

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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JOHN MILTON ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

I Gallagher
R Newton
A Ridealgh (resigned 14 November 2018)
S Wenban

Trustees

T Barker, Vice Chair of the Trust / Chair of the Audit Committee (appointed 22 May 2018)
J Deane, Chair of Finance and Business
A D Emms (resigned 4 November 2018)
I D Gallagher (resigned 20 July 2018)
E Gibson (appointed 7 August 2018)
E L Griffiths, Chair of the Trust (appointed 1 September 2017)
K D L Grimes, Chief Executive Officer
A M Mayhew
D Nunn (appointed 27 November 2017)
A Ridealgh (appointed 14 November 2018)
P Thirkettle, Chair of Standards, Personnel and GDPR (appointed 20 October 2017)

Company registered number

10298832

Company name

John Milton Academy Trust

Principal and registered office

Stowupland High School, Church Road, Stowupland, Stowmarket, Suffolk, IP14 4BQ

Chief executive officer

K D L Grimes

Senior management team

K D L Grimes, Chief Executive Officer
W Baster, Stowupland High School
A D Emms, Cedars Park Primary School
G Cook, Bacton Primary School
T Sait, Mendlesham Primary School

Independent auditors

Larking Gowen LLP, 1 Claydon Business Park, Great Blakenham, Ipswich, IP6 0NL

Bankers

Lloyds Bank plc, Queen Square, Wolverhampton, WV1 1RF

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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Advisers (continued)

Solicitors

Stone King, Trinity Station Road, Cambridge, CB1 2RE

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

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

The academy trust operates three primary schools and one secondary school: Bacton Primary, Cedars Park, Mendlesham Primary and Stowupland High School. It has a pupil capacity of 1,835 and a roll of 1,702 in the school census of October 2018.

Structure, governance and management

a. Constitution

The 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 John Milton Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as John Milton Academy Trust.

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

b. Members' liability

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

c. Trustees' indemnities

The Trustees are directors of the charitable company for the purpose of the Companies Act 2006 and Trustees for the purposes of charity legislation. Governors are covered by Zurich Municipal insurance under the Trust's comprehensive policy. Details of the costs can be found in Note 12 to the accounts.

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

d. Method of recruitment and appointment or election of Trustees

The Academy Trust will be governed by a board comprising the Charity Trustees of the Academy Trust (the "Board of Charity Trustees"). The Academy Trust must provide to the Secretary of State the names of all new or replacement members of the Academy Trust, stating the date of their appointment and, where applicable, the name of the member they replaced as soon as is practicable and in any event within 14 days of their appointment. The Academy Trust must not appoint any new or replacement members until it has first informed them, and they have agreed, that their names will be shared with the Secretary of State to enable him to assess their suitability. The Academy Trust must not amend or remove the provisions in its Articles relating to the appointment or election or the resignation or removal of Charity Trustees or members the Governance Articles") without the Secretary of State's consent.

The Members of the academy trust (Article 12) shall comprise a) the signatories to the Memorandum until they resign or otherwise cease to become Members, b) any person appointed under clause 15A of the articles of association, provided that at any time the minimum number of Members shall not be less than three. Each person entitled to appoint Members in Article 12 shall have the right from time to time by written notice delivered to the Office to remove any Member appointed by them and to appoint a replacement Member to fill a vacancy whether resulting from such removal or otherwise. The Members may agree by passing a special resolution to appoint such additional Members as they think fit.

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

The John Milton Academy Trust oversees governance arrangements for all layers of the organisation, including the Local Governing Bodies (LGBs).

There is a Handbook for Trustees and Local Governors and the Trust uses a central portal to house all policies and resources. There is an annual audit of skill with recruitment and subsequent training linked directly to the needs of the Trust.

During the course of the year 2017/18, other training sessions have been provided to both Trustees and LGBs covering a range of issues including: Data Interpretation, Safeguarding, SEND, SMSC, British Values and Health & Safety.

Further auditing and training will be carried out annually to ensure that all areas of governance are covered, and the trust will continue to offer bespoke training for its schools.

f. Organisational structure

The John Milton Academy Trust is a company limited by Guarantee and is an exempt Charity. The prime governing document of the Academy Trust is the articles of association.

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

The MAT Board of Trustees is the body accountable to the Education and Skills Funding Agency and the Department for Education for the performance of all the schools in the Trust. The MAT Board is expected to ensure that each school provides a good standard of education, that students are kept safe, and that the funding is deployed effectively and appropriately. The MAT Board comprises a maximum of 10 Trustees which includes the CEO/Accounting Officer. Trustees are recommended and appointed on the basis of the skills required to provide effective support and challenge at a strategic level. The MAT board sets strategy and budget, ratifies policy and monitors the Business (MAT Development) Plan.

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

During 2017/18, the MAT Board of Trustees has operated two distinct committees: the Education and Standards Committee which approves education strategy and policy and monitors governance, safeguarding and educational standards across the MAT and the Business and Risk Committee which approves strategy and policy and monitors financial and operational standards.

The Chief Executive Officer (CEO) who is also Accounting Officer, develops and implements MAT strategy with the Executive Leadership Group and is accountable for the Trust's Strategic Plan and Educational and Financial standards.

The Executive Leadership Group comprises all headteachers who assist the CEO in the development of MAT strategy and are also accountable for its implementation and for educational and safeguarding standards in respective schools.

The Chief Financial Officer implements MAT strategy and policy at corporate service level and is accountable to the CEO for financial and operational standards.

Local Governing Bodies (Committees) operate in line with the Terms of Reference and the Scheme of Delegation for the Trust. All elements not covered through the Scheme of Delegation are the responsibility of the Trust. LGBs have particular responsibilities in relation to their schools: monitoring learner outcomes and progress towards school targets; implementation of respective School Improvement Plans; championing the work of the respective academy in the overall community and supporting the implementation of the MAT and school policies.

For 2018/19, the Trust has introduced two additional committees: Remuneration and Audit and Risk. For 18/19, the two existing committees have also been redesignated to reflect a more focused remit: Standards, Personnel and GDPR and Finance and Business.

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

g. Pay policy for key management personnel

The Trust's pay scales at all levels are set in accordance with the national teaching and support staff pay scales. The pay of all staff, including that of key management personnel, is reviewed as an integral part of an annual performance management process. The performance of headteachers is overseen by external advisors and the CEO's performance management is undertaken by designated Trustees.

h. Trade union facility time

Relevant union officials

| | |
|-----------------------------------------------------------------------|----------|
| Number of employees who were relevant union officials during the year | 3 |
| Full-time equivalent employee number | 3 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|---------------------------|----------------------------|
| 0% | - |
| 1%-50% | 3 |
| 51%-99% | - |
| 100% | - |

| | |
|------------------------------------------------------|------------------|
| Percentage of pay bill spent on facility time | £ |
| Total cost of facility time | 3,272 |
| Total pay bill | 6,105,973 |
| Percentage of total pay bill spent on facility time | 0.05 % |

Paid trade union activities

| | |
|---------------------------------------------------------------------------------------------|----------------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 79.59 % |
|---------------------------------------------------------------------------------------------|----------------|

i. Connected organisations, including related party relationships

The John Milton Academy Trust is not part of a federation and does not have any related Parties or other Connected Charities or Organisations.

