

Company Registration Number: 07654219 (England & Wales)

MATRIX ACADEMY TRUST
(A Company Limited by Guarantee)

Annual Report and Financial Statements
for the Year Ended 31 August 2019

MATRIX ACADEMY TRUST

Annual Report and Financial Statements
for the Year Ended 31 August 2019

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MATRIX ACADEMY TRUST

Reference and Administrative Details
for the Year Ended 31 August 2019

Members	Mr J Bench Mr I Bidmead Mr S Smith Bishop Derek Webley MBE DL (appointed 4 December 2018)
Trustees / Directors	Mr J Bench (Chairman) Dame Maureen Brennan Mr K Hoey (resigned 6 May 2019) Ms D Park Mr S Smith Mr S White Sir Mark Aspinall (appointed 4 December 2018) Mrs D Williams (appointed 1 March 2019) Mr A Heath (appointed 7 May 2019)
Company Secretary	Mr R Nicholls
Senior Leadership Team	Dame Maureen Brennan (Chief Executive & Accounting Officer) Mrs L Draycott (Head teacher) Mr I Smith (Head teacher) Mr A Seager (Head teacher) Mrs J Gray (Head teacher) (resigned 31 May 2019) Mrs S Davies (Head teacher) (appointed 1 January 2019) Mr M Dunn (Head teacher) Mr R Doidge (Chief Financial Officer) Mrs D Rowley (Facilities Manager) (resigned 13 November 2018) Mr R Nicholls (Network Manager) Mrs L Doidge (HR Manager) Miss J Newsome (Leadership Consultant) Mrs Y Willis (Primary Leadership Consultant) Mr K Shilton (SCITT Director) Mr G Smart (Facilities Manager) (appointed 4 November 2019)
Company Name	Matrix Academy Trust
Academies Operated	Barr Beacon School, Aldridge, West Midlands Etone College, Nuneaton, Warwickshire Bloxwich Academy, Bloxwich, West Midlands Dame Elizabeth Cadbury School, Bournville, Birmingham
Principal and Registered Office	Leamore Lane Bloxwich Walsall West Midlands WS2 7PS
Company Registration Number	07654219 (England & Wales)
Independent Auditor	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham, B15 3BE
Bankers	Lloyds Bank 595 Kingstanding Road Birmingham, B44 9TB
Solicitors	Browne Jacobson Victoria Square House, Victoria Square Birmingham, B2 4BU

MATRIX ACADEMY TRUST

Trustees' Report for the Year Ended 31 August 2019

The Trustees of Matrix Academy Trust present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

Matrix Academy Trust operates 3 secondary academies and an all through academy in the West Midlands. Its academies have a combined pupil capacity of 4637 and had a roll of 4434 in the school census October 2019.

Barr Beacon School	11-18	Walsall
Bloxwich Academy	3-18	Walsall
Etone College	11-18	Warwickshire
Dame Elizabeth Cadbury School	11-18	Birmingham

Structure, Governance and Management

Constitution

Matrix Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Matrix Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Matrix Academy Trust (company number 07654219). Herein it may be referred to as "Matrix Academy Trust", "the Charitable Company", "the Academy Trust", or "the Trust".

The Charitable Company was incorporated on 1 June 2011 under the name Barr Beacon School Trust. On 1 July 2011, Barr Beacon School converted to academy trust status under the Academies Act 2010 and all the operations, assets and liabilities were transferred to the Charitable Company from Walsall Local Authority. Barr Beacon School was designated an outstanding school in January 2014.

On 6 December 2013, Barr Beacon School Trust was renamed Matrix Academy Trust and converted into a Multi Academy Trust on 1 February 2014.

On 1 February 2014, Etone College transferred all of its operations, assets and liabilities to Matrix Academy Trust. Etone College had itself converted from a Local Authority School to an Academy Trust on 1 January 2012. Etone College had been placed in special measures in April 2013. Etone College was recognised as good in all categories by Ofsted in January 2017.

On 1 April 2015, The Mirus Academy (Walsall College Academies Trust) transferred all of its operations, assets and liabilities to Matrix Academy Trust. The Mirus Academy (Walsall College Academies Trust) had itself converted from a Local Authority School to an Academy Trust on 1 January 2012. The Mirus Academy has now changed its name to Bloxwich Academy. The Mirus Academy had been placed in special measures in November 2013. Bloxwich Academy was removed from special measures and recognised as requires improvement with good rated for Behaviour and Post-16 in December 2017.

On 1 October 2016, Dame Elizabeth Cadbury Technology College transferred all of its operations, assets and liabilities to Matrix Academy Trust. Dame Elizabeth Cadbury Technology College was a local authority school within Birmingham Local Authority. Dame Elizabeth Cadbury Technology College is now known as Dame Elizabeth Cadbury School. Dame Elizabeth Cadbury Technology College was recognised as a good school in November 2012.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on Page 1.

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.

MATRIX ACADEMY TRUST

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

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

A Trustee may benefit from any indemnity insurance purchased at the Trust's expense to cover liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of duty which they may be guilty in relation to the Trust: Provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

The policy for Trustee Indemnity is held with Zurich Municipal Ltd and the limit of this indemnity is £5,000,000 (5 Million Pounds).

Method of recruiting and appointment or election of Trustees

The processes for appointing or electing the various types of Trustee at Matrix Academy Trust are as follows:

The Members shall appoint and may remove up to 5 Trustees.

Parent Trustees – There shall be a minimum of two Parent Trustees unless there are Local Governing Bodies which include at least two Parent Members.

Except for 16 - 19 Academies, Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies shall be elected or appointed (in accordance with the terms of reference determined by the Trustees from time to time). The elected or appointed Parent Trustee or Parent members of the Local Governing Bodies or Advisory Bodies must be a parent of a registered pupil at one or more of the Academies (but not one of the 16- 19 Academies) at the time when he/she is elected or appointed.

The number of Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies required shall be made up by Parent Trustees and Parent members appointed by the Trustees if the number of parents standing for election is less than the number of vacancies.

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustee or Parent members of Local Governing Bodies or Advisory Bodies, including any question of whether a person is a parent of a registered pupil at one of the Academies (but not one of the 16 - 19 Academies). Any election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies which is contested shall be held by secret ballot.

In appointing a Parent Trustee or Parent member of a Local Governing Body or Advisory Body the Trustees shall appoint a person who is the parent of a registered pupil at an Academy (but not one of the 16-19 Academies); or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

In the case of 16-19 Academies, Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies shall either be elected by parents of registered students at the 16 to 19 Academies, pursuant to Articles 56B to 56C, or be appointed by the Trustees/Advisory Bodies/Local Governing Bodies, pursuant to Article 56D. The elected or appointed Parent Trustees or Parent members of the Local Governing Bodies or Advisory Bodies must be a parent of a student at one of the 16 to 19 Academies at the time when he is either elected or appointed.

The number of Parent Trustees and Parent members of the Local Governing Bodies or Advisory Bodies required shall be made up by Parent Trustees and Parent members appointed by the Trustees/Advisory Bodies/Local Governing Bodies if the number of parents standing for election is less than the number of vacancies.

The Trustees shall make all necessary arrangements for, and determine all other matters relating to, an election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies, including any question of whether a person is a parent of a registered student at one of the 16-19 Academies. Any election of the Parent Trustees or Parent members of Local Governing Bodies or Advisory Bodies which is contested shall be held by secret ballot.

MATRIX ACADEMY TRUST

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

Method of recruiting and appointment or election of Trustees (continued)

In appointing a Parent Trustee or Parent member of a Local Governing Body or Advisory Body, the Trustees/Advisory Bodies/Local Governing Bodies shall appoint a person who is the parent of a registered student at one of the 16 to 19 Academies; or where it is not reasonably practical to do so, a person who is the parent of a child above compulsory school age but not above the age of 19.

