

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

CONTENTS

| | Page |
|--|---------|
| Reference and administrative details | 1 - 2 |
| Trustees' report | 3 - 10 |
| Governance statement | 11 - 13 |
| Statement on regularity, propriety and compliance | 14 |
| Statement of Trustees' responsibilities | 15 |
| Independent auditors' report on the financial statements | 16 - 18 |
| Independent reporting accountant's assurance report on regularity | 19 - 20 |
| Statement of financial activities incorporating income and expenditure account | 21 |
| Balance sheet | 22 - 23 |
| Statement of cash flows | 24 |
| Notes to the financial statements | 25 - 48 |

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2017

Members

S Spencer
A Lofthouse
J Moore (appointed 26 September 2016)

Trustees

A Lofthouse, Chair
S Spencer, Vice Chair
R Jesson (resigned 19 June 2017)
D Turner (formerly D Carey)
J Moore
M Bartley
D Jones
V Davison (formerly V Camfield)
E Lawson
P Godwin (appointed 26 September 2016)
R Barrett-Price (appointed 12 December 2016)
H Hector (appointed 25 September 2017)

Company registered number

07662289

Company name

Equitas Academies Trust

Principal and registered office

Aston Manor Academy, Phillips Street, Birmingham, B6 4PZ

Company secretary

M Lower

Senior management team

H Roberts, Executive Principal and Accounting Officer
C Simmons, Deputy Headteacher
N Lambert, Headteacher
J Sweeney, Deputy Headteacher
S Landers, Deputy Headteacher

Independent auditors

Moore Stephens LLP, 35 Calthorpe Road, Edgbaston, Birmingham, B15 1TS

Bankers

HSBC Bank plc, 130 New Street, Birmingham, B2 4JU

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Advisers (continued)

Solicitors

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

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates 1 primary and 1 secondary academy in Birmingham. Its academies have a combined pupil capacity of 1,370 and had a roll of 1,340 in the school census in October 2016.

Structure, governance and management

a. Constitution

The Trust is a Charitable Company limited by guarantee and an exempt charity.

The Charitable Company's Memorandum and Articles of Association is the primary governing documents of the trust.

The Trust comprises the following academy schools:

Aston Manor Academy
Chilwell Croft Academy

The Trustees of Equitas Academies Trust are also the Directors of the Charitable Company for the purpose of company law.

The Charitable Company is known as Equitas Academies Trust.

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

b. Members' liability

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

c. Trustees' indemnities

The trust has purchased insurance to cover trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on trust business. Details of the costs can be found in note 12 of the accounts. The limit of the indemnity cover is £5,000,000 on any one claim.

d. Method of recruitment and appointment or election of Trustees

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

Trustees are recruited by invitation of persons known to the trust who are able to benefit the Trust by their knowledge and expertise. Staff and parents trustees are invited to express their interest in joining Local Advisory Group and are elected by ballot.

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

To ensure that the Board and its Committees have the appropriate balance of skills and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively. The search for board candidates is conducted, and appointments made, on merit, that takes into account the benefits of diversity on the board, including gender and race.

The appointment process includes:

- An assessment of skills and experience of the individual who wishes to become a Trustee in relation to the existing Trustees to ensure that the skills complement those of the individuals already on the board; and
- The Chair and Vice Chair are elected on an annual basis and the terms of office for being a committee member is reviewed annually.

e. Policies and procedures adopted for the induction and training of Trustees

The induction and training of Trustees is critical in ensuring strong governance of the Trust. The development of Trustees is therefore as important as the development of employees. Trustees who do not understand the strategy of the Trust can lead to a lack of co-ordination resulting in poor performance from Trustees which is as great a risk to the Trust as a dereliction of duties from employees.

The ideal induction and training process for trustees would normally include:

- Attending a Trustees meeting before becoming a Trustee;
- Ongoing training in legislation and responsibilities;
- Allocation of a mentor or a buddy from within the existing Board of Trustees; and
- An induction pack which includes, but is not limited to, the Academy development plan and ESFA Academies Financial Handbook.

f. Organisational structure

The Board of Trustees are responsible for the overall strategic direction of the Trust. The Trustees have a duty to act in the fulfilment of the Trust objects. They set the strategic direction, and determine the policies and procedures of the Trust whilst holding each academy within the Trust to account. The Trustees will meet at least three times a year.

The Board of Trustees and each Academy Committee do not exercise a managerial role. The leadership and management across the trust is delegated by the board of trustees to the Senior Leadership Team within each academy. The Senior Leadership Teams are responsible at an executive level for implementing the policies laid down by the board of trustees and reporting back to them through various committees. This includes actions concerning the budget, staffing and school improvement.

The Executive Headteacher is the Accounting Officer, who is responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to designated budget holders within the hierarchy of limits and in accordance with the approved Financial Regulations and Financial Scheme of Delegation.