However, the Trust works with a number of partners for the benefit of students including: PiXL, Hackney Learning Trust and Educator Solutions. The Trust is also a member of the Specialist Schools and Academies Trust (SSAT) and is a strategic partner in the Mid-Suffolk Teaching School Alliance.

In 2018/19 partnership work is developing further and a memorandum is being prepared between the Trust and the University of Suffolk to benefit all learners, but particularly learners in Key Stages 4 and 5.

Partnership work does not impact on the operating policies of the Trust.

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

Objectives and Activities

a. Objects and aims

The academy trust's objects are specifically restricted to the following:

a. To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them or 16 to 19 academies offering a curriculum appropriate to the needs of its students or schools specially organized to make special educational provision for pupils with Special Educational Needs; and

b. To promote for the benefit of the inhabitants of the areas in which the academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The Trust's vision is to be: "A Partnership of Aspiration and Excellence" and, in order to fulfil this vision, a number of principles define the ethos and work of all schools. Each school seeks to aspire and excel by:

- Providing the highest quality of educational experiences so that all learners can secure the highest possible outcomes. We want them to become inquiring, knowledgeable, resilient and caring young people with the ability to contribute to the world in which they live;
- Offering an inclusive and personalised approach to learning. We will promote equality and develop the sense of community and worth which is vital for personal growth and development;
- Fostering creativity and innovation in both staff and students. There is an investment in professional development for staff so that students can benefit from new ideas and strategies. Equally, learners themselves are encouraged to become independent and to be enterprising and entrepreneurial in their approach;
- Demonstrating an unrelenting commitment to collaboration. We recognise and celebrate our diversity whilst working together to create a physical, intellectual and emotional environment where all partners can thrive and pursue the Trust's vision of aspiration and excellence.

b. Objectives, strategies and activities

The Trust works to a three year plan which is shaped by the following business objectives:

1. To develop a distinctive identity for the MAT which generates community confidence;
2. To deliver the MAT's vision through excellence in learning and teaching;
3. To promote the MAT as an employer of choice able to attract and retain teaching and support staff of the highest quality;
4. To develop a business strategy which is highly cost-effective and supports the MAT's vision as a system

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leader;

5. To enhance the learning environments of all schools post-SOR and facilitate further growth through capital development;

6. To establish MAT-wide models of leadership and school improvement so that all partners can grow and achieve strong outcomes.

During the academic year 2017/18, some of the significant activities connected to these objectives have been as follows: successful CIF bids to undertake major capital work; securing funding for the development of a training centre for staff; subject-specific reviews to enhance performance; external reviews and validation of key areas such as safeguarding and health and safety; training for middle leaders in particular, a focus on primary Maths and Design and the development of learning walk software for use across the MAT. The Trust has also established a Framework for Continuous School Improvement to support learner outcomes across the Trust.

c. Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties. The trustees consider that the Academy Trust's aims are demonstrably to the public benefit.

Strategic report

Achievements and performance

a. Key performance indicators

All schools in the Trust continue to retain a "good" grading.

Attendance remains in line with, or above, the national average in all schools and the % of exclusions is below the national figure.

The secondary school is presently oversubscribed in Years 7 – 9 and the PAN is being met in primary schools. There is considerable housing development in all localities and the Trust is in discussion with Suffolk County Council to ensure that future needs can be met at both the primary and secondary phases.

At the time of publication, examination and key stage data for Key Stages 4 and 5 is yet to be confirmed. However, the trust can state with confidence that it continues to support a broad and balanced curriculum and student outcomes at Key Stage 4 are demonstrating an upward trend in relation to prior attainment. Performance in English and Maths remains strong. At Key Stage 5, achievement in vocational subjects is particularly high and progression remains a strength of the Trust. 71% of students remain in education after 16-18 study against an LA figure of 63% and national figure of 66%; 66% of students move to higher education against an LA figure of 45% and national figure of 51%; 43% of students go on to other HE institutions or providers against an LA figure of 27% and a national figure of 32%.

High standards are being maintained at EYFS and KS1. EYFS has secured strong results in 2018 and MAT figures for phonics and maths are over 80% with reading and writing at 77% and 72% respectively. At Key Stage 2, results were a little more mixed across the Trust, but robust MAT-wide programmes for reading and a renewed focus on maths are paying handsome dividends and projections for 2019 are promising.

The board of trustees considers the financial key performance indicator of the trust to be the levels of funds held which are disclosed in the reserves policy below.

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b. Going concern

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

Financial review

a. Financial review

The majority of the academy trust's income is obtained via the Education and Skills Funding Agency (ESFA) by way of educational Age Weighted Pupil Unit (AWPU) funding, and by a range of other recurrent grants such as Pupil Premium, Primary PE Grant, Y7 Catch-Up Grant, Universal Infant Free School Meals (UIFSM). The use of all this income is restricted to educational purposes, and where limited to restricted funding the associated income and expenditure are shown as such in the statement of financial activities for the year ending 31 August 2018.

The trust was successful in securing a Condition Improvement Fund (CIF) bid for each school in the Trust during the period and work has been carried out. Details are as follows:

| | |
|---------------------------|--------------------------------------------------|
| Bacton Primary School | £144,745 for Replacement Windows and Fire Safety |
| Mendlesham Primary School | £165,986 for Facias and Fire safety |
| Stowupland High School | £648,613 for Roofing and Fire Systems |

In accordance with FRS102, the academy trust received an actuarial assessment of its Local Government Pension Scheme (LGPS) deficit. The deficit balance of £1,059,000 is included within the balance sheet as at 31 August 2018 and supporting notes to the financial statements.

b. Reserves policy

In 2017/18, to mitigate the risk of delay or reduced funding, each School will maintain a free reserve equivalent at minimum to one month's payroll expenditure. To mitigate the risk of future income reduction and to provide a fund for further development, the Trust may determine further reserves are required and this will be communicated on an annual basis in the spring term. Reserves are determined with reference to the in-year financial performance of each School and as assessment of the key risks and future investment requirements.

The Trustees have determined that the level of funds retained should be at least equivalent to one month's total salary commitment to enable the academy trust to react to budget changes within a manageable period without the use of cashflow advances from the ESFA. One month's salary commitment for August 2018 was £523,626.

The total restricted and unrestricted general funds (before fixed asset fund and pension reserve) held at 31 August 2018 was £565,257, which is above the salary monthly commitment.

Total reserves at 31 August 2018 including restricted fixed asset fund and pension reserve was £21,162,772.

The Trust will be revising the Reserve Policy in 2018/19.

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c. Material investments policy

The Trust aims to manage its cash balances to provide for the day to day financial management of all Schools. Where surplus cash funds exist, the Trust seeks to optimise returns at minimal risk. Surplus funds are defined as funds in excess of those deemed to be needed to meet the day to day cash flow requirements for the financial management of Schools taking into account the agreed minimum reserves level. The Chief Financial Officer will maximise investment return by investing surplus funds for up to 6 months in interest-bearing accounts with High Street Banks or Building Societies.