The Chief Executive shall be a Trustee for as long as he/she shall remain in office as such.

Term of Office - The term of office for any Trustee shall be four years, save that this time limit shall not apply to the Chief Executive. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Trustees

Following their appointment/election, all new Trustees will receive an introduction to their role from the Chairman and Chief Executive/Headteacher, this introduction includes a tour of the School sites, the opportunity to meet other members of the Leadership Team and support from the Trustees.

The Board of Trustees is committed to providing opportunities for Trustees to undertake and receive suitable training so as to enable them to undertake their role more effectively.

Trustees with specific roles within the Board of Trustees are encouraged to undertake specific training.

Organisational structure

Matrix Academy Trust is a Multi Academy Trust with four individual schools forming that Trust, Barr Beacon School, Etone College, Bloxwich Academy and Dame Elizabeth Cadbury School.

The Board of Trustees are responsible for the strategic oversight of the Trust. Operational management is the responsibility of the Chief Executive and staff. At Matrix Academy Trust the majority of roles and responsibilities of the Board of Trustees are dealt with at full Board of Trustees meetings. The Board of Trustees support the Accounting Officer in the performance of their duties. Where appropriate, duties are delegated to Local Governance Advisory Boards, committees and employees of the Trust, although the Board maintains overall control for the activities and performance of the Trust. There are a small number of delegating committees – Staff Dismissal, Pupil Discipline, Appeals, Audit & Risk, Pay and Headteacher Appraisal. Trust/school policies are developed by the Leadership and Central Support Team incorporating statutory requirements and reflecting strategic direction agreed by the Trustees.

Trustees formally approve and adopt policies and Leadership, together with staff, implement the agreed procedures and protocols.

Arrangements for setting pay and remuneration of key management personnel

Key Management Personnel within the Trust's academies include the Trustees, the Senior Leadership Team and the Central Support Team. Pay and remuneration is determined by the Trust's pay policy. Salaries are reviewed annually and can be changed during the year as per the Trust's or individual school's needs.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	1,110.81
Total pay bill	17,791,111.52
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.006%

MATRIX ACADEMY TRUST

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

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0.000%
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Related parties and other connected charities and organisations

Matrix Academy Trust has strong connections with a number of universities for both pupil and staff engagement.

Barr Beacon SCITT completed its third year with 35 colleagues completing the programme leaving with good or outstanding features. Matrix Academy Trust is a hub with the TES Institute for the Straight to Teach Programme. Matrix Academy Trust also provided numerous school experience placement days.

Matrix Academy Trust offered support to a number of schools in the form of visiting its academies to view good practice. Matrix Academy Trust also providing advice and guidance to colleagues from other schools.

Evolve Teaching School Alliance, based at Barr Beacon School has been a designated Teaching School since September 2014, and is a partnership working within and beyond our locality. The Alliance partnership offers a network of Primary and Secondary schools that collaborate effectively to share first hand outstanding training and practice in a variety of different specialisms. Evolve Teaching School Alliance Limited is also a member of the Black Country Teaching School Group.

The Chair of Trustees is a National Leader of Governance (NLG). He offers support to other governing bodies and has chaired an Interim Executive Board in a Walsall School in special measures.

The Chief Executive as a National Leader in Education (NLE) leads on pupil premium reviews together with Barr Beacon School as a National Support School (NSS). On 1 November 2017, the Chief Executive was elected onto the Head teacher's board for the West Midlands working with the Regional Schools Commissioner.

Objectives and Activities

Objects and aims

The principal object and activity of Matrix Academy Trust is to advance for public benefit the provision of education in the United Kingdom. In doing so it meets the requirements of the Funding Agreement signed by the Secretary of State for Education. It provides a balanced and broad curriculum and meets the requirements of the Schools Admissions Code in drawing up its own Admissions Policy. The Trustees confirm that they have had due regard to the Charity Commission's guidance on public benefit.

The main objectives of the Trust for the year ended 31 August 2019 are summarised as follows: -

- to provide the highest quality education for all its pupils;
- to provide value for money for the funds expended;
- to ensure that the Trust is suitably staffed;
- to comply with all statutory and curriculum requirements;
- to develop and maintain links with local industry and the wider community, including working with other educational establishments;
- to conduct the Trust's business in accordance with the highest standards of integrity, probity and openness;
- to provide quality training for trainee teachers to improve the workforce of all schools within the trust and their local communities.

Objectives, strategies and activities

Matrix Academy Trust aims to create a family of schools within the West Midlands, working collaboratively for the common good. Matrix Academy Trust does not intend to discriminate against any schools wishing to join the trust, and will accept, according to inspection regimes, those in outstanding and special measures category; additionally, the trust intends to achieve a mixture of sizes and phase schools as partners.

Matrix Academy Trust is aiming for regional regeneration through education, to help raise standards and aspirations of young people in the area. We want to work in collaboration with schools, not to impose. We see Matrix Academy Trust sharing success and best practice, whilst retaining individuality.

Our structured development and improvement process is built on the results the senior leadership team have achieved in education, helping to build a bespoke action plan to address school performance and improve the life chances of pupils.

MATRIX ACADEMY TRUST

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

Objectives, strategies and activities (continued)

The training of teachers and improvement of the workforce through our SCITT programme and 'grow your own' strategy, professional development, support and commitment to teacher training.

Matrix Academy Trust aim to reduce regional staff shortages, especially in specialist subjects.

Equality and Diversity policy

The overall objective of Matrix Academy Trust's Equality and Diversity Policy is to provide a framework for its academies to pursue its equality duties to eliminate unlawful discrimination and harassment; promote equality of opportunity; and promote good relations and positive attitudes between people of diverse backgrounds in all of its activities.

The principles of this policy apply to all members of the extended Trust's community - pupils, staff, the Board of Trustees, parents, volunteers and community members. Partners and contractors are also expected to abide by the policy.

We will not tolerate less favourable treatment of anyone on the grounds of gender, race, disability, sexual orientation, age, and religion or belief.

Through our school ethos', curriculum and community links, we will work towards -

- a common vision;
- a sense of belonging for all;
- similar life opportunities for all;
- strong and positive relationships between different communities.

Equality and Diversity is more than just meeting legal obligations or targets. It's about making a difference to the lives of the communities we serve, treating all people with dignity and respect, and recognising the value of each individual. This means an on-going commitment to ensuring that our services meet the varied and individual needs of pupils in our schools.

Public benefit

The Trustees confirm that they have complied with their duty to have due regard to public benefit guidance published by the Charity Commission for England & Wales. The Trustees have referred to the Charities Commission's general guidance on public benefit when reviewing the Trust's objectives and aims and in planning future activities for the year. The Trust's academies continue to be at the heart of their community, promoting community cohesion and sharing facilities with the wider community.

