

Registration number: 08913502

Education and Leadership Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2016



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

Hallidays
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Education and Leadership Trust

Contents

Reference and Administrative Details	1 to 2
Trustees' Report	3 to 13
Governance Statement	14 to 17
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditor's Report on the Financial Statements	20 to 21
Independent Reporting Accountant's Report on Regularity	22 to 23
Statement of Financial Activities incorporating Income and Expenditure Account	24 to 25
Balance Sheet	26
Statement of Cash Flows	27
Notes to the Financial Statements	28 to 47

Education and Leadership Trust

Reference and Administrative Details

Members

Mr Michael Stuart Chidley
Dr Christopher Charles Turner (resigned 19 February 2016)
Ms Patricia Denise Kane (resigned 20 July 2016)
Mr Andrew Sean Mullen (appointed 20 July 2016)
Mr Richard Paver (appointed 20 July 2016)

Trustees (Directors)

Mr Michael Stuart Chidley
Dr Christopher Charles Turner (resigned 19 February 2016)
Ms Patricia Denise Kane
Mr Justin Scott Eagleton
Ms Emma Jane Antrobus
Ms Pauline Susan Newman (resigned 21 July 2016)
Mr Richard Paver
Mr Andrew Sean Mullen
Mr Ronan Bridley (appointed 25 April 2016)
Mr John Moran (appointed 19 September 2016)

Senior Leadership Team

Ms Patricia Kane, Executive Headteacher
Mrs Elizabeth Hole, Academy Headteacher
Mrs Jane Barnes, Deputy Headteacher
Ms Jaqueline Fahey, Deputy Headteacher
Ms Emma Mills (nee Lashsley), Deputy Headteacher
Ms Deborah Collier, Business and Finance Manager
Mrs Letitia Schenk (resigned 31 August 2016), Assistant Headteacher
Mrs Sofia Zarar, Assistant Headteacher
Mrs Morresa Connolly, Assistant Headteacher
Mrs Catherine Wragg, Deputy Headteacher
Mrs Julie Lomax, Assistant Headteacher
Mr Michael Lea, Assistant Headteacher
Dr Johan MacKinnon, Academy Headteacher
Mr Neil Johnson, Deputy Headteacher
Ms Sarah Gregory, Deputy Headteacher
Ms Joanna Walker, Assistant Headteacher
Mr Thomas Norton, Assistant Headteacher
Mr Mark McNulty, School Business and Finance Manager
Ms Claire Narayanan, Assistant Headteacher

Education and Leadership Trust

Reference and Administrative Details (continued)

**Principal and
Registered Office** Whalley Range 11-18 High School
Wilbraham Road
Manchester
M16 8GW

**Company Registration
Number** 08913502

Auditors Hallidays
Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Bankers Lloyds Bank
42-46 Market Street
Deansgate
Manchester
Lancashire
M1 1PW

Solicitors Stone King LLP
13 Queen Square
Bath
BA1 2HJ

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two secondary academies for girls in Manchester. It has a pupil capacity of 2,650 and had a roll of 2,555 in the school census on 23 May 2016.

	Secondary	Number on roll
Whalley Range 11-18 High School	11-18	1,548
Levenshulme High School	11-16	1,007

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Education and Leadership Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Education and Leadership Trust Limited.

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

Members' liability

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

Trustees' indemnities

Professional Indemnity Insurance is in place to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring on trust business.

Method of recruitment and appointment or election of Trustees

Trustees are recruited by invitation, dependent on their expertise, experience and skills. Trustees may be appointed as specified in the articles of association (56 to 71), and are appointed for a term of 4 years.

Policies and procedures adopted for the induction and training of Trustees

Trustees are interviewed and selected to ensure that a robust overview of governance is maintained throughout the trust. New trustees are provided with an induction which includes access to documentation in respect of all trust policies and procedures. In addition, appropriate training opportunities may be offered, depending on their current level of experience and expertise.

Trustees and governors attended development sessions to inform and review strategic planning; and also to ensure high and consistent standards of governance and challenge across all schools in the trust. In addition, two trustees presented to a Manchester Governors' conference on the subject of creating and maintaining a successful multi-academy trust.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Organisational structure

The trustees are responsible for authorising all policies and procedures, the determination of the annual funding allocations to each academy, compliance with DfE/EFA requirements in relation to financial management, accounting and reporting, oversight of the educational vision and strategic planning and development of the trust and its academies, including the approval of the academy development plans, and the appointment of the Executive Headteacher, Academy Headteachers and their Senior Leadership Teams. The trustees also approve the Annual Report and Financial Statements.

The trustees delegate responsibility for the operations and activities of each academy to the respective Local Governing Body (LGB). The LGBs are responsible for the implementation of all procedures with respect to compliance with statutory regulations, Funding Agreements and Trust policies and procedures, including admissions. The chair of each LGB is always a trustee on the main board.

The Executive Headteacher is the accounting officer. The day-to-day management of the trust academies is delegated to the Executive Headteacher and the Academy Headteachers and Senior Leadership Teams (SLT) of each academy. The SLT, as appropriate to each academy, consists of the Academy Headteacher, Deputy Headteachers, Assistant Headteachers and the Business & Finance Manager. The Business & Finance Manager of one academy is also the Chief Finance Officer.

The SLT in each academy is responsible for implementing the agreed policies and procedures set down by the LGB and the trust, including the implementation of all statutory regulations. The Academy Headteachers are responsible for appointing all staff (with the exception of the SLT), managing the delegated budgets and resources, ensuring the delivery of an appropriate curriculum, together with the development and implementation of measures to secure the highest possible standards of teaching and learning and student progress and achievement. The Academy Headteachers are also responsible for ensuring the development and implementation of measures to secure effective support for students together with the delivery of high standards of student behaviour, safety and well-being.

The trustees meet at least once per term, with one meeting in each academic year being the annual general meeting. Local Governing Bodies and LGB sub-committees meet on at least a termly basis. Reports from LGB sub-committees are received, scrutinised and ratified by all LGB members. Reports from the LGBs are also received, scrutinised and ratified by trustees. Trustees make regular visits to both academies, including attending LGB meetings and attending and supporting functions.

Roles and responsibilities of trustees, governors, the Executive Headteacher, Academy Headteachers and senior leaders are defined in the trust's Structure of Governance and Delegation, and the Financial Scheme of Delegation.

