



THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members	Jane Creasy (resigned 2 July 2018) Azam Mamujee Kishor Tailor Chris Wilkins Jill Wilkinson
Trustees	Anthony Glover, Chair of Trustees ² Carolyn Robson Rachael Clarke ^{1,2} Colin Forknall ¹ Elaine Taylor ^{1,2} Deepak Karia ¹ Hetal Parmar Kamlesh Kotecha (resigned 24 October 2018) Gemma Bhagalia (appointed 10 July 2018)
	¹ Finance & Audit Committee ² Remuneration Committee
Company registered number	09079258
Company name	The Mead Educational Trust
Principal and registered office	The Mead Educational Trust The Mead Centre 343 Gipsy Lane Leicester LE4 9DD
Company secretary	Cathy Brown
Senior management team	Carolyn Robson, Chief Executive Officer Russell Andrews, Deputy Chief Executive Officer (resigned 6 July 2018) David Wyatt, Chief Financial Officer Cathy Brown, Head of Governance Rita Hindocha, Secondary Partnership Lead Sarah Ridley, Primary Partnership Lead
Independent auditors	Magma Audit LLP Chartered Accountants Unit 2, Charnwood Edge Business Park Syston Road Cossington Leicestershire LE7 4UZ
Bankers	Lloyds Bank High Street Leicester LE1 4FP

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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 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 5 primary and 2 secondary academies in Leicester. Its Academies have a combined pupil capacity of 4,698 and had a roll of 4,600 in September 2018.

The Mead Educational Trust (TMET) was established to provide a local academy sponsorship solution and became fully operational November 2015 with its first two academies, Rushey Mead Academy and Northfield House Primary Academy. TMET has subsequently grown to an 'Established Trust' of seven academies (two secondary and five primary) and has full approval for a secondary Free School, to open in 2019. The Trust is deliberately a cross phase entity, believing that everyone has much to learn from each other and that primary colleagues in particular have a rich, holistic understanding of their learners.

TMET has always been underpinned by a strong moral purpose and commitment to improving life chances for all young people. There has been a long history of collaboration and system leadership through the National Support Schools at Rushey Mead Academy and Willowbrook Primary Academy and through its Teaching School Alliance and Leicestershire Secondary SCITT (secondary school centred initial training). The TMET Board of Trustees is determined to continue to develop a high performing Multi Academy Trust that delivers the very best educational experience for pupils at both primary and secondary level.

As a Multi Academy Trust, TMET builds on reciprocity and partnership to develop excellent opportunities and ambitious, aspirational outcomes for all, whilst nurturing self-worth and resilience. Alongside this reciprocal partnership arrangement sits clear accountability measures facilitated by strong governance and quality assurance.

In its pursuit of delivering the best educational experience for our pupils, the Trust continues to develop a cost effective, sustainable organisation and a business model that delivers efficiency, effectiveness and economies of scale in order to free up more resources for pupils and school improvement.

There is a fast pace of change in the educational landscape, particularly as more schools convert to academies, and especially in Leicester City where TMET is based. The Trust has strategic plans for the next three years which support the core focus of delivery of outstanding education and school improvement. Alongside this TMET is carefully growing its number of schools and central team to create further capacity within the Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● Constitution

The Mead Educational Trust is a company limited by guarantee (No. 09079258) and an exempt charity in accordance with the Academies Act 2010. The charitable company was incorporated on 10 June 2014.

The Mead Educational Trust changed its name from Rushey Mead Educational Trust on 19 July 2018.

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreements with the Department for Education (DfE). The Trustees of the Trust are the directors of the charitable company for the purposes of company law and the Trustees for the purposes of charity law. The charitable company is known as The Mead Educational Trust.

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

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● **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 has opted out of the Department for Education's risk protection arrangement (RPA) scheme in favour of a comprehensive package of insurance with Zurich. This policy includes general coverage for Public Liability (£25m) Employers Liability (£25m) as well as a specific policy for Governor Liability (£2m). It is not possible to quantify the Trustees and officer indemnity element from the overall cost of the scheme as the insurance is costed on a per pupil basis.

● **Method of recruitment and appointment or election of Trustees**

Under Article 50 of the Trust Articles of Association, the Members will appoint up to six Trustees. Under Article 57, the Trust Chief Executive Officer shall be a Trustee, providing they agree to take on this role. In addition, Article 58 permits the Trustees to appoint Co-opted Trustees. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being co-opted by Trustees who have not themselves been so appointed.

The term of office for any Trustee shall be four years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at a General Meeting.

No more than one third of the Trustees should be employees of the Trust, including the Chief Executive Officer if they are a Trustee.

Ordinarily there shall be between 9 and 11 Trustees on the Board.

● **Policies and procedures adopted for the induction and training of Trustees**

The induction for each new Trustee will depend on their existing experience and can include a face to face induction session, briefing via the Trust Governance Handbook and a briefing session with an appropriate member of the central Trust team (e.g. with the Chief Financial Officer for a Trustee who will join the Finance and Audit Committee).

Trustees have access to the Trust bespoke training sessions and to governance training provided by the Teaching School, Local Authority Governor Services and other providers. They also have access to Learning Link online governance training. Any costs associated with governance training and development are met by the Trust central budget.

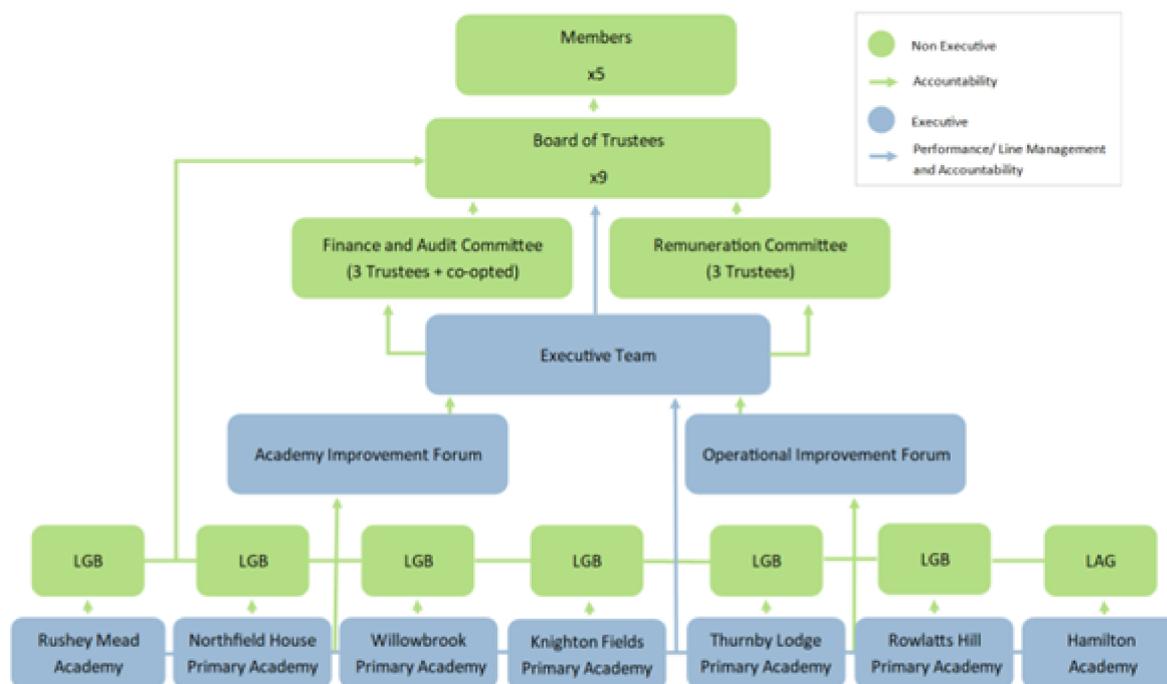
Support, advice and guidance is available to Trustees from the Trust Head of Governance. Additional information and guidance are available through the Board's membership of the National Governance Association.

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TRUSTEES' REPORT (continued)
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● **Organisational structure**

The Trust Organisation, Governance and Accountability Structure



Members

The Members are the guardians of the Trust constitution, changing the Articles of Association if necessary and ensuring the charitable objects are fulfilled. The Members appoint some of the Trustees and can exercise powers to remove them. The Trust will ordinarily have five Members.

Board of Trustees

The Board of Trustees is responsible for conducting the affairs of the Trust to achieve its objectives, shaping the success of the Trust. The Board is responsible for the governance of the Trust and the Trustees have duties as company directors under company law and as Trustees under charity law. The Trustees establish the overall framework for governance of the Trust and determine membership, terms of reference and procedures of central committees and academy local governing bodies (or local advisory groups).

The Board of Trustees meets four time per year.

Finance and Audit Committee

The Finance and Audit Committee provides assurance over the sustainability of, and compliance with, the Trust's financial systems and operational controls. The Committee's role is to maintain an oversight of the Trust's financial governance, risk management, internal control and value for money framework.

This committee meets four time per year.

Remuneration Committee

The Remuneration Committee considers, determines and keeps under review a framework for the remuneration and terms and conditions of the Trust CEO and senior staff, both in individual academies and in the Trust Executive Team. The Committee uses benchmarking evidence of the remuneration, benefits and incentives paid to senior staff in comparable employment and ensures the remuneration or other sums paid to senior staff do not exceed amounts that are reasonable in all the circumstances.

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This committee meets once per year.

Local Governing Bodies and Local Advisory Groups

Each academy has its own local governance committee which ensures that the academy meets its educational vision and targets. The extent of the powers of the local governance committee is set down in the Trust Scheme of Delegation and in the local governance Constitution and Terms of Reference. Most academies have a Local Governing Body (LGB) but those that are in special measures or causing concern have a Local Advisory Board (LAG) which has fewer delegated powers. In 2017-18 Hamilton Academy had a LAG and the other six academies had LGBs.