Strategic Report

Achievements and Performance

In the year leading up to 31 August 2019 the following was achieved by Matrix Academy Trust: -

	2018			2019		
	Progress 8	Attainment 8	5+EM	Progress 8	Attainment 8	5+EM
Barr Beacon School	+0.07	48.0	53%	-0.05	46.1	44.3%
Etone College	+0.05	46.5	37%	+0.23	48.5	39.8%
Bloxwich Academy	-0.76	33.1	11%	0.00	37.8	15%
Dame Elizabeth Cadbury	-0.15	40.9	32%	+0.42	48.4	50.9%

	2018 – Progress Score			2019 – Progress Score		
	Reading	Writing	Maths	Reading	Writing	Maths
Bloxwich Academy	-3.60	-5.80	-4.50	-2.49	+0.21	-0.11

- Ofsted ranks all schools behaviour as good or outstanding
- Matrix Academy Trust undertook reviews of any pupils off roll within its schools and the review demonstrated compliance in all actions
- All schools experienced safeguarding reviews. Increased referrals and compliance was shown.
- Increased pupils going to a Russell University across the trust

MATRIX ACADEMY TRUST

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

Achievements and Performance (continued)

- Staff work collaboratively at all sites to ensure that good practice is shared across all schools in Matrix Academy Trust especially in key areas of Maths and Modern Languages
- Engaged in DfE early career framework with Matrix Academy Trust staff presenting at national conferences
- Barr Beacon School is continuing to contribute to national debate on workforce reform on list of 47 things not to do
- Etone College recognised by local primary schools for partnership work undertaken
- Dame Elizabeth Cadbury School continued to share good practice with other local schools particularly in safeguarding
- Bloxwich Academy year 7 numbers increased from 120 to 240 due to increased popularity of the school
- The trust has organised shared visits nationally and internationally for its schools.
- The Teaching School is successfully creating strong relationships within its alliance
- Pupil Numbers have improved
- All schools within the trust were fully staffed

Key financial performance indicators

- Maintain a healthy financial balance
- Maintain a healthy school roll
- Increase catering revenue
- Increase efficiency of energy usage
- Increase usage of local suppliers
- Standardised reporting
- Reduce sickness/absence levels
- Continue to promote professional development of staff
- Continue to maintain a full complement of staff

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that Matrix Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

As shown in the Statement of Financial Activities on page 20, the combined Restricted General Fund and Unrestricted Fund show net income for the year of £841,000 (2018: net expenditure of £415,000). This is before the actuarial losses on defined benefit pension schemes and before a contribution of £490,000 towards capital expenditure in the year. Excluding the pension reserve, the combined Restricted General Fund and Unrestricted Fund show a carried forward balance of £3,963,000 as at 31 August 2019 (2018: £3,102,000).

The majority of the Trust's income is obtained from the Department for Education (DfE) in the form of recurrent grants. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown in the statement of financial activities.

Matrix Academy Trust received total income of £27,856,000 (2018: £25,460,000), of which £21,081,000 (2018: £19,928,000) was received from the DfE through the General Annual Grant (GAG). Other income totalled £6,775,000 (2018: £5,532,000) and was generated from income streams such as additional grant income, hire of facilities, student teacher programmes, catering income and capital income.

The Trust was also awarded £1,396,000 from the Condition Improvement Fund during the year ended 31 August 2019, for swimming pool regeneration at Barr Beacon School and fire safety works at Dame Elizabeth Cadbury School in the 2018/2019 bids, and for window replacement at Barr Beacon School and flat roof coverings at Bloxwich Academy in the 2019/2020 bids.

As indicated above, Matrix Academy Trust generates income through the hire of facilities and services through its Leisure Centre. For the year ended 31 August 2019 this income totalled £29,000 (2018: £119,000).

In the year ended 31 August 2019, there was a total expenditure of £26,711,000 (2018: £26,599,000) (note 6). Staff costs accounted for the majority of funds expended, which totalled £19,466,000 (2018: £19,527,000) (note 9).

MATRIX ACADEMY TRUST

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

Financial review (continued)

The Trust's support staff (all non-teaching staff) are entitled to membership of their respective Local Government Pension Scheme. For the support staff at Barr Beacon School, Bloxwich Academy, Dame Elizabeth Cadbury School and Matrix Academy Trust (central team), this is the West Midlands Pension Fund which is administered by Wolverhampton City Council. For the support staff at Etone College, this is the Warwickshire Pension Fund which is administered by Warwickshire County Council. The appointed actuary of each scheme has assessed under FRS102 the Trust's share of the total deficit in those schemes as follows:- Barr Beacon School £2,628,000 (2018: £2,030,000); Bloxwich Academy £3,541,000 (2018: £2,879,000); Dame Elizabeth Cadbury School £2,498,000 (2018: £2,045,000); Matrix Academy Trust (central team) £171,000 (2018: £51,000); and Etone College £1,542,000 (2018: £926,000). The total LGPS deficit recognised in the Trust's financial statements is therefore £10,380,000 at 31 August 2019 (2018: £7,931,000).

The updating and management of the asset register (note 13) shows that we have total fixed assets at cost or valuation of £62,158,000 (2018: £59,357,000), including land and buildings with a value of £57,406,000 (2018: £54,987,000). Depreciation charges for the year totalled £1,367,000 (2018: £1,314,000) and are calculated on the straight line depreciation method at the rates set out in the accounting policies. The total net book value of assets at 31 August 2019 was £51,270,000 (2018: £49,836,000).

As defined in the Funding Agreement Articles of Association, no Trustee is employed by or receives any remuneration from the Academy Trust other than the Chief Executive. As defined, this clause only allows such a Trustee to receive remuneration or benefit from Matrix Academy Trust in his/her capacity as an employee of the Trust. Please refer to note 8 in the Notes to Financial Statements.

Reserves & investments policy

The main Board of Trustees review the resources of the Trust and recognise the need to have sufficient reserves to protect against reductions in funding. The reserves are held in line with DfE guidelines. The policy aims to carry forward sufficient funds to meet the Trust's long term aims and objectives, ensuring that this does not affect its current operational activities. The amount allocated to reserves is to accommodate and manage the lagged pupil funding due to a growth in pupil numbers and the uncertainty around government funding in the future.

The Trust's Unrestricted Funds increased by £278,000 in the year giving a reserves balance carried forward of £1,714,000 at 31 August 2019. At current levels, this represents less than one month's operating costs.

Matrix Academy Trust seeks to maximise returns from its investments, minimise risk and maintain flexibility and access to funds. Within the year ended 31 August 2019 Matrix Academy Trust received £10,000 interest on investments.

Financial and risk management objectives and policies

Risk is the threat that an event or action will adversely affect the Trust's ability to achieve its objectives and to successfully execute its strategies. As such, risk management is an integral part of good governance and is a process whereby there is shared awareness and understanding within the Trust of:

- the nature and extent of the risks it faces
- the extent and categories of risks regarded as acceptable
- the likelihood and potential impacts of the risks materialising
- the ability to reduce the incidence and impact on the organisation of risks that do materialise
- regular and on-going monitoring and reporting of risk
- an appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk
- the trust conducts, at least annually, a review of the effectiveness of the system of internal control in place

The Trust's system of internal control is part of its risk management process and has a key role to play in the management of significant risks to the fulfilment of its objectives. It also contributes to the safeguarding of public funds, the trust's assets and promotion of best value. Internal control facilitates the effectiveness and efficiency of operations, helps to ensure the reliability of internal and external reporting and assists compliance with laws and regulations.

The Trustees have adopted the Risk Registers based around those in the Trust's Handbook.

MATRIX ACADEMY TRUST

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

Risk management

The Trustees have assessed the major risks to which the trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational areas and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to eliminate risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

Statement on the system of internal financial control

As Trustees, we acknowledge we have overall responsibility for ensuring Matrix Academy Trust has an effective and appropriate system of control, financial and otherwise. We are also responsible for keeping proper accounting records, which disclose with reasonable accuracy and at any time the financial position of the Trust and which enable us to ensure financial statements comply with the Companies Act. We also acknowledge responsibility for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that: -

- the Trust is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposition;
- the proper records are maintained and financial information used within the trust is reliable;
- the Trust complies with relevant laws and regulations.