Arrangements for setting pay and remuneration of key management personnel

The salaries of the Senior Leadership Teams in each academy are set in line with the ISR (Individual School Range) set out in the Blue Book. Assistant Headteachers and Deputy Headteachers are on 5-point ranges, and the Academy Headteachers are on 7-point ranges.

The performance of all members of the Senior Leadership Teams is appraised on an annual basis, and recommendations for pay progression are reviewed by the board of trustees/directors.

The remuneration of the Executive Headteacher is set by the board of trustees/directors; and is benchmarked against Executive Headteachers in other multi-academy trusts. The remuneration and performance of the Executive Headteacher is appraised on an annual basis by the board of trustees/directors.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Related Parties and other Connected Charities and Organisations

The trust is part of a network, the Manchester Schools Alliance, which includes a number of other schools and academies in the Manchester area. This involves collaborative working across a range of disciplines to help to improve the educational outcomes for children in the Greater Manchester area.

The trust is working with the Alliance Business School (University of Manchester) through Business in the Community. The Alliance Business School provides mentors, speakers for certificate evenings, enterprise links, competitions for students, and EAL support for parents.

The trust is part of the Cooperative Schools Society, which operates across the UK, sharing good practice and accountability, together with promoting cooperative values.

The trust is working with the Manchester United Foundation and the link was established due to shared values of: inspiring leadership in young people; promoting sport and healthy lifestyles; and, inspiring raised aspirations via a range of activities linked to a top global brand for sport. The civic pride it promotes means a number of the trust's key values are promoted. A Manchester United Foundation employee is shared between the two schools to: mentor some vulnerable students; to engage others in sports leadership; to provide expert coaching in football; and to promote a wide range of careers.

Whalley Range 11-18 High School shares its site with Range Stadium, a sports facility owned by Manchester City Council. There is a lease agreement and a management agreement in place in respect of the use of Range Stadium, which is shared between the school, Powerleague and the Greater Manchester Basketball Club.

Until June 2016, Mr R Paver was the City Treasurer for Manchester City Council. Mr Paver is now the Treasurer for the Greater Manchester Combined Authority. The trust commissions the following services from the Local Authority (or LA-related organisations): Attendance Support (pupils), Disclosure and Barring Service (DBS) checking, Educational Psychologist, Human Resources Management Support, Legal, multiple insurances, Manchester Working (Alarm monitoring), Music Service, payroll, Pupil Referral Unit, Risk Management, security, waste disposal.

Objectives and activities

Objects and aims

The main objectives of the trust during the year ended 31 August 2016 are summarised below:

- To raise the standard of educational achievements of all pupils in the trust's academies
- To ensure that every pupil enjoys the same high quality education in terms of resourcing, teaching and learning
- To ensure that pupil behaviour is excellent; and to ensure exemplary standards of safeguarding
- To improve the effectiveness of the academies by keeping the curriculum and organisational structures under continual review
- To comply with all statutory and curriculum requirements
- To maintain close links with industry and commerce and to utilise those links for the benefit of the trust and pupils
- To provide value for money for the funds expended
- To conduct the trust and academy business in accordance with the highest standards of integrity, probity and openness.
- To ensure every pupil has the opportunity to take part in leadership opportunities in order to help prepare them for a positive future beyond school.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Objectives, strategies and activities

The trust's main aim is to help to create young people who: learn throughout their lives; play a full part in life and work; are active citizens of Manchester, the UK and the world; lead fulfilling lives as valued members of society.

The trust seeks to develop and maintain a culture of excellence across our organisation that provides fantastic opportunities for the pupils and staff in our academies.

Public benefit

The trust's purpose is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools (the Academies) offering a broad and balanced curriculum.

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

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Achievements and performance

We are delighted to report improved or continued strong performance in both trust schools. The public examination results at GCSE and Advanced Level were pleasing overall, with excellent progress and attainment scores in both schools; and 100% achievement in vocational results by Key Stage 5 students at Whalley Range.

Headline results are summarised in the table below:

Key Stage 4	WRHS	LHS	Local Authority	National
Students achieving a grade C or better in English and Maths GCSEs	54.0%	55.0%	54.6%	58.7%
Attainment 8 score	49.1	49.3	46.9	48.2
Progress 8 score	+0.26	+0.50	-0.03	0.00
Students achieving the English Baccalaureate	34.0%	44.0%	19.1%	22.8%

Whalley Range 11-18 High School: Key Stage 5

	This Year	Last Year
A level: A*-E	98.5%	98.2%
A level: A*-C	65.6%	63.1%
AS level: A-E	87.7%	90.0%
AS level: A-C	43.2%	63.5%
Vocational (level 3) Pass rate: D*-P	100.0%	99.4%
Vocational (level 3) Pass rate: D*-D	75.0%	68.9%

Levenshulme High School was inspected by Ofsted in October 2016 and judged to be Outstanding in all areas. Governance at the school and at Trust Board level was praised by Ofsted for its evident rigour and challenge.

Attendance at both schools is above the national average and continues to improve:

Pupil Attendance	WRHS	LHS	National
Pupil Premium Grant students	95.6%	95.3%	92.8%
Non PP students	96.8%	97.5%	95.9%

Progress 8 scores mean both schools are in the top 20% nationally for student progress.

Other notable achievements across the trust's academies during the year include:

- Both schools have embedded Prevent work. The Executive Headteacher has been asked to join a DfE Prevent Reference group to advise on and share best practice nationally. Both Deputy Headteachers have led national training sessions around Prevent and the promotion of British values. Whalley Range was included in a case study in a book published by the SSAT and sent into every high school in the country called "Schools for Flourishing Humans"

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

- Both academies are now full and over-subscribed at 11-16 and Sixth Form student numbers at Whalley Range have grown in September 2016.
- Student Leadership has continued to grow in both schools and the take-up of all opportunities is carefully monitored so the widest range of students are getting involved.

Both school Headteachers and Faculty Heads of PE were invited to Buckingham Palace in the summer to celebrate involvement with the Duke of Edinburgh Award. A further visit to St James' Palace is planned for the Head of PE at Whalley Range so that she can be congratulated on the high number of students getting involved.
- Both schools took part in the Shakespeare in Schools Festival at the Contact Theatre for the first time. Levenshulme also undertook a special drama project with boys from Manchester Grammar School, to present two plays dealing with the issues around honour based violence.