Each LGB includes the academy principal, parent governors, staff governors and Trust-appointed governors. A LAG is smaller and has more limited membership.

The role of the LGBs/LAGs is to provide scrutiny of academy performance linked to the Trust key performance indicators. This includes scrutiny of:

- education performance
- the use of academy finances (for some academies)
- effectiveness of leadership and management
- quality of teaching, learning and assessment
- academy improvement plan
- SEND provision
- the use and impact of additional funding (Pupil Premium, Sports Premium and Year 7 Literacy and Numeracy Catch-up Premium)
- safeguarding
- pupil personal development, behaviour and welfare
- complaints
- health and safety
- whether the academy is working within agreed policies.

Trust Executive Team

The Executive Team is the executive management arm of the Trust, focusing on operations and the educational performance of the academies. The team operates under the leadership and direction of the Chief Executive Officer, who is also the Accounting Officer and, by virtue of their position, a Trustee. The Executive Team also includes the Deputy CEO (until July 2018), Chief Financial Officer, Head of Governance, Primary Partnership Lead, Secondary Partnership Lead, Associate Principal and Strategic Director of the Teaching School.

The team is supported by other members of the Trust central team including the HR Manager, Governance and Compliance Officer, ICT and Estates Lead, Executive Assistant and Finance Team.

The Executive Team works directly with the Academy Improvement Forum (principals), Operational Improvement Forum (business managers), staff in each academy and the LGBs/LAGs to ensure that the required outcomes are achieved in accordance with the direction and vision of the Trust Board.

Academy Improvement Forum

The Trust academy principals meet fortnightly with the Deputy CEO (until July 2018), Primary Partnership Lead and Secondary Partnership Lead in the Academy Improvement Forum. This provides a forum for professional dialogue and challenge and is integral to all academy improvement activities, making recommendations and suggesting developments to the Executive Team.

Operational Improvement Forum

All the Trust academy business managers meet fortnightly with the Trust Chief Financial Officer in the Operational Improvement Forum. This provides a forum for professional dialogue and challenge and is integral to all academy business activities, making recommendations and suggesting developments to the Executive Team.

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● **Pay policy for key management personnel**

The Trust's Pay Policy sets out the framework for making decisions on Trust employees' pay. It has been developed to comply with current legislation, the requirements of the School Teachers' Pay and Conditions Document (STPCD) and the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service ("Green Book") and in accordance with the principles of public life – objectivity, openness and accountability.

Pay decisions for Trust and academy senior leadership posts are made by the Trust Remuneration Committee. The pay levels of the key management personnel are benchmarked against comparable positions at similar sized Multi Academy Trusts.

● **Trade union facility time**

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	20,099,782
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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● **Connected organisations, including related party relationships**

Although there are a number of professional links to other schools and third party organisations, the Trust is an independent company with no affiliation to outside bodies.

The Trust works closely with a wide variety of organisations in the field of education, including but not restricted to:

- Leicester City Council
- Leicester City Educational Improvement Partnership
- Leicestershire Secondary SCITT
- Challenge Partners
- The British Council
- Teaching Schools Council
- East Midlands, South Yorkshire and Humber Teaching Schools Alliance
- Freedom and Autonomy for Schools – National Association (FASNA)
- a number of Multi-Academy Trusts

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OBJECTIVES AND ACTIVITIES

● **Objects and aims**

The Trust's mission statement is 'together we make a positive difference'.

Our mission statement demonstrates our fundamental belief that we can achieve more together than separately. We believe that we will be able to provide the best possible education for local young people where our academies create a climate within which young people will thrive. We will achieve this through strong collaboration, through strong executive leadership and management, through excellent learning, teaching and assessment, where our teachers are expert in their fields, and where we have effective local governance, a professional approach to our business, and sound financial management.

We have built our vision and values around the 7 Cs:

Challenge	Providing an excellent education by having high aspirations for all young people and giving them confidence in themselves, so they can become the best they can be and contribute actively to society.
Collaboration	Working effectively and harmoniously together across phases and accepting our shared accountability for meeting our aims.
Culture	Respecting and celebrating diversity and enabling children and young people to participate in, and respond to, artistic and cultural experiences.
Community	Building a safe and stimulating environment where caring relationships and kindness are consistently developed and communication is excellent.
Courage	Making sure all decisions are based on clear high moral values and commitment to doing the right thing with compassion and integrity.
Creativity	Providing pioneering, innovative, vibrant and enjoyable learning experiences that are open to all and based on research, so that the curriculum sits at the forefront of education.
Character	Nurturing positive character attributes such as perseverance, resilience, confidence, optimism, tolerance, respect, community spirit, honesty, integrity and dignity.

Each academy is required to develop a unique ethos and character reflecting its community and context rather than the Trust imposing a predetermined solution. However, where academies require sponsored solutions or strong intervention we will put in place a tight school improvement solution with much less flexibility and greater control.

The Trust ensures its values drive its key performance indicators and the academy improvement strategy. In particular, it is committed to ensuring that all its young people, particularly the least advantaged, receive excellent teaching so that they can make progress that is outstanding. The Trust, as the employer of all staff within its academies, provides high quality, professional development for staff so they can develop their own learning and skills.

The Trust is fully committed to a school led system, as already demonstrated through the Teaching School Alliance, SCITT and Challenge Partners Hub. It believes that strong networks build capacity from within and a culture that is constantly reflective and outward focused.

Trust strategy begins from careful audits of each new school, understanding through due diligence processes as to the strengths and areas for development in each academy from the beginning. Each of our academies has a challenging improvement plan which is carefully monitored both by the academy's Local Governing Body/Local Advisory Group and the Trust Executive Team, overseen by the Trust's Board of Trustees. The Trust also captures areas of expertise that can share capacity to support other academies as well as school

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specific requirements. Bespoke high quality packages of support are facilitated, using the Trust's network of system leadership and core services. The academy improvement model ensures that academies needing full recovery have strong support and monitoring. The Trust builds leadership and management capacity internally and trains and deploys their own NLEs, LLEs and SLEs via the Teaching School.

A major benefit of the model is formalised school to school support, impacting directly on all young people. Leadership development and career opportunities within the Trust also directly impact on outcomes by providing secondment opportunities and breadth of experience to colleagues within the Trust. This school led system ensures the Trust academies have strong networks and a strong voice in their own future. Schools which join our Trust are able to help shape and develop its work and benefit both from the support they have received and the opportunities for school improvement they are in turn able to offer.

● **Public benefit**

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The Trust supports schools, both inside and outside the Trust, through the National Support School status of two of its academies, delivery of professional development, through the Trust's Leicester Teaching School Alliance, and the sharing of effective practice and knowledge to ultimately benefit the wider community.

The Academy's public benefit is enshrined in its charitable objectives, which state "to play a role in the regeneration of communities that the academies serve by increasing the belief of parents and carers in the purpose and value of education and valuing the partnership with families and children".

STRATEGIC REPORT

● **Key performance indicators**

The Trust now provides education for 4,300 pupils in Leicester in seven academies, two of which are secondary (11-16 years) and five of which are primary.

The Trust Board and Executive Team monitor a range of KPIs in all of the academies to ensure that issues are quickly identified and strategies are developed to address concerns. These include:

- pupil achievement
- outcomes of Ofsted inspections and Challenge Partner Reviews
- pupil attendance
- pupil behaviour (exclusions, bullying, racist incidents)
- staff training and development
- quality of teaching
- staff absence
- staff vacancies
- parents' evening attendance
- complaints

The quality of education provided by the Trust has improved over the year, and this is reflected in the 2018 results, the Challenge Partner Reviews and the Ofsted inspection of Northfield House Primary Academy. This is the first Trust academy to undergo an Ofsted inspection. Northfield House Primary Academy joined the Trust in November 2015 as a sponsored academy having been placed in Special Measures in September 2013 and in July 2018 Ofsted judged the Academy to be good. The inspection report stated that "*the school has undergone significant change since becoming an academy and has improved considerably*".

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Primary academy results

The 2018 Key Stage 2 performance data show that performance is improving and that the Trust aggregate results are all above national averages as shown in the table overleaf for age related expectations (ARE) and for greater depth (GD). The five primary academies work together very effectively, sharing staff and expertise, working collaboratively and moderating. In 2017-18 a Trust Primary Lead Practitioner model was successfully piloted to provide expert practitioners to support specific areas in academies. As a result, by the end of this year, five Lead Practitioners had been appointed to provide support in literacy, maths, EYFS (Early Years Foundation Stage), EAL (English as an Additional Language) and behaviour management.

	2018 National Average %	2017 Trust aggregate %	2018 Trust aggregate %
Reading ARE	75	76	82
Writing ARE	78	84	87
Maths ARE	76	86	88
EGPS ARE	78	78	87
Combined ARE	64	70	78
Reading GD	28	21	36
Writing GD	20	27	27
Maths GD	24	24	34
EGPS GD	34	33	42
Combined GD	10	8	15

Notes on the above performance information:

- 2017 and 2018 data are for the current five primary academies in the Trust
- All figures are provisional and unvalidated at the time of submission

Secondary Academy results

The Key Stage 4 results are shown separately for Rushey Mead and Hamilton Academies because they are at such different stages in their school improvement journey.

In the 2017-18 results Rushey Mead Academy continued to significantly exceed national averages.

