

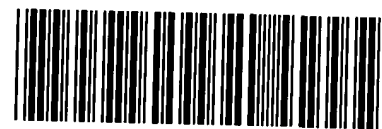


# **The Education Alliance** **(A company limited by guarantee)**

## **Financial Statements**

**31 August 2018**

FRIDAY



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21/12/2018 #273  
COMPANIES HOUSE

# **The Education Alliance**

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## **The Education Alliance**

### **Reference and Administrative Details**

**Members**

- Mr S Nicholson
- Mr L Whiting
- Mr A Bradley
- Mr R Swain
- Mr J Buckley (Lead Member)

**Trustees (Directors)**

- Mr R Swain (Chair)
- Mr P Ness, #
- Mr P Hall (Vice Chair)
- Miss N Hornsby, #
- Mr P Nicholson
- Mrs N Clark
- Mr S Whitaker (resigned 8 June 2018)
- Mr A Steele
- Mrs A Barker
- Mrs L Killelay

# members of the audit committee  
All of the above are members of the Board of Trustees

**Accounting Officer** Miss C Abbott

**Company Secretary** Mrs L Pipes

**Senior Management Team**

- Miss C Abbott, Chief Executive Officer (Executive lead from 1 April 2018)
- Mr J Uttley, Executive Principal (CEO from 1 April 2018)
- Mr P Sprakes, Head of School
- Miss D Pickering, Head of School (Resigned 9 January 2018)
- Mrs L Hudson, Head of School
- Mr R Williman, Head of School (Appointed 6 April 2018)
- Mr S Ratheram, Head of School (Appointed 1 June 2018)
- Mrs J Jewitt, Finance Director
- Mrs L Pipes, Human Resources Director
- Mrs A Fletcher, Director of TSA

## **The Education Alliance**

### **Reference and Administrative Details (continued)**

**Principal and  
Registered Office** South Hunsley School & Sixth Form College  
East Dale Road  
Melton  
North Ferriby  
East Yorkshire  
HU14 3HS

**Registration Number**07542211

**Auditor** Smailes Goldie  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

**Bankers** HSBC Bank plc  
Merit House  
Priory Park  
West Saxon Way  
Hessle  
HU13 9PB

**Solicitors** Rollits Solicitors LLP  
Citadel House  
58 High Street  
Hull  
HU1 1QE  
  
Eversheds Sutherland (International) LLP  
Eversheds House  
70 Great Bridgewater Street  
Manchester  
M1 5ES

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education & Skills Funding Agency.

The Trust operates four academies;

- South Hunsley School and Sixth Form College for pupils aged 11 to 18 serving a catchment area in the East Riding of Yorkshire. It has a pupil capacity of 1877 and had a roll of 2163 as included in the school census in October 2018;
- Malet Lambert for pupils aged 11 to 16 serving a catchment area in the east of Kingston upon Hull. It has a pupil capacity of 1535 and had a roll of 1460 as included in the school census in October 2018;
- Hunsley Primary School for pupils aged 4 to 11 which does not currently have a catchment area as it is a Free School currently in temporary accommodation. It has a pupil capacity in 2017/18 of 90 and in 2018/19 of 120 and had a role of 118 as included in the school census in October 2018.
- Driffild School and Sixth Form for pupils aged 11 to 18 serving a catchment area in the East Riding of Yorkshire. It has a pupil capacity of 1992 and had a roll of 1359 as included in the school census in October 2018.

#### **Structure, governance and management**

##### ***Constitution***

The Academy Trust is a private 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 are also the Directors of the charitable company for the purposes of company law. The charitable company is known as the The Education Alliance and trades as South Hunsley School and Sixth Form College, Malet Lambert, The Wolds Teaching Alliance, Hunsley Primary School, Driffild School and Sixth Form and Yorkshire Wolds Teacher Training (which opened in September 2017).

Details of the Members and Trustees who served throughout the year are included in the Reference and Administrative Information details on page 1.

##### ***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.

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### ***Trustees' indemnities***

During the year the Academy Trust had in place third party indemnity provisions for the benefit of the Academy Trust's Members and Trustees.

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

As stated above all new Trustees are appointed by the Members and current Trustees and are responsible for the day to day management of the Academy Trust, exercising all the powers of the Members as stated in Article 94. Any changes to Trustees are listed on page 1.

Full details relating to the appointment and removal of Trustees are contained in the Articles of Association with a brief summary given below.

The Members may appoint up to 10 Trustees with their term of office being 4 years. Subject to remaining eligible any Trustee may be re-appointed or re-elected.

A minimum of 2 Parent Trustees shall, if necessary, be appointed according to articles 53-56. The Trustees may appoint Co-opted Trustees including employees of the Academy Trust providing that the number of Staff Trustees does not exceed one third of the total number of Trustees (including the CEO).

The Secretary of State may also appoint additional Trustees if he feels it appropriate and ultimately has the power to in effect take over the Governance of the Academy Trust. The Secretary of State has not appointed any additional Trustees.

During the academic year, at least eight formal Board meetings are held.

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

All new Trustees are inducted into their role by the Chair of the Board of Directors and the CEO along with the support of the Secretary to the Board of Directors and the Trust HR Director (who at date of signing the accounts was the same individual) to ensure that they understand their Trustee responsibilities and duties as a Director.

Trustee training is provided as required either on request by the Directors or on the recommendation of the CEO, or by agreement of the Chair of the Board of Directors.

#### ***Organisational structure***

The Trustee Body has established Academy Local Governing Bodies to help it carry out its work effectively. The Local Governing Bodies are delegated responsibility for holding the Heads of School to account and providing support and challenge to improve the educational outcomes for all students at each Trust school. The Trustee Body retains responsibility for monitoring Academy educational and financial performance and ensuring the effective management and governance of the Trust.

In addition a number of ad-hoc Committees and Panels meet to deliver specific tasks as set out in the Trust's Scheme of Delegation.