Both schools have achieved excellent results in external competitions for: STEM work; debating; creative writing; and enterprise skills. Employers are really impressed by their confidence, communication and teamwork skills. This was particularly evident when students presented to Sir Bobby and Lady Norma Charlton, at the launch of the Manchester United Foundation link with both trust schools. The girls spoke proudly of their respect for diversity and their understanding of the importance of co-operative values.
- Websites in both schools show the wide range of educational activities, extra-curricular activities and achievements in both schools. We have hosted: authors; speakers who are from a wide range of career backgrounds with very different personal stories; visitors from the American Embassy in London; MPs and business people who have all given up their time to talk to our students. The link with The Alliance Manchester Business School has enhanced these opportunities. The International Women's Day event at the University made a particularly strong impression on the Year 9 girls who attended.

We have continued to review and streamline our approach to assessing without levels at Key Stage 3.
- We have undertaken an exciting project focused on learning at the transition with local primary schools. This has encouraged us to be even more challenging with expectations as the new and more challenging curriculum moves into primary schools.
- A building project has been completed at Levenshulme High School during the summer of 2016 to address the difficulties around the reception area for visitors to the school.

Going concern

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

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial review

The majority of the trust and academy income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA in the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also received grants from the EFA and other organisations. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted general fund and fixed asset fund. The restricted fixed asset fund balance is reduced by depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2016, total expenditure of £16.69 million was incurred (which excludes depreciation of £1.24 million and FRS 102 service costs of £0.43 million), which was more than covered by the recurrent grant income from the EFA, together with other incoming resources which totalled £17.41 million. The excess of income over expenditure for the period was £0.65 million. Total funds carried forward amount to £3.28 million. This is in line with the trust's strategy to build and maintain adequate reserves to fund an ambitious plan of future improvements and development of the organisation and its infrastructure.

Unrestricted income in the year ended 31 August 2016 amounted to £0.50 million. There was no unrestricted expenditure in the year.

At 31 August 2016 the net book value of fixed assets amounted to £49.68 million and movements in fixed assets are shown in note 12 of the financial statements. The cost of fixed asset additions in the year ended 31 August 2016 amounted to £0.29 million.

Reserves policy

The trustees and governors review the level of reserves on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The trust's current level of free reserves (total reserves less the amounts held in fixed asset reserve and restricted pension fund reserve) is £3.28 million. The amount is kept secure for a time when it is needed to self-finance a scheme or major capital projects.

The trustees have decided to adopt a prudent approach to reserves and aim to maintain a group reserve of designated funds of at least 5% of annual income to safeguard against unforeseen circumstances, capital improvements or developments, late EFA payments, emergencies and other catastrophes. This is sound commercial practice designed to safeguard the trust's business activities and quality of education at both the academies in the trust.

In addition, the net liability due to the trust's participation in the Local Government Pension scheme (Greater Manchester Pension Fund – GMPF) amounts to £4.84 million. It should be noted, however, that an immediate liability for this amount is not crystallised at the financial year end. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18 July 2013. This guarantee provides comfort to the trustees in the unlikely event of an academy closure.

Disclosure of funds in deficit is also included in Funds Note in financial statements (note 15 on page 38-40).

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Investment policy

Cash balances are safeguarded by investing them in UK-based interest-bearing current and deposit accounts with sound commercial banks (currently Lloyds Bank PLC).

Where cashflow identifies a base level of cash funds that will be surplus to requirements, this surplus may be invested only in the following:

- Transfer to Instant Access Deposit or High Interest Deposit with current bankers or other UK banking institutions regulated by the Financial Conduct Authority.
- Interest bearing deposit accounts (including fixed term bonds with a term not exceeding six months)
- Treasury deposits, or other secure UK Government investment instruments
- Manchester City Council and other local authority term deposit schemes
- COIF (Charities Investment Fund)

Principal risks and uncertainties

The principal risks to the Trust are documented and managed using a risk management register which is reviewed regularly. Individual risk registers are maintained and reviewed by the Local Governing Body sub-committees of each school, and are then reviewed in turn by the main board of the Local Governing Bodies and the Trust Board.

The main risks currently are:

- Loss of reputation due to: a significant safeguarding or other incident affecting students and/or staff, or; a drop in standards and academic performance
- Unexpected loss of key personnel
- Falling student numbers, leading to budget reduction, particularly in the Sixth Form
- Failure of IT systems, or failure to adequately protect data; or lack of accurate reliable management information

Key controls in place to mitigate these risks are:

- Robust safeguarding policies, procedures and training, including safer recruitment and regular DBS checks (which exceed the statutory minimum requirements)
- Employee policies which are readily accessible to all staff, and regularly reviewed
- Ongoing Continuing Professional Development (CPD) and succession planning
- Detailed annual school improvement plans, including curriculum offer review
- Robust self-evaluation and student progress assessment procedures
- Good governance with documented terms of reference for all Trust Committees and sub-committees, and all Governing Body committees and sub-committees
- Organisation structures with clearly defined roles, responsibilities and authority levels
- Financial planning including budgeting and regular management reporting, highlighting any areas of financial risk
- Business continuity plans and procedures which are reviewed and updated regularly

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Plans for future periods

Achievement

The Trust recognises that over the next four to five years we are in a period of increased volatility in terms of examination outcomes as the new requirements, content and skills are introduced and tested for the first time.

The Trust is committed to providing a broad, balanced and engaging curriculum for all its students. The Trust does not consider the EBacc subjects to be appropriate for all students and will offer expert advice and guidance to help students make the best choices for their future aspirations and career choices.

Our schools need to be matching or exceeding progress and attainment against girls nationally, rather than just comparing to national averages, which include mixed gender schools, as girls tend to outperform boys nationally. We need to match or exceed the outcomes for all ability bands.

Sixth Form outcomes need to match or exceed national pass rates and value added. At Whalley Range 11-18 High School we need to move results in all subjects up at least one ALPS band grade each year and be able to show improved progress and pass rates in all subjects. The economic viability of the Sixth Form will need to be scrutinised to ensure it is cost neutral, and efficient in terms of costs versus achievement.

Attendance

Both schools need to continue to sustain at least national average (as a minimum) for attendance and to continue to achieve the benchmark for Persistent Absentees.