Rushey Mead Academy	2017 Academy	2018 Academy (provisional)	2018 National Average
Progress 8	0.75	0.75	0
Attainment 8	52.1	53	44.3
Grade 5 or above in English & maths GCSEs	59%	55%	39.9%
EBacc at Grade 5/C or above		5	3.83
Entering EBacc	66%	63%	35.1%
Staying in education or entering employment	96%	97%	94%

Hamilton Academy joined the Trust in September 2017 as a sponsored academy after being placed in special measures by Ofsted in October 2016. Significant developments have been made at the Academy in 2017-18, including: senior leadership team restructure; recruitment of new staff (one third of teaching staff were new in 2017-18); implementation of a new behaviour for learning policy; rewrite of the curriculum; and, introduction of three 'Learning Journey' reviews of teaching and learning. A great deal of support has been provided by the Trust central team, Rushey Mead Academy and the Teaching School.

The 2017-18 results show a slight improvement in the Progress 8 score.

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Hamilton Academy	2017 Academy	2018 Academy (provisional)	2018 National Average
Progress 8	-0.78	-0.64	0
Attainment 8	31.3	31.5	44.3
Attainment 8	17%	15%	39.9%
EBacc at Grade 5/C or above		2.73	3.83
Entering EBacc	20%	31%	35.1%
Staying in education or entering employment	83%		94%

SCITT

The Leicestershire Secondary SCITT (School Centred Initial Teacher Training) works with a range of partnership schools in Leicester and Leicestershire and continues to achieve a high level of success. In 2017-18 it bucked the national trend in a drop in applications to teacher training and succeeded in recruiting 40 trainees across 11 subjects, its biggest cohort yet.

The 2017-18 data:

- 35 trainees completed the course. 4 withdrew and 1 is extending the training due to ill health.
- 86% (30/35) trainees graduating with QTS were rated as Good or Outstanding in their final assessments.
- 74% (26/35) of NQTs are now working in SCITT partnership schools.
- 94% (33/35) secured employment in a school. One trainee decided to delay going into teaching and one trainee was moving abroad.
- 86% of those who have to date secured full time teaching posts are working in Leicester/shire schools.

The demand for secondary teachers is increasing in Leicester alongside the city's increasing student numbers. In response, the SCITT requested and received an increase in projected trainee numbers. For 2018-19 the SCITT has 75 training places available including 11 salaried School Direct places. 59 trainees are registered on the SCITT programme for the start of the autumn term 2018. This includes 15 salaried School Direct and 2 Researchers in School trainees.

Teaching School

The Teaching School continues to provide high quality development programmes for teaching and learning, leadership and governance. It also brokers school to school support by SLEs (Specialist Leaders of Education) and NLEs (National Leaders of Education). In order to meet this demand and that created by the successful SSIF bids (see below), the Teaching School has been successful in recruiting new SLEs in Leicester.

From the start of the 2017-18 academic year, the Teaching School was commissioned by LESP (the Leicester Education Strategic Partnership) to deliver on two very important strands of its leadership and development priorities: the New Head Teachers' Programme; and, development programmes for middle and senior leaders. The latter has seen over 80 middle and senior leaders engage in these nationally accredited programmes.

The Teaching School, working alongside the Local Authority and other local teaching schools, has been successful in securing two Strategic School Improvement Funding (SSIF) projects for Leicester schools. One is to support students with SEND at primary and secondary levels and the other will focus on raising Key Stage 4 Progress 8 outcomes in maths for disadvantaged students. As such the Trust will manage nearly £1 million of DfE school improvement funding that will impact positively on over 20 city schools at both primary and secondary level.

• Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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 Statement of Accounting Policies.

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FINANCIAL REVIEW

● **Financial Review**

The Academy had a net increase in funds for the year ended 31 August 2018 of £2,781,431 including fixed assets movements but excluding pension reserve movements. As at 31 August 2018 the Trust held £1,613,301 of unrestricted reserves plus £1,481,469 of unspent (non-fixed asset) restricted funds. The Trust therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £3,094,770.

The Trust had a pension deficit on their Local Government Pension Scheme of £6,683,000 at 31 August 2018 and a fixed asset reserve of £35,278,934 (being the book value of past purchases £34,502,778 plus £776,156 of unspent capital grants.)

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Trust. The principle financial management policies adopted in the year are included in the Trust's internal financial policies and are typical for a Trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Trust are the General Annual Grant (GAG) and other DfE Group, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

The Trust's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

● **Reserves policy**

The Trust Board review the actual reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The target setting level of reserves will be considered annually by the Finance and Audit Committee and this target will be recorded in the minutes of the committee. The level of reserves held is set at the Trust level, however, it is the expectation that each individual Academy will achieve a similar position. The Academy Trust needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding.

The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted non-designated funds, plus unspent General Annual Grant (GAG), should be a minimum of one month's salary costs for the five Academies, being approximately £1,637,000.

Actual non-designated unrestricted funds plus unspent GAG as at 31 August 2018 were £2,952,126, being higher than the target level set by the Trustees by £1,315,126, which the Trustees expect to be used during the current 2018/19 academic year. The Academy Trust also held other available restricted revenue funds at the year end of £123,558 which are detailed further within note 19. Total available revenue reserves at 31 August 2018, including designated funds of £19,086 set aside for Teaching School use, were £3,094,770. Cash at bank at 31 August 2018 was £1,417,239 higher than total available reserves due principally due to capital income received in advance of payment plus various other accruals timing differences.

Included within unrestricted funds above were designated funds of £19,086 at 31 August 2018. The Trustees have identified £14,000 as the minimum level of reserves to be held by the Teaching School as this represents one month's salary costs. The remaining reserves are set aside by the Trustees for school improvement projects across the Trust. This reserve is likely to be spent over the course of the next two years, ending on 31 August 2020.

At 31 August 2018 the Trust's fixed asset reserve of £35,278,934 represented £34,502,778 of funds which could only be realised if the assets were sold, plus £776,156 of unspent capital grants.

The only reserve in deficit at the year end was the pension reserve (deficit of £6,683,000) which will be

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addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

• **Investments policy**

The Trust's Investment Policy ensures that funds which the Academy Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise income but without risk. Our aim is to spend the public monies with which we are entrusted for the direct education benefit of pupils as soon as is prudent. The Academy Trust does not consider the investment of surplus funds as a primary activity, rather it is the result of good practice as and when circumstances allow.

The purpose of the Trust Investment Policy is:

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is no risk of loss in capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Guidelines are strict and include:

- Regular cash flow reports are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding creditors that are due for payment.
- Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested following approval from the Finance and Audit Committee. Approval must be signed off and recorded in the committee minutes.
- In making decisions regarding where and how any surplus funds should be invested, due regard will be given to risk. The Finance and Audit Committee will set a maximum level of investment with any single provider. This decision will be recorded in the minutes of this committee.
- The main bank account for each academy attracts interest at the current rate of 0.1% regardless of any separate investment. This interest is paid directly into the bank account of the individual academies and is a true reflection of the interest earned on their own balances.
- Currently, it is expected that surplus funds will be invested with the existing banker Lloyds Bank in an instant access deposit account. There is potential for a better rate of return from investing a single value that may be a contribution from any combination of Academies. The interest accrued would then be distributed proportionally to each academy.
- The Finance and Audit Committee will receive a report at each meeting as to the performance of the investment.
- The Chief Financial Officer will research alternative sources of investment return at least twice a year and will report to the Finance and Audit Committee the options available. Any decision to diversify the investments must be recorded in the minutes of this committee.
- The Finance and Audit Committee will consider the ethical and moral standing of any alternative investment provider and they will ensure that this potential investment partner meet the standards that will be expected by the Trust Board.

The aim is to reach an appropriate level of reserve to allow the management and the Finance and Audit Committee to explore alternative investment possibilities with criteria being:

- Investment with a different counterparty (in order to reduce counterparty risk);
- Consideration of whether there should be a maximum level of investment with a single approved

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- counterparty; and
- A longer term investment with a higher return (but not high risk investments which are not in the best interests of the Academy Trust).

• **Principal risks and uncertainties**

The Trust has a risk register which lists potential risks and actions to mitigate the risk. The risk register is reviewed by the Trust senior leaders and the Trustees. Each academy has its own risk register which is kept under review by that academy senior leadership team and local governing body.

The Trust identified key risks are:

- **A failure to raise and maintain academy standards:** This is mitigated by rigorous monitoring of performance, early identification of under performance followed by quick response, continued focus on high quality teaching and deployment of Trust support and development opportunities.
- **A failure to recruit pupil numbers and resulting drop in funding:** This is mitigated by developing strong marketing, particularly for the secondary academies. Pupil numbers (current and projected) are monitored closely.
- **Failure to manage finances effectively resulting in financial insecurity and instability:** This is mitigated by the appointment of a suitably qualified and experienced Chief Financial Officer (CFO) who is supported by a finance team, appropriate financial management processes and systems implemented Trust-wide, frequent meetings of academy business managers with CFO, training and support for academy business managers and rigorous addressing of recommendations from internal and external financial audits.
- **The future financial viability of the LGPS pension scheme and increases in employer payroll on costs.**
- **Failure to achieve planned growth and capacity of Trust:** This is being addressed by developing relationships and partnerships with other schools, by continuing to improve performance to develop the Trust track record and by ensuring that staff and pupils in Trust academies have a good experience and become ambassadors for the Trust.
- **The Trust lacks the capacity and infrastructure to support its academies:** This is mitigated by the appointment of a Trust central team which is supported by staff from academies who also have a Trust role, e.g. Primary and Secondary Partnership Leads, Primary Lead Practitioners. The Teaching School plays a large part in supporting academy improvement. Additional external support is commissioned as required and the workload and impact of central staff is kept under review as the Trust expands.
- **Failure of the due diligence process resulting in the Trust taking in a school with significantly higher needs than expected and the resulting detrimental effect on the Trust and its existing Academies:** This is being mitigated by developing a more rigorous and in depth due diligence process.
- **Loss of key staff:** This is mitigated by the appointment of a number of senior staff in the Trust, by the creation of the Trust Executive Team which meets frequently and by succession planning. It is also supported by a high priority on staff well-being and CPD to support retention.