Investments for longer than six months, or in riskier vehicles, require the approval, in advance, of the Business and Risk Committee.

Investment Guidelines; the Chief Financial Officer regularly reviews cash flow forecasts. Surplus funds exist when, for a given period of time, the balance on hand plus forecast cash inflows exceeds forecast outflows. Such surplus funds may be invested to earn interest for that period of time.

Surplus funds may be invested in Fixed Term Deposit accounts for up to 6 months with the Trust's bank or another UK High Street Bank or Building Society. Such transactions are performed by the CFO with the documented approval of the Accounting Officer.

The CFO will report each term to the Business and Risk Committee on the amounts invested, the beginning and end dates and the interest rate.

On maturity of any such investment the CFO will review the position and may re-invest in line with Trust policy.

Investments for longer than 6 months or in riskier investment vehicles require the approval in advance of the Business and Risk Committee.

d. Principal risks and uncertainties

The trustees have assessed the major risks to which the academy trust is exposed, in particular those relating to the specific teaching and learning, provision of facilities and other operational areas of the academy trust and its finances.

The Local Governing Bodies (LGBs) have created individual risk registers for their schools, and the trustees have combined these findings into a trust-wide risk register which covers all risks in the following categories:

- Strategic
- Public profile
- MAT Board CEO/Clerks/Board organisation risk linked to Executive Leadership and LGBs
- Management information
- Human resources
- Supplier
- Employee & environmental legislation
- Financial reporting & control
- Charities & tax legislation
- Data protection
- Welfare compliance
- Local authority & central government
- Pensions liability

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All risks are categorised into bandings:

- **Transfer:** for some risks the best response may be to transfer them. This might be done by conventional insurance, or it might be done by paying a third party to take the risk in another way. This option is particularly good for mitigating financial risks of risks to assets.
- **Tolerate:** the exposure may be tolerable without any further action being taken. Even if it is not tolerable, ability to do anything about some risks may be limited, or the cost of taking any action may be disproportionate to the potential benefit gained. In these cases the response may be toleration. This option may be supplemented by contingency planning for handling the impacts that will arise if the risk is realised.
- **Treat:** by far the greater number of risks will belong to this category. The purpose of treatment is not necessarily to obviate the risk, but more likely to take control action to contain the risk to an acceptable level. Such controls can be corrective, detective, directive or preventive.
- **Terminate:** some risks will only be treatable, or containable to acceptable levels, by terminating the activity. It should be noted that the option of termination of activities may be severely limited in the public sector when compared to the private sector; a number of activities are conducted in the public sector because the associated risks are so great that there is no other way in which the output or outcome, which is required for the public benefit, can be achieved.

Effective risk management provides the trustees and academy with assurance that the financial responsibilities of the LGBs are being properly discharged, that resources are being managed in an efficient and effective manner whilst heeding with value for money principles, the internal financial control systems are in place and being monitored by an independent party and that financial considerations are fully taken into account in reaching decisions in line with the finance policy and scheme of delegation.

The trust cannot provide absolute assurance on all matters, but can provide a reasonable assurance that material errors or irregularities are either prevented or detected within a timely period. The main area of financial risk will occur around annual funding, cashflow and actuarial assessed LGB pension fund deficit, held with Suffolk County Council. The academy trust understands the need to monitor the impact of cashflow, and undertakes a range of monitoring processes and reports to ensure financial stability. All budgets set in future will be based on current year plus 4 years projections based on knowledge available at the time, and by using established budget monitoring tools. All budgets are regularly reviewed by way of medium term plan and management reports to allow for in-year changes, and by operating a 5-year overview any areas of future risk can be reduced or averted in a timely manner.

There is currently a deficit in the LGPS pension scheme of £1,059,000 as disclosed in the financial report. The secretary of state has agreed that in the event of the trust closing, the local government pension scheme liabilities would be met by the Department for Education.

Fundraising

Schools across the Trust engage in fundraising to support national and local charities. Students may also fundraise to subsidise social activities such as annual "Prom" events.

Fundraising does not take place in order to support delivery of the statutory curriculum.

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TRUSTEES' REPORT (continued)
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Plans for future periods

a. Future developments

The Trust will continue to work on delivering the best outcomes for learners through four key objectives:

1. To ensure the growth, sustainability and operational efficiency of the Trust;
2. To promote excellence in provision, delivery and outcomes across all schools
3. To promote the MAT as the employer of choice able to attract and retain high quality teaching and support staff;
4. To enhance leadership at all levels so that all partners can grow and achieve strong outcomes.

The breadth of the curriculum will receive attention at primary level, alongside retaining high standards in English and Maths. At secondary level, a new build for post-16 learners remains a priority. Centralisation will develop further in 18/19, through a Trust-wide approach to the management of property and estates (including the delivery of ICT services).

Funds held as custodian

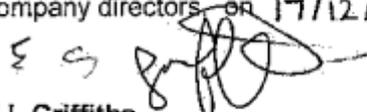
There are no funds held under this heading.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 17/12/18 and signed on its behalf by:


E L Griffiths
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that John Milton 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 Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between John Milton 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 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------------------------------------------------------|-------------------|-------------------|
| T Barker, Vice Chair of the Trust / Chair of the Audit Committee | 2 | 2 |
| J Deane, Chair of Finance and Business | 4 | 4 |
| A D Emms | 4 | 4 |
| I D Gallagher | 3 | 4 |
| E Gibson | 1 | 2 |
| E L Griffiths, Chair of the Trust | 3 | 4 |
| K D L Grimes, Chief Executive Officer | 4 | 4 |
| A M Mayhew | 4 | 4 |
| D Nunn | 2 | 4 |
| A Ridealgh | 0 | 0 |
| P Thirkettle, Chair of Standards, Personnel and GDPR | 3 | 3 |

The composition of the Board of Trustees during the 2017-18 period included an Education & Standards Committee and a Business & Risk Committee.

The Trustees reflected on issues faced during the first Academy year using a variety of means, including:

- The framework for Trustees under the Academies Financial Handbook which outlines their responsibilities
- Trust Development Plan approved on 14th July 2017
- Use of Trust Governor to plan, implement and disseminate information to all Trustees
- Training for trustees and heads – using both internal and external providers
- Review of the Trust's business plan
- Updating of the risk register regularly

In addition to the ongoing reviews as mentioned above, the '21 questions for Multi-Academy Trusts' by the all-party parliamentary group, covering the following areas, will be reviewed during the third year of academisation:

- Vision, ethos and strategy
- Governance structures
- Trustee Board effectiveness and conduct
- Engagement
- Effective accountability of the executive leadership
- Impact on outcomes for pupils

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GOVERNANCE STATEMENT (continued)

In order to assess and review these areas, the majority of Board meetings through year were provided with a wide variety of source information including data and improvement reports for individual schools which identify strengths and weaknesses at local levels, financial management reports taken directly from the management information system, PSF, ensuring up to date information was received in a timely manner at each meeting; these reports were consolidated to include all budgets and fully annotated to ensure clarity of information. Internal audit reports, risk assessments and analysis data from external sources were all used to aid the Trustees in assessing the effectiveness of their governance and progress of the Trust.