All Trustees are members of the Trust Board. In addition Trustees are members of committees who report to the full Trust Board.

The sub-committees of the trust board are the:

- Raising Standards;
- Finance and General Purposes; and
- Audit

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

g. Pay policy for key management personnel

Key management are regarded as the Trustees and the senior management team as listed on page 1.

The arrangement for setting the pay and remuneration of the key management personnel of the trust are subject to the 'school teachers pay and conditions document and guidance on school teachers pay and conditions'. The determination of leadership pay is in line with the school group size and relevant scale points attributed to the group pay range.

Incremental rises are dependant upon the successful completion of the previous years' performance management cycle and quality assured by the Senior Leadership Team within each Academy. Recommendations for pay increases are made by the Senior Leadership Team to the academy committee and their decision is validated by the Board of Trustees at the autumn term meeting.

h. Connected organisations, including related party relationships

The members, Boards of Trustees, Academy committee members and the accounting officer all complete a pecuniary interests declaration on an annual basis. This declaration sets out any relationship with the Trust that is not directly related to their duties within these roles. Each individual is also required to declare a potential 'conflict of interest' if it arises between such declarations. Once a declaration has been made the individual concerned takes no further part in any decision relating to the matter declared.

In respect of the current year, the Trust has the following relationships:

- During the year, the Trust continued to work with the Titan Partnership, which included training our own teachers through the Initial Teacher Training Programme; and
- During the year the Trust used the services of University College of Birmingham.

Objectives and Activities

a. Objects and aims

The Trust's object is to advance, for the public benefit, education for children aged 4 to 19 by establishing and maintaining, Academies which offer a broad and balanced curriculum.

The Trustees vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. Aston Manor Academy is recognised by Ofsted as outstanding.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic and technological advancement and extend their sporting, artistic and musical accomplishments.

The Trust fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

b. Objectives, strategies and activities

The strategic goals of the Academy Trust are:

To provide high quality provision for all academies within the academy trust that improves the outcomes of all

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

our pupils. This will be achieved by providing appropriate and proportionate support and challenge each academy trust. There will be a focus on:

- Establishing and monitoring a system of governance through effective academy committees;
- Providing intervention to support school improvement;
- Developing collaborative curriculum activities to support key skill development, increasing independence and vocational/work-related learning;
- Developing monitoring and evaluating strategies and procedures that will drive school improvement;
- Supporting the procurement of best value central services; and
- Collaboratively sharing and supporting best practice.

c. Public benefit

The Trustees confirm that they referred to the guidance contained in the Charity Commissioner's general guidance on public benefit when reviewing the academy trust objective and aims and in planning future activities for the period. The Trustees consider that the Academy Trust can clearly demonstrate that its aims are to advance education for public benefit.

Strategic report

Achievements and performance

a. Key performance indicators

Our objective

To provide high quality education provision for all academies within the Academy Trust that improves the outcomes of all of our pupils.

What we did

Leadership at both academies within the Trust is key to continuing to raise standards. A new SENCO was successfully appointed to Chilwell Croft Academy and a new Assistant Headteacher responsible for Literacy & Numeracy was successfully appointed at Aston Manor Academy.

Both academies belong to Challenge Partners and an external review of all aspects of both academies was carried out in the Autumn Term 2016.

Our impact

The Academy Trust achieved an unprecedented level of achievement in the GCSE results and in the sixth form. Our Progress 8 score was 0.24 when 0 is the expected score. 96% of students in the sixth form achieved 3 A*-E in A 'Levels of equivalents.

KS1 scores including phonics were in line with national averages even though pupils arrive below national average in to year 1 or Reception.

Tables 1, 2 and 3 below provide a summary of the Academy's performance in the summer 2016 examination season.

Table 1. Summary of KS2 SAT examination results 2016

| KS2 SAT results | 2017 |
|--|-------------|
| Achieving Expected Standard in Reading/Writing/Maths | 43% |
| Achieving Expected Standard in Reading | 55% |
| Achieving Expected Standard in Writing | 78% |
| Achieving Expected Standard in Maths | 63% |

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

| | |
|---------------------------|-------|
| Progress Score in Reading | -2.84 |
| Progress Score in Writing | +0.85 |
| Progress Score in Maths | -1.61 |

Table 2. Summary of GCSE examination results 2017

| GCSE | 2017 |
|---|-------|
| Progress 8 Score | +0.24 |
| Attainment 8 Score | 45.1 |
| 9-4 in English (Language or Literature) and Maths | 51% |
| Achieving the English Baccalaureate | 19% |

Table 3. Summary of A-Level and equivalent study examination results 2017

| A Level | 2017 |
|--|-------|
| Average points score A-Level entry | 30.10 |
| Average points score per Applied General entry | 45.83 |
| Average points score per Tech Level entry | 43.59 |
| % of students achieving 3 A* - E grades | 96% |
| % of students achieving 2 A* - E grades | 100% |
| % of students achieving 1 A* - E grades | 100% |

Key Performance Indicators

The Trust has a proven track record of making outstanding progress between key stage 2 and key stage 4. To set targets for our key stage 4 performance we use the data that students achieve at the end of key stage 2 in their primary schools. Our key stage 5 target setting process is based on the ALPS tool which generates aspirational targets for AS/A2 subjects based on students GCSE performance.