Fundraising

Fundraising is very limited throughout the Trust. It is primarily related to pre-planned non-uniform days for students/pupils. These events were mostly connected to annual national charity appeals such as Children in Need and Red Nose Day

A total of £8,633 was raised across the Trust and paid across in full.

The Trust maintains separate nominal codes for charity income and expenditure and these accounts are reconciled to ensure all funds are paid out in full.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

PLANS FOR FUTURE PERIODS

● **Future developments**

The Trust has clear strategic ambitions built on its vision and values, at the core of which is the determination that 'together we make a positive difference'. The Trust KPIs set out our high-level aspirations and are grouped together under the headings of:

- *Together we make a positive difference for our learners*
- *Together we make a positive difference with our staff*
- *Together we make a positive difference through our leadership and governance*
- *Together we make a positive difference by reaching out to parents, our community and through school to school support*

The Trust 3-year Business Plan (2017-2020) sets out how we will plan, guide and improve our Trust, ensuring there is a clear focus on raising standards and on improving leadership, governance, teaching and learning. We will also continue to develop a cost effective, sustainable organisation and a business model that delivers efficiency, effectiveness and economies of scale in order to free up more resources for pupils and school improvement. Our first phase of development concentrated on building capacity in order to realise our ambition to assist schools with greater needs, including full recovery where required. The Business Plan takes us forward into our next phase of growth.

Growth

The Trust is now a well-established, respected, cross phase MAT with seven academies, 4,300 pupils, a combined GAG income of £21 million and a total income in excess of £25 million. The ambition of the Trust is to grow in our membership in order to create both value for money central services and also a highly responsive academy improvement model. A key aim of the Trust is to have a balance of academies at different starting points in their journey of improvement, therefore creating effective capacity for sponsorship. We intend to grow our membership in a carefully controlled way to extend our reach and impact in our local communities.

The Trust will start a secondary free school, Castle Mead Academy, in September 2019 and is in discussions with a number of primary and secondary schools with a view to developing stronger working partnerships and/or joining out Trust. The aim is for the Trust to grow to up to 16 academies (6 secondary and 10 primary) by the end of 2020.

The central Trust team will develop alongside the growth in the number of academies to provide capacity to support sustainable improvement. This may include development of central services in school improvement, curriculum design, data analysis, education welfare, educational psychology, behaviour, HR, business management, IT and estates.

Funds held as custodian

The Academy Trust does not hold funds on behalf of any other organisations.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all 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 auditors are aware of that information.

Auditors

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 19 December 2018 and signed on its behalf by:

Anthony Glover
Chair of Trustees

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 The Mead Educational Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Glover, Chair of Trustees	4	4
Carolyn Robson	4	4
Rachael Clarke	3	4
Colin Forknall	4	4
Elaine Taylor	3	4
Deepak Karia	1	4
Hetal Parmar	3	4
Kamlesh Kotecha	2	4

During the year there has been one Trustee appointment (Gemma Bhagalia) and this appointment was made at the last meeting of the year.

The Finance and Audit Committee is a committee of the Board of Trustees. Its purpose is to provide assurance over the sustainability of, and compliance with, the Trust's financial systems and operational controls. The Committee's role is to maintain an oversight of the Trust's financial governance, risk management, internal control and value for money framework. This Committee incorporates the role of an Audit Committee. Whilst local governing bodies draft their annual budget and set their own staffing levels, the Board of Trustees has overall responsibility of approving or not approving these recommendations prior to submission to the ESFA by 31 July each year.

Elaine Taylor joined the Finance and Audit Committee for the autumn term 2017 and the spring term 2018 but ceased to be a member for the summer term 2018.

Attendance at Finance and Audit Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Deepak Karia	2	4
Rachael Clarke	3	4
Colin Forknall	4	4
Elaine Taylor	1	3

THE MEAD EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

The Remuneration Committee meets in the autumn term to receive recommendations for performance-related pay increases for senior Trust staff, including in the academies.

Attendance at Remuneration Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Anthony Glover	1	1
Rachael Clarke	1	1
Elaine Taylor	1	1

Governance reviews:

The Board of Trustees has driven significant development in the Trust this year, and these are grouped under the six key features of effective governance as set out in the DfE Governance Handbook.

Strategic leadership:

- Discussions on Trust growth – new schools and the development of the central team.
- Change of Trust name and brand identity, particularly to support the joint marketing of the secondary academies (Rushey Mead, Hamilton and Castle Mead).
- Development of a new Trust business plan for 2017-2020.
- Risk management.

Accountability:

- Development of Trust data dashboards to monitor key metrics.
- Review and challenge of academy educational performance and improvement information, including scrutiny of data and Challenge Partner reviews and through presentations by academy principals.
- Review and challenge of financial performance, including approval of budget, monitoring of Trust budget and oversight of outcomes of financial audits.
- Scrutiny of pay recommendations of Trust senior leaders' salary levels and independent benchmarking report (through Board Remuneration Committee).
- Consideration of the impact the Trust has had on its academies.
- Attendance of Chair of Board at Members' meeting in February 2018 where he was questioned about the effectiveness of governance in the Trust.

People:

- Development of the Trust central team, including recruitment of the Trust HR Manager and Governance and Compliance Officer.
- Development of the Trust capacity to support school improvement, including the appointment of five primary Lead Practitioners.
- Review of skills coverage of Trustees and identification of focus for further recruitment.
- Attendance of Chair of Board at termly Chairs' Forum to meet with the Head of Governance and all the LGB/LAG chairs.
- Bespoke Trust governance induction and training started in 2017-18 and a number of Trustees and local governors have engaged.
- Online governance area (GovernorHub) was launched to manage governance information.

Structures:

- The Trust Remuneration Committee was set up and met for first time in November 2017.

Compliance:

- Appointment of Trust Data Protection Officer and development of GDPR-compliant policies and procedures.
- Review of latest version of Academies Financial Handbook and updating of relevant policies to bring them in line.
- Established QA system of reviews and audits of Trust and academies, including financial audits, Challenge Partner Reviews, Safeguarding Healthchecks and website reviews.

THE MEAD EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

Evaluation:

- A governance review was carried out of local governance by the Head of Governance in spring 2018 and has led to developments in support, structure and recruitment at LGB level.

In addition, one Trustee has worked with Academy Ambassadors and, through this link, led our Trust to contribute significantly to the new ESFA guide for school governors and Academy Trustees on 'understanding your data'.

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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'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 has delivered improved value for money during the year by:

Centralisation of 'bespoke' business and management support with individual Academies. The objective of any change has been to enable the Academy Principals to fully focus on the core business of teaching and learning, raising standards, and achieving improved outcomes for pupils.

- Centralisation of the individual academy bank accounts to improve the efficiency of operations and to enhance the controls around cash-flow.
- Engaging internal audit through Leicestershire County Council
- Employment of Trust HR Manager and continued provision of external professional support
- Ensuring the Trust business management arrangements are effective and efficient and enable the Trust to deliver its commitments, and to grow and prosper.
- Developing the forums for Principals, chairs of governors and business/ finance staff throughout the Trust to discuss and develop best practice.
- Providing appropriate training for finance staff to ensure that all academies within the Trust can utilise the benefits of a single finance system through PS Financials.
- Providing appropriate training for finance staff to ensure that all academies within the Trust can utilise the benefits of a single budget system through Orovia.
- Enabling each Trust academy participating in central contracts to openly and transparently share the financial savings that these efficiencies bring.
- Negotiating Trust wide contracts such as catering. Reviewing all contracts held across the Trust, identifying opportunities to improve value for money.
- Conducting staffing reviews and appointing a Trust HR Manager (March 2018) and a Governance Compliance Officer (June 2018).

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 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 The Mead Educational Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

THE MEAD EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy 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'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'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 Trust Finance and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

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

- testing on payroll systems
- testing of purchase systems
- testing of control accounts and bank reconciliations

On an annual basis, the auditor reports to the Board of Trustees through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The 2017-18 internal audits for the seven Academies and the central Trust function were completed in May and June 2018 by Leicestershire County Council. In all cases, there were no significant or concerning issues.

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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 internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy 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 and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

THE MEAD EDUCATIONAL TRUST
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GOVERNANCE STATEMENT (continued)

Approved by order of the members of the Board of Trustees on 19 December 2018 and signed on their behalf,
by:

Anthony Glover
Chair of Trustees

Carolyn Robson
Accounting Officer

THE MEAD EDUCATIONAL TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

Carolyn Robson
Accounting Officer

Date: 19 December 2018

THE MEAD EDUCATIONAL TRUST
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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 19 December 2018 and signed on its behalf by:

Anthony Glover
Chair of Trustees

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MEAD EDUCATIONAL TRUST**

Qualified Opinion

We have audited the financial statements of The Mead Educational Trust (the 'Academy') 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' and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Except for the matters described in the basis of qualified opinion paragraph, in our opinion the financial statements:

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

Basis for Qualified opinion

Due to a lack of land and buildings valuations for the new converter school, Hamilton Academy, the Multi-Academy Trust was unable to account for the value of rights to land and buildings in accordance with FRS102 and we have been unable to satisfy ourselves about the amount of the restricted fixed asset fund at the date of conversion, or at 31 August 2018. Other alternative audit procedures were not available to us.