The Trust's system of internal financial control is based on a framework of regular management information and 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 Board of Trustees which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- delegation of authority and segregation of duties;
- identification and management of risks

Principal risks and uncertainty

The principal risk areas are the protection of pupils, staff and assets as well as maintaining pupil numbers in order to manage the financial risks. Systems and procedures to minimise these are constantly being reviewed and updated.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the Trustees have a duty to report information on fundraising practices. The majority of the income of the Trust is GAG funding from the ESFA to provide education. The Trust receives income from its lettings, catering and the Trust helps to support other like-minded organisations through the secondment of staff, consultation and training activities. Fundraising from the public is a minor part of the Trust's approach to raising money. The Trust does not use professional fundraisers or work with commercial participators except seeking specialist consultation support in preparation for grant applications. Voluntary contributions and donations are requested in accordance with the Charging and Remissions Policy in which we promise not to charge for education provided during school hours and to inform parents on low incomes and in receipt of relevant benefits of the support available to them when asking for contributions. Matrix Academy Trust and its academies are committed to ensuring equal opportunities for all pupils, regardless of financial circumstances, to ensure that no child is discriminated against by our offering of school trips, activities and educational extras. Voluntary contributions and donations help to support our efforts to help children live fulfilling and healthy lives. There have been no complaints about fundraising activity this year. All direct fundraising is undertaken by school representatives to ensure that it is not unreasonably intrusive or persistent.

MATRIX ACADEMY TRUST

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

Plans for future periods

Matrix Academy Trust's plans for the future are to: -

- To raise achievement for all pupils in Key Stage 3, 4 and 5
- Continue the drive to have outstanding schools within the Trust
- Expand the Multi Academy Trust
- Continue to maintain an outstanding SCITT (School Centred Initial Teacher Training)
- Continue to recruit, train and maintain outstanding teaching and support staff
- Continue to contribute to school improvement at a local, regional, national and international level
- Continue to work with partners at DfE, ESFA, Local Authorities, Regional School Commissioners and other schools
- Continue to develop a Matrix Academy Trust standardised approach
- Continue to centralise functions within the Trust where improvements and efficiencies can be gained
- Monitor and review the governance of the schools within the Trust
- To develop the leadership academy
- To expand primary expertise within the Trust

Funds held as custodian trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Auditor

Insofar as the Trustees are aware: -

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Report, incorporating a Strategic Report, was approved by order of the Board of Trustees, as the company Directors on 10 December 2019 and signed on the Board's behalf by:

Mr Jeremy Bench
Chair of Trustees



MATRIX ACADEMY TRUST

Governance Statement for the Year Ended 31 August 2019

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform to 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 Matrix Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<u>Board member</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr J Bench (Chairman)	5	6
Dame Maureen Brennan (CEO and Accounting Officer)	6	6
Mr K Hoey (resigned 6 May 2019)	3	4
Ms D Park	6	6
Mr S Smith	5	6
Mr S White	4	6
Sir Mark Aspinall (appointed 4 December 2018)	2	5
Mrs D Williams (appointed 1 March 2019)	4	4
Mr A Heath (appointed 7 May 2019)	2	2

During the year, ended 31 August 2019 there has been 3 new trustees appointed and 1 trustee resigning due to relocation further increasing the composition of the Board of Trustees.

The audit and risk committee is a sub-committee of the main Board of Trustees. Its purpose is to provide assurances to the Board that risks are being adequately identified and managed by:

- reviewing the risks to internal financial control at the trust
- agreeing a programme of work to address, and provide assurance on those risks
- reviewing the reports of the responsible officer on the effectiveness of the financial procedures and controls
- reviewing the risk reduction plan

Attendance at meetings in the year was as follows:

<u>Audit and risk committee member</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs C Gilbert (Chair)	2	2
Mr K Hoey	1	1
Mr S Smith	2	2

Matrix Academy Trust does not operate a Finance and General Purposes Sub-Committee.

MATRIX ACADEMY TRUST

Governance Statement (continued) for the Year Ended 31 August 2019

Review of Value for Money

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

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

Improving educational results

We have ensured that resources are directed where they are most needed and most effective in meeting educational requirements, for example by:

- Continuing the drive to raise standards so all academies become outstanding;
- Targeting resources in key target areas such as literacy and numeracy;
- Monitoring the needs of individual pupils and ensuring the support they receive is of the highest quality;
- Ensure every single young person who attends an academy within Matrix Academy Trust has the very best experience and achieves everything they are capable of;
- Closing the gap between the progress of disadvantaged pupils and non-disadvantaged pupils;
- Monitor the performance of staff to ensure that relevant action is taken where weaknesses are identified;
- Using the SCITT to provide a pipeline of quality first teachers to work within the Trust.

The effectiveness of these strategies can be seen in the sustained performance of pupil achievement.

Maintaining the focus on individual pupils

The Trust has managed the differing needs of pupils, such as those requiring one to one support and those requiring more stretch by:

- Quality Year 7 catch up intervention in English and Maths
- More able pupils are challenged requiring additional planning
- Withdrawal from certain subjects in years 7, 8 and 9 to focus on additional literacy and numeracy work
- Success centre continues to work alongside the small proportion of disengaged pupils
- Purchasing equipment and additional resources for individual pupils where necessary
- Collapsed curriculum events to accelerate progress
- Discrete reading curriculum and support for the least able
- Educational visits
- Pupil premium is strategically used for intervention strategies to ensure we minimise underperformance.

Financial governance and oversight

The Board of Trustees receives and approves the Annual Budget, Annual Accounts and the External Auditors Management Report and is mindful of the need to balance expenditure against income to ensure the Trust and its academies remain a 'going concern'.

Each appointed Headteacher will have overall responsibility for the day to day management of their academy budget. The Board of Directors, Chief Executive and CFO review financial performance.

Better purchasing

A register of all services and contracts has been developed and all contracts are appraised and renegotiated in a timely manner to get the best mix of quality and effectiveness for the least cost.

Some services have been terminated with external providers as the expertise is now available in house.

The Trust benchmarks financial performance against each of its academies along with other Trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts remain competitive.

The Trust regularly takes opportunities to work collaboratively with others to reduce and share administration and procurement costs.

MATRIX ACADEMY TRUST

Governance Statement (continued) for the Year Ended 31 August 2019

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Matrix Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Board of Trustees 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 Services 4 Schools as internal auditor. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Purchasing
- Payroll
- Business interests
- Cash control
- Financial procedures
- GAG income, Grant income and Other income
- Assets
- VAT & taxation
- Data security
- Insurance
- Roles and responsibilities
- Budgeting
- Governance
- Staff structure
- Tendering processes
- Accounting records and systems
- Reporting

On a termly basis the auditor reports to the Board of Trustees, through the Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

A schedule of work was approved for the year and adhered to. There were no findings which were perceived to be high risk or material in their nature or value.

MATRIX ACADEMY TRUST

Governance Statement (continued)
for the Year Ended 31 August 2019


Review of Effectiveness

As accounting officer, the Chief Executive, 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 auditor;
- the financial management and governance self-assessment
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit and risk committee and a plan to address weakness and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 10 December 2019 and signed on its behalf by:



Mr Jeremy Bench
Chair of Trustees



Dame Maureen Brennan
Accounting Officer

MATRIX ACADEMY TRUST

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2019

As accounting officer of Matrix Academy Trust I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2018.

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



Dame Maureen Brennan
Accounting Officer
10 December 2019

MATRIX ACADEMY TRUST

Statement of Trustees' Responsibilities for the Year Ended 31 August 2019

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Academies Accounts Direction published by the Education and 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:

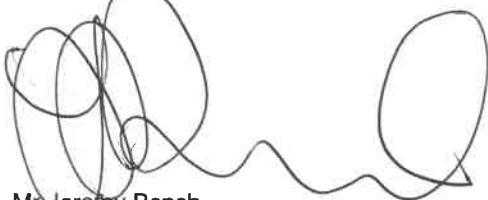
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the 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 10 December 2019 and signed on its behalf by:



Mr Jeremy Bench
Chair of Trustees

Opinion

We have audited the financial statements of Matrix Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, 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) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Report of the Independent Auditors 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.

Opinions 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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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.

