

Registration number: 08913502

Education and Leadership Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2017



HALLIDAYS
MORE THAN JUST ACCOUNTANTS

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

Education and Leadership Trust

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Education and Leadership Trust

Reference and Administrative Details

Members

Mr Michael Stuart Chidley

Mr Andrew Sean Mullen

Mr Richard Paver

Trustees (Directors)

Mr Michael Stuart Chidley

Ms Patricia Denise Kane

Mr Justin Scott Eagleton (resigned 6 December 2016)

Ms Emma Jane Antrobus

Mr Richard Paver

Mr Andrew Sean Mullen

Mr Ronan Brindley

Mr John Moran (appointed 19 September 2016 and resigned 20 July 2017)

Ms Sandra Milne (appointed 6 December 2016)

Ms Jessica Bowles (appointed 20 July 2017)

Education and Leadership Trust

Reference and Administrative Details (continued)

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, Deputy Headteacher (resigned 31 August 2017)
Ms Deborah Collier, Trust Finance Officer
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
Mrs Jenny Kennedy, Trust HR Director
Dr Johan MacKinnon, Academy Headteacher
Mr Neil Johnson, Deputy Headteacher
Ms Donna Johnson, Deputy Headteacher
Ms Sarah Gregory, Deputy Headteacher
Ms Joanna Walker, Assistant Headteacher
Mr Thomas Norton, Assistant Headteacher
Ms Claire Narayanan, Assistant Headteacher
Mr Mark McNulty, Trust Operations Manager
Mr Anthony Benedict, Academy Headteacher
Mr Martin Birrell, Deputy Headteacher
Mrs Jane Clewlow, Deputