on conversion (note 21)	865,738	(1,916,000)	14,482,400	13,432,138
Transfer from other academies (note 22)	2,513,332	(4,859,951)	77,933,518	75,586,899
Total transfers	3,379,070	(6,775,951)	92,415,918	89,019,037
Donations	135,232	874,500	299,052	1,308,784
Capital Grants - ESFA	-	-	1,608,417	1,608,417
Capital donations - Foundation	-	-	491,587	491,587
Total other donated income	135,232	874,500	2,399,056	3,408,788
Total	3,514,302	(5,901,451)	94,814,974	92,427,825

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
DFE/ESFA GRANTS			
General Annual Grant (GAG)	-	35,045,842	35,045,842
Other DfE/ESFA Grants	-	1,399,214	1,399,214
	<u>-</u>	<u>36,445,056</u>	<u>36,445,056</u>
OTHER GOVERNMENT GRANTS			
Local authority grants	-	75,586	75,586
	<u>-</u>	<u>75,586</u>	<u>75,586</u>
OTHER FUNDING			
Catering income	231,179	-	231,179
Trips income	1,175,864	-	1,175,864
Revenue grants - Foundation	-	104,052	104,052
Other grants	-	72,468	72,468
	<u>1,407,043</u>	<u>176,520</u>	<u>1,583,563</u>
	<u><u>1,407,043</u></u>	<u><u>36,697,162</u></u>	<u><u>38,104,205</u></u>

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Lettings income	136,817	-	136,817
Income from other charitable activities	534,089	-	534,089
Income from other ancillary activities	269,281	26,469	295,750
	<u>940,187</u>	<u>26,469</u>	<u>966,656</u>
	<u><u>940,187</u></u>	<u><u>26,469</u></u>	<u><u>966,656</u></u>

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

5. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £
Expenditure on fundraising trading - direct costs	454,515	167,615	205,665	827,795
Charitable Activities:				
Direct costs	24,906,711	4,232,167	3,177,555	32,316,433
Support costs	5,955,123	917,809	4,578,668	11,451,600
Teaching schools	163,961	-	71,946	235,907
	<u>31,480,310</u>	<u>5,317,591</u>	<u>8,033,834</u>	<u>44,831,735</u>

6. SUPPORT COSTS

	Educational operations £
Technology costs	449,870
School trip expenditure	1,439,627
Professional fees	56,976
Governance costs	72,236
Recruitment and support	159,435
Premises costs	917,809
Cleaning	405,086
Rent and rates	202,543
Energy costs	771,495
Insurances & security	306,764
Other support costs	714,636
Wages and salaries	4,868,744
National insurance	283,123
Pension cost	803,256
	<u>11,451,600</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 2018

7. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018
	£
Depreciation of tangible fixed assets:	
- owned by the charity	4,232,167
Auditor's remuneration - audit	29,500
Auditor's remuneration - other services	9,400
Operating lease rentals	80,519
	<u>4,351,586</u>

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

8. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £
Wages and salaries	24,594,274
Social security costs	2,374,558
Operating costs of defined benefit pension schemes	4,055,103
	<hr/>
Agency staff costs	31,023,935
Staff restructuring costs	369,996
	86,379
	<hr/> <hr/>
	31,480,310

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

Included in staff restructuring costs was one non-statutory/non-contractual severance payment totalling £44,026 (August 2018).

c. Staff numbers

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

	2018 No.
Management	36
Teachers	433
Support	344
	<hr/>
	813

d. Higher paid staff

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

	2018 No.
In the band £60,001 - £70,000	15
In the band £70,001 - £80,000	2
In the band £80,001 - £90,000	2
In the band £90,001 - £100,000	2
In the band £100,001 - £110,000	1
In the band £110,001 - £120,000	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 £874,861.

The Foundation donates the provision of Key Management Personnel to the Trust, this year it amounted to £257,075 of the donated services.

9. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no Trustees received any remuneration or reimbursement of expenses.

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

10. TANGIBLE FIXED ASSETS

	Licence to occupy properties £	Long Leasehold property £	Long leasehold improve- ments £	Furniture and fixtures £	Motor vehicles £
Cost or valuation					
Additions	237,368	-	8,161	78,622	13,500
Transfers from existing academies	50,848,014	39,837,824	354,024	620,286	75,733
At 31 August 2018	<u>51,085,382</u>	<u>39,837,824</u>	<u>362,185</u>	<u>698,908</u>	<u>89,233</u>
Depreciation					
Charge for the year	3,280,449	746,718	18,455	76,236	20,972
At 31 August 2018	<u>3,280,449</u>	<u>746,718</u>	<u>18,455</u>	<u>76,236</u>	<u>20,972</u>
Net book value					
At 31 August 2018	<u><u>47,804,933</u></u>	<u><u>39,091,106</u></u>	<u><u>343,730</u></u>	<u><u>622,672</u></u>	<u><u>68,261</u></u>
			Computer equipment £	Assets under construction £	Total £
Cost or valuation					
Additions			115,741	1,069,043	1,522,435
Transfers from existing academies			162,473	-	91,898,354
At 31 August 2018			<u>278,214</u>	<u>1,069,043</u>	<u>93,420,789</u>
Depreciation					
Charge for the year			89,337	-	4,232,167
At 31 August 2018			<u>89,337</u>	<u>-</u>	<u>4,232,167</u>
Net book value					
At 31 August 2018			<u><u>188,877</u></u>	<u><u>1,069,043</u></u>	<u><u>89,188,622</u></u>

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

10. TANGIBLE FIXED ASSETS (CONTINUED)

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.

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 2018

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 2018 was £13,633.

12. DEBTORS

	2018 £
Trade debtors	67,761
Accrued capital grants	400,000
Other debtors	1,353,618
Prepayments and other accrued income	735,618
	<hr/>
	2,556,997
	<hr/> <hr/>

13. CURRENT ASSET INVESTMENTS

	2018 £
Short term deposits	1,001,877
	<hr/>
	1,001,877
	<hr/> <hr/>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £
Trade creditors	592,193
Other taxation and social security	589,580
Other creditors	959,618
Accruals and deferred income	1,083,673
	<hr/>
	3,225,064
	<hr/> <hr/>
	£
Deferred income	
Resources deferred during the year	309,740
Deferred income at 31 August 2018	309,740
	<hr/>
	309,740
	<hr/> <hr/>

Included in deferred income are grants and other income received in advance of entitlement for the 18/19 academic year.

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

15. AGENCY ARRANGEMENTS

The Academy Trust distributes bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2018 the academy received £151,648, disbursed £143,505 and £274,324 was transferred in on conversion in relation to this fund. An amount of £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 2018 the academy received £603,500 and disbursed £516,100 from the fund. An amount of £87,400 is included in other creditors relating to amounts due to the NCTL.

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

16. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	-	1,306,598	(827,795)	(323,201)	-	155,602
School Funds	-	1,175,864	(1,439,627)	199,113	-	(64,650)
Transfer on conversion	-	3,379,070	-	(199,113)	-	3,179,957
	-	5,861,532	(2,267,422)	(323,201)	-	3,270,909
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	-	131,735,730	(44,831,735)	-	2,131,000	89,034,995

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

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 2018.