## The Education Alliance

### Trustees' Report for the Year Ended 31 August 2018 (continued)

#### *Arrangements for setting pay and remuneration of key management personnel*

The Academy Trust's HR Director performs annual remuneration benchmarking and works with the CEO to prepare a report of recommendations for the pay and remuneration of key management personnel.

The Remuneration Committee meet annually to review and set the pay and remuneration of key management personnel using the report of recommendations. The Academy Trust also has a pay policy that is regularly reviewed by the Board of Trustees.

#### Trade union facility time

##### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
8	7

#### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	4

#### Percentage of pay bill spent on facility time

	2018 £
Provide the total cost of facility time	3,994
Provide the total pay bill	19,429,826

#### Paid trade union activities

	2018
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: ( total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours ) x 100	129

#### *Connected organisations, including related party relationships*

The Academy Trust currently has no connected organisations or related party relationships.

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Objectives and activities**

##### ***Objects and aims***

The Academy Trust's objectives are set to reflect the educational aims and ethos of each Trust school. In setting the objectives and planning the activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education and on fee-charging.

The main objects of the Academy Trust are:

- (a) Advancing 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; and
- (b) Promoting for the benefit of the inhabitants of each Trust school's local and surrounding area 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 main objectives between 1 September 2017 and 31 August 2018 were

- Clearly articulate and demonstrate the trust's strategic vision.
- Develop coherent geographical clusters.
- Review all trust and school policies.
- Develop working relationships with high performing strategic partners.
- Develop common IT, Estates, Financial and HR structures and systems across the Trust.
- Establish a curriculum and staffing model for secondary and primary schools.
- Meet SCITT recruitment targets
- Develop Leadership and management programmes through the TSA

##### ***Public benefit***

We have referred to the public benefit guidance contained in the Charity Commission general guidance when reviewing the Academy Trust's aims and objectives and in planning future activities. The availability and access to the public of the Academy Trust's facilities is a key object within the Articles of Association.



## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### **Achievements and performance**

##### ***South Hunsley School and Sixth Form College***

GCSE results in the summer of 2018 were outstanding and a continuation of a longstanding trend of excellent outcomes. 84% of students achieved GCSEs graded 9-4 English and maths and 66% achieved grades 9-5. Using the Department for Education's new gold standard Progress 8 measure, results were exceptionally good. The school achieved a score of 0.45 meaning all students achieved, on average, almost half a grade higher than expected nationally across 8 GCSE subjects. At A-level, the 2018 results were also outstanding. The progress students made from the end of key stage 4 places the Sixth Form in the top 10% of A level providers nationally.

##### ***Malet Lambert***

During the academic year 2017-18, Malet Lambert School was inspected by Ofsted and was judged to be a Good school in all areas. For the third academic year consecutively, Malet Lambert gained a positive Progress 8 score, currently standing at +0.02. The basics figure at 9-5 was 31% with an Attainment 8 score of 45.3, which put the school above both the local authority and national averages. Destinations measures continue to be strong, with 95% of pupils staying in education or employment, which is higher than national and the local authority.

##### ***Driffield School and Sixth Form***

Driffield School joined the Education Alliance in February 2017 as a school that had previously been judged to be "inadequate" by Ofsted and placed in Special Measures. As part of the Trust, progress continues to be made in terms of student performance. 35% achieved grades 9-5 and the Attainment 8 score was 45.8 which was above national average. Overall progress for students (-0.14 Progress 8) moved from below the national average to in line with national average for the first time in 3 years. Students in the sixth form performed very well, with sixth form students in the top 40% of all students nationally in terms of progress from GCSE to the end of Year 13 (ALPS report).

##### ***Hunsley Primary School***

Across EYFS and Key Stage 1, pupils at Hunsley Primary exceeded all national benchmarks this academic year with the EYFS Good Level of Development being 83.3% against the national benchmark of 70.7%. 100% of the Year 1 children entered for the Phonics Screening Check passed, which translated as 93% of the class (2/30 pupils not being entered for the assessment) and exceeded the target for 83% based on end of EYFS reading assessments. The average point score in school was 37/40, compared to the national of 33/40 points. All Disadvantaged Pupils in Year 1 passed the Check. Of the two children in Year 2 who had not previously passed the Check, one passed and the other made significant progress on their previous score, meaning that overall 97% of Year 2 pupils have passed the Screening Check. Both sets of achievements exceeded the school's targets for EYFS and Year 1.

For Year 2, the outcomes of the Key Stage 1 tests were consistently above national averages in each subject area for children achieving Age Related Expectations and above. Pupils achieved particularly well in the Greater Depth category for all three curriculum areas, with 45% of children achieving Greater Depth in Maths and Reading, compared to national data of 21% and 25% respectively, and 24% achieving Greater Depth in Writing compared to the national of 16%. All children sat the tests for the end of Key Stage 1. The school was externally moderated for SATs by the LA.

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### ***Key non-financial performance indicators***

The Academy Trust produces monthly budget to actual reports to monitor its on-going progress against target. For the year ended 31 August 2018 income was 5% higher than expected, staff costs were 1% higher than expected and overheads were 7% higher than expected.

The Academy Trust understands that its biggest expense is staff costs and that this must be carefully monitored. The Academy Trust expects that staff costs should be less than 80% of income in order to remain efficient. In the year to 31 August 2018 staff costs were 71.7% (2017: 72.8%) of incoming resources.

##### ***Going concern***

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Multi 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**

The financial results for the year were as expected.

The Academy Trust's main source of income (the General Annual Grant (GAG)) consists mainly of the funding for pupils aged between 4 and 16. This income is based on the "replication model" of the Local Authority's funding formula; the funding for post 16 pupils which is based on a formula administered by the EFA; and ESGG (Education Services Grant) which is a grant to cover responsibilities transferred from the Local Authority to the Academy Trust.