Report of the Independent Auditors to the Members of
MATRIX ACADEMY TRUST

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

Use of our report

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



KEVIN HODGETTS (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

19 December 2019

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

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Matrix Academy Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Matrix Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Matrix Academy 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 Matrix Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Matrix Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the Trust's activities;
- A review of governance procedures;
- A review of financial budgeting and monitoring procedures;
- A review of related/ connected party transactions in accordance with internal processes and the Academies Financial Handbook;
- A review and sample testing of internal financial controls; and
- A review and sample testing of procurement procedures.

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 period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

19 December 2019

MATRIX ACADEMY TRUST

**Statement of Financial Activities
for the year ended 31 August 2019**

		Unrestricted fund £'000	Restricted funds £'000	Fixed asset funds £'000	Total 2019 funds £'000	Total 2018 funds £'000
	Notes					
Income and endowments from						
Donations and capital grants	2	-	25	1,673	1,698	778
Charitable activities						
Funding for the academy's educational operations	3	-	22,973	-	22,973	21,733
Teaching schools	24	-	1,023	-	1,023	828
Other trading activities	4	1,269	883	-	2,152	2,112
Investment income	5	10	-	-	10	9
Total		1,279	24,904	1,673	27,856	25,460
Expenditure on						
Raising funds		1,001	602	-	1,603	1,424
Charitable activities						
Academy's educational operations		-	22,752	1,369	24,121	24,322
Teaching schools	24	-	987	-	987	853
Total	6	1,001	24,341	1,369	26,711	26,599
Net income/(expenditure)		278	563	304	1,145	(1,139)
Transfers between funds	19	-	(490)	490	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	(1,939)	-	(1,939)	1,815
Net movement in funds		278	(1,866)	794	(794)	676
Reconciliation of funds						
Total funds brought forward		1,436	(6,265)	50,476	45,647	44,971
Total funds carried forward		1,714	(8,131)	51,270	44,853	45,647

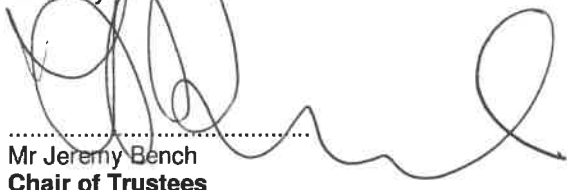
The notes form part of these financial statements

MATRIX ACADEMY TRUST

Statement of Financial Position
At 31 August 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	13	51,270	49,836
Current assets			
Debtors	14	2,199	1,255
Cash at bank		<u>4,002</u>	<u>4,631</u>
		6,201	5,886
Creditors			
Amounts falling due within one year	15	<u>(2,238)</u>	<u>(2,144)</u>
Net current assets		<u>3,963</u>	<u>3,742</u>
Total assets less current liabilities		55,233	53,578
Pension liability	20	<u>(10,380)</u>	<u>(7,931)</u>
Net assets		<u>44,853</u>	<u>45,647</u>
Funds	19		
Unrestricted funds:			
General fund		1,714	1,436
Restricted funds:			
Restricted general funds		2,249	1,666
Fixed asset funds		51,270	50,476
Pension reserve		<u>(10,380)</u>	<u>(7,931)</u>
		<u>43,139</u>	<u>44,211</u>
Total funds		<u>44,853</u>	<u>45,647</u>

The financial statements were approved by the Board of Trustees on 10 December 2019 and were signed on its behalf by:


.....
Mr Jeremy Bench
Chair of Trustees

Company Registration Number: 07654219

The notes form part of these financial statements

MATRIX ACADEMY TRUST

Statement of Cash Flows
for the year ended 31 August 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities:			
Cash generated from operations	25	464	(157)
Tax paid		<u>-</u>	<u>8</u>
Net cash provided by (used in) operating activities		<u>464</u>	<u>(149)</u>
 Cash flows from investing activities:			
Purchase of tangible fixed assets		(2,801)	(893)
Capital grants from DfE/ESFA		1,698	798
Interest received		<u>10</u>	<u>9</u>
Net cash provided by (used in) investing activities		<u>(1,093)</u>	<u>(86)</u>
 Change in cash and cash equivalents in the reporting period		<u>(629)</u>	<u>(235)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>4,631</u>	<u>4,866</u>
 Cash and cash equivalents at the end of the reporting period		<u><u>4,002</u></u>	<u><u>4,631</u></u>

The notes form part of these financial statements

MATRIX ACADEMY TRUST

Notes to the Financial Statements for the year ended 31 August 2019

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Connected charities and subsidiary undertakings

Evolve Teaching School Alliance Limited is a Company Limited by Guarantee in which the Governing Body of Barr Beacon School Limited, acting as agent for Matrix Academy Trust, is the only member. These financial statements present the information of the Academy Trust as an individual entity only and do not consolidate the financial statements of Evolve Teaching School Alliance Limited. Exemption has been taken from the requirement to prepare consolidated group accounts on the grounds that the subsidiary is immaterial to the Academy Trust. The capital and reserves of Evolve Teaching School Alliance Limited at 31 August 2019 was negative £588 (2018: (£29,066)) and the surplus for the year was £28,478 (2018: £635).

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 company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval 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.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

1. Accounting policies - continued

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trusts' depreciation policy.

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

Long leasehold buildings	- 50 years straight line basis
Leasehold land	- not depreciated
Fixtures, fittings and equipment	- 3 years straight line basis
Computer equipment	- 3 years straight line basis
Motor vehicles	- 3 years straight line basis

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

1. Accounting policies - continued

Liabilities

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

Provisions

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.

Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. The financial assets and 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 cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

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.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

1. Accounting policies - continued

Pension costs and other post-retirement benefits

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

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined 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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Donations	-	-	-	(20)
Grants	-	1,698	1,698	798
	-	1,698	1,698	778

Grants received, included in the above, are as follows:

	2019 £'000	2018 £'000
Capital grants	1,698	798

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

3. Funding for the academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
General Annual Grant (GAG)	-	21,081	21,081	19,928
Other DfE group grants	-	1,569	1,569	1,467
Local authority grants	-	290	290	338
Other income from educational operations	-	33	33	-
	<u>-</u>	<u>22,973</u>	<u>22,973</u>	<u>21,733</u>

4. Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Hire of facilities	29	-	29	119
Catering income	1,031	-	1,031	858
School fund income	-	574	574	421
Other income	209	309	518	714
	<u>1,269</u>	<u>883</u>	<u>2,152</u>	<u>2,112</u>

5. Investment income

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Deposit account interest	10	-	10	9

6. Expenditure

	Staff costs £'000	Non-pay expenditure Premises £'000	Other costs £'000	2019 Total £'000	2018 Total £'000
Raising funds					
Costs of fundraising					
Direct costs	419	8	1,176	1,603	1,424
Charitable activities					
Academies educational operations					
Direct costs	15,655	1,022	1,860	18,537	18,921
Allocated support costs	3,214	1,447	923	5,584	5,401
SCITT					
Direct costs	164	-	9	173	170
Allocated support costs	14	15	785	814	683
	<u>19,466</u>	<u>2,492</u>	<u>4,753</u>	<u>26,711</u>	<u>26,599</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

6. Expenditure - continued

Net income/(expenditure) is stated after charging/(crediting):

	2019 £'000	2018 £'000
Auditors' remuneration	15	14
Auditors' remuneration for non-audit work	16	13
Internal audit	5	5
Depreciation - owned assets	1,367	1,315
Other operating leases	34	30
Deficit on disposal of fixed asset	<u>-</u>	<u>208</u>