Behaviour and Safeguarding

We would expect to continue to see low Fixed Term Exclusion rates in both schools due to high quality early intervention for both students and parents. Parents will continue to be offered support and guidance in how to support their child and keep them safe.

Succession planning and management development

Middle leaders with the potential to go further are being identified, as well as further training needs for current or new middle leaders. Staff from both schools have become Fellows on the Teaching Leaders' cohort, a trend that has continued for the last few years. Appropriate team members are being identified for an Aspiring to Headship course.

The Trust aims to be considered an employer of choice for staff by valuing commitment, creativity, diversity and flexibility; enabling outstanding performance; providing continuous professional development and promoting a high quality of work life. Innovative approaches to recruitment, such as a Trust-wide Recruitment fair are being planned.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

Strategic Report

Financial Strategy

- To review staffing structures and costs in both schools and to model, early in 2017, the costs of the proposed curriculum
- Further work will be done during 2017-18 to identify a realistic costing and therefore the sustainability of running the Sixth Form.
- More focus on cross-trust tendering to ensure that the efficient use of resources is maximised through trust working.
- The IT infrastructure has been strengthened in both schools and we will continue with significant investment in new equipment and infrastructure improvements.
- To maintain adequate financial reserves to fund building and other infrastructure investment needs

Personal Development

We want our students to be confident and emotionally resilient young people who will be able to face up to life's challenges when they happen. In short, we want to create young people who:

- learn throughout their lives
- play a full part in life and work
- are active citizens of Manchester, the UK and the world
- lead fulfilling lives as valued members of society

They are our future and they are inspirational in their aspirations, ambitions and determination to be happy and successful.

Transfer of The East Manchester Academy to Education and Leadership Trust

On 1 September 2016, the assets and liabilities of The East Manchester Academy Limited transferred to Education and Leadership Trust Limited. The East Manchester Academy was a stand-alone start-up academy in Beswick, an area of Manchester which has high levels of socio and economic deprivation.

The Education and Leadership Trust has been supporting The East Manchester Academy since the untimely death of its principal in January 2016. The East Manchester Academy will need support with all aspects of leadership, teaching and learning, behaviour and attendance in order for its students to reach their full potential. The East Manchester Academy is financially sound, with adequate reserves for continued investment; however, the academic performance of its students is below the national averages for progress and attainment. Attendance is also below national averages.

The transfer was approved and supported by the Regional Schools Commissioner and the transfer of the funding agreement by the EFA has been confirmed.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2016 (continued)

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 audit business Hallidays has been appointed as the company's auditor. The audit report has been issued by Hallidays.

Trustees' Report, incorporating a Strategic Report, approved by order of the members of the Governing Body on 6 December 2016 and signed on its behalf by:


Mr Michael Stuart Chidley
Trustee

Education and Leadership Trust

Governance Statement

Statement on governance and internal control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to Ms Patricia Denise Kane, 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 Education and Leadership Trust and the Secretary of State for Education. They are also responsible for reporting to the Governing Body 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 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<i>Trustee</i>	<i>Meetings attended</i>	<i>Out of a possible</i>
Mr M S Chidley (chair)	5	5
Ms E J Antrobus	5	5
Mr Ronan Brindley (appointed 25 Apr 2016)	1	2
Mr J S Eagleton (staff)	2	5
Ms P D Kane (responsible officer)	5	5
Mr A S Mullen	4	5
Ms P S Newman (resigned 21 Jul 2016)	4	5
Mr R Paver	2	5
Dr C C Turner (resigned 19 Feb 2016)	2	2

In addition to the Trust Board, there is a Trust Finance & Audit Sub-Committee, which meets 4 times per year and reviews all aspects of financial planning and monitoring, premises, Health & Safety and Human Resources. The other purpose of the Trust Finance & Audit Sub-Committee is to assist the Trust Board in fulfilling its responsibilities with regard to the financial and risk management of the trust.

The business conducted by these committees is reported into the Trust Board. Ms D L Collier was in attendance at these meetings in her capacity as Chief Finance Officer for the trust.

<i>Trustee – Finance Committee</i>	<i>Meetings attended</i>	<i>Out of a possible</i>
Mr M S Chidley	4	4
Ms E J Antrobus	4	4
Ms P D Kane (responsible officer)	4	4
Mr A S Mullen (chair for audit matters)	3	4
Mr R Paver (chair)	4	4
Dr C C Turner (resigned 19 Feb 2016)	1	1

Education and Leadership Trust

Governance Statement (continued)

Both schools have a Local Governing Body, which meets separately from the Trust Board, and has a number of separate sub-committees as follows:

<i>Committee</i>	<i>Meetings per annum</i>
Full Local Governing Body	5
LGB Finance and Resources	4
Curriculum and Standards	5
Student Well-being	3
LGB Pay Committee	1

The chair of each Local Governing Body is also a member of the Trust Board. The business conducted by the sub-committees is reported into the Full Local Governing Body; which, in turn, is reported into the Trust Board.

There are a small number of vacancies in certain categories at Trust Board level but the skill-set of trustees and directors is very strong.

The Levenshulme LGB held a weekend seminar with the senior leaders of the school in January and members were asked for feedback about meetings and levels of participation and challenge. . A whole trust governance meeting was held in the summer, to discuss each school's improvement plan, to discuss the Trust's Growth Strategy and to review the effectiveness of meetings and information.

Governors have undertaken on-line training, and training as a group, on key issues around child protection, Prevent and on-line safety.

The outcomes for both schools show the impact of strong and effective governance. Governance is discussed and evaluated during the external School Improvement Partner visit to each school and will continue to be judged in this way next year.

Review of value for money

As Accounting Officer the Executive Headteacher 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:

- Detailed review of teacher staffing requirements in the context of changing national curriculum and examination requirements
- Compliance with a comprehensive Competitive Tendering Policy
- Cross-trust supplier contracts to achieve economies of scale and cost reductions
- Use of highly-skilled staff in both schools

More focus on cross-trust tendering will take place in 2016/17 and beyond to ensure that the efficient use of resources is maximised through trust working.