As detailed in note 13 to the financial statements, at the date of approval of the financial statements, there were no indications of the valuations of the land and buildings of Hamilton Academy inherited on conversion to the Multi Academy Trust or at 31 August 2018. Had this valuation been available, the value would have been included as a fixed asset on the balance sheet, and would have increased the restricted fixed asset fund. Any valuation inherited on conversion would have been included in the Statement of Financial Activities within Donations and capital grants – fixed assets transferred on conversion to a Multi-Academy Trust.

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 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 qualified 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'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.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MEAD EDUCATIONAL TRUST**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' report thereon. 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 for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report has 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees (who are also the directors of the Academy 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'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 or to cease operations, or have no realistic alternative but to do so.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
MEAD EDUCATIONAL TRUST**

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicestershire
LE7 4UZ
21 December 2018

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE MEAD EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 22 August 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 The Mead Educational Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Mead Educational Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Mead Educational Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Mead Educational Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Mead Educational Trust's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Mead Educational Trust's funding agreement with the Secretary of State for Education dated 10 June 2014, 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's income and expenditure.

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the Academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

THE MEAD EDUCATIONAL TRUST
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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE MEAD
EDUCATIONAL TRUST AND THE EDUCATION AND 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.

Reporting Accountant

Magma Audit LLP

Chartered Accountants
Statutory Auditors

Unit 2, Charnwood Edge Business Park
System Road
Cossington
Leicestershire
LE7 4UZ

21 December 2018

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £	
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	13,396	(1,207,000)	507,769	(685,835)	2,208,773
Donation of Head office from Local Authority	2	-	-	948,000	948,000	-
Other donations and capital grants	2	3,055	360,000	1,559,841	1,922,896	1,678,986
Charitable activities:	3					
Funding for the Academy Trust's educational operations		-	24,528,580	-	24,528,580	15,676,568
Teaching school		189,990	556,680	-	746,670	282,062
Other trading activities	4	106,381	-	-	106,381	191,484
Investments	5	9,781	-	-	9,781	1,967
TOTAL INCOME		322,603	24,238,260	3,015,610	27,576,473	20,039,840
EXPENDITURE ON:						
Raising funds		70,793	-	-	70,793	180,541
Charitable activities:						
Academy Trust educational operations		165	24,958,381	1,276,571	26,235,117	16,602,674
Teaching school		189,409	565,723	-	755,132	356,534
TOTAL EXPENDITURE	6	260,367	25,524,104	1,276,571	27,061,042	17,139,749
NET BEFORE TRANSFERS		62,236	(1,285,844)	1,739,039	515,431	2,900,091
Transfers between funds	19	(74,064)	(282,648)	356,712	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		(11,828)	(1,568,492)	2,095,751	515,431	2,900,091
Actuarial gains on defined benefit pension schemes	25	-	1,943,000	-	1,943,000	1,082,000
NET MOVEMENT IN FUNDS		(11,828)	374,508	2,095,751	2,458,431	3,982,091
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,625,129	(5,576,039)	33,183,183	29,232,273	25,250,182
TOTAL FUNDS CARRIED FORWARD		1,613,301	(5,201,531)	35,278,934	31,690,704	29,232,273

The notes on pages 31 to 61 form part of these financial statements.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09079258

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	13		34,502,778		32,670,264
CURRENT ASSETS					
Stocks	14	63,663		52,984	
Debtors	15	1,158,702		1,495,528	
Investments	16	1,000,000		-	
Cash at bank and in hand		4,512,009		3,922,477	
			<u>6,734,374</u>	<u>5,470,989</u>	
CREDITORS: amounts falling due within one year	17	<u>(2,693,233)</u>		<u>(2,433,645)</u>	
NET CURRENT ASSETS			<u>4,041,141</u>		<u>3,037,344</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>38,543,919</u>		<u>35,707,608</u>
CREDITORS: amounts falling due after more than one year	18		<u>(170,215)</u>		<u>(115,335)</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>38,373,704</u>		<u>35,592,273</u>
Defined benefit pension scheme liability	25	(6,683,000)		(6,360,000)	
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>31,690,704</u>		<u>29,232,273</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income fund	19	1,481,469		783,961	
Fixed asset fund	19	35,278,934		33,183,183	
Restricted funds excluding pension liability		<u>36,760,403</u>		<u>33,967,144</u>	
Pension reserve		<u>(6,683,000)</u>		<u>(6,360,000)</u>	
Total restricted funds			<u>30,077,403</u>		<u>27,607,144</u>
Unrestricted income funds	19		<u>1,613,301</u>		<u>1,625,129</u>
TOTAL FUNDS			<u>31,690,704</u>		<u>29,232,273</u>

The financial statements on pages 28 to 61 were approved by the Trustees, and authorised for issue, on 19 December 2018 and are signed on their behalf, by:

Anthony Glover
Chair of Trustees

The notes on pages 31 to 61 form part of these financial statements.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash provided by operating activities	21	<u>1,607,368</u>	<u>2,556,651</u>
Cash flows from investing activities:			
Interest received		9,781	1,967
Purchase of tangible fixed assets		(1,653,316)	(1,985,857)
Capital grants from DfE and other capital income		1,559,841	1,702,981
Net cash used in investing activities		<u>(83,694)</u>	<u>(280,909)</u>
Cash flows from financing activities:			
Repayments of borrowings		(21,969)	(16,476)
Cash inflows from new borrowing		87,827	-
Net cash provided by/(used in) financing activities		<u>65,858</u>	<u>(16,476)</u>
Change in cash and cash equivalents in the year		<u>1,589,532</u>	<u>2,259,266</u>
Cash and cash equivalents at 1 September 2017		<u>3,922,477</u>	<u>1,663,211</u>
Cash and cash equivalents at 31 August 2018	22	<u><u>5,512,009</u></u>	<u><u>3,922,477</u></u>

The notes on pages 31 to 61 form part of these financial statements.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Mead Educational Trust constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 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 incorporating income and expenditure account 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 incorporating income and expenditure account 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.

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

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

Donations for facilities and services are included in incoming resources when the benefit to the Academy is reasonably quantifiable and measurable. The rental value of facilities being used by Rushey Mead Academy are included in donations at a value the Academy would have to pay at an open market value.

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.

Notional income and notional expenditure have been recognised in the statement of financial activities incorporating income and expenditure account in relation to the apprenticeship levy in line with the provision of training received.

Where assets are received by the Academy Trust on conversion to an Academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. The land and buildings are held on a 125 year lease with the Local Authority (LA). The cost of the land and buildings was arrived at using either the ESFA or Leicestershire County Council standard valuation on a depreciated replacement cost basis provided to the Academy Trust. This provided a value for the land and buildings as at the date of conversion.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

Expenditure on raising funds includes all expenditure incurred by the Academy Trust's 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's appointed to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.5 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.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 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 incorporating income and expenditure account 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 incorporating income and expenditure account.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2-5% straight line
Leasehold land (125 year lease)	-	over 125 years
Furniture and fixtures	-	15% straight line
Computer equipment	-	25% straight line

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 incorporating income and expenditure account.

1.7 OPERATING LEASES

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

1.8 STOCKS

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

1.9 CURRENT ASSET INVESTMENTS

Current asset investments are cash or cash equivalents with a maturity date of less than one year valued at fair value.

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. 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.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.12 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments.

1.13 TAXATION

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded Multi-employer scheme with no underlying assets to assign between employers. 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.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.15 CONVERSION TO AN ACADEMY TRUST

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 Hamilton Academy 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 'donations and capital grants - transfer from Local Authority on conversion' in the statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

On conversion and simultaneous entry into the Academy Trust, the Academy was gifted property from Leicester City Council. This was valued at depreciated replacement cost by Leicestershire County Council at the date of conversion. The amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's policies. Other fixed assets have been valued on a the basis of open market value as at the date of conversion, by the Trustees.

The pension liability inherited on conversion has been included at the valuation determined by the pension scheme actuary at the date of the conversion.

Further details of the transaction are set out in note 23.

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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.

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

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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 £	Total funds 2017 £
Transfer from Local Authority on conversion	13,396	(1,207,000)	507,769	(685,835)	2,208,773
Donation of Head office from Local Authority	-	-	948,000	948,000	-
	<u>13,396</u>	<u>(1,207,000)</u>	<u>1,455,769</u>	<u>262,165</u>	<u>2,208,773</u>
Capital grants	-	-	1,559,841	1,559,841	1,675,068
Donations	3,055	-	-	3,055	3,918
Donated use of asset	-	360,000	-	360,000	-
	<u>3,055</u>	<u>360,000</u>	<u>1,559,841</u>	<u>1,922,896</u>	<u>1,678,986</u>
	<u>16,451</u>	<u>(847,000)</u>	<u>3,015,610</u>	<u>2,185,061</u>	<u>3,887,759</u>
<i>Total 2017</i>	<u>312,205</u>	<u>(586,500)</u>	<u>4,162,054</u>	<u>3,887,759</u>	