In addition to the educational operations of the Academy Trust, four other related operations have been performed, these are:

- A Teaching School Alliance (including outreach work at other schools) and a SCITT
- A Catering Service, which provides meals to students and staff
- Sports facilities, which when not used by the Academy Trust, are made available to the public, and
- Hosting of three Public Sector Frameworks with Value Added Portal Limited t/a PAGABO

Careful financial management had enabled the Academy Trust to operate with a surplus balance. At 31 August 2018 balances on the unrestricted and restricted funds excluding pension reserve and fixed asset reserves of £4,402,000 surplus (2017: £3,978,000 surplus) and £3,218,000 surplus (2017: £2,208,000 surplus) were carried forward.

The Academy Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme (LGPS). The balance at 31 August 2018 was a net liability of £5,844,000. This had decreased from the balance 31 August 2017 which was £7,179,000. We are currently reviewing our long term LGPS position and what safeguards, if any, we would be able to adopt to reduce the effect that current market volatility is having on the financial results. The employers' contribution rate is currently 21.9% at South Hunsley School and Sixth Form College, 34.8% at Malet Lambert, 19.2% at Driffild School and Sixth Form and 19.2% at Hunsley Primary School. The LGPS pension liability is underwritten by the DfE.

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

##### ***Reserves policy***

The Trustees review the reserve levels of the Academy Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Academy Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees need to ensure that the Academy Trust has sufficient working capital to cover delays between receipt of grants and spending, and are able to deal with unexpected emergencies that may arise such as emergency maintenance. The Academy Trust's current level of general reserves (Restricted and Unrestricted reserves excluding Fixed Asset and Pension Funds) is £7,620,000 (2017: £6,186,000). Taking into account the nature of the Academy Trust's income streams, the Trustees are of the view that reserves at this level are sufficient to cover its working capital needs.

##### ***Investment policy***

The Academy Trust aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the Academy Trust aims to invest surplus cash funds to optimise returns, but ensuring the investment instruments are such that there is minimal risk to the loss of these cash funds.

The main purpose of the Academy Trust's investment policy is to;

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

##### ***Principal risks and uncertainties***

The Academy Trust has identified principal risks and uncertainties including:

- Recruitment of students and Driffield School and Sixth Form and retention of students in key stage 4 at Malet Lambert School
- On-going national curriculum changes and educational reforms
- Financial risks around school funding that is facing all schools nationally. Cost pressures are increasing, particularly around associate staff pay but funding is failing to keep pace.
- Quality of provision at Driffield School and Sixth Form
- Significant growth in projected student numbers at South Hunsley School and Sixth Form College over the next 10 years due to housing developments within the catchment area and potential effects on education provision
- Ofsted inspection of the SCITT

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Strategic Report**

The Trustees have introduced systems and internal financial controls in order to minimise risk. The Trust has a Risk Policy and a Risk register that is reviewed and updated at least three times per year. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

The Trustees have reviewed current examples of best practice and have:

- set policies on internal controls which cover the following:
  - the type of risks the Academy Trust faces
  - the level of risks which they regard as acceptable;
  - the likelihood of the risks materialising;
  - the Academy Trust's ability to reduce the incidence and impact on the Academy Trust's operations of risks that do materialise;
  - the costs of operating particular controls relative to the benefits obtained.
- Continued to build further capacity in leadership teams across the trust
- Revised Trust school level policies and procedures;
- explained to employees that they have responsibility for internal control as part of their accountability for achieving objectives;
- embedded the risk management practice in the Academy Trust's operations so that it becomes part of the culture of the Academy Trust and
- included procedures for reporting failings immediately to appropriate levels of management and the Trustees together with details of corrective action being undertaken.

#### ***Plans for future periods***

In 2018, the development plan included:

Finalise structures around coherent geographical clusters around the secondary schools in the trust  
Articulates and demonstrates our strategic vision and what we are aiming to achieve to members, partners and external audiences.

Further develop working relationships with high-performing strategic partners both within and outside the region.

Establish a curriculum and staffing model for primary schools and further develop the primary school improvement offer.

Continuing to develop, the knowledge, skills and expertise of its central team to ensure there is capacity for the trust to expand in both the primary and secondary education sectors. Review KPIs and processes for financial sustainability.

Training for senior leaders and governors to ensure leadership is robust and effective across the trust.

## **The Education Alliance**

### **Trustees' Report for the Year Ended 31 August 2018 (continued)**

#### **Employment of disabled persons**

The policy of the Academy Trust is to support recruitment and retention of students and employees with disabilities. The Academy Trust supports this by adapting the physical environment wherever possible, by making support resources available and through training and career development. New buildings and improvements to existing buildings all recognise the need to be fully DDA compliant.

#### **Equal Opportunities**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to maintain equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

#### **Auditor**

In so far as the Trustees are aware:

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

The Trustees' Report was approved by the Board of Trustees on 13 December 2018 and signed on its behalf by:

.....  
Mr R Swain  
Trustee



## **The Education Alliance**

### **Governance Statement**

#### **Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Education Alliance 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 Miss C Abbott, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Education Alliance 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 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr R Swain (Chair)	8	8
Mr P Nicholson	7	8
Mr P Ness	5	8
Mr P Hall (Vice Chair)	8	8
Miss N Hornsby	6	8
Mrs N Clark	4	8
Mr A Steele	8	8
Mr S Whitaker*	1	7
Mrs A Barker	7	8
Mrs L Killelay	5	8

\* Mr S Whitaker resigned on 8 June 2018.

#### **Governance reviews**

There is no separate Finance Committee and therefore all financial oversight of the Trust is through the Board of Directors or the Audit Committee (see below).