7. Charitable activities – academies' educational operations

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000	2018 Total funds £'000
Direct costs	-	18,537	18,537	18,921
Direct costs - SCITT	-	173	173	170
Support costs	-	5,584	5,584	5,401
Support costs - SCITT	<u>-</u>	<u>814</u>	<u>814</u>	<u>683</u>
	<u>-</u>	<u>25,108</u>	<u>25,108</u>	<u>25,175</u>

	2019 Total £'000	2018 Total £'000
Analysis of support costs		
Support staff costs	3,228	3,088
Technology costs	46	52
Premises costs	1,462	1,472
Other support costs	1,595	1,374
Governance costs	<u>67</u>	<u>98</u>
Total support costs	<u>6,398</u>	<u>6,084</u>

8. Trustees' remuneration and benefits

The Chief Executive Officer and staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Dame M Brennan (Chief Executive Officer and trustee)		
Remuneration	£150,000 - £155,000	(2018 - £160,000 - £165,000)
Employer's pension contributions	£nil	£nil

Trustees' expenses

During the year ended 31 August 2019 and 31 August 2018 no travel and subsistence expenses were reimbursed to trustees. Related party transactions involving the trustees are set out in note 23.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

9. Staff costs

	2019	2018
	£'000	£'000
Wages and salaries	14,738	14,782
Social security costs	1,446	1,447
Operating costs of defined benefit pension schemes	<u>3,072</u>	<u>2,846</u>
	19,256	19,075
Supply teacher costs	180	340
Redundancy payments	30	76
Severance payments	<u>-</u>	<u>36</u>
	<u>19,466</u>	<u>19,527</u>

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2018: £35,920).

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2019	2018
Teachers (FTE: 2019: 248, 2018: 237)	256	256
Admin and support (FTE: 2019: 153, 2018: 177)	198	215
Management (FTE: 2019: 41, 2018: 41)	<u>41</u>	<u>41</u>
	<u>495</u>	<u>512</u>

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

	2019	2018
£60,001 - £70,000	8	9
£70,001 - £80,000	2	2
£80,001 - £90,000	3	3
£90,001 - £100,000	1	1
£150,001 - £160,000	1	-
£160,001 - £170,000	<u>-</u>	<u>1</u>
	<u>15</u>	<u>16</u>

The key management personnel of the academy trust comprise the trustees, the senior leadership team and the central support team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £981,746 (2018:£1,011,479).

10. Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £866 (2018: £872).

The cost of this insurance is included in the total insurance cost.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

11. Comparatives for the statement of financial activities (31 August 2018)

	Unrestricted fund £'000	Restricted funds £'000	Fixed asset funds £'000	Total funds £'000
Income and endowments from				
Donations and capital grants	-	(20)	798	778
Charitable activities				
Funding for the academies' educational operations	-	21,733	-	21,733
SCITT	-	828	-	828
Other trading activities	1,256	856	-	2,112
Investment income	<u>9</u>	<u>-</u>	<u>-</u>	<u>9</u>
Total	1,265	23,397	798	25,460
 Expenditure on				
Raising funds	1,088	336	-	1,424
Charitable activities				
Academies' educational operations	-	22,800	1,522	24,322
SCITT	<u>-</u>	<u>853</u>	<u>-</u>	<u>853</u>
Total	1,088	23,989	1,522	26,599
 Net income/(expenditure)	177	(592)	(724)	(1,139)
 Transfers between funds	-	(1,826)	1,826	-
 Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	<u>-</u>	<u>1,815</u>	<u>-</u>	<u>1,815</u>
 Net movement in funds	177	(603)	1,102	676
 Reconciliation of funds				
Total funds brought forward	1,259	(5,662)	49,374	44,971
 Total funds carried forward	<u>1,436</u>	<u>(6,265)</u>	<u>50,476</u>	<u>45,647</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

12. Central services

Matrix Academy Trust has provided the following central services to the academies during the year:

- > human resources
- > financial services
- > legal services
- > educational support services
- > facilities services
- > IT services

The trust charges each of their academies a proportion of their GAG income for provision of these central services. Up until December 2018, a flat rate of 3% was charged. From January 2019 this has been increased to 5%.

The actual amounts charged during the year were as follows:

	2019 £'000	2018 £'000
Barr Beacon School	317	216
Etone College	164	106
Bloxwich Academy	238	154
Dame Elizabeth Cadbury	179	116
	<u>898</u>	<u>592</u>

13. Tangible fixed assets

	Long leasehold £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
Cost					
At 1 September 2018	54,987	2,155	146	2,069	59,357
Additions	<u>2,419</u>	<u>64</u>	<u>-</u>	<u>318</u>	<u>2,801</u>
At 31 August 2019	<u>57,406</u>	<u>2,219</u>	<u>146</u>	<u>2,387</u>	<u>62,158</u>
Depreciation					
At 1 September 2018	5,815	1,878	146	1,682	9,521
Charge for year	<u>1,022</u>	<u>135</u>	<u>-</u>	<u>210</u>	<u>1,367</u>
At 31 August 2019	<u>6,837</u>	<u>2,013</u>	<u>146</u>	<u>1,892</u>	<u>10,888</u>
Net book value					
At 31 August 2019	<u>50,569</u>	<u>206</u>	<u>-</u>	<u>495</u>	<u>51,270</u>
At 31 August 2018	<u>49,172</u>	<u>277</u>	<u>-</u>	<u>387</u>	<u>49,836</u>

Included in the cost or valuation of land and buildings is leasehold land of £4,744,038, which is not depreciated.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

14. Debtors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade debtors	87	25
Amounts owed by group undertakings	5	39
Other debtors	1,027	293
VAT recoverable	616	515
Prepayments and accrued income	<u>464</u>	<u>383</u>
	<u>2,199</u>	<u>1,255</u>

Included in other debtors is accrued capital income of £715,290 (2018: £nil) relating to capital expenditure incurred in the financial year 2018/19.

15. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Trade creditors	678	952
Social security and other taxes	359	360
Other creditors	62	-
Accruals and deferred income	<u>1,139</u>	<u>832</u>
	<u>2,238</u>	<u>2,144</u>

	2019	2018
	£'000	£'000
Deferred Income at 1 September 2018	279	91
Resources deferred in the year	174	279
Amounts released from previous years	<u>(279)</u>	<u>(91)</u>
Deferred Income at 31 August 2019	<u>174</u>	<u>279</u>

At the balance sheet date, the academy trust was holding funds in advance for the following:

	2019	2018
	£'000	£'000
Catering	13	9
Capital expenditure	49	47
Rates funding	51	58
Bursary funding	57	32
Free school meals	0	13
Combined Cadet Force	1	62
ABP grant	0	15
SLC funding	0	31
EY deprivation funding	<u>3</u>	<u>12</u>
	<u>174</u>	<u>279</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

16. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019	2018
	£'000	£'000
Within one year	30	39
Between one and five years	57	5
	<u>87</u>	<u>44</u>

17. 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.