The Trustees appointed Schools' Choice to carry out termly Internal Audit reviews on each of the schools in the academy trust. All five visits, reports and action plans have been completed, and the next set of audit visits are scheduled for the autumn 2018 term.

The Business and Risk Committee is a sub-committee of the main Board of Trustees. Its purpose is to approve strategy and policy, and monitor financial and operational standards.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|------------------------------------------------------|-------------------|-------------------|
| J Deane, Chair of Finance and Business | 4 | 4 |
| D Nunn | 3 | 4 |
| P Thirkettle, Chair of Standards, Personnel and GDPR | 3 | 3 |

The Education and Standards Committee is also a sub-committee of the main Board of Trustees. Its purpose is to approve education strategy and policy, and monitor governance, safeguarding and educational standards across the MAT.

Attendance at meetings in the year was as follows:

| Trustee | Meetings attended | Out of a possible |
|---------------------------------------|-------------------|-------------------|
| A Emms | 1 | 2 |
| E Griffiths, Chair of the Trust | 2 | 2 |
| K D L Grimes, Chief Executive Officer | 2 | 2 |
| A Mayhew | 1 | 2 |

Review of Value for Money

As Accounting Officer, the Chief Executive Officer 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 Trust has delivered improved value for money during the year by:

- Delivering cost-effective central appointments to support school improvement. The roles of the CEO CFO and HR have delivered legal and financial compliance across all schools enabling headteachers to focus on the quality of learning and teaching;
- Providing cost-effective training and resources for English (Destination Readers) and Maths (White-Rose) across the primary phase to support student progress and transition;
- Negotiating cost-effective partnerships with PiXL (Partners in Excellence) to facilitate high quality intervention resources and support across all phases: primary, secondary and post-16;

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GOVERNANCE STATEMENT (continued)

- Ensuring high quality and consistent support for governance through cost-effective clerking and bespoke training, tailored to the identified needs of the Trust.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 John Milton Academy Trust for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

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 ongoing process for identifying, evaluating and managing the Trust's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The 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 Schools Choice 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 process check
- Income Controls process check
- Data Security process check
- Insurance process check
- Monitoring & Review process check
- Audit process check
- Tax process check
- Purchasing transactional test
- Income Controls transactional test
- Monitoring & Review transactional test
- Payroll transactional test

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

On a termly basis, the internal auditor reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Action plans were drawn up following the visits and these have been implemented. Further internal audit visits are scheduled for each school within John Milton Academy Trust in each of the next three terms, and these will ensure any action has been embedded.

Review of Effectiveness

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

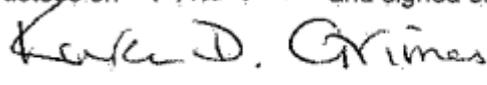
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the board of trustees and a plan to address any areas of weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 17/12/18 and signed on their behalf, by:



E L Griffiths
Chair of Trustees



K D L Grimes
Accounting Officer

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of John Milton Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

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



K D L Grimes
Accounting Officer

17/12/18

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on , 17/12/18 and signed on its behalf by:



E L Griffiths
Chair of Trustees

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN MILTON ACADEMY TRUST

Opinion

We have audited the financial statements of John Milton Academy Trust (the 'academy') for the year ended 31 August 2018 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN MILTON ACADEMY TRUST

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF JOHN MILTON ACADEMY TRUST

concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Larking Gowen LLP

Giles Kerkham FCA DChA (Senior statutory auditor)

for and on behalf of

Larking Gowen LLP

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
IP6 0NL

Date: *18.12.18*

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN MILTON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 16 November 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by John Milton Academy Trust during the year 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to John Milton 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 John Milton 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 John Milton Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of John Milton Academy Trust's funding agreement with the Secretary of State for Education dated 25 August 2016, and the Academies Financial Handbook extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

In planning and conducting our work we had due to professional guidance, including the Academies Accounts Direction 2016 to 2017. The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the academy's trustees.
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest.

JOHN MILTON ACADEMY TRUST
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO JOHN MILTON ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (continued)

- Observation and re-performance of the financial controls.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Larking Gowen LLP

Larking Gowen LLP

Chartered Accountants
Statutory Auditors

1 Claydon Business Park
Great Blakenham
Ipswich
IP6 0NL

Date: *18.12.18*

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

| | Note | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|----------------------------------------------------------------------------|------|----------------------------------|-------------------------------------------------|------------------------------------|-----------------------------|-----------------------------|
| Income and endowments from: | | | | | | |
| Donations & capital grants: | | | | | | |
| Transfer from local authority on conversion | 2 | - | - | - | - | 19,942,810 |
| Other donations and capital grants | 2 | - | 1,006,954 | 30,921 | 1,037,875 | 118,594 |
| Charitable activities | 3 | 7,778,634 | - | 5,600 | 7,784,234 | 8,053,563 |
| Other trading activities | 4 | - | - | 349,707 | 349,707 | 270,879 |
| Investments | 5 | - | - | 693 | 693 | 477 |
| Total income and endowments | | 7,778,634 | 1,006,954 | 386,921 | 9,172,509 | 28,386,323 |
| Expenditure on: | | | | | | |
| Charitable activities | | 7,996,211 | 400,516 | 247,156 | 8,643,883 | 8,378,177 |
| Total expenditure | 6 | 7,996,211 | 400,516 | 247,156 | 8,643,883 | 8,378,177 |
| Net income / (expenditure) before transfers | | (217,577) | 606,438 | 139,765 | 528,626 | 20,008,146 |
| Transfers between Funds | 20 | (95,158) | 95,158 | - | - | - |
| Net income / (expenditure) before other recognised gains and losses | | (312,735) | 701,596 | 139,765 | 528,626 | 20,008,146 |
| Actuarial gains on defined benefit pension schemes | 25 | - | - | 420,000 | 420,000 | 206,000 |
| Net movement in funds | | (312,735) | 701,596 | 559,765 | 948,626 | 20,214,146 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | (1,024,415) | 20,954,919 | 283,642 | 20,214,146 | - |
| Total funds carried forward | | (1,337,150) | 21,656,515 | 843,407 | 21,162,772 | 20,214,146 |