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to The Board of Trustees established a separate Audit Committee to maintain oversight of the Trust's governance, risk management, internal control and value for money framework. The membership of the Audit Committee includes Mr P Ness (Chair) and Ms Hornsby as Trustees of The Education Alliance along with Mr C Wicks as an external representative to the Trust and Mrs M Wright, Governor of Malet Lambert Local Governing Body. This committee will meet at least three times per year. Attendance at meetings during the year was as follows:

## **The Education Alliance**

### **Governance Statement (continued)**

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Mr P Ness	3	3
Mr C Wicks	2	3
Miss N Hornsby	3	3
Mrs M Wright	3	3

#### **Review of value for money**

As accounting officer the member has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the 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 available. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Completing a detailed tendering process where required
- Aligning policies, procedures, systems and contracts where possible within the Academy Trust
- Continually reviewing staffing costs and structures and monitoring staff costs as a percentage of income

#### **The purpose of the system of internal control**

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

#### **Capacity to handle risk**

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

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

## **The Education Alliance**

### **Governance Statement (continued)**

- 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.

East Coast Audit Consortium are the current internal auditors. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems.

- to appoint East Coast Audit Consortium as internal auditor
- not to appoint an internal auditor. However the Trustees have appointed Smailes Goldie, the external auditor, to perform additional checks

On a quarterly basis, the internal auditors produce a report to the Board of Trustees and the Audit Committee regarding the operation of the systems of control and on the discharge of the governing body's financial responsibilities. There have been no material control issues identified by the internal auditors during the year. Any non-material recommendations have been addressed on a timely basis by the Academy Trust's Finance Director.

#### **Review of effectiveness**

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

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

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

Approved by the Board of Trustees on 13 December 2018 and signed on its behalf by:

.....  
Mr R Swain  
Trustee

.....  
Miss C Abbott  
Accounting Officer



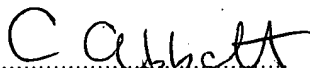
## **The Education Alliance**

### **Statement on Regularity, Propriety and Compliance**

As Accounting Officer of The Education Alliance 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 the ESFA.

  
Miss C Abbott  
Accounting officer

13 December 2018

## **The Education Alliance**

### **Statement of Trustees' Responsibilities**

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 published 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:

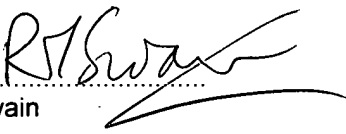
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by the Board of Trustees on 13 December 2018 and signed on its behalf by:

  
.....  
Mr R Swain  
Trustee

## **The Education Alliance**

### **Independent Auditor's Report on the Financial Statements to the Members of The Education Alliance**

#### **Opinion**

We have audited the financial statements of The Education Alliance (the 'Multi Academy Trust') for the year ended 31 August 2018, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 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 Multi Academy Trust's affairs as at 31 August 2018 and of its results 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.
- have been prepared in accordance with the Charities SORP 2015 and 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Multi Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

## **The Education Alliance**

### **Independent Auditor's Report on the Financial Statements to the Members of The Education Alliance (continued)**

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 (incorporating the Strategic Report and Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 Multi Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

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

#### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 16], the Trustees 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 Multi Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Multi Academy Trust or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

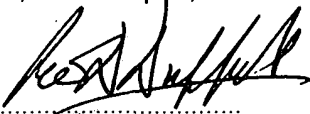
## **The Education Alliance**

### **Independent Auditor's Report on the Financial Statements to the Members of The Education Alliance (continued)**

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Multi Academy Trust's Trustees, 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 Multi Academy Trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Multi Academy Trust and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Duffield LLB FCA (Senior Statutory Auditor)  
For and on behalf of Smailes Goldie,  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

13 December 2018

#### **Note:**

The maintenance and integrity of The Education Alliance website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

## **The Education Alliance**

### **Independent Reporting Accountant's Report on Regularity to The Education Alliance and the Education & Skills Funding Agency**

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

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

#### **Respective responsibilities of the Governing Body's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of the The Education Alliance's funding agreement with the Secretary of State for Education dated 1 April 2011 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 from 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 ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Ensuring value for money is sought for all goods/services procured by the academy, including those procured from related parties of the academy.
- Ensuring that fixed asset additions are made in line with the terms of the funding received and that fixed asset disposals are properly authorised by the DfE
- Ensuring that expenditure incurred through the academy bank account and debit card is appropriate for the purposes of the academy and that there has been no personal expenditure from the academy's funds.

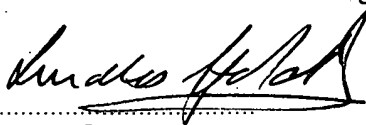
## **The Education Alliance**

### **Independent Reporting Accountant's Report on Regularity to The Education Alliance and the Education & Skills Funding Agency (continued)**

- Ensuring pension contributions are paid to the respective schemes in a timely manner.
- Ensuring returns required by regulatory or funding authorities are completed on a timely basis.

#### **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 from 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Smailes Goldie  
Chartered Accountants  
Statutory Auditor  
Regent's Court  
Princess Street  
Hull  
East Yorkshire  
HU2 8BA

13 December 2018

## The Education Alliance

### Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
<b>Income and endowments from:</b>						
Voluntary income						
Donations and capital grants	2	8	-	803	811	144
Transfer from local authority on conversion		-	-	-	-	55,652
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	1,843	25,906	-	27,749	24,505
Teaching schools		-	155	-	155	204
Other trading activities	4	417	-	-	417	347
Investments	5	14	-	-	14	26
Total		2,282	26,061	803	29,146	80,878
<b>Expenditure on:</b>						
Raising funds	6	1,828	-	-	1,828	1,548
<i>Charitable activities:</i>						
Academy trust educational operations	7	30	25,721	2,760	28,511	26,192
Teaching schools	30	-	145	-	145	112
Total		1,858	25,866	2,760	30,484	27,852
Net income/(expenditure)		424	195	(1,957)	(1,338)	53,026
Transfers between funds		-	(70)	70	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	28	-	2,217	-	2,217	1,715
Net movement in funds/(deficit)		424	2,342	(1,887)	879	54,741
<b>Reconciliation of funds</b>						
Total funds/(deficit) brought forward at 1 September 2017		3,978	(4,968)	105,603	104,613	49,871