18. Analysis of net assets between funds

	Unrestricted	Restricted	Fixed asset	Total	2019
	fund	funds	funds		funds
	£'000	£'000	£'000		£'000
Fixed assets	-	-	51,270		51,270
Current assets	1,730	3,365	1,106		6,201
Current liabilities	(16)	(1,116)	(1,106)		(2,238)
Pension liability	-	(10,380)	-		(10,380)
	<u>1,714</u>	<u>(8,131)</u>	<u>51,270</u>		<u>44,853</u>

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

	Unrestricted	Restricted	Fixed asset	Total	2018
	fund	funds	funds		funds
			£'000		£'000
Fixed assets	-	-	49,836		49,836
Current assets	1,436	3,030	1,420		5,886
Current liabilities	-	(1,364)	(780)		(2,144)
Pension liability	-	(7,931)	-		(7,931)
	<u>1,436</u>	<u>(6,265)</u>	<u>50,476</u>		<u>45,647</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

19. Movement in funds

	Balance at 1 September 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, losses and Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	1,431	21,081	(20,037)	(490)	1,985
Other DfE group grants	-	1,569	(1,460)	-	109
School fund	179	574	(602)	-	151
Other restricted funds	88	657	(745)	-	-
SCITT	(32)	1,023	(987)	-	4
	<u>1,666</u>	<u>24,904</u>	<u>(23,831)</u>	<u>(490)</u>	<u>2,249</u>
Pension reserve	(7,931)	-	(510)	(1,939)	(10,380)
	<u>(6,265)</u>	<u>24,904</u>	<u>(24,341)</u>	<u>(2,429)</u>	<u>(8,131)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	3,549	1,673	(136)	-	5,086
Capital expenditure from GAG	7,416	-	(202)	490	7,700
Transfer from Local Authority on conversion	37,656	-	(983)	-	36,673
Other capital funds	1,855	-	(48)	-	1,807
	<u>50,476</u>	<u>1,673</u>	<u>(1,369)</u>	<u>490</u>	<u>51,270</u>
Total restricted	<u>44,211</u>	<u>26,577</u>	<u>(25,710)</u>	<u>(1,939)</u>	<u>43,139</u>
Unrestricted funds					
Generated funds	1,436	1,279	(1,001)	-	1,714
	<u>1,436</u>	<u>1,279</u>	<u>(1,001)</u>	<u>-</u>	<u>1,714</u>
Total funds	<u>45,647</u>	<u>27,856</u>	<u>(26,711)</u>	<u>(1,939)</u>	<u>44,853</u>

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency, Department of Education, or other funders.

Restricted Fixed Asset Funds are resources which are applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education, or other funders where the asset acquired or created is held for a specific purpose.

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

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

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

19. Movement in funds - continued

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019	Total 2018
	£'000	£'000
Barr Beacon School	1,316	1,101
Etone College	692	666
Bloxwich Academy	1,778	1,108
Dame Elizabeth Cadbury School	(26)	52
Matrix Academy Trust	199	207
SCITT	4	(32)
	<hr/>	<hr/>
Total before fixed assets and pension reserve	3,963	3,102
Restricted fixed asset fund	51,270	50,476
Pension reserve	(10,380)	(7,931)
	<hr/>	<hr/>
Total	44,853	45,647

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 (excluding depreciation)	Total 2019	Total 2018
	£'000	£'000	£'000	£'000	£'000	£'000
Barr Beacon School	5,302	920	267	1,321	7,810	8,047
Etone College	3,037	460	139	735	4,371	4,327
Bloxwich Academy	3,912	743	258	1,194	6,107	6,311
Dame Elizabeth Cadbury School	3,152	746	305	737	4,940	4,567
Matrix Academy Trust	252	756	3	128	1,139	972
SCITT	164	13	3	795	975	853
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	15,819	3,638	975	4,910	25,342	25,077

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

19. Movement in funds - continued

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

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, losses and Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	3,623	19,928	(20,295)	(1,826)	1,431
Other DfE group grants	-	1,467	(1,467)	-	-
School fund	94	421	(336)	-	179
Other restricted funds	-	753	(665)	-	88
SCITT	(87)	828	(772)	-	(32)
	<u>3,630</u>	<u>23,397</u>	<u>(23,535)</u>	<u>(1,826)</u>	<u>1,666</u>
Pension reserve	(9,292)	-	(454)	1,815	(7,931)
	<u>(5,662)</u>	<u>23,397</u>	<u>(23,989)</u>	<u>(11)</u>	<u>(6,265)</u>
Restricted fixed asset funds					
DfE/EFA capital grants	2,861	798	(110)	-	3,549
Capital expenditure from GAG	5,785	-	(195)	1,826	7,416
Transfer from Local Authority on conversion	38,816	-	(1,160)	-	37,656
Other capital funds	1,912	-	(57)	-	1,855
	<u>49,374</u>	<u>798</u>	<u>(1,522)</u>	<u>1,826</u>	<u>50,476</u>
Total restricted	<u>43,712</u>	<u>24,195</u>	<u>(25,511)</u>	<u>1,815</u>	<u>44,211</u>
Unrestricted funds					
Generated funds	1,259	1,265	(1,088)	-	1,436
	<u>1,259</u>	<u>1,265</u>	<u>(1,088)</u>	<u>-</u>	<u>1,436</u>
Total funds	<u>44,971</u>	<u>25,460</u>	<u>(26,599)</u>	<u>1,815</u>	<u>45,647</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

20. Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. For the support staff at Barr Beacon School, Bloxwich Academy, Dame Elizabeth Cadbury School and Matrix Academy Trust (central team), this is the West Midlands Pension Fund which is administered by Wolverhampton City Council. For the support staff at Etone College, this is the Warwickshire Pension Fund which is administered by Warwickshire County Council. The TPS and the LGPS are both defined-benefit schemes.

The pension costs and the LGPS are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS and the LGPS related to the period ended 31 March 2016.

Prepaid contributions to the schemes as at 31 August 2019 amount to £184,455 (2018: £165,887) and are included within debtors.

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.

20. Pension and similar obligations
- continued

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 2016 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 5 March 2019. The key elements of the valuation are:

- employer contribution rates would be increased from 16.48% to 23.68% of pensionable pay from 1 September 2019 (inclusive of 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 £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion giving a notional past service deficit of £22.0 billion.

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

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,767,963 (2018: £1,529,164).

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 academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

20. Pension and similar obligations - continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £663,205 (2018: £718,353), of which employer's contributions totalled £485,484 (2018: £554,862) and employees' contributions totalled £177,721 (2018: £163,491). The agreed contribution rates for future years range from 5.5% to 12.5% for employees' and for employer's are at the following rates:

- Matrix Academy Trust – 2019/20 - 20.6%, 2020/21-2022/23 – 19.9%
- Barr Beacon School – 2019/20 – 16.9%, 2020/21-2022/23 – 19.9%
- Bloxwich Academy - 2019/20 - 20.1%, 2020/21-2022/23 – 19.9%
- Dame Elizabeth Cadbury School – 2019/20 - 20.9%, 2020/21-2022/23 – 19.9%

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.

In November 2019 The West Midlands Pension Fund notified the Trust that additional employer's contributions would be payable in future years as follows:

- Matrix Academy Trust –£22,180 for 2020/21, £22,989 for 2021/22 and £23,827 for 2022/23
- Barr Beacon School - £31,517 for 2020/21, £32,666 for 2021/22 and £33,857 for 2022/23
- Bloxwich Academy - £51,885 for 2020/21, £53,776 for 2021/22 and £55,737 for 2022/23
- Dame Elizabeth Cadbury School - £105,000 for 2020/21, £109,000 for 2021/22 and £113,000 for 2022/23

Warwickshire Pension Fund have not yet notified the Trust of future contribution rates for Etone College. These are not being made available until 2020.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2019 £'000	2018 £'000
Present value of funded obligations	(19,876)	(16,113)
Fair value of plan assets	9,496	8,182
	<u>(10,380)</u>	<u>(7,931)</u>
Deficit	<u>(10,380)</u>	<u>(7,931)</u>
Liability	<u>(10,380)</u>	<u>(7,931)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	2019 £'000	2018 £'000
Current service cost	871	1,131
Net interest from net defined benefit asset/liability	204	231
Past service cost	227	-
Administrative expenses	3	2
	<u>1,305</u>	<u>1,364</u>
Actual return on plan assets	<u>564</u>	<u>64</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