ANALYSIS OF ACADMEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £
King Edward VI Aston School	433,353
King Edward VI Camp Hill School for Boys	755,800
King Edward VI Camp Hill School for Girls	1,017,626
King Edward VI Five Ways School	965,747
King Edward VI Handsworth School	1,986,117
King Edward VI Handsworth Grammar School for Boys	675,474
King Edward VI Sheldon Heath Academy	1,543,377
Central Services	435,785
King Edward Consortium	90,334
Total before fixed asset fund and pension reserve	7,903,613
Restricted fixed asset fund	90,706,382
Pension reserve	(9,575,000)
Total	<u>89,034,995</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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16. STATEMENT OF FUNDS (CONTINUED)

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £
King Edward VI Aston School	3,185,225	806,368	89,700	1,197,755	5,279,048
King Edward VI Camp Hill School for Boys	2,777,564	621,347	103,983	1,030,335	4,533,229
King Edward VI Camp Hill School for Girls	3,258,162	652,356	107,792	955,310	4,973,620
King Edward VI Five Ways School	3,945,144	940,806	128,447	1,351,776	6,366,173
King Edward VI Handsworth School	3,391,664	842,141	127,827	981,386	5,343,018
King Edward VI Handsworth Grammar School for Boys	3,587,878	670,913	193,514	1,194,163	5,646,468
King Edward VI Sheldon Heath	4,761,074	1,366,705	203,979	1,346,023	7,677,781
King Edward VI Consortium Teaching School	130,490	33,470	-	71,946	235,906
Central services	284,000	225,000	-	35,325	544,325
	<u>25,321,201</u>	<u>6,159,106</u>	<u>955,242</u>	<u>8,164,019</u>	<u>40,599,568</u>

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

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	14,211,248	-	74,977,374	89,188,622
Current assets	3,578,839	7,586,920	1,480,678	12,646,437
Creditors due within one year	17,462	(3,242,526)	-	(3,225,064)
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>

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 2017/18 this was based on a standard figure of £45,000 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:

	2018
	£
King Edward VI Aston School	45,000
King Edward VI Camp Hill School for Boys	45,000
King Edward VI Camp Hill School for Girls	45,000
King Edward VI Five Ways School	45,000
King Edward VI Handsworth School	45,000
King Edward VI Handsworth Grammar School for Boys	40,000
King Edward VI Sheldon Heath	35,000
	<u>300,000</u>
Total	<u>300,000</u>

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £
Net income for the year (as per Statement of Financial Activities)	86,903,995
ADJUSTMENT FOR:	
Depreciation charges	4,232,167
Capital grants receivable	(2,100,004)
Increase in debtors	(2,156,997)
Increase in creditors	3,223,693
Fixed assets transferred on conversion	(91,898,354)
Pension scheme liabilities assumed on conversion	11,422,000
LGPS pension scheme adjustment - current service cost	1,000
LGPS pension scheme adjustment - finance cost	283,000
Surplus transferred on conversion	(865,738)
Current asset investment transferred on conversion	(1,000,506)
Net cash provided by operating activities	<u><u>8,044,256</u></u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £
Cash in hand	9,087,563
Total	<u><u>9,087,563</u></u>

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

21. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 King Edward VI Handsworth Grammar School for Boys converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to King Edward VI Academy Trust Birmingham from Birmingham City Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of financial activities as Donations - transfer from local authority on conversion

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities .

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Land and buildings	-	-	14,482,400	14,482,400
Budget surplus/(deficit) on LA funds	865,738	-	-	865,738
LGPS pension surplus/(deficit)	-	(1,916,000)	-	(1,916,000)
Net assets/(liabilities)	<u>865,738</u>	<u>(1,916,000)</u>	<u>14,482,400</u>	<u>13,432,138</u>

The above transfer includes £865,738 of cash transferred on conversion.

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

22. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST

**KING EDWARD VI SHELDON HEATH
ACADEMY**

	Value reported by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Long-term leasehold property	25,355,424	-	25,355,424
Lease-hold improvements	354,024	-	354,024
Motor vehicles	24,574	-	24,574
Furniture and equipment	146,000	-	146,000
Computer equipment	8,000	-	8,000
Short term investments	1,001,000	-	1,001,000
Debtors due within one year	258,000	-	258,000
Cash in bank and in hand	1,324,498	-	1,324,498
Liabilities			
Creditors due within one year	(1,213,000)	-	(1,213,000)
Pensions			
Pensions - pension scheme liabilities	(1,183,000)	-	(1,183,000)
Net assets	<u>26,075,520</u>	<u>-</u>	<u>26,075,520</u>