## The Education Alliance

### Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account) (continued)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Total funds/(deficit) carried forward at 31 August 2018		4,402	(2,626)	103,716	105,492	104,612

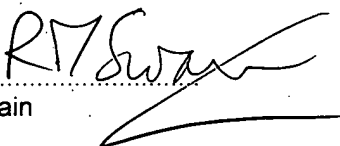
# The Education Alliance

(Registration number: 07542211)  
Balance Sheet as at 31 August 2018

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets	13	26	17
Tangible assets	14	103,262	105,588
		<u>103,288</u>	<u>105,605</u>
<b>Current assets</b>			
Stocks	15	26	12
Debtors	16	759	580
Cash at bank and in hand		9,622	8,178
		<u>10,407</u>	<u>8,770</u>
Creditors: Amounts falling due within one year	17	(2,262)	(2,488)
Net current assets		<u>8,145</u>	<u>6,282</u>
Total assets less current liabilities		111,433	111,887
Creditors: Amounts falling due after more than one year	18	(97)	(96)
Net assets excluding pension liability		111,336	111,791
Pension scheme liability	28	(5,844)	(7,179)
Net assets including pension liability		<u>105,492</u>	<u>104,612</u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
Restricted general fund		(2,626)	(4,971)
Restricted fixed asset fund		103,716	105,605
		<u>101,090</u>	<u>100,634</u>
<b>Unrestricted funds</b>			
Unrestricted general fund		4,402	3,978
Total funds		<u>105,492</u>	<u>104,612</u>

The financial statements on pages 22 to 51 were approved by the Board of Trustees, and authorised for issue on 13 December 2018 and signed on their behalf by:

Mr R Swain  
Trustee



## **The Education Alliance**

### **Statement of Cash Flows for the Year Ended 31 August 2018**

	<b>Note</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	800	2,112
Cash flows from investing activities	25	641	(210)
Cash inflows from financing activities	24	3	-
Change in cash and cash equivalents in the year		1,444	1,902
Cash and cash equivalents at 1 September		8,178	6,276
Cash and cash equivalents at 31 August	26	9,622	8,178

## **The Education Alliance**

### **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), judgements and key sources of estimation uncertainty, is set out below.

##### **Basis of preparation**

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

The Education Alliance meets the definition of a public benefit entity under FRS 102.

##### **Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of 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.

##### **Income**

All incoming resources are recognised when the Multi Academy Trust has entitlement to the funds, when the receipt is probable and when the amount can be measured reliably.

##### **Grants**

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

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

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

## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **1 Accounting policies (continued)**

##### ***Donations***

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

##### ***Other income***

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

##### ***Donated goods, facilities and services***

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

##### ***Expenditure***

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.

All resources expended are inclusive of irrecoverable VAT.

##### ***Expenditure on raising funds***

This includes all expenditure incurred by the Multi Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

##### ***Charitable activities***

These are costs incurred on the Multi Academy Trust's educational operations, including support costs and costs relating to the governance of the Multi Academy Trust apportioned to charitable activities.

##### ***Intangible fixed assets***

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 on a straight-line basis over its expected useful life, as follows:

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 1 Accounting policies (continued)

##### Asset class

Software

##### Amortisation method and rate

Over the life of the licence

##### Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

##### Asset class

Long leasehold land

Long leasehold buildings

Fixtures, fittings and equipment

ICT equipment

Motor vehicles

##### Depreciation method and rate

125 years

Between 40 and 50 years

Between 3 and 10 years

Between 3 and 6 years

Between 3 and 6 years

##### Liabilities

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

##### Leased assets

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

##### Financial Instruments

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

## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **1 Accounting policies (continued)**

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### **Stock**

Unsold education supplies and catering stocks are valued at the lower of cost or net realisable value.

#### **Taxation**

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

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

#### **Pension benefits**

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

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

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

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 1 Accounting policies (continued)

##### Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

##### Critical accounting estimates and areas of judgement

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

##### Critical accounting estimates and assumptions

The 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.

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 the pension and similar obligations note, 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.

#### 2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
<b>Other voluntary income</b>				
Capital grants	-	803	803	105
Other donations	8	-	8	39
	<u>8</u>	<u>803</u>	<u>811</u>	<u>144</u>



# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	24,151	24,151	21,487
Other DfE/ ESFA grants	-	1,137	1,137	738
	-	25,288	25,288	22,225
<b>Other government grants</b>				
Other government grants	-	618	618	997
<b>Non-government grants and other income</b>				
Other income from the academy trust's operations	1,843	-	1,843	1,283
<b>Total grants</b>	<b>1,843</b>	<b>25,906</b>	<b>27,749</b>	<b>24,505</b>

### 4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Hire of facilities/Sports centre	294	-	294	236
Catering income	123	-	123	111
	417	-	417	347

### 5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	2017/18 Total £ 000	2016/17 Total £ 000
Short term deposits	14	-	14	26

# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 6 Expenditure

	Staff costs £ 000	Non Pay Expenditure Premises £ 000	Other costs £ 000	2017/18 Total £ 000	2016/17 Total £ 000
<b>Expenditure on raising funds</b>					
Direct costs	466	-	1,362	1,828	1,548
<b>Academy's educational operations</b>					
Direct costs	16,772	2,321	2,140	21,233	18,686
Allocated support costs	3,482	2,766	1,030	7,278	7,506
<b>Teaching School</b>	-	-	145	145	112
	<u>20,720</u>	<u>5,087</u>	<u>4,677</u>	<u>30,484</u>	<u>27,852</u>

### Net income/(expenditure) for the year includes:

	2017/18 £ 000	2016/17 £ 000
Operating lease rentals	26	31
Depreciation	2,451	1,925
Amortisation of intangible fixed assets	26	22
Fees payable to auditor - audit	8	8
- other audit services	2	2
	<u>2</u>	<u>2</u>