Education and Leadership Trust

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of 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 Education and Leadership Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governing Body;
- 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;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has appointed Manchester City Council's Internal Audit and Risk Management team as internal auditor.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a six-monthly basis, the Internal Auditor reports to the board of trustees, through the Finance & Audit Committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The Internal Auditor has delivered their schedule of work as planned, and found minor control issues which are being addressed by strengthened controls. None of the issues identified present a significant risk to the trust's operations and financial management procedures.

Review of effectiveness

As Accounting Officer, Ms Patricia Denise Kane 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

Education and Leadership Trust

Governance Statement (continued)

- 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 Finance & Audit Committee and a plan to address minor weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 6 December 2016 and signed on its behalf by:


.....
Mr Michael Stuart Chidley
Trustee


.....
Ms Patricia Denise Kane
Accounting officer
Trustee

Education and Leadership Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Education and Leadership Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, 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 2015.

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 2015.

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 Governing Body and EFA.



.....
Ms Patricia Denise Kane
Accounting officer

6 December 2016

Education and Leadership Trust

Statement of Trustees' Responsibilities

The Trustees (who are 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 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:

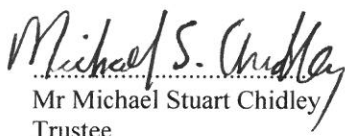
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] 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 EFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 6 December 2016 and signed on its behalf by:


Mr Michael Stuart Chidley
Trustee

Education and Leadership Trust

Independent Auditor's Report on the Financial Statements to the Members of Education and Leadership Trust

We have audited the financial statements of Education and Leadership Trust for the year ended 31 August 2016, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows and the related notes. 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".

This report is made solely to the charitable company'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 charity's trustees 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 charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 19), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the charities SORP 2015 and Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

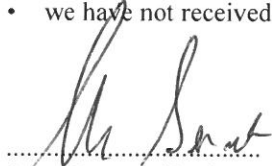
Matters on which we are required to report by exception

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:

Education and Leadership Trust

Independent Auditor's Report on the Financial Statements to the Members of Education and Leadership Trust (continued)

- 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.



Anna Bennett (Senior Statutory Auditor)
For and on behalf of Hallidays, Statutory Auditor

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 06/12/16

Education and Leadership Trust

Independent Reporting Accountant's Report on Regularity to Education and Leadership Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 20 January 2015 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education and Leadership Trust during the period 1 September 2015 to 31 August 2016 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 Education and Leadership Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Trust Board and the EFA 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 Education and Leadership Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Education and Leadership Trust's funding agreement with the Secretary of State for Education dated 27 August 2014 and the Academies Financial Handbook extant from 1 September 2015, 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 2015 to 16. 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 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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:

- We have confirmed that the activities conform to the trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the trust are within the trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the trust and extended the procedures required for financial statements to include regularity.

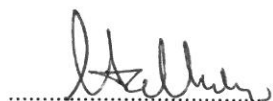
Education and Leadership Trust

Independent Reporting Accountant's Report on Regularity to Education and Leadership Trust and the Education Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the trust's delegated authorities and that the internal delegations have been approved by the Trust Board and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the Trust Board and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.
- We have performed sample testing of other income and tested whether activities are permitted within the trust's charitable objects.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays, Chartered Accountants

Riverside House
Kings Reach Business Park
Yew Street
Stockport
SK4 2HD

Date: 06/12/16

Education and Leadership Trust

Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:						
Donations and capital grants	2	-	52,919	-	59,450	112,369
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	16,664,115	-	-	16,664,115
Other trading activities	4	496,525	132,037	-	1,869	630,431
Investments	5	4,172	-	-	-	4,172
Total		500,697	16,849,071	-	61,319	17,411,087
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	16,694,703	432,000	1,242,776	18,369,479
Net income/(expenditure)		500,697	154,368	(432,000)	(1,181,457)	(958,392)
Transfers between funds		(75,660)	(154,368)	-	230,028	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	24	-	-	(1,938,000)	-	(1,938,000)
Net movement in funds/(deficit)		425,037	-	(2,370,000)	(951,429)	(2,896,392)
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2015		2,858,674	1,000	(2,468,000)	50,629,091	51,020,765
Total funds/(deficit) carried forward at 31 August 2016		3,283,711	1,000	(4,838,000)	49,677,662	48,124,373

Education and Leadership Trust

Statement of Financial Activities for the Year Ended 31 August 2015 (including Income and Expenditure Account)


	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2015 £
Income and endowments from:						
Donations and capital grants	2	150	53,956	-	51,538	105,644
Transfer from local authority on conversion		2,665,975	-	(2,166,000)	51,355,586	51,855,561
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	16,804,712	-	-	16,804,712
Other trading activities	4	385,028	122,958	-	-	507,986
Investments	5	3,898	-	-	-	3,898
Total		3,055,051	16,981,626	(2,166,000)	51,407,124	69,277,801
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	16,817,365	339,000	1,137,671	18,294,036
Net income/(expenditure)		3,055,051	164,261	(2,505,000)	50,269,453	50,983,765
Transfers between funds		(196,377)	(163,261)	-	359,638	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	24	-	-	37,000	-	37,000
Net movement in funds/(deficit)		2,858,674	1,000	(2,468,000)	50,629,091	51,020,765
Reconciliation of funds						
Total funds/(deficit) carried forward at 31 August 2015		2,858,674	1,000	(2,468,000)	50,629,091	51,020,765

Education and Leadership Trust

(Registration number: 08913502)
Balance Sheet as at 31 August 2016

	Note	2016 £	(As restated) 2015 £
Fixed assets			
Tangible assets	12	49,677,662	50,629,091
Current assets			
Debtors	13	375,239	375,194
Cash at bank and in hand		<u>3,223,076</u>	<u>2,841,501</u>
		3,598,315	3,216,695
Creditors: Amounts falling due within one year	14	<u>(313,604)</u>	<u>(357,021)</u>
Net current assets		<u>3,284,711</u>	<u>2,859,674</u>
Total assets less current liabilities		<u>52,962,373</u>	<u>53,488,765</u>
Net assets excluding pension liability		52,962,373	53,488,765
Pension scheme liability	24	<u>(4,838,000)</u>	<u>(2,468,000)</u>
Net assets including pension liability		<u>48,124,373</u>	<u>51,020,765</u>
Funds of the Trust:			
Restricted funds			
Restricted general fund	15	1,000	1,000
Restricted fixed asset fund	15	49,677,662	50,629,091
Restricted pension fund	15	<u>(4,838,000)</u>	<u>(2,468,000)</u>
		44,840,662	48,162,091
Unrestricted funds			
Unrestricted general fund	15	<u>3,283,711</u>	<u>2,858,674</u>
Total funds		<u>48,124,373</u>	<u>51,020,765</u>