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	21,266,215	21,266,215	12,965,816
Other DfE Group grants	-	2,017,662	2,017,662	1,668,007
Teaching School	-	544,680	544,680	125,007
	<u>-</u>	<u>23,828,557</u>	<u>23,828,557</u>	<u>14,758,830</u>
Other government grants				
Special Educational Needs (SEN)	-	384,493	384,493	320,678
Early Years Single Funding Formula (EYSFF)	-	388,613	388,613	317,587
Pupil Premium (LAC)	-	57,707	57,707	19,450
Healthy Living Initiative	-	170	170	1,000
Other grants	-	700	700	-
	<u>-</u>	<u>831,683</u>	<u>831,683</u>	<u>658,715</u>
Other funding				
Teaching School	189,990	12,000	201,990	157,055
School Centred Initial Teacher Training (SCITT)	-	339,840	339,840	333,629
Science Hub & Spoke	-	20,000	20,000	20,000
Other funding	-	41,493	41,493	30,401
Apprenticeship levy	-	11,687	11,687	-
	<u>189,990</u>	<u>425,020</u>	<u>615,010</u>	<u>541,085</u>
Total 2018	<u>189,990</u>	<u>25,085,260</u>	<u>25,275,250</u>	<u>15,958,630</u>
Total 2017	<u>214,612</u>	<u>15,744,018</u>	<u>15,958,630</u>	

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Lettings income	22,925	-	22,925	5,268
Consultancy income	21,162	-	21,162	147,450
Other income	62,294	-	62,294	38,766
	<u>106,381</u>	<u>-</u>	<u>106,381</u>	<u>191,484</u>
<i>Total 2017</i>	<u>191,484</u>	<u>-</u>	<u>191,484</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	9,781	-	9,781	1,967
	<u>9,781</u>	<u>-</u>	<u>9,781</u>	<u>1,967</u>
<i>Total 2017</i>	<u>9,781</u>	<u>-</u>	<u>9,781</u>	

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds:					
Direct costs	2,990	-	-	2,990	-
Support costs	12,315	-	55,488	67,803	180,541
Educational Operations:					
Direct costs	13,717,032	957,428	2,062,073	16,736,533	10,514,879
Support costs	6,765,544	1,878,212	1,609,960	10,253,716	6,444,329
	<u>20,497,881</u>	<u>2,835,640</u>	<u>3,727,521</u>	<u>27,061,042</u>	<u>17,139,749</u>
<i>Total 2017</i>	<u>13,051,243</u>	<u>1,794,737</u>	<u>2,293,769</u>	<u>17,139,749</u>	

THE MEAD EDUCATIONAL TRUST
(A company limited by guarantee)

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

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	<i>Total funds 2017 £</i>
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	10,083,559	6,295,847
Teaching and educational support staff costs - NI	919,649	562,127
Teaching and educational support staff costs - pensions	2,498,805	1,638,553
LGPS pension interest cost (£415,000) less return on assets (£215,000)	200,000	141,000
Educational supplies	653,247	368,045
Examination fees	194,816	115,070
Staff development	132,456	105,333
Other direct costs	881,636	343,681
School Centred Initial Teacher Training (SCITT)	137,484	124,599
Depreciation	957,428	699,465
Technology costs	77,453	121,159
	16,736,533	<i>10,514,879</i>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	5,182,678	3,455,594
Support staff costs - NI	549,433	347,584
Support staff costs - pensions	850,353	505,291
Support staff costs	51,486	3,327
Recruitment	55,530	18,694
Maintenance of premises and equipment	435,287	279,043
Cleaning	108,317	57,788
Rent & rates	553,542	114,564
Insurance	135,280	165,361
Depreciation	319,143	233,155
Catering	526,408	378,571
Legal and professional fees	54,332	3,327
Other support costs	544,925	256,075
Security and transport	64,683	56,698
Technology costs	413,603	293,589
Energy costs	334,310	190,711
Governance	74,406	84,957
	10,253,716	<i>6,444,329</i>
Total Academy's educational operations	26,990,249	<i>16,959,208</i>

THE MEAD EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	<i>2017</i>
	£	£
Depreciation of tangible fixed assets:		
- capitalised by the charity	1,276,571	<i>932,620</i>
Auditors' remuneration - audit	20,000	<i>17,000</i>
Auditors' remuneration - other services	26,341	<i>28,260</i>
Governance internal audit costs	9,440	<i>6,343</i>
Operating lease rentals	43,364	<i>36,867</i>
	=====	=====

THE MEAD EDUCATIONAL TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	15,281,542	9,851,158
Social security costs	1,469,082	909,711
Pension costs	3,349,158	2,143,844
	20,099,782	12,904,713
Agency staff costs	278,064	145,030
Staff restructuring costs	120,035	1,500
	20,497,881	13,051,243

Staff restructuring costs comprise:

	2018	2017
	£	£
Redundancy payments	97,015	-
Severance payments	23,020	1,500
	120,035	1,500

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £23,020 (2017: £1,500). Individually the payments were £23,020 paid on 31 July 2018 (2017 - £1,500).

c. Staff numbers

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

	2018	2017
	No.	No.
Teachers	214	167
Administration and support	425	275
Management	11	9
	650	451

d. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	3	4
In the band £70,001 - £80,000	5	4
In the band £80,001 - £90,000	4	0
In the band £90,001 - £100,000	2	1
In the band £120,001 - £130,000	1	0
In the band £130,001 - £140,000	0	1
In the band £150,001 - £160,000	1	0

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

9. STAFF COSTS (continued)

Of the 16 above employees 14 participated in the Teachers' Pension Scheme and 2 in the Local Government Pension Scheme. During the year ended 31 August 2018 pension contributions for these staff members amounted to £171,130 (2017: £109,225).

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £717,701 (2017: £625,716). These figures include salary costs of all Trustees employed by the Academy Trust, even where they have no management role within their employment.

10. CENTRAL SERVICES

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

- human resources
- financial services
- legal services
- educational support services
- others as arising

The Academy charges for these services on the following basis:

5% of GAG funding.

The actual amounts charged during the year were as follows:

	2018	2017
	£	£
Knighton Fields Primary Academy	52,167	48,097
Northfield House Primary Academy	82,417	75,507
Rushey Mead Academy	403,706	356,879
Rowlatts Hill Primary Academy	70,415	-
Thurnby Lodge Primary Academy	53,175	50,138
Willowbrook Primary Academy	88,321	82,594
Hamilton Academy	332,032	-
	1,082,233	613,215
Total	1,082,233	613,215

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

11. TRUSTEES' REMUNERATION AND EXPENSES

The Chief Executive Officer (CEO) has been paid remuneration from an employment with the Academy Trust. The CEO only receives remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as the CEO.

The value of Trustees' remuneration was as follows:

Carolyn Robson (Chief Executive Officer and Trustee)*
Remuneration £120,000 - £125,000 (2017: £130,000 - £135,000)
Employer's pension contributions £0 - £5,000 (2017: £0 - £5,000)

* The remuneration for Carolyn Robson in 2017 above includes an element of unpaid holiday which was accrued within each academic year. The amounts actually paid through payroll within the year were as follows:

Carolyn Robson (Chief Executive Officer and Trustee)
Remuneration excluding value of accrued additional holiday £NIL (2017: £120,000 - £125,000)

During the year, no Trustees received any benefits in kind (2017: £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017: £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust 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 £2,000,000 on any one claim. It is not possible to quantify the Trustees and officer indemnity element from the overall cost of the scheme as the insurance is costed on a per pupil basis.

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

13. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Furniture and fixtures £	Computer equipment £	Total £
COST				
At 1 September 2017	32,574,750	928,438	681,816	34,185,004
Additions	1,191,369	230,735	231,212	1,653,316
Acquisitions	948,000	507,769	-	1,455,769
	<u>34,714,119</u>	<u>1,666,942</u>	<u>913,028</u>	<u>37,294,089</u>
DEPRECIATION				
At 1 September 2017	1,125,658	202,546	186,536	1,514,740
Charge for the year	808,614	239,700	228,257	1,276,571
	<u>1,934,272</u>	<u>442,246</u>	<u>414,793</u>	<u>2,791,311</u>
NET BOOK VALUE				
At 31 August 2018	<u>32,779,847</u>	<u>1,224,696</u>	<u>498,235</u>	<u>34,502,778</u>
At 31 August 2017	<u>31,449,092</u>	<u>725,892</u>	<u>495,280</u>	<u>32,670,264</u>

See note 1.3 regarding assets transferred on conversion.

The Trust's transactions relating to land and buildings in the year consists of the transfer of Northfield House Children's Centre, which is being utilised as the Trust's head office. This donation was from the Local Authority on 30 June 2018.

The Multi-Academy Trust has been unable to obtain the property valuations at conversion for Hamilton Academy at the time of approval of the accounts. The land and buildings valuation will be brought into the accounts when an independent valuation is received and will be reflected as a prior year adjustment in the 31 August 2019 financial statements.

14. STOCKS

	2018 £	2017 £
Classroom and other materials	<u>63,663</u>	<u>52,984</u>

15. DEBTORS

	2018 £	2017 £
Trade debtors	61,107	174,245
VAT recoverable	295,202	484,740
Other debtors	1,573	119
Prepayments and accrued income	800,820	836,424
	<u>1,158,702</u>	<u>1,495,528</u>

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

16. CURRENT ASSET INVESTMENTS

	2018	2017
	£	£
Current asset investments - Lloyds Bank	1,000,000	-

Current asset investments consists of fixed interest rate deposit accounts with Lloyds Bank, being an investment of £500,000 at 0.65% maturing on 11 February 2019 and an investment of £500,000 at 0.55% maturing on 14 November 2018.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Other loans	32,946	21,968
Trade creditors	436,765	894,711
Other taxation and social security	351,912	238,832
Other creditors	505,318	215,436
Accruals and deferred income	1,366,292	1,062,698
	2,693,233	2,433,645

	2018	2017
	£	£
DEFERRED INCOME		
Deferred income at 1 September 2017	589,155	20,508
Resources deferred during the year	625,846	589,155
Amounts released from previous years	(589,155)	(20,508)
Deferred income at 31 August 2018	625,846	589,155

The closing balance of deferred income mainly relates to funding for the Teaching School amounting to £270,160 and Universal Infant Free School Meals received in advance of 2018/19 academic year and various other timing adjustments.