### 7 Charitable activities

	2017/18 £ 000	2016/17 £ 000
Direct costs - educational operations	21,233	18,686
Support costs - educational operations	7,278	7,506
	<u>28,511</u>	<u>26,192</u>

# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 7 Charitable activities (continued)

	2017/18 Total £ 000	2016/17 Total £ 000
<b>Analysis of support costs</b>		
Support staff costs	3,482	2,739
Depreciation	192	185
Technology costs	312	212
Premises costs	2,262	3,413
Other support costs	1,011	940
Governance costs	19	17
<b>Total support costs</b>	<b>7,278</b>	<b>7,506</b>

### 8 Staff

#### Staff costs

	2017/18 £ 000	2016/17 £ 000
<b>Staff costs during the year were:</b>		
Wages and salaries	15,604	13,667
Social security costs	1,411	1,267
Operating costs of defined benefit pension schemes	3,308	2,810
Apprenticeship levy	64	23
	<b>20,387</b>	<b>17,767</b>
Supply staff costs	325	485
Staff restructuring costs	8	89
	<b>20,720</b>	<b>18,341</b>
	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>

#### Staff restructuring costs comprise:

Redundancy payments	-	8
Severance payments	8	81
	<b>8</b>	<b>89</b>

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 8 Staff (continued)

##### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £7,543 (2017: £80,590). Individually, the payments were:

Non-contractual payments £5,500 made on 13 August 2018

Non-contractual payments £2,043 made on 31 July 2018

##### Staff numbers

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

	2017/18 No	2016/17 No
<b>Charitable Activities</b>		
Teachers	295	290
Administration and support	328	324
Management	38	20
	<u>661</u>	<u>634</u>

##### Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2018 No	2017 No
£60,001 - £70,000	2	3
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£170,001 - £180,000	1	-
£190,001 - £200,000	-	1

For a period during the academic year 2017/18, one of the large secondary schools did not have a Head of School, and the CEO became Acting Head whilst maintaining her role as CEO. The CEO is retiring in December 2018 and a transition plan has been implemented to ensure a smooth transition. This has included the appointment and induction of the new CEO.

##### Key management personnel

The key management personnel of the Multi Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi Academy Trust was £992,750 (2017: £799,139).

## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **9 Central services**

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

- Human resources
- Financial services
- Legal services
- Educational support services
- Capital project management
- Others as arising

The Multi Academy Trust charges for these services as a flat percentage of GAG income at 4%.

The actual amounts charged during the year were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
South Hunsley Secondary School and Sixth Form	369	366
Hunsley Primary School	17	14
Malet Lambert School	298	297
Driffield School and Sixth Form	274	173
	<u>958</u>	<u>850</u>

#### **10 Related party transactions - trustees' remuneration and expenses**

No Trustees were paid remuneration or have received other benefits from the Multi Academy Trust in the current year or prior year.

During the year ended 31 August 2018, travel and subsistence expenses totalling £361 (2017 - £146) were reimbursed or paid directly to 3 Trustees (2017 - 2).

Other related party transactions involving the trustees are set out in note 29.

#### **11 Trustees' and officers' insurance**

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2018 was £3,865 (2017 - £3,865). The cost of this insurance is included in the total insurance cost.

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 12 Statement of financial activities for prior year

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2016/17 Total £ 000
<b>Income and endowments from:</b>					
Voluntary income					
Donations and capital grants	2	39	-	105	144
Transfer from local authority on conversion		1,530	(1,865)	55,987	55,652
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	1,283	23,222	-	24,505
Teaching schools		-	204	-	204
Other trading activities	4	347	-	-	347
Investments	5	26	-	-	26
<b>Total</b>		<b>3,225</b>	<b>21,561</b>	<b>56,092</b>	<b>80,878</b>
<b>Expenditure on:</b>					
Raising funds	6	1,548	-	-	1,548
<i>Charitable activities:</i>					
Academy trust educational operations	7	95	24,150	1,947	26,192
Teaching schools	30	-	112	-	112
<b>Total</b>		<b>1,643</b>	<b>24,262</b>	<b>1,947</b>	<b>27,852</b>
Net income/(expenditure)		1,582	(2,701)	54,145	53,026
Transfers between funds		-	(221)	221	-
<b>Other recognised gains and losses</b>					
Actuarial gains on defined benefit pension schemes	28	-	1,715	-	1,715
Net movement in funds/(deficit)		1,582	(1,207)	54,366	54,741

# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 12 Statement of financial activities for prior year (continued)

Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2016/17 Total £ 000
<b>Reconciliation of funds</b>				
Total funds/(deficit) brought forward at 1 September 2016	2,396	(3,764)	51,239	49,871
Total funds/(deficit) carried forward at 31 August 2017	3,978	(4,971)	105,605	104,612

### 13 Intangible fixed assets

	Computer software £ 000	Total £ 000
<b>Cost</b>		
At 1 September 2017	46	46
Additions	35	35
At 31 August 2018	81	81
<b>Amortisation</b>		
At 1 September 2017	29	29
Charge for the year	26	26
At 31 August 2018	55	55
<b>Net book value</b>		
At 31 August 2018	26	26
At 31 August 2017	17	17

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 14 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and fixtures £ 000	Plant and equipment £ 000	Total £ 000
<b>Cost</b>				
At 1 September 2017	108,624	820	714	110,158
Additions	-	57	68	125
At 31 August 2018	108,624	877	782	110,283
<b>Depreciation</b>				
At 1 September 2017	3,510	640	420	4,570
Charge for the year	2,283	60	108	2,451
At 31 August 2018	5,793	700	528	7,021
<b>Net book value</b>				
At 31 August 2018	102,831	177	254	103,262
At 31 August 2017	105,114	180	294	105,588

#### 15 Stock

	2018 £ 000	2017 £ 000
Catering	4	4
School supplies	22	8
	26	12

#### 16 Debtors

	2018 £ 000	2017 £ 000
Sundry debtors	108	95
VAT recoverable	92	125
Other debtors	204	38
Prepayments and accrued income	355	322
	759	580



## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 17 Creditors: amounts falling due within one year

	2018 £ 000	2017 £ 000
Trade creditors	517	835
Other taxation and social security	367	356
Other creditors	353	376
Accruals and deferred income	1,025	921
	<u>2,262</u>	<u>2,488</u>

	2018 £ 000	2017 £ 000
<b>Deferred income</b>		
Deferred income at 1 September 2017	487	699
Resources deferred in the period	139	77
Amounts released from previous periods	<u>(311)</u>	<u>(289)</u>
Deferred income at 31 August 2018	<u>315</u>	<u>487</u>

At the balance sheet date the Academy Trust was holding funds received in advance for educational activities for the 2018/19 academic year of £41,661, rates relief of £76,826, Northern Grant Funding income of £176,110 and universal free school meals funding of £20,139.