The financial statements on pages 24 to 47 were approved by the Trustees, and authorised for issue on 6 December 2016 and signed on their behalf by:


Mr Michael Stuart Chidley
Member


Ms Patricia Denise Kane
Trustee

Education and Leadership Trust

Statement of Cash Flows for the Year Ended 31 August 2016

	Note	2016 £	(As restated) 2015 £
Cash flows from operating activities			
Net cash provided by operating activities	19	607,431	5,863,215
Cash transferred on conversion to an academy trust		-	(2,665,975)
Cash flows from investing activities	20	<u>(225,856)</u>	<u>(355,739)</u>
Change in cash and cash equivalents in the year		381,575	2,841,501
Cash and cash equivalents at 1 September		<u>2,841,501</u>	<u>-</u>
Cash and cash equivalents at 31 August	21	<u><u>3,223,076</u></u>	<u><u>2,841,501</u></u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016

1 Accounting policies

Statement of 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 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Education and Leadership Trust 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 Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund.

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

Sponsorship income

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (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 Academy Trust has provided the goods or services.

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's policies.

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Asset class	Depreciation method and rate
Leasehold Land	0.8% (125 years) straight line
Buildings	2% straight line
Fixtures and Fittings	20% straight line
Computer Equipment	33.33% straight line
Motor vehicles	25% straight line

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

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

Liabilities

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

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

Taxation

The 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 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 Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the Trust. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 quinquennial valuations using a prospective benefit method. As stated in the notes to the financial statements, the TPS is a multi-employer scheme and the Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

1 Accounting policies (continued)

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 note 24, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Agency accounting

The academy trust acts as an agent in distributing 16-19 bursary funds from EFA. Payments received from EFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 27.

First time adoption of FRS 102

These financial statements are the first financial statements of Education and Leadership Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Education and Leadership Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 28.

2 Donations and capital grants

	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	(As restated) Total 2015 £
Other voluntary income				
Educational trips and visits	52,919	-	52,919	53,956
Capital grants	-	59,450	59,450	51,538
Other donations	-	-	-	150
	<u>52,919</u>	<u>59,450</u>	<u>112,369</u>	<u>105,644</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

3 Funding for Trust's educational operations

	Restricted funds £	Total 2016 £	Total 2015 £
DfE/EFA revenue grants			
General annual grant (GAG)	15,295,209	15,295,209	15,208,985
Start-up grants	-	-	80,000
Other DfE/EFA grants	1,200,343	1,200,343	1,310,054
	<u>16,495,552</u>	<u>16,495,552</u>	<u>16,599,039</u>
Other government grants			
Local authority grants	168,563	168,563	205,673
Total grants	<u>16,664,115</u>	<u>16,664,115</u>	<u>16,804,712</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2016 £	Total 2015 £
Hire of facilities	40,471	-	-	40,471	52,134
Catering income	298,942	-	-	298,942	286,811
Other sales	88,869	44,952	1,869	135,690	4,376
Energy box membership income	65,704	-	-	65,704	41,222
Insurance income	-	54,907	-	54,907	41,189
Other income	2,539	11,548	-	14,087	42,413
Exam fee income	-	2,180	-	2,180	25,761
Teacher training	-	18,450	-	18,450	14,080
	<u>496,525</u>	<u>132,037</u>	<u>1,869</u>	<u>630,431</u>	<u>507,986</u>

5 Investment income

	Unrestricted funds £	Total 2016 £	Total 2015 £
Bank interest	<u>4,172</u>	<u>4,172</u>	<u>3,898</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

6 Resources expended

	Non Pay Expenditure			Total 2016	Total 2015
	Staff costs £	Premises £	Other costs £	£	£
Academy's educational operations					
Direct costs	11,131,715	1,031,459	1,537,750	13,700,924	13,381,005
Allocated support costs	2,262,336	1,342,990	1,063,229	4,668,555	4,913,031
	<u>13,394,051</u>	<u>2,374,449</u>	<u>2,600,979</u>	<u>18,369,479</u>	<u>18,294,036</u>

Net income/(expenditure) for the year includes:

	2016 £	2015 £
Operating leases - other leases	14,722	7,379
Fees payable to auditor - audit	7,950	5,770
- other audit services	7,800	3,300
Depreciation	<u>1,221,525</u>	<u>1,137,670</u>

7 Charitable activities

	Total 2016 £	Total 2015 £
Direct costs - educational operations	13,700,924	13,381,005
Support costs - educational operations	<u>4,668,555</u>	<u>4,913,031</u>
	<u>18,369,479</u>	<u>18,294,036</u>

	Educational operations £	Total 2016 £	Total 2015 £
Analysis of support costs			
Support staff costs	2,262,336	2,262,336	2,381,148
Depreciation	211,317	211,317	198,162
Premises costs	1,131,673	1,131,673	1,219,364
Other support costs	1,042,479	1,042,479	1,034,717
Governance costs	<u>20,750</u>	<u>20,750</u>	<u>79,640</u>
Total support costs	<u>4,668,555</u>	<u>4,668,555</u>	<u>4,913,031</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff

Staff costs

	2016 £	2015 £
Staff costs during the year were:		
Wages and salaries	10,055,739	9,811,944
Social security costs	853,209	769,420
Pension costs	1,919,269	1,587,918
	<u>12,828,217</u>	<u>12,169,282</u>
Supply teacher costs	560,434	800,213
Staff restructuring costs	5,400	85,969
	<u>13,394,051</u>	<u>13,055,464</u>
	2016 £	2015 £
Staff restructuring costs comprise:		
Severance payments	<u>5,400</u>	<u>85,969</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £5,400 (2015: £85,969). Individually, the payments were:

Non-contractual payments £5,400

The average number of persons (including senior leadership team) employed by the Trust during the year was as follows:

	2016 No	2015 No
Charitable Activities		
Teachers	174	172
Administration and support	170	167
Management	20	18
	<u>364</u>	<u>357</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

8 Staff (continued)

Higher paid staff

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

	2016 No	2015 No
£60,001 - £70,000	7	6
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	1	1
£130,001 - £140,000	1	1

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £1,487,651 (2015: £1,414,013).