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10298832

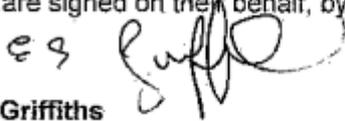
BALANCE SHEET
AS AT 31 AUGUST 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|----------------------------------------------------------------|------|------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Intangible assets | 14 | | 1,066 | | 11,666 |
| Tangible assets | 15 | | 20,822,925 | | 20,890,724 |
| | | | <u>20,823,991</u> | | <u>20,902,390</u> |
| Current assets | | | | | |
| Stocks | 16 | 3,575 | | 3,102 | |
| Debtors | 17 | 471,668 | | 225,876 | |
| Cash at bank and in hand | | 1,587,048 | | 963,023 | |
| | | | <u>2,062,291</u> | <u>1,192,001</u> | |
| Creditors: amounts falling due within one year | 18 | | <u>(662,621)</u> | <u>(556,116)</u> | |
| Net current assets | | | <u>1,399,670</u> | | <u>635,885</u> |
| Total assets less current liabilities | | | <u>22,223,661</u> | | <u>21,538,275</u> |
| Creditors: amounts falling due after more than one year | 19 | | <u>(1,889)</u> | | <u>(5,129)</u> |
| Net assets excluding pension scheme liabilities | | | <u>22,221,772</u> | | <u>21,533,146</u> |
| Defined benefit pension scheme liability | 25 | | <u>(1,059,000)</u> | | <u>(1,319,000)</u> |
| Net assets including pension scheme liabilities | | | <u>21,162,772</u> | | <u>20,214,146</u> |
| Funds of the academy | | | | | |
| Restricted income funds: | | | | | |
| Restricted income funds | 20 | 141,850 | | 294,585 | |
| Restricted fixed asset funds | 20 | 21,656,515 | | 20,954,919 | |
| Restricted income funds excluding pension liability | | | <u>21,798,365</u> | <u>21,249,504</u> | |
| Pension reserve | | | <u>(1,059,000)</u> | <u>(1,319,000)</u> | |
| Total restricted income funds | | | <u>20,739,365</u> | | <u>19,930,504</u> |
| Unrestricted funds | 20 | | <u>423,407</u> | | <u>283,642</u> |
| Total funds | | | <u>21,162,772</u> | | <u>20,214,146</u> |

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

BALANCE SHEET (continued)
AS AT 31 AUGUST 2018

The financial statements on pages 24 to 50 were approved by the Trustees, and authorised for issue, on 17/12/18 and are signed on their behalf, by:



E L Griffiths
Chair of Trustees

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

| | Note | 2018 £ | 2017 £ |
|------------------------------------------------------------|------|-------------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 22 | <u>128,543</u> | <u>1,137,176</u> |
| Cash flows from investing activities: | | | |
| Purchase of intangible fixed assets | | (1,200) | (22,499) |
| Purchase of tangible fixed assets | | (320,917) | (244,493) |
| Capital grants from DfE Group | | <u>817,599</u> | <u>92,839</u> |
| Net cash provided by/(used in) investing activities | | <u>495,482</u> | <u>(174,153)</u> |
| Change in cash and cash equivalents in the year | | 624,025 | 963,023 |
| Cash and cash equivalents brought forward | | <u>963,023</u> | - |
| Cash and cash equivalents carried forward | 23 | <u><u>1,587,048</u></u> | <u><u>963,023</u></u> |

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

John Milton Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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

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

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

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities incorporating income and expenditure account in the period in which it is receivable, where receipt is probable and it is measurable.

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

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

1.4 Expenditure

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

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

All expenditure is inclusive of irrecoverable VAT.

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------|---|-------------------|
| Computer Software | - | 50% straight line |
|-------------------|---|-------------------|

1.6 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------|---|-------------------------|
| Freehold property | - | 2% straight line |
| Leasehold property | - | 0.8% - 2% straight line |
| Furniture and fixtures | - | 20% straight line |
| Plant and equipment | - | 20% straight line |

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

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the Bank.

JOHN MILTON ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

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

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

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

1.11 Cash at Bank and in hand

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

1.12 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 Financial instruments

The academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method

1.14 Taxation

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

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1. ACCOUNTING POLICIES (continued)

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 25, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.16 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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.17 Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

Pension Scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Depreciation

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 16 for the carrying amount of the tangible assets, and note 1.5 for the depreciation rates.

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

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

| | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | <i>Total funds 2017 £</i> |
|---------------------------------------------|----------------------------------|-------------------------------------------------|------------------------------------|-----------------------------|---------------------------------------|
| Transfer from local authority on conversion | - | - | - | - | 19,942,810 |
| Donations | - | - | 30,921 | 30,921 | 25,755 |
| Capital grants | - | 1,006,954 | - | 1,006,954 | 92,839 |
| Subtotal | - | 1,006,954 | 30,921 | 1,037,875 | 118,594 |
| | - | 1,006,954 | 30,921 | 1,037,875 | 20,061,404 |
| <i>Total 2017</i> | - | 19,942,810 | 118,594 | 20,061,404 | |

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

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | <i>As restated</i> Total funds 2017 £ |
|---------------------------------|----------------------------------|------------------------------------|-----------------------------|---------------------------------------------------|
| DfE/ESFA grants | | | | |
| General Annual Grant (GAG) | 7,158,869 | 5,600 | 7,164,469 | 7,286,300 |
| Start-up and conversion grants | - | - | - | 108,991 |
| Pupil premium | 356,173 | - | 356,173 | 405,522 |
| Other DfE / ESFA revenue grants | 192,411 | - | 192,411 | 179,612 |
| | <u>7,707,453</u> | <u>5,600</u> | <u>7,713,053</u> | <u>7,980,425</u> |
| Other government grants | | | | |
| SEN funding | 46,981 | - | 46,981 | 40,089 |
| | <u>46,981</u> | <u>-</u> | <u>46,981</u> | <u>40,089</u> |
| Other funding | | | | |
| Other incoming resources | 24,200 | - | 24,200 | 33,049 |
| | <u>24,200</u> | <u>-</u> | <u>24,200</u> | <u>33,049</u> |
| | <u>7,778,634</u> | <u>5,600</u> | <u>7,784,234</u> | <u>8,053,563</u> |
| <i>Total 2017</i> | <u>8,035,888</u> | <u>17,675</u> | <u>8,053,563</u> | |

4. OTHER TRADING ACTIVITIES

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | <i>As restated</i> Total funds 2017 £ |
|------------------------------------------|----------------------------------|------------------------------------|-----------------------------|---------------------------------------------------|
| Lettings income | - | 53,361 | 53,361 | 40,950 |
| Income from ancillary trading activities | - | 296,346 | 296,346 | 229,929 |
| | <u>-</u> | <u>349,707</u> | <u>349,707</u> | <u>270,879</u> |
| <i>Total 2017</i> | <u>-</u> | <u>270,879</u> | <u>270,879</u> | |

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

5. INVESTMENT INCOME

| | Restricted funds 2018 £ | Unrestricted funds 2018 £ | Total funds 2018 £ | <i>Total funds 2017 £</i> |
|-------------------|--------------------------------------------|----------------------------------------------|---------------------------------------|---------------------------------------|
| Investment income | - | 693 | 693 | 477 |
| <i>Total 2017</i> | - | 477 | 477 | |

6. EXPENDITURE

| | Staff costs 2018 £ | Premises 2018 £ | Other costs 2018 £ | Total 2018 £ | <i>Total 2017 £</i> |
|-----------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------|-----------------------------|
| Academy's educational operations: | | | | | |
| Direct costs | 5,488,028 | - | 1,155,820 | 6,643,848 | 6,510,002 |
| Support costs | 859,597 | 554,673 | 585,765 | 2,000,035 | 1,868,175 |
| | <u>6,347,625</u> | <u>554,673</u> | <u>1,741,585</u> | <u>8,643,883</u> | <u>8,378,177</u> |
| <i>Total 2017</i> | <u>6,331,981</u> | <u>434,069</u> | <u>1,612,127</u> | <u>8,378,177</u> | |