#### 18 Creditors: amounts falling due after one year

	2018 £ 000	2017 £ 000
Other creditors	<u>97</u>	<u>96</u>

Included within other creditors greater than one year is a loan of £96,725 (2017: £95,755) from Salix which is provided interest free, over an 8 year payback period.

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 19 Funds

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,208	24,151	(23,071)	(70)	3,218
Other DfE/ESFA Grants	-	1,910	(1,910)	-	-
Pension fund	(7,179)	-	(882)	2,217	(5,844)
	<u>(4,971)</u>	<u>26,061</u>	<u>(25,863)</u>	<u>2,147</u>	<u>(2,626)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA Capital Grant	2,689	803	(354)	(90)	3,048
Capital Expenditure from GAG	2,628	-	(195)	160	2,593
Inherited on conversion	100,288	-	(2,213)	-	98,075
	<u>105,605</u>	<u>803</u>	<u>(2,762)</u>	<u>70</u>	<u>103,716</u>
Total restricted funds	100,634	26,864	(28,625)	2,217	101,090
<b>Unrestricted funds</b>					
Unrestricted general funds	3,978	2,282	(1,858)	-	4,402
Total funds	<u>104,612</u>	<u>29,146</u>	<u>(30,483)</u>	<u>2,217</u>	<u>105,492</u>

# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 19 Funds (continued)

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

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2017 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,683	21,486	(21,740)	(221)	2,208
Other DfE/ESFA Grants	-	1,940	(1,940)	-	-
Pension fund	(6,447)	(1,865)	(582)	1,715	(7,179)
	<u>(3,764)</u>	<u>21,561</u>	<u>(24,262)</u>	<u>1,494</u>	<u>(4,971)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA Capital Grant	2,642	105	(58)	-	2,689
Capital Expenditure from GAG	2,597	-	(190)	221	2,628
Inherited on conversion	46,000	55,987	(1,699)	-	100,288
	<u>51,239</u>	<u>56,092</u>	<u>(1,947)</u>	<u>221</u>	<u>105,605</u>
Total restricted funds	47,475	77,653	(26,209)	1,715	100,634
<b>Unrestricted funds</b>					
Unrestricted general funds	2,396	3,225	(1,643)	-	3,978
Total funds	<u>49,871</u>	<u>80,878</u>	<u>(27,852)</u>	<u>1,715</u>	<u>104,612</u>

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 19 Funds (continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	2,683	45,637	(44,811)	(291)	3,218
Other DfE/ESFA Grants	-	3,850	(3,850)	-	-
Pension fund	(6,447)	(1,865)	(1,464)	3,932	(5,844)
	(3,764)	47,622	(50,125)	3,641	(2,626)
<b>Restricted fixed asset funds</b>					
DfE/ESFA Capital Grant	2,642	908	(412)	(90)	3,048
Capital Expenditure from GAG	2,597	-	(385)	381	2,593
Inherited on conversion	46,000	55,987	(3,912)	-	98,075
	51,239	56,895	(4,709)	291	103,716
Total restricted funds	47,475	104,517	(54,834)	3,932	101,090
<b>Unrestricted funds</b>					
Unrestricted general funds	2,396	5,507	(3,501)	-	4,402
Total funds	49,871	110,024	(58,335)	3,932	105,492

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

General Annual Grant (GAG) must be used for the normal running costs of the Academy. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31 August 2018.

Other DfE/EFA grants must be used for the specific for which they are given. These grants are given to fulfil the charitable objectives of the Trust.

Restricted Pension Fund relates to the deficit on the Local Government Pension Scheme.

Restricted Fixed Assets Funds include Inherited from Local Authority Fund, DfE/EFA Capital Grants Fund and Capital Expenditure from GAG Fund. These funds represent fixed assets transferred on conversion to an academy, assets funded by capital grants and assets purchased from brought forward reserves.

The transfer of funds of £70,000 from GAG has been used to acquire tangible fixed assets.

# The Education Alliance

## Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

### 19 Funds (continued)

#### Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	2018 £ 000	2017 £ 000
South Hunsley Secondary School and Sixth Form	3,134	2,917
Hunsley Primary School	244	157
Malet Lambert School	1,107	692
Driffield School and Sixth Form	1,986	1,697
Central Services	1,149	723
Total before fixed assets and pension reserve	7,620	6,186
Restricted fixed asset fund	103,716	105,605
Pension reserve	(5,844)	(7,179)
Total	105,492	104,612

#### Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2018 £ 000
South Hunsley Secondary School and Sixth Form	6,310	1,695	540	2,831	11,377
Hunsley Primary School	323	40	21	50	435
Malet Lambert School	4,921	898	583	1,190	7,593
Driffield School and Sixth Form	4,800	1,019	327	1,522	7,668
Central services	562	296	1	78	936
Multi Academy Trust	16,916	3,948	1,472	5,671	28,009

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 20 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	26	26
Tangible fixed assets	-	-	103,262	103,262
Current assets	4,630	5,349	428	10,407
Current liabilities	(228)	(2,034)	-	(2,262)
Creditors over 1 year	-	(97)	-	(97)
Pension scheme liability	-	(5,844)	-	(5,844)
Total net assets	4,402	(2,626)	103,716	105,492