9 Central services

No central services were provided by the trust to its academies during the period.

10 Related party transactions - trustees' remuneration and expenses

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

Ms Patricia Denise Kane (Executive Headteacher):

Remuneration: £130,000 - £135,000 (2015 - £130,000 - £135,000)

Employer's pension contributions: £20,000 - £25,000 (2015 - £15,000 - £20,000)

Mr Justin Scott Eagleton (Media and Reprographics Manager):

Remuneration: £25,000 - £30,000 (2015 - £25,000 - £30,000)

Employer's pension contributions: £0 - £5,000 (2015 - £5,000 - £10,000)

No other trustees received any remuneration or expenses.

Other related party transactions involving the trustees are set out in note 25.

11 Trustees' and officers' insurance

Whalley Range 11-18 High School has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Levenshulme High School is insured under the Manchester City Council scheme. The same protection to governors/officers applies.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, plant and equipment £	Computer equipment £	Total £
Cost					
At 1 September 2015	26,997,165	22,588,421	1,207,207	973,968	51,766,761
Additions	-	6,471	88,625	196,251	291,347
At 31 August 2016	26,997,165	22,594,892	1,295,832	1,170,219	52,058,108
Depreciation					
At 1 September 2015	234,623	398,645	230,711	273,691	1,137,670
Charge for the year	234,624	419,895	246,931	341,326	1,242,776
At 31 August 2016	469,247	818,540	477,642	615,017	2,380,446
Net book value					
At 31 August 2016	26,527,918	21,776,352	818,190	555,202	49,677,662
At 31 August 2015	26,762,542	22,189,776	976,496	700,277	50,629,091

The legal title to the Leasehold Land and Buildings with a net book value of £21,776,352 had not yet been registered with the Land Registry at the time of signing the accounts. Inclusion of this land within the financial statements of the Trust reflects the substance of the transaction that has been undertaken.

13 Debtors

	2016 £	2015 £
Trade debtors	39,538	14,294
VAT recoverable	49,357	66,310
Prepayments	105,050	69,680
Accrued income	181,294	224,910
	<u>375,239</u>	<u>375,194</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

14 Creditors: amounts falling due within one year

	2016 £	(As restated) 2015 £
Trade creditors	574	110,274
Other creditors	19,718	15,536
Accruals	245,299	217,328
Deferred income	48,013	13,883
	<u>313,604</u>	<u>357,021</u>
	2016 £	

Deferred income

Deferred income at 1 September 2015	13,883
Resources deferred in the period	(13,883)
Amounts released from previous periods	48,013
Deferred income at 31 August 2016	<u>48,013</u>

At the balance sheet date the trust was holding funds received in respect of EFA rates relief and Erasmus 16/17 training income.

15 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant (GAG)	1,000	15,295,209	(15,140,841)	(154,368)	1,000
Pupil premium	-	1,080,627	(1,080,627)	-	-
Other DfE/EFA grants	-	119,716	(119,716)	-	-
Other income	-	353,519	(353,519)	-	-
	<u>1,000</u>	<u>16,849,071</u>	<u>(16,694,703)</u>	<u>(154,368)</u>	<u>1,000</u>
Restricted fixed asset funds					
DfE/EFA capital grants	21,474	53,250	(15,171)	-	59,553
Capital expenditure from GAG	389,701	-	(125,818)	230,028	493,911
Transfer on conversion	50,217,916	-	(1,099,720)	-	49,118,196
Other capital income	-	8,069	(2,067)	-	6,002
	<u>50,629,091</u>	<u>61,319</u>	<u>(1,242,776)</u>	<u>230,028</u>	<u>49,677,662</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2016 £
Restricted pension funds					
Pension reserve	(2,468,000)	-	(432,000)	(1,938,000)	(4,838,000)
Total restricted funds	48,162,091	16,910,390	(18,369,479)	(1,862,340)	44,840,662
Unrestricted funds					
Unrestricted general funds	2,858,674	500,697	-	(75,660)	3,283,711
Total funds	<u>51,020,765</u>	<u>17,411,087</u>	<u>(18,369,479)</u>	<u>(1,938,000)</u>	<u>48,124,373</u>

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

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other 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 Education Funding Agency/Department for Education.

Analysis of academies by fund balance

Fund balances at 31 August 2016 were allocated as follows:

	Total £
Levenshulme High School	1,017,190
Whalley Range 11-18 High School	<u>2,267,521</u>
Total before fixed assets and pension reserve	3,284,711
Restricted fixed asset fund	49,677,662
Pension reserve	<u>(4,838,000)</u>
Total	<u>48,124,373</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

15 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation) £	Total £
Levenshulme High School	4,323,702	1,043,792	490,464	810,213	6,668,171
Whalley Range 11-18 High School	6,808,013	886,544	813,446	1,518,529	10,026,532
Trust	<u>11,131,715</u>	<u>1,930,336</u>	<u>1,303,910</u>	<u>2,328,742</u>	<u>16,694,703</u>

16 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	49,677,662	49,677,662
Current assets	3,597,315	1,000	-	3,598,315
Current liabilities	(313,602)	-	-	(313,602)
Pension scheme liability	-	(4,838,000)	-	(4,838,000)
Total net assets	<u>3,283,713</u>	<u>(4,837,000)</u>	<u>49,677,662</u>	<u>48,124,375</u>

17 Capital commitments

	2016 £	2015 £
Contracted for, but not provided in the financial statements	<u>165,700</u>	<u>165,756</u>

18 Commitments under operating leases

Operating leases

At 31 August 2016 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
Within one year	37,084	10,167
In two and five years	<u>68,023</u>	<u>3,687</u>
	<u>105,107</u>	<u>13,854</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

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

	2016	(As restated) 2015
	£	£
Net (expenditure)/income	(958,392)	50,983,765
Depreciation	1,242,776	1,137,670
Capital grants from DfE and other capital income	(61,319)	(51,538)
Interest receivable	(4,172)	(3,898)
FRS 102 Defined benefit pension scheme service cost	332,000	255,000
FRS 102 Defined benefit pension scheme finance cost	100,000	84,000
Increase in debtors	(45)	(375,194)
(Decrease)/increase in creditors	(43,417)	357,021
Cash transferred on conversion to an academy trust	-	2,665,975
Donations - Assets transferred less pension liability	-	(49,189,586)
Net cash provided by Operating Activities	<u>607,431</u>	<u>5,863,215</u>