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

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	<i>2017</i>
	£	<i>£</i>
Other loans	170,215	<i>115,335</i>
	<u><u> </u></u>	<u><u> </u></u>

Included within the above are amounts falling due as follows:

	2018	<i>2017</i>
	£	<i>£</i>
BETWEEN ONE AND TWO YEARS		
Other loans	32,946	<i>21,968</i>
	<u><u> </u></u>	<u><u> </u></u>
BETWEEN TWO AND FIVE YEARS		
Other loans	76,872	<i>65,905</i>
	<u><u> </u></u>	<u><u> </u></u>
OVER FIVE YEARS		
Other loans	60,397	<i>27,462</i>
	<u><u> </u></u>	<u><u> </u></u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2018	<i>2017</i>
	£	<i>£</i>
Repayable by installments	60,397	<i>27,462</i>
	<u><u> </u></u>	<u><u> </u></u>

The above creditor relates to the early termination of the Building Schools for the Future (BSF) contract and Condition Improvement Fund (CIF) loans.

The CIF loans consists of loans for a roofing project, a windows project, a heating project, and water system improvements as approved by the Education and Skills Funding Agency.

The loans are repayable over a 6 and 8 year period respectively and are to be repaid via deductions from General Annual Grant.

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

19. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
DESIGNATED FUNDS						
Teaching School	18,505	189,990	(189,409)	-	-	19,086
UNRESTRICTED FUNDS						
General Funds	1,606,624	132,613	(70,958)	(74,064)	-	1,594,215
Total Unrestricted funds	1,625,129	322,603	(260,367)	(74,064)	-	1,613,301
RESTRICTED GENERAL FUNDS						
General Annual Grant	467,547	21,266,215	(20,093,203)	(282,648)	-	1,357,911
Pupil Premium	14,608	1,628,276	(1,642,884)	-	-	-
Other DfE Group grants	142,528	389,386	(528,646)	-	-	3,268
Other government grants	3,034	831,683	(833,517)	-	-	1,200
Other funding	94,276	401,333	(381,519)	-	-	114,090
Other donations	47,925	-	(47,925)	-	-	-
Teaching School	14,043	556,680	(565,723)	-	-	5,000
Apprenticeship levy	-	11,687	(11,687)	-	-	-
Notional rent	-	360,000	(360,000)	-	-	-
Pension reserve	(6,360,000)	(1,207,000)	(1,059,000)	-	1,943,000	(6,683,000)
	(5,576,039)	24,238,260	(25,524,104)	(282,648)	1,943,000	(5,201,531)
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	1,583,045	1,550,716	(141,062)	71,159	-	3,063,858
Other government grants	215,179	9,125	(40,799)	(4,406)	-	179,099
Capital refresh	525,550	-	(39,180)	-	-	486,370
Other capital income	6,541	-	(1,154)	-	-	5,387
Transfer from Local Authority	30,604,059	1,455,769	(943,893)	-	-	31,115,935
Capital expenditure from GAG	248,809	-	(110,483)	289,959	-	428,285
	33,183,183	3,015,610	(1,276,571)	356,712	-	35,278,934
Total restricted funds	27,607,144	27,253,870	(26,800,675)	74,064	1,943,000	30,077,403
Total of funds	29,232,273	27,576,473	(27,061,042)	-	1,943,000	31,690,704

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

Designated funds

The Teaching School fund relates to historic surpluses which have been built up prior to conversion to an Academy Trust plus any subsequent surpluses generated.

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer to GAG relates to an amount transferred from unrestricted funds of £74,064 to equalise a GAG deficit on Northfield House Academy, net of a transfer from GAG of £356,712 towards fixed asset additions purchased in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The other DfE group restricted funds consists of Universal Infant Free School Meals (UIFSM), PE Sports Grant, National Support School (NSS) Bursary, Year 7 Catch Up Grant, Appeals Funding and Free School income. The closing balance relates to D&T Expert Panel £461 and Free School income £2,808.

Other government grants consists of Special Educational Needs (SEN) income, Early Years Single Funding Formula (EYSFF), Pupil Premium Looked After Children, Northampton University income and Healthy Eating Initiative income. The closing balance relates to the Healthy Eating Initiative £500 and Northampton University income £700.

Other funding consists of School Centred Initial Teacher Training (SCITT), milk income, Science Hub and Spoke income, School Development Support Agency, Lawn Tennis Association (LTA), music funding, Greggs and Kelloggs breakfast club, Lego project, Alderman Newton Educational Trust, Sustainable Development Goals (SDG) project, Rugby football development, British Science Week and Polli:Nation income. The closing balance relates to SCITT £100,675, SDG project £5,000, Science Hub and Spoke £3,419 and LTA £4,995.

Teaching School relates to income from National College for Teaching and Leadership (NCTL) which includes the Teaching School Core Grant, School to School Support (STSS) and various other project income. The closing balance relates to Special Leaders of Education online community fund £5,000.

Apprenticeship levy relates to notional income and expenditure recognised in relation to the training received by the Academy Trust as part of the scheme.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE Group capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned plus unspent funds of £398,260.

Other government grants relate to Big Lottery Grant's and Local Authority money received for the fixtures and fittings and a new canopy. The closing balance relates to the net book value of the assets concerned plus unspent Local Authority funds of £9,064.

The capital refresh money is an amount which has been reserved for ICT capital expenditure which stems from when Rushey Mead School was under Local Authority control. The closing balance relates to the net book value of the assets plus unspent funds of £368,832. The closing balance can only be used towards capital expenditure in Rushey Mead Academy, rather than in other Trust academies within The Mead Educational Trust.

Other capital income relate to funding received from various sources to purchase fixed assets. The closing balance relates to the net book value of the assets.

The transfer from Local Authority relates to the value of £33,467,180 (leasehold land and buildings plus

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

19. STATEMENT OF FUNDS (continued)

moveable assets) transferred from the Local Authority to the Academy Trust on conversion. The closing balance relates to the net book value of the assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	<i>Total 2017 £</i>
Knighton Fields Primary Academy	259,483	213,262
Northfield House Primary Academy	26,553	109,872
Rowlatts Hill Academy	467,343	395,518
Rushey Mead Academy	1,273,207	1,093,068
Thurnby Lodge Primary Academy	141,288	102,175
Willowbrook Primary Academy	258,392	329,376
Hamilton Academy	409,115	-
Central Services	259,389	165,819
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	3,094,770	2,409,090
Restricted fixed asset fund	35,278,934	33,183,183
Pension reserve	(6,683,000)	(6,360,000)
	<hr/>	<hr/>
Total	31,690,704	29,232,273
	<hr/> <hr/>	<hr/> <hr/>

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

19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2018 £	Total 2017 £
Knighton Fields Primary Academy	653,971	290,442	50,263	170,793	1,165,469	1,104,687
Northfield House Primary Academy	1,020,025	527,956	68,727	283,500	1,900,208	1,768,754
Rowlatts Hill Academy	700,236	529,433	36,988	250,492	1,517,149	626,693
Rushey Mead Academy	4,987,450	2,002,904	155,524	2,247,976	9,393,854	8,236,694
Thurnby Lodge Primary Academy	795,962	282,491	27,586	176,914	1,282,953	1,267,469
Willowbrook Primary Academy	1,065,976	486,655	86,894	342,288	1,981,813	1,891,423
Hamilton Academy	3,672,950	1,914,762	139,177	708,325	6,435,214	-
Central Services	-	707,668	-	341,143	1,048,811	648,409
	<u>12,896,570</u>	<u>6,742,311</u>	<u>565,159</u>	<u>4,521,431</u>	<u>24,725,471</u>	<u>15,544,129</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2017 £</i>
DESIGNATED FUNDS						
Teaching School	88,273	214,612	(284,380)	-	-	18,505
UNRESTRICTED FUNDS						
General Funds	1,325,985	505,656	(180,541)	(44,476)	-	1,606,624
Total Unrestricted funds	<u>1,414,258</u>	<u>720,268</u>	<u>(464,921)</u>	<u>(44,476)</u>	<u>-</u>	<u>1,625,129</u>

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

19. STATEMENT OF FUNDS (continued)

RESTRICTED GENERAL FUNDS

General Annual Grant	147,326	12,965,816	(12,466,230)	(179,365)	-	467,547
Pupil Premium	6,372	1,223,668	(1,215,432)	-	-	14,608
Other DfE Group grants	38,131	444,339	(339,942)	-	-	142,528
Other government grants	7,563	658,715	(663,244)	-	-	3,034
Other donations	23,359	384,030	(313,113)	-	-	94,276
Other funding	46,425	1,500	-	-	-	47,925
Teaching School	27,840	67,450	(81,247)	-	-	14,043
Pension reserve	(6,191,000)	(588,000)	(663,000)	-	1,082,000	(6,360,000)
	<u>(5,893,984)</u>	<u>15,157,518</u>	<u>(15,742,208)</u>	<u>(179,365)</u>	<u>1,082,000</u>	<u>(5,576,039)</u>