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

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	17	17
Tangible fixed assets	-	-	105,588	105,588
Current assets	4,147	4,623	-	8,770
Current liabilities	(169)	(2,319)	-	(2,488)
Creditors over 1 year	-	(96)	-	(96)
Pension scheme liability	-	(7,179)	-	(7,179)
Total net assets	3,978	(4,971)	105,605	104,612

#### 21 Capital commitments

	2018 £ 000
Contracted for, but not provided in the financial statements	428

#### 22 Commitments under operating leases

##### Operating leases

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

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 22 Commitments under operating leases (continued)

	2018 £ 000	2017 £ 000
Amounts due within one year	15	26
Amounts due between one and five years	14	25
	<u>29</u>	<u>51</u>

#### 23 Reconciliation of net (expenditure)/income to net cash inflow/(outflow) from operating activities

	2017/18 £ 000	2016/17 £ 000
Net (expenditure)/income	(1,338)	53,026
Amortisation	26	22
Depreciation	2,451	1,926
Capital grants from DfE and other capital income	(803)	(105)
Interest receivable	(14)	(26)
Interest payable	16	15
Defined benefit pension scheme cost less contributions payable	694	412
Defined benefit pension scheme finance cost	188	170
Transfer from local authority on conversion	-	(55,652)
Increase in stocks	(14)	(4)
(Increase)/decrease in debtors	(179)	972
Decrease in creditors	(227)	(174)
Cash transferred on conversion to an academy trust	-	1,530
Net cash provided by Operating Activities	<u>800</u>	<u>2,112</u>

#### 24 Cash flows from financing activities

	2017/18 £ 000	2016/17 £ 000
Repayments of borrowing	(14)	-
Cash inflows from new borrowing	17	-
Net cash provided by financing activities	<u>3</u>	<u>-</u>

## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **25 Cash flows from investing activities**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£ 000</b>	<b>£ 000</b>
Purchase of intangible fixed assets	(35)	(26)
Purchase of tangible fixed assets	(125)	(300)
Capital funding received from sponsors and others	803	105
Interest received	14	26
Bank interest	(16)	(15)
Net cash provided by/(used in) investing activities	641	(210)

#### **26 Analysis of cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash at bank and in hand	9,622	8,178
Total cash and cash equivalents	9,622	8,178

#### **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 Pension and similar obligations**

The Multi Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Riding of Yorkshire Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £321,055 were payable to the schemes at 31 August 2018 (2017: £313,645) and are included within creditors.



## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **28 Pension and similar obligations (continued)**

##### **Teachers' Pension Scheme**

###### **Introduction**

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

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

###### **Valuation of the Teachers' Pension Scheme**

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £1,694,363 (2017: £1,532,127). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 28 Pension and similar obligations (continued)

##### Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £1,176,000 (2017 - £1,066,000), of which employer's contributions totalled £943,000 (2017 - £870,000) and employees' contributions totalled £233,000 (2017 - £196,000). The agreed contribution rates for future years are between 19.9% and 32.8% for employers and between 5.5% and 12.5% for employees.

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

##### Principal actuarial assumptions

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

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

	2018	2017
<b>Retiring today</b>		
Males	21.7	21.7
Females	24.2	24.2
<b>Retiring in 20 years</b>		
Males	23.7	23.7
Females	26.4	26.4

##### Sensitivity analysis

	2018	2017
	£000	£000
0.5% decrease in real discount rate	2,477	2,376
0.5% increase in salary increase rate	453	481
0.5% increase in pension increase rate	1,991	1,852

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 28 Pension and similar obligations (continued)

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

	2018 £ 000	2017 £ 000
Equities	9,401	7,958
Government bonds	1,697	1,457
Property	1,567	1,233
Cash and other liquid assets	392	561
Total market value of assets	13,057	11,209

The actual return on scheme assets was £499,000 (2017 - £421,000).

#### Amounts recognised in the statement of financial activities

	2017/18 £ 000	2016/17 £ 000
Current service cost	1,637	1,282
Interest income	(293)	(200)
Interest cost	481	370
Total amount recognised in the SOFA	1,825	1,452

#### Changes in the present value of defined benefit obligations were as follows:

	2017/18 £ 000	2016/17 £ 000
At start of period	18,388	13,249
Conversion of academy trusts	-	4,685
Current service cost	1,637	1,282
Interest cost	481	370
Employee contributions	233	196
Actuarial (gain)/loss	(1,718)	(1,294)
Benefits paid	(120)	(100)
At 31 August	18,901	18,388

## **The Education Alliance**

### **Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)**

#### **28 Pension and similar obligations (continued)**

##### **Changes in the fair value of academy's share of scheme assets:**

	<b>2017/18</b>	<b>2016/17</b>
	<b>£ 000</b>	<b>£ 000</b>
At start of period	11,209	6,802
Conversion of academy trusts	-	2,820
Interest income	293	200
Actuarial gain/(loss)	499	421
Employer contributions	943	870
Employee contributions	233	196
Benefits paid	(120)	(100)
At 31 August	<u>13,057</u>	<u>11,209</u>

#### **29 Related party transactions**

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

There were no related party transactions in the year, other than certain trustees' remuneration and expenses already disclosed in note 10.

## The Education Alliance

### Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

#### 30 Teaching school trading account

	2017/18 £ 000	2016/17 £ 000
<b>Income</b>		
<b>Other Income</b>		
Fundraising and other trading activities	155	204
Total Income	155	204
<b>Expenditure</b>		
<b>Direct costs</b>		
Direct staff costs	96	91
Staff development	1	-
Total direct costs	97	91
<b>Other costs</b>		
Other support costs	48	21
Total Expenditure	(145)	(112)
Surplus from all sources	10	92
Teaching school balances at 1 September 2017	98	6
Teaching school balances at 31 August 2018	108	98