**KING EDWARD VI CAMP HILL SCHOOL
FOR GIRLS**

	Value reported by transferring trust	Fair value adjustments	Transfer in recognised
	£	£	£
Tangible fixed assets			
Licence to occupy property	11,056,506	-	11,056,506
Furniture and equipment	110,916	-	110,916
Computer equipment	35,244	-	35,244
Debtors due within one year	167,681	-	167,681
Cash in bank and in hand	1,556,509	-	1,556,509
Liabilities			
Creditors due within one year	(518,278)	-	(518,278)
Pensions			
Pensions - pension scheme liabilities	(1,025,000)	-	(1,025,000)
Net assets	<u>11,383,578</u>	<u>-</u>	<u>11,383,578</u>

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

22. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST (CONTINUED)

**KING EDWARD VI CAMP HILL SCHOOL
FOR BOYS**

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Licence to occupy property	10,647,896	-	10,647,896
Furniture and equipment	124,296	-	124,296
Computer equipment	35,244	-	35,244
Debtors due within one year	288,757	-	288,757
Cash in bank and in hand	1,304,395	-	1,304,395
Liabilities			
Creditors due within one year	(454,606)	-	(454,606)
Pensions			
Pensions - pension scheme liabilities	(1,650,000)	-	(1,650,000)
Net assets	<u>10,295,982</u>	<u>-</u>	<u>10,295,982</u>

**KING EDWARD VI HANDSWORTH
SCHOOL**

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Licence to occupy property	9,963,769	-	9,963,769
Furniture and equipment	167,951	-	167,951
Computer equipment	32,404	-	32,404
Debtors due within one year	675,237	-	675,237
Cash in bank and in hand	1,661,587	-	1,661,587
Liabilities			
Creditors due within one year	(294,959)	-	(294,959)
Pensions			
Pensions - pension scheme liabilities	(1,700,000)	-	(1,700,000)
Net assets	<u>10,505,989</u>	<u>-</u>	<u>10,505,989</u>

KING EDWARD VI ACADEMY TRUST BIRMINGHAM
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

22. TRANSFER OF EXISTING ACADEMIES INTO THE ACADEMY TRUST (CONTINUED)

KING EDWARD VI ASTON SCHOOL

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Licence to occupy property	5,764,907	-	5,764,907
Motor vehicles	11,871	-	11,871
Furniture and equipment	12,445	-	12,445
Computer equipment	18,104	-	18,104
Debtors due within one year	457,904	-	457,904
Cash in bank and in hand	705,176	-	705,176
Liabilities			
Creditors due within one year	(310,692)	-	(310,692)
Pensions			
Pensions - pension scheme liabilities	(1,569,000)	-	(1,569,000)
Net assets	<u>5,090,715</u>	<u>-</u>	<u>5,090,715</u>

KING EDWARD VI FIVE WAYS SCHOOL

	Value reported by transferring trust £	Fair value adjustments £	Transfer in recognised £
Tangible fixed assets			
Licence to occupy property	13,409,033	-	13,409,033
Motor vehicles	39,362	-	39,362
Furniture and equipment	78,005	-	78,005
Computer equipment	20,499	-	20,499
Debtors due within one year	175,970	-	175,970
Cash in bank and in hand	1,228,844	-	1,228,844
Liabilities			
Creditors due within one year	(337,598)	-	(337,598)
Pensions			
Pensions - pension scheme liabilities	(2,379,000)	-	(2,379,000)
Net assets	<u>12,235,115</u>	<u>-</u>	<u>12,235,115</u>

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

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 2012 and of the LGPS 31 March 2016.

Contributions amounting to £412,696 were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge.
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £2,907,000.