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

7. SUPPORT COSTS

| | Educational operations £ | Total 2018 £ | Total 2017 £ |
|-----------------------------|--------------------------------|--------------------|--------------------|
| Technology costs | 44,293 | 44,293 | 47,774 |
| Recruitment and support | 11,315 | 11,315 | 14,920 |
| Maintenance | 224,007 | 224,007 | 199,526 |
| Cleaning | 77,062 | 77,062 | 71,437 |
| Rent and rates | 38,407 | 38,407 | 38,445 |
| Energy | 120,538 | 120,538 | 101,239 |
| Water and sewage | 30,020 | 30,020 | 23,422 |
| Insurance | 69,753 | 69,753 | 64,682 |
| Catering | 212,329 | 212,329 | 219,588 |
| Bank interest and charges | 859 | 859 | 1,534 |
| Other support costs | 210,624 | 210,624 | 104,559 |
| Legal and professional fees | 89,431 | 89,431 | 113,106 |
| Wages and salaries | 645,836 | 645,836 | 649,591 |
| National insurance | 38,207 | 38,207 | 37,398 |
| Pension cost | 175,554 | 175,554 | 170,121 |
| Amortisation | 11,800 | 11,800 | 10,833 |
| | <u>2,000,035</u> | <u>2,000,035</u> | <u>1,868,175</u> |
| <i>Total 2017</i> | <u>1,868,175</u> | <u>1,868,175</u> | |

During the year ended 31 August 2018, the academy incurred the following Governance costs:

£18,280 (2017 - £15,020) included within the table above in respect of Support costs. These costs were in respect of internal and external auditor remuneration.

8. NET INCOME/(EXPENDITURE)

This is stated after charging:

| | 2018 £ | 2017 £ |
|------------------------------------------------------------------|----------------|----------------|
| Depreciation of tangible fixed assets: - owned by the charity | 388,716 | 353,395 |
| Amortisation of intangible fixed assets | 11,800 | 10,833 |
| Auditors' remuneration - audit | 11,150 | 9,400 |
| Auditors' remuneration - other services | 4,500 | 4,150 |
| Operating lease rentals | 7,684 | 6,159 |
| | <u>423,850</u> | <u>383,937</u> |

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

9. STAFF COSTS

a. Staff costs

Staff costs were as follows:

| | 2018 | 2017 |
|---------------------------|-------------------------|------------------|
| | £ | £ |
| Wages and salaries | 4,761,201 | 4,677,310 |
| Social security costs | 427,508 | 421,276 |
| Pension costs | 1,037,303 | 1,047,133 |
| | <u>6,226,012</u> | <u>6,145,719</u> |
| Agency staff costs | 121,613 | 176,012 |
| Staff restructuring costs | - | 10,250 |
| | <u>6,347,625</u> | <u>6,331,981</u> |

Staff restructuring costs comprise:

| | 2018 | 2017 |
|--------------------|-------------|---------------|
| | £ | £ |
| Severance payments | - | 10,250 |
| | <u>-</u> | <u>10,250</u> |

b. Staff numbers

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

| | 2018 | 2017 |
|----------------------------|-------------------|-------------|
| | No. | No. |
| Teachers | 90 | 89 |
| Administration and support | 134 | 136 |
| Management | 13 | 12 |
| | <u>237</u> | <u>237</u> |

c. Higher paid staff

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

| | 2018 | 2017 |
|-------------------------------|-------------|-------------|
| | No. | No. |
| In the band £60,001 - £70,000 | 1 | 1 |
| In the band £70,001 - £80,000 | 1 | 0 |
| In the band £80,001 - £90,000 | 1 | 1 |

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NOTES TO THE FINANCIAL STATEMENTS
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9. STAFF COSTS (continued)

d. Key management personnel

The key management personnel of the academy trust comprise the senior management 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 £364,871 (*period ended 31 August 2017 - £317,612*).

10. CENTRAL SERVICES

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

- Payroll
- Finance
- Human Resources
- Pensions
- Procurement

The academy charges for these services on the following basis:

Straight 5% top slice from each school delegated budget.

The actual amounts charged during the year were as follows:

| | 2018 | <i>2017</i> |
|----------------------------|----------------|----------------|
| | £ | £ |
| Bacton Primary School | 32,194 | <i>27,450</i> |
| Cedars Park Primary School | 75,603 | <i>72,584</i> |
| Mendlesham Primary School | 21,932 | <i>17,417</i> |
| Stowupland High School | 231,448 | <i>157,650</i> |
| | 361,177 | <i>275,101</i> |
| Total | 361,177 | <i>275,101</i> |

11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

| | | 2018 | <i>2017</i> |
|----------------------------------|----------------------------|----------------------|----------------------|
| | | £ | £ |
| K Grimes (Trustee) | Remuneration | 65,000-70,000 | <i>85,000-90,000</i> |
| | Pension contributions paid | 10,000-15,000 | <i>10,000-15,000</i> |
| A Emms (Headteacher and trustee) | Remuneration | 60,000-65,000 | <i>60,000-65,000</i> |
| | Pension contributions paid | 5,000-10,000 | <i>5,000-10,000</i> |

During the year ended 31 August 2018, expenses totalling £83 (2017 - £349) were reimbursed to 1 Trustee (2017 - 2).

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

12. 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 2018 was £69,753 (2017 - £64,682).

13. OTHER FINANCE INCOME

| | 2018 £ | 2017 £ |
|------------------------------------------|-----------|-----------|
| Interest income on pension scheme assets | 47,000 | 27,000 |
| Interest on pension scheme liabilities | (82,000) | (56,000) |
| | (35,000) | (29,000) |
| | (35,000) | (29,000) |

14. INTANGIBLE FIXED ASSETS

| | Computer Software £ |
|------------------------|---------------------------|
| Cost | |
| At 1 September 2017 | 22,499 |
| Additions | 1,200 |
| At 31 August 2018 | 23,699 |
| Amortisation | |
| At 1 September 2017 | 10,833 |
| Charge for the year | 11,800 |
| At 31 August 2018 | 22,633 |
| Carrying amount | |
| At 31 August 2018 | 1,066 |
| At 31 August 2017 | 11,666 |

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

15. TANGIBLE FIXED ASSETS

| | Freehold property £ | Leasehold property £ | Furniture and fixtures £ | Computer equipment £ | Total £ |
|-----------------------|---------------------------|----------------------------|--------------------------------|----------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2017 | 14,193,631 | 6,868,043 | 41,194 | 141,251 | 21,244,119 |
| Additions | 21,540 | 74,700 | 198,192 | 26,485 | 320,917 |
| At 31 August 2018 | <u>14,215,171</u> | <u>6,942,743</u> | <u>239,386</u> | <u>167,736</u> | <u>21,565,036</u> |
| Depreciation | | | | | |
| At 1 September 2017 | 207,182 | 118,181 | 2,944 | 25,088 | 353,395 |
| Charge for the year | 208,951 | 112,342 | 15,124 | 52,299 | 388,716 |
| At 31 August 2018 | <u>416,133</u> | <u>230,523</u> | <u>18,068</u> | <u>77,387</u> | <u>742,111</u> |
| Net book value | | | | | |
| At 31 August 2018 | <u>13,799,038</u> | <u>6,712,220</u> | <u>221,318</u> | <u>90,349</u> | <u>20,822,925</u> |
| At 31 August 2017 | <u>13,986,449</u> | <u>6,749,862</u> | <u>38,250</u> | <u>116,163</u> | <u>20,890,724</u> |