20. Pension and similar obligations
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Defined benefit obligation at start of the period	16,113	16,339
Current service cost	871	1,131
Past service cost	227	-
Contributions by scheme participants	146	168
Interest cost	435	424
Change in financial assumptions	3,276	(1,842)
Benefits paid	(177)	(107)
Actuarial (gains)/losses from changes in demographic assumptions	<u>(1,015)</u>	<u>-</u>
	<u>19,876</u>	<u>16,113</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Fair value of scheme assets at start of the period	8,182	7,047
Assets interest	231	193
Contributions by employer	795	910
Contributions by scheme participants	146	168
Assets administration expenses	(3)	(2)
Expected return	322	(27)
Benefits paid	<u>(177)</u>	<u>(107)</u>
	<u>9,496</u>	<u>8,182</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2019	2018
	£'000	£'000
Actuarial gains/(losses) from changes in demographic assumptions	1,015	-
Actuarial gains/(losses)	(3,276)	1,842
Expected return on assets	<u>322</u>	<u>(27)</u>
	<u>(1,939)</u>	<u>1,815</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

20. Pension and similar obligations
- continued

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Matrix Academy Trust	Barr Beacon School	Etone College	Bloxwich Academy	Dame Elizabeth Cadbury School
Equities	60% (2018: 63%)	60% (2018: 63%)	61% (2018: 63%)	60% (2018: 63%)	60% (2018: 63%)
Government Bonds	9% (2018: 7%)	9% (2018: 7%)	26% (2018: 22%)	9% (2018: 7%)	9% (2018: 7%)
Other bonds	4% (2018: 4%)	4% (2018: 4%)	-	4% (2018: 4%)	4% (2018: 4%)
Property	8% (2018: 8%)	8% (2018: 8%)	12% (2018: 12%)	8% (2018: 8%)	8% (2018: 8%)
Cash	4% (2018: 4%)	4% (2018: 4%)	1% (2018: 3%)	4% (2018: 4%)	4% (2018: 4%)
Other	15% (2018: 14%)	15% (2018: 14%)	-	15% (2018: 14%)	15% (2018: 14%)
Total	100%	100%	100%	100%	100%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	Matrix Academy Trust 31.08.19 (31.08.18)	Barr Beacon School 31.08.19 (31.08.18)	Etone College 31.08.19 (31.08.18)	Bloxwich Academy 31.08.19 (31.08.18)	Dame Elizabeth Cadbury School 31.08.19 (31.08.18)
Rate of increase in salaries	3.6% (3.8%)	3.7% (3.8%)	2.9% (3.0%)	3.7% (3.8%)	3.6% (3.8%)
Rate of increase for pensions in payment/ inflation	2.1% (2.3%)	2.2% (2.3%)	2.3% (2.4%)	2.2% (2.3%)	2.2% (2.3%)
Discount rate for scheme liabilities	1.9% (2.7%)	1.9% (2.6%)	1.8% (2.8%)	1.8% (2.6%)	1.9% (2.7%)
Inflation assumptions (CPI)	2.1% (2.3%)	2.2% (2.3%)	2.3% (2.4%)	2.2% (2.3%)	2.1% (2.3%)

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

	Matrix Academy Trust at 31.08.19 (2018)	Barr Beacon School at 31.08.19 (2018)	Etone College at 31.08.19 (2018)	Bloxwich Academy at 31.08.19 (2018)	Dame Elizabeth Cadbury School at 31.08.19 (2018)
Retiring today					
Males	20.9 (21.9)	20.9 (21.9)	21.4 (22.5)	20.9 (21.9)	20.9 (21.9)
Females	23.2 (24.4)	23.2 (24.4)	23.6 (24.7)	23.2 (24.4)	23.2 (24.4)
Retiring in 20 years					
Males	22.6 (24.1)	22.6 (24.1)	22.4 (24.3)	22.6 (24.1)	22.6 (24.1)
Females	25.1 (26.7)	25.1 (26.7)	25.0 (26.7)	25.1 (26.7)	25.1 (26.7)

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

20. Pension and similar obligations
- continued

Sensitivity analysis as at 31 August 2019
Matrix Academy Trust

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	399	414	429
Projected service cost	164	170	176
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	414	414	414
Projected service cost	170	170	170
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	429	414	399
Projected service cost	170	170	164
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	429	414	400
Projected service cost	176	170	164

Barr Beacon School

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	4,857	4,981	5,108
Projected service cost	291	299	307
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	4,999	4,981	4,963
Projected service cost	299	299	299
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	5,090	4,981	4,875
Projected service cost	307	299	291
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	5,164	4,981	4,804
Projected service cost	310	299	299

Etone College

	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	13%	531
0.5% in the Salary Increase Rate	1%	59
0.5% increase in the Pension Increase Rate	11%	462

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

20. Pension and similar obligations
- continued

Bloxwich Academy

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	6,907	7,071	7,239
Projected service cost	189	193	198
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	7,092	7,071	7,050
Projected service cost	193	193	193
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	7,271	7,071	6,928
Projected service cost	197	193	189
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	7,238	7,071	6,823
Projected service cost	200	193	186

Dame Elizabeth Cadbury School

	Sensitivity 1	Sensitivity 2	Sensitivity 3
	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	3,130	3,221	3,315
Projected service cost	241	248	255
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	3,232	3,221	3,210
Projected service cost	248	248	248
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	3,304	3,221	3,140
Projected service cost	255	248	241
Adjustment to life expectancy assumptions	+ 1 year	None	- 1 year
Present value of total obligation	3,304	3,221	3,110
Projected service cost	257	248	239

21. Contingent liabilities

There were no contingent liabilities as at 31 August 2019 or 31 August 2018.

22. Capital commitments

	2019	2018
	£'000	£'000
Contracted but not provided for in the financial statements	<u>-</u>	<u>-</u>

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued for the year ended 31 August 2019

23. Related party disclosures

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the requirements of the Academies Financial Handbook and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Dame Maureen Brennan's son Mr S Brennan is employed at Barr Beacon School as a member of the support staff. He received remuneration from the trust during the year totalling £22,323 (2018: £18,928).

During the year, the company recharged Evolve Teaching School Alliance Limited for staff costs and sundry expenses totalling £75,207 (2018: £78,523). At the year end there was a balance outstanding from Evolve Teaching School Alliance Limited of £5,487 (2018: £39,173) included in debtors.

There were no other related party transactions for the year ended 31 August 2019 other than certain Trustees' remuneration and expenses already disclosed in note 8.

24. SCITT trading account

	2018/19 £'000	2018/19 £'000	2017/18 £'000	2017/18 £'000
Income				
<u>Direct income</u>				
NCTL income	659		541	
SLC income	306		257	
Trainee income	25		30	
<u>Other income</u>				
Miscellaneous income	33		-	
Total income		1,023		828
Expenditure				
<u>Direct costs</u>				
Direct staff costs	164		162	
Staff development	4		3	
Other direct costs	5		4	
Total direct costs		(173)		(169)
<u>Other costs</u>				
Trainee payments	659		541	
Trainee placement costs	36		32	
University sponsor	67		59	
Support staff costs	14		18	
Technology costs	1		1	
Recruitment and support	-		1	
Other support costs	19		17	
Share of governance costs	18		15	
Total other costs		(814)		(684)
Total expenditure		987		853
Surplus/(Deficit) from all sources		36		(25)
Balance at 1 September 2018		(32)		(7)
Balance at 31 August 2019		4		(32)

MATRIX ACADEMY TRUST

Notes to the Financial Statements - continued
for the year ended 31 August 2019

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

	2019	2018
	£'000	£'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,145	(1,139)
Adjustments for:		
Depreciation	1,368	1,314
Capital grants from DfE/ESFA	(1,698)	(798)
Loss on disposal of fixed assets	-	208
Interest received	(10)	(9)
(Increase)/decrease in debtors	(944)	131
Increase/(decrease) in creditors	93	(318)
Difference between pension charge and cash contributions	510	454
Net cash provided by (used in) operating activities	<u>464</u>	<u>(157)</u>