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

23. PENSION COMMITMENTS (CONTINUED)

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,279,000, of which employer's contributions totalled £1,050,000, and employees' contributions totalled £229,000. The agreed contribution rates for future years are between 17.8% and 21.3% 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 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:

2018/19: £348,160
2019/20: £361,720

Principal actuarial assumptions:

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

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

	2018
Retiring today	
Males	21.9
Females	24.4
Retiring in 20 years	
Males	24.1
Females	26.7

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

23. PENSION COMMITMENTS (CONTINUED)

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

	Fair value at 31 August 2018 £
Equities	7,418,000
Gilts	843,000
Other bonds	434,000
Property	951,000
Cash	440,000
Other	1,637,000
Total market value of assets	11,723,000

The actual return on scheme assets was £131,000.

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

	2018 £
Current service cost	1,051,000
Net interest on defined liability	278,000
Admin expenses	5,000
Total	1,334,000

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

	2018 £
Transferred in on existing academies joining the trust	22,065,000
Current service cost	1,051,000
Interest cost	561,000
Employee contributions	229,000
Actuarial gains	(2,283,000)
Benefits paid	(325,000)
Closing defined benefit obligation	21,298,000

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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:

	2018 £
Transferred in on existing academies joining the trust	10,643,000
Interest income	283,000
Return on assets less interest	(152,000)
Employer contributions	1,050,000
Employee contributions	229,000
Benefits paid	(325,000)
Administration expenses	(5,000)
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Closing fair value of scheme assets	11,723,000
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24. OPERATING LEASE COMMITMENTS

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

	2018 £
Amounts payable:	
Within 1 year	80,776
Between 1 and 5 years	72,455
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Total	153,231
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

25. TEACHING SCHOOL TRADING ACCOUNT

King Edward's Consortium (KEC) is a teacher training provider and is based at King Edward VI Camp Hill School for Girls which is the lead school for the Consortium. The school distributes training bursaries for students to the Student Loan Company and is an agent for the National College for Teaching and Learning.

	2018 £	2018 £
Income		
DIRECT INCOME		
Tuition fees	222,660	
OTHER INCOME		
Grant income	14,000	
Donations	384	
TOTAL OTHER INCOME	14,384	
TOTAL INCOME		237,044
Expenditure		
DIRECT EXPENDITURE		
Direct staff costs	130,491	
Other direct costs	17,889	
OTHER EXPENDITURE		
Other staff costs	33,470	
Other costs	54,057	
TOTAL EXPENDITURE		235,907
BALANCE TRANSFERRED ON CONVERSION		89,197
SURPLUS FROM ALL SOURCES		90,334
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		-
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		90,334

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

26. POST BALANCE SHEET EVENTS

From 1 September 2018 the trustees have agreed to expand the Academy Trust by welcoming Handsworth Wood Girls' Academy into the Trust.

27. 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 services provided although a small contribution of £225,000 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 £666,346.

KEFW Community is a registered charity (no 1153004). Its objects are to advance the education of the pupils at the school and the wider learning village and community in Birmingham, with which the school interact, by providing and assisting in the provision of services, resources, opportunities and facilities. It is related to the Academy Trust by virtue that the Headteacher and Deputy Headteacher of King Edward VI Five Ways School are Directors of KEFW Community. During the year the Academy Trust paid £Nil to and received £1,242 from KEFW Community.

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

	2018
	£
Income	
Grants from the Foundation to the Academy Trust	595,639
Fees received for KES Teachers training at KEC	6,384
Costs incurred by the Academy Trust and reimbursed by the Foundation	31,169
Payments made from Foundation Restricted Funds to the Academy Trust	14,517
Other Income received by Foundation and passed over to the Academy Trust	4,579
Expenditure	
Costs incurred by the Foundation and recharged to the Academy Trust	153,700
Contribution to the Foundation for services	9,484
Secondment of Staff to the Academy Trust	225,000
Balance Sheet	
Amounts owed by the Foundation at 31 August 2018 (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	400,000

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NOTES TO THE FINANCIAL STATEMENTS
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28. 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.