16. STOCKS

| | 2018 £ | 2017 £ |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | <u>3,575</u> | <u>3,102</u> |

17. DEBTORS

| | 2018 £ | 2017 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 14,570 | 5,249 |
| VAT recoverable | 138,863 | 71,845 |
| Other debtors | 4,831 | 5,162 |
| Prepayments and accrued income | 313,404 | 143,620 |
| | <u>471,668</u> | <u>225,876</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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18. CREDITORS: Amounts falling due within one year

| | 2018 | 2017 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 406,717 | 276,558 |
| Other taxation and social security | 107,601 | 104,549 |
| Other creditors | 4,774 | 4,699 |
| Accruals and deferred income | 143,529 | 170,310 |
| | 662,621 | 556,116 |
| | 662,621 | 556,116 |
| | 2018 | 2017 |
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2017 | 68,134 | - |
| Resources deferred during the year | 83,316 | 68,134 |
| Amounts released from previous years | (68,134) | - |
| | 83,316 | 68,134 |
| | 83,316 | 68,134 |

At the balance sheet date the academy trust was holding funds received in advance for Universal Infant Free School Meals Grants and school trips.

19. CREDITORS: Amounts falling due after more than one year

| | 2018 | 2017 |
|---------------------------------|--------------|--------------|
| | £ | £ |
| ESFA creditor: abatement of GAG | 1,889 | 5,129 |
| | 1,889 | 5,129 |

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

20. STATEMENT OF FUNDS

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|-------------------------------------|-------------------------------------------|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds - all funds | 283,642 | 386,921 | (247,156) | - | - | 423,407 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | 125,722 | 7,158,869 | (7,167,676) | (95,158) | - | 21,757 |
| Start-up grants | 17,645 | - | (17,645) | - | - | - |
| Pupil premium | 44,928 | 356,173 | (401,101) | - | - | - |
| Other DFE/ESFA revenue grants | 106,290 | 263,592 | (249,789) | - | - | 120,093 |
| Pension reserve | (1,319,000) | - | (160,000) | - | 420,000 | (1,059,000) |
| | <u>(1,024,415)</u> | <u>7,778,634</u> | <u>(7,996,211)</u> | <u>(95,158)</u> | <u>420,000</u> | <u>(917,150)</u> |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds | 20,954,919 | 1,006,954 | (400,516) | 95,158 | - | 21,656,515 |
| Total restricted funds | <u>19,930,504</u> | <u>8,785,588</u> | <u>(8,396,727)</u> | <u>-</u> | <u>420,000</u> | <u>20,739,365</u> |
| Total of funds | <u><u>20,214,146</u></u> | <u><u>9,172,509</u></u> | <u><u>(8,643,883)</u></u> | <u><u>-</u></u> | <u><u>420,000</u></u> | <u><u>21,162,772</u></u> |

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

Restricted General Funds

These grants relate to the development and operational activities of the Academy Trust.

Restricted Pension Reserve

These funds represent the LGPS obligation to the employees of the Academy Trust.

Restricted Fixed Asset Fund

These grants relate to capital funding to carry out works of a capital nature.

Unrestricted Funds

These funds relate to the net book value of the fixed assets held by the Academy Trust and unspent capital funding received to carry out works of a capital nature.

Transfers

£95,158 was transferred from GAG to the restricted fixed asset fund to represent the tangible fixed assets acquired out of GAG.

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

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

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

| | Total 2018 £ | <i>Total 2017 £</i> |
|---------------------------------------------------|-----------------------------|-----------------------------|
| Bacton Primary School | 14,933 | 50,736 |
| Cedars Park Primary School | 332,436 | 257,087 |
| Mendlesham Primary School | 80,914 | 84,543 |
| Stowupland High School | 109,216 | 145,001 |
| Central MAT | 27,758 | 40,860 |
| Total before fixed asset fund and pension reserve | 565,257 | 578,227 |
| Restricted fixed asset fund | 21,656,515 | 20,954,919 |
| Pension reserve | (1,059,000) | (1,319,000) |
| Total | 21,162,772 | 20,214,146 |

ANALYSIS OF ACADEMIES BY COST

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2018 £ | <i>Total 2017 £</i> |
|----------------------------|---------------------------------------------------------------------------|------------------------------------------------|---------------------------------------|---------------------------------------------------------|-----------------------------|-----------------------------|
| Bacton Primary School | 512,589 | 44,034 | 35,626 | 126,898 | 719,147 | 685,166 |
| Cedars Park Primary School | 1,113,574 | 127,269 | 79,260 | 293,401 | 1,613,504 | 1,638,192 |
| Mendlesham Primary School | 311,053 | 36,456 | 28,043 | 92,840 | 468,392 | 449,495 |
| Stowupland High School | 3,416,728 | 635,845 | 294,468 | 694,290 | 5,041,331 | 5,037,322 |
| Central MAT | 9,084 | 15,993 | 6,735 | 369,181 | 400,993 | 203,774 |
| | 5,363,028 | 859,597 | 444,132 | 1,576,610 | 8,243,367 | 8,013,949 |

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

STATEMENT OF FUNDS - PRIOR YEAR

| | <i>Balance at 27 July 2016</i> | <i>Income</i> | <i>Expenditure</i> | <i>Transfers in/out</i> | <i>Gains/ (Losses)</i> | <i>Balance at 31 August 2017</i> |
|-------------------------------------|------------------------------------|---------------|--------------------|-----------------------------|----------------------------|------------------------------------------|
| | £ | £ | £ | £ | £ | £ |
| General Funds | - | 527,632 | (243,990) | - | - | 283,642 |
| Restricted funds | | | | | | |
| General Annual Grant (GAG) | - | 7,268,625 | (7,000,392) | (142,511) | - | 125,722 |
| Start-up grants | - | 108,991 | (91,346) | - | - | 17,645 |
| Pupil premium | - | 405,522 | (360,594) | - | - | 44,928 |
| Other DFE/ESFA revenue grants | - | 252,750 | (146,460) | - | - | 106,290 |
| Pension reserve | - | (1,343,000) | (182,000) | - | 206,000 | (1,319,000) |
| | - | 6,692,888 | (7,780,792) | (142,511) | 206,000 | (1,024,415) |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds | - | 21,165,803 | (353,395) | 142,511 | - | 20,954,919 |