20 Cash flows from investing activities

	2016	(As restated) 2015
	£	£
Dividends, interest and rents from investments	4,172	3,898
Purchase of tangible fixed assets	(291,347)	(411,175)
Capital funding received from sponsors and others	<u>61,319</u>	<u>51,538</u>
Net cash used in investing activities	<u>(225,856)</u>	<u>(355,739)</u>

21 Analysis of cash and cash equivalents

	At 31 August 2016	At 31 August 2015
	£	£
Cash at bank and in hand	<u>3,223,076</u>	<u>2,841,501</u>
Total cash and cash equivalents	<u>3,223,076</u>	<u>2,841,501</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

22 Contingent liabilities

During the life of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the funding agreement, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:-

- a) the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the funding agreement.

23 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.

24 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, Greater Manchester Pension Fund (GMPF) which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

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

Teachers' Pension Scheme

Introduction

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

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (currently 14.1%);
- 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%

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, 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 £1,112,304 (2015: £896,797).

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

Under the definitions set out in Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £924,000 (2015 - £588,000), of which employer's contributions totalled £698,000 (2015 - £437,000) and employees' contributions totalled £226,000 (2015 - £151,000). The agreed contribution rates for future years are 19.1 per cent for employers and banded from 5.5 to 12.5 per cent 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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

Principal actuarial assumptions of the LGPS

	At 31 August 2016 %	At 31 August 2015 %
Rate of increase in salaries	3.40	3.90
Rate of increase for pensions in payment/inflation	2.10	2.70
Discount rate for scheme liabilities	<u>2.10</u>	<u>3.80</u>

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

	- 0.5%
Adjustment to discount rate	£
Present value of total obligation	<u>1,461,000</u>
	+ 0.5%
Adjustment to rate of pension increase	£
Present value of total obligation	<u>880,000</u>
	+ 0.5%
Adjustment to rate of salary growth	£
Present value of total obligation	<u>535,000</u>
	+ 1 Year
Adjustment to mortality age rating assumption	£
Present value of total obligation	<u>328,000</u>

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

	At 31 August 2016	At 31 August 2015
Retiring today		
Males retiring today	21.40	21.40
Females retiring today	24.00	24.00
Retiring in 20 years		
Males retiring in 20 years	24.00	24.00
Females retiring in 20 years	<u>26.60</u>	<u>26.60</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

24 Pension and similar obligations (continued)

The actual return on scheme assets was £178,000 (2015 - £142,000).

The trust's share of the assets and liabilities in the LGPS were:

	At 31 August 2016 £	At 31 August 2015 £
Equities	4,382,000	3,040,000
Government bonds	1,034,000	760,000
Property	365,000	253,000
Cash	304,000	169,000
Total market value of assets	6,085,000	4,222,000
Present value of scheme liabilities - funded	(10,923,000)	(6,690,000)
Deficit in the scheme	(4,838,000)	(2,468,000)

LGPS Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employer contributions)	332,000	255,000
Net interest cost	100,000	84,000
Total operating charge	432,000	339,000

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

	2016 £	2015 £
At 1 September	6,690,000	5,713,000
Current service cost	1,018,000	692,000
Interest cost	278,000	226,000
Employee contributions	226,000	151,000
Actuarial losses/(gains)	2,699,000	(92,000)
Past service cost	12,000	-
At 31 August	10,923,000	6,690,000

Movements in the fair value of trust's share of scheme assets

	2016 £	2015 £
At 1 September	4,222,000	3,547,000
Expected return on assets	178,000	142,000
Actuarial gains/(losses)	761,000	(55,000)
Employer contributions	698,000	437,000
Employee contributions	226,000	151,000
At 31 August	6,085,000	4,222,000

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

25 Related party transactions

Owing to the nature of the Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

During the year the Trust made the following related party transactions:

Manchester City Council

(A local authority in which Richard Paver, a trustee, was the City Treasurer until his resignation on 23 May 2016.)

Transactions totalling £396,607 relating to educational and professional services took place in the year ended 31 August 2016 (2015: £574,530). At the balance sheet date the amount due to Manchester City Council was £Nil (2015 - £1,016).

One Education

(A company in which Richard Paver, a trustee, was a director until his resignation on 23 May 2016.)

Transactions totalling £106,343 relating to professional services took place in the year ended 31 August 2016 (2015: £143,768). At the balance sheet date the amount due to One Education was £Nil (2015 - £114).

26 Events after the end of the reporting period

On 1 September 2016, the assets and liabilities of The East Manchester Academy Limited were transferred to Education and Leadership Trust. The transfer was approved and supported by the Regional Schools Commissioner and the transfer of the funding agreement by the EFA has been confirmed.

27 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £49,644 and disbursed £44,249 from the fund. An amount of £5,395 is included in other creditors relating to undistributed funds to be disbursed to pupils in the next year.

28 Transition to FRS 102

Explanation of transition to FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 01 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2016 (continued)

28 Transition to FRS 102 (continued)

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below:

Reconciliation of total funds

	Note	31 August 2015 £
Total funds under previous UK GAAP		50,990,701
Deferred capital grants		<u>30,064</u>
Total funds reported under FRS 102		<u><u>51,020,765</u></u>

Reconciliation of net income/(expenditure)

	Note	Amount £
Net income/(expenditure) previously reported under UK GAAP		51,025,701
Change in recognition of LGPS interest cost		(72,000)
Deferred capital grants		<u>30,064</u>
Restated income/expenditure under FRS 102		<u><u>50,983,765</u></u>

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £72,000 and reduce the credit in other recognised gains and losses in the SOFA by an equivalent amount.

Change in classification of capital grants

Under previous UK GAAP capital grants from the EFA were recognised under "Funding for the Academy's educational operations" in the SOFA. Under FRS 102 these are included under "Donations and capital grants". There has been no change in the funds brought forward except as detailed below.

Deferral of capital grants

Under FRS 102 devolved capital grants from the EFA must be recognised in full when received. The effect of this change is to increase income from capital grants by £30,064 and decrease the deferred income creditor in 2015, and increase the restricted general funds brought forward by an equivalent amount in 2016.