We have always had very high expectations of all of our students at every key stage.

Key performance indicators include:

- Ofsted inspection outcomes;
- Examination/key stage results;
- Pupil attendance data;
- Pupil/teacher contact time;
- Average class sizes; and
- Percentage of income spent on staffing split between teaching and non-teaching staff.

b. 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 Accounting Policies.

Financial Review

The Trust's financial position demonstrates total income of £9,871,719 with a deficit at the 31 August 2017 of £571,589 after actuarial losses of £430,000 on defined benefit pension schemes. The deficit has been allocated to reserves.

The reserves will be utilised for continuous improvement and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

the Trust's buildings, plant, equipment and contents.

The principal source of funding is derived from the ESFA under the General Annual Grant. This totaled £7,716,044 across the Trust.

A strategic school improvement plan is prepared and reviewed each year by the Trustees in order that reserves can be prioritised and spent according to the needs of the Trust.

The principal financial management policies adopted in the year are:

- Conducting regular financial reviews of income and expenditure versus planned budgets at the Finance and General Purposes Committee meetings; and
- Consideration as to whether the financial income demonstrates a robust and stable position enabling the provision of sufficient quality resources to fulfill the Trust's educational obligations.

Reserves carried forward at 31 August 2017 will be utilised as part of the medium and long term plans of the Trust to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities.

Financial review

a. Reserves policy

Any reserves held are in accordance with the requirements laid down in the Master Funding Agreement and by the Education and Skills Funding Agency. The level of reserves held takes into account the nature of income and expenditure streams, the need to match them to commitments, including future capital projects, and the need to maintain sufficient reserves to cover any unexpected urgent expenditure requirements, such as building repairs not covered by insurance. The board of trustees identifies capital projects on an annual basis and reserves are reviewed alongside this exercise. The Board of Trustees will review the level of reserves and reserves policy annually.

As at 31 August 2017 the Academy Trust has reserves of £15,414,439 with unrestricted funds of £671,392 restricted income funds of £968,742 restricted fixed assets funds of £17,182,305 and pension reserve deficit of £3,408,000.

b. Material investments policy

The Trustees have decided that funds that the Trust does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the Academy's income but with minimal risk. The Academy does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship as and when circumstances allow.

The Trust had invested the sum of £610,049 in a HSBC Money Market account as at 31 August 2017. This is a short term investment. The object of this account is to hold the reserves at low risk.

The Trust does not have any endowment funds.

c. Principal risks and uncertainties

The Trust has implemented a risk register and a risk review process that is reviewed termly. The objectives will be determined, and where it is considered necessary, measures of control and mitigation in order to manage risk will be put in place.

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

The principal risks are the loss of reputation through falling standards, falling student rolls and failure to safeguard the students of the Trust.

Key controls in place are:

- An organised structure with defined roles, responsibilities and authorisation levels;
- Terms of Reference for the committees of the Trust Board;
- Financial planning, budgeting and regular management reporting highlighting areas of financial risk;
- Formal written and published policies for employees; and
- Vetting procedures as required by law for the protection of the vulnerable.

The deficit of the Local Government Pension Scheme of £3,408,000 continues to represent a concern. However, Parliament has agreed at the request of the Secretary of State for Education, to guarantee that in the event of academy closure, outstanding local government pension scheme liability would be met by the Department for Education. This guarantee came into force on 18 July 2013.

d. Financial risk management objectives and policies

The Trustees have assessed the major risks to which the Trust is exposed, in particular those related to the operations and finances of the Trust, and are satisfied that systems are in place to mitigate any exposure to major risks.

A formal review of the Trust's risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity;
- Terms of reference for all Trust Board delegated committees under the direction of the Trust Board;
- Pecuniary interests of Trustees reviewed at each meeting;
- Comprehensive budgeting and management reporting;
- Established organisational structure and clear lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Vetting procedures as required by law for the protection of the vulnerable

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Plans for future periods

a. Future developments

The Trust strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy strives to provide exceptional behavior and attendance management support to its students and to offer a broad range of extra-curricular activities.

EQUITAS ACADEMIES TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

Disclosure of information to auditors

In so far 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

A resolution proposing that Moore Stephens LLP be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 4 December 2017 and signed on its behalf by:


.....
A Lofthouse
Chair