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Restricted funds 2018 | Restricted fixed asset funds 2018 | Unrestricted funds 2018 | Total funds 2018 |
|----------------------------------------|--------------------------------------|------------------------------------------------------|----------------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| Intangible fixed assets | - | 1,066 | - | 1,066 |
| Tangible fixed assets | - | 20,822,925 | - | 20,822,925 |
| Current assets | 784,927 | 832,524 | 444,840 | 2,062,291 |
| Creditors due within one year | (641,188) | - | (21,433) | (662,621) |
| Creditors due in more than one year | (1,889) | - | - | (1,889) |
| Provisions for liabilities and charges | (1,059,000) | - | - | (1,059,000) |
| | (917,150) | 21,656,515 | 423,407 | 21,162,772 |

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FOR THE YEAR ENDED 31 AUGUST 2018

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | <i>Restricted funds</i> | <i>Restricted fixed asset funds</i> | <i>Unrestricted funds</i> | <i>Total funds</i> |
|----------------------------------------|-----------------------------|---------------------------------------------|-------------------------------|------------------------|
| | 2017 | 2017 | 2017 | 2017 |
| | £ | £ | £ | £ |
| Intangible fixed assets | - | 11,666 | - | 11,666 |
| Tangible fixed assets | - | 20,890,724 | - | 20,890,724 |
| Current assets | 506,471 | 96,872 | 588,658 | 1,192,001 |
| Creditors due within one year | (206,757) | (44,343) | (305,016) | (556,116) |
| Creditors due in more than one year | (5,129) | - | - | (5,129) |
| Provisions for liabilities and charges | (1,319,000) | - | - | (1,319,000) |
| | <u>(1,024,415)</u> | <u>20,954,919</u> | <u>283,642</u> | <u>20,214,146</u> |

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

| | 2018 | 2017 |
|--------------------------------------------------------------------|------------------|--------------|
| | £ | £ |
| Net income for the year (as per Statement of Financial Activities) | 528,626 | 20,008,146 |
| Adjustment for: | | |
| Depreciation charges | 388,716 | 353,395 |
| Amortisation charges | 11,800 | 10,833 |
| Increase in stocks | (473) | (3,102) |
| Increase in debtors | (245,792) | (225,876) |
| Increase in creditors | 103,265 | 561,245 |
| Capital grants from DfE and other capital income | (817,599) | (92,839) |
| Defined benefit pension scheme obligation inherited | - | 1,343,000 |
| Defined benefit pension scheme cost less contributions payable | 125,000 | 153,000 |
| Defined benefit pension scheme finance cost | 35,000 | 29,000 |
| Assets and liabilities from local authority on conversion | - | (20,999,626) |
| Net cash provided by operating activities | 128,543 | 1,137,176 |

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2018 | 2017 |
|--------------|------------------|---------|
| | £ | £ |
| Cash in hand | 1,587,048 | 963,023 |
| Total | 1,587,048 | 963,023 |

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FOR THE YEAR ENDED 31 AUGUST 2018

24. CAPITAL COMMITMENTS

At 31 August 2018 the academy had capital commitments as follows:

| | 2018 | 2017 |
|---------------------------------------------------------------|----------------|-------------|
| | £ | £ |
| Contracted for but not provided in these financial statements | 372,250 | - |

25. PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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25. PENSION COMMITMENTS (continued)

- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

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

The employer's pension costs paid to TPS in the period amounted to £554,000 (2017 - £553,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £426,000 (2017 - £426,000), of which employer's contributions totalled £353,000 (2017 - £341,000) and employees' contributions totalled £73,000 (2017 - £85,000). The agreed contribution rates for future years are 28% for employers and tiered % for employees.

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

Principal actuarial assumptions:

| | 2018 | 2017 |
|------------------------------------------------------|--------|--------|
| Discount rate for scheme liabilities | 2.80 % | 2.50 % |
| Rate of increase in salaries | 2.60 % | 2.70 % |
| Rate of increase for pensions in payment / inflation | 2.30 % | 2.40 % |

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

| | 2018 | 2017 |
|----------------------|------|------|
| Retiring today | | |
| Males | 21.9 | 21.9 |
| Females | 24.4 | 24.4 |
| Retiring in 20 years | | |
| Males | 23.9 | 23.9 |
| Females | 26.4 | 26.4 |

| | At 31 August 2018 | At 31 August 2017 |
|-----------------------------|----------------------|----------------------|
| | £ | £ |
| Sensitivity analysis | | |
| Discount rate +0.1% | (94,000) | (82,000) |

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

25. PENSION COMMITMENTS (continued)

| | | |
|----------------------------------------|-----------|-----------|
| Discount rate -0.1% | 94,000 | 82,000 |
| Mortality assumption - 1 year increase | 75,000 | 62,000 |
| Mortality assumption - 1 year decrease | (75,000) | (62,000) |
| CPI rate +0.1% | 130,000 | 120,000 |
| CPI rate -0.1% | (130,000) | (120,000) |

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

| | Fair value at 31 August 2018 £ | <i>Fair value at 31 August 2017 £</i> |
|------------------------------|---------------------------------------------------|---------------------------------------------------|
| Equities | 1,358,000 | 1,136,000 |
| Corporate bonds | 591,000 | 351,000 |
| Property | 219,000 | 167,000 |
| Cash and other liquid assets | 22,000 | 17,000 |
| | <u>2,190,000</u> | <u>1,671,000</u> |

The actual return on scheme assets was £116,000 (2017 - £139,000).

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

| | 2018 £ | <i>2017 £</i> |
|----------------------|-------------------|-------------------|
| Current service cost | (478,000) | (494,000) |
| Interest income | 47,000 | 27,000 |
| Interest cost | (82,000) | (56,000) |
| | <u>(513,000)</u> | <u>(523,000)</u> |

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

| | 2018 £ | <i>2017 £</i> |
|------------------------------------|-------------------|-------------------|
| Opening defined benefit obligation | 2,990,000 | - |
| Upon conversion | - | 2,433,000 |
| Current service cost | 478,000 | 494,000 |
| Interest cost | 82,000 | 56,000 |
| Employee contributions | 73,000 | 85,000 |
| Actuarial gains | (374,000) | (78,000) |
| | <u>3,249,000</u> | <u>2,990,000</u> |

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25. PENSION COMMITMENTS (continued)

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

| | 2018 £ | 2017 £ |
|-------------------------------------|-------------|-------------|
| Opening fair value of scheme assets | 1,671,000 | - |
| Upon conversion | - | 1,090,000 |
| Interest income | 47,000 | 27,000 |
| Actuarial losses | 46,000 | 128,000 |
| Employer contributions | 353,000 | 341,000 |
| Employee contributions | 73,000 | 85,000 |
| | <hr/> | <hr/> |
| Closing fair value of scheme assets | 2,190,000 | 1,671,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

26. OPERATING LEASE COMMITMENTS

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

| | 2018 £ | 2017 £ |
|-------------------------|-------------|-------------|
| Amounts payable: | | |
| Within 1 year | 9,195 | 7,684 |
| Between 1 and 5 years | 7,457 | 11,408 |
| | <hr/> | <hr/> |
| Total | 16,652 | 19,092 |
| | <hr/> <hr/> | <hr/> <hr/> |

27. MEMBERS' LIABILITY

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

28. RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

29. CONTROLLING PARTY

There is no ultimate controlling party.