RESTRICTED FIXED ASSET FUNDS

DfE Group capital grants	130,094	1,481,917	(28,966)	-	-	1,583,045
Other government grants	-	213,370	(4,035)	5,844	-	215,179
Capital refresh	525,550	-	-	-	-	525,550
Other capital income	-	7,695	(1,154)	-	-	6,541
Transfer from Local Authority	28,983,993	2,459,072	(839,006)	-	-	30,604,059
Capital expenditure from GAG	90,271	-	(59,459)	217,997	-	248,809
	<u>29,729,908</u>	<u>4,162,054</u>	<u>(932,620)</u>	<u>223,841</u>	<u>-</u>	<u>33,183,183</u>
Total restricted funds	<u>23,835,924</u>	<u>19,319,572</u>	<u>(16,674,828)</u>	<u>44,476</u>	<u>1,082,000</u>	<u>27,607,144</u>
Total of funds	<u>25,250,182</u>	<u>20,039,840</u>	<u>(17,139,749)</u>	<u>-</u>	<u>1,082,000</u>	<u>29,232,273</u>

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	34,502,778	34,502,778
Current assets	1,613,301	4,344,917	776,156	6,734,374
Current liabilities	-	(2,693,233)	-	(2,693,233)
Non-current liabilities	-	(170,215)	-	(170,215)
Pension scheme liability	-	(6,683,000)	-	(6,683,000)
	<u>1,613,301</u>	<u>(5,201,531)</u>	<u>35,278,934</u>	<u>31,690,704</u>

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

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Unrestricted funds</i>	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	2017	2017	2017	2017
	£	£	£	£
Tangible fixed assets	-	-	32,670,264	32,670,264
Current assets	1,625,129	3,332,941	512,919	5,470,989
Current liabilities	-	(2,433,645)	-	(2,433,645)
Non-current liabilities	-	(115,335)	-	(115,335)
Pension scheme liability	-	(6,360,000)	-	(6,360,000)
	<u>1,625,129</u>	<u>(5,576,039)</u>	<u>33,183,183</u>	<u>29,232,273</u>

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

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	515,431	2,900,091
Adjustment for:		
Depreciation charges	1,276,571	932,620
Interest receivable	(9,781)	(1,967)
Increase in stocks	(10,679)	(16,809)
Decrease/(increase) in debtors	336,826	(416,848)
Increase in creditors	248,610	2,070,617
Capital grants from DfE and other capital income	(3,015,610)	(4,162,053)
Defined benefit pension scheme obligation inherited	1,207,000	588,000
Defined benefit pension scheme cost less contributions payable	738,000	522,000
Defined benefit pension scheme finance cost	200,000	141,000
Past service costs on defined benefit pension scheme	121,000	-
Net cash provided by operating activities	<u>1,607,368</u>	<u>2,556,651</u>

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	4,512,009	3,922,477
Current asset investments - Lloyds Bank	1,000,000	-
Total	<u>5,512,009</u>	<u>3,922,477</u>

23. CONVERSION TO AN ACADEMY TRUST

On 1 September 2017 Hamilton Academy converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Mead Educational Trust

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NOTES TO THE FINANCIAL STATEMENTS
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23. CONVERSION TO AN ACADEMY TRUST (continued)

from Leicester City Council for £NIL consideration.

On 30 June 2018 the Children's Centre situated at Northfield House Academy was transferred to The Mead Educational Trust from Leicester 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 loss in the statement of financial activities incorporating income and expenditure account as 'donations & capital grants - 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 incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Leasehold land and buildings	-	-	948,000	948,000
Other tangible fixed assets	-	-	507,769	507,769
Budget surplus/(deficit) on other school funds	13,396	-	-	13,396
LGPS pension surplus/(deficit)	-	(1,207,000)	-	(1,207,000)
Net assets/(liabilities)	<u>13,396</u>	<u>(1,207,000)</u>	<u>1,455,769</u>	<u>262,165</u>

24. CAPITAL COMMITMENTS

At 31 August 2018 the Academy Trust had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>14,482</u>	<u>750,003</u>

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

25. PENSION COMMITMENTS

The Academy'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 Leicestershire County Council. 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 £310,612 were payable to the schemes at 31 August 2018 (2017 - £209,486) 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 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 £1,516,586 (2017 - £962,371).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

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25. PENSION COMMITMENTS (continued)

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 £1,348,000 (2017 - £844,000), of which employer's contributions totalled £1,085,000 (2017 - £658,000) and employees' contributions totalled £263,000 (2017 - £186,000). The agreed contribution rates for future years are 23.4 - 24.4% for employers and 5.5 - 12.5% for employees.

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

Principal actuarial assumptions:

	2018	<i>2017</i>
Discount rate for scheme liabilities	2.80 %	<i>2.50 %</i>
Rate of increase in salaries	3.30 %	<i>3.40 %</i>
Rate of increase for pensions in payment / inflation	2.30 %	<i>2.40 %</i>
Inflation assumption (CPI)	2.30 %	<i>2.40 %</i>
Commutation of pensions to lump sums	50.00 %	<i>50.00 %</i>

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

	2018	<i>2017</i>
Retiring today		
Males	22.1	<i>22.1</i>
Females	24.3	<i>24.3</i>
Retiring in 20 years		
Males	23.8	<i>23.8</i>
Females	26.2	<i>26.2</i>

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25. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	<i>Fair value at 31 August 2017 £</i>
Equities	5,992,000	<i>4,573,000</i>
Bonds	2,609,000	<i>1,365,000</i>
Property	870,000	<i>546,000</i>
Cash	193,000	<i>341,000</i>
Total market value of assets	<u>9,664,000</u>	<i><u>6,825,000</u></i>

The actual return on scheme assets was £406,000 (2017 - £627,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS 102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2017 for the year to 31 August 2018, or date of joining the fund if later).

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25. PENSION COMMITMENTS (continued)

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

	2018 £	2017 £
Current service cost	(1,823,000)	(1,180,000)
Past service cost	(121,000)	-
Interest income	215,000	116,000
Interest cost	(415,000)	(257,000)
	<u>(2,144,000)</u>	<u>(1,321,000)</u>
Total	<u>(2,144,000)</u>	<u>(1,321,000)</u>

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

	2018 £	2017 £
Opening defined benefit obligation	13,185,000	11,141,000
Current service cost	1,823,000	1,180,000
Interest cost	415,000	257,000
Employee contributions	263,000	186,000
Actuarial gains	(1,752,000)	(571,000)
Benefits paid	(53,000)	(54,000)
Losses on curtailments	121,000	-
Effect of business combinations and disposals	2,345,000	1,046,000
	<u>16,347,000</u>	<u>13,185,000</u>
Closing defined benefit obligation	<u>16,347,000</u>	<u>13,185,000</u>

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

	2018 £	2017 £
Opening fair value of scheme assets	6,825,000	4,950,000
Interest income	215,000	116,000
Actuarial gains	191,000	511,000
Employer contributions	1,085,000	658,000
Employee contributions	263,000	186,000
Benefits paid	(53,000)	(54,000)
Effect of business combinations and disposals	1,138,000	458,000
	<u>9,664,000</u>	<u>6,825,000</u>
Closing fair value of scheme assets	<u>9,664,000</u>	<u>6,825,000</u>

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Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2018:	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	13 %	2,178,000
0.5% increase in the Salary Increase Rate	3 %	452,000
0.5% increase in the Pension Increase Rate	10 %	1,690,000

26. OPERATING LEASE COMMITMENTS

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

	2018	2017
	£	£
AMOUNTS PAYABLE:		
Within 1 year	31,903	22,589
Between 1 and 5 years	37,779	30,890
Total	69,682	53,479

27. MEMBERS' LIABILITY

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

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28. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

Creasy-Lockyer Limited - a company in which Jane Creasy (a member of the Academy Trust) is a director:

- The Academy Trust purchased services for the facilitation of a new teachers training programme from Creasy-Lockyer Limited. Transactions since the member's appointment total £NIL (2017: £1,613). There were no amounts outstanding at 31 August 2018 (2017: £NIL).
- The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Jane Creasy neither participated in nor influenced.
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2017.

Adam Glover, son of Anthony Glover, Chair of Trustees of the Academy Trust, is employed by the Academy Trust as a Deputy Head. Adam Glover's appointment was made in open competition and Anthony Glover was not involved in the decision making process regarding appointment. Adam Glover is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a Trustee.

No other related party transactions took place in either the current or prior year, other than certain Trustees' remuneration and expenses disclosed in note 11.

29. COMPARATIVES

During the current year the financial statements include 7 schools, the Leicester teaching school and the Leicestershire Secondary School-Centred Initial Teacher Training (SCITT). The 7 schools include Hamilton Academy which joined the Academy Trust on 1 September 2017. The prior year figures included 6 schools, the Leicester teaching school and the SCITT. Within the prior year, Rowlatts Primary Academy transferred into the Trust on 1 April 2017, with the remaining 5 schools being in place for the entire financial year. These 5 schools, together with central services are disclosed within the statement of funds note.

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30. TEACHING SCHOOL & SCITT TRADING ACCOUNT

	2018	2018	2017	2017
	£	£	£	£
INCOME				
DIRECT INCOME				
Government grants	1,114,380		516,550	
OTHER INCOME				
Other incoming sources	541,830		548,241	
TOTAL INCOME		1,656,210		1,064,791
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	309,726		256,800	
Bursaries	569,700		448,900	
Delivery costs	778,516		287,116	
TOTAL DIRECT EXPENDITURE	1,657,942		992,816	
OTHER EXPENDITURE				
Other staff costs	20,626		28,327	
Other support costs	18,649		58,530	
TOTAL OTHER EXPENDITURE	39,275		86,857	
TOTAL EXPENDITURE		1,697,217		1,079,673
DEFICIT FROM ALL SOURCES		(41,007)		(14,882)
TEACHING SCHOOL BALANCES AT 1 SEPTEMBER 2017		165,768		180,650
TEACHING SCHOOL BALANCES AT 31 AUGUST 2018		124,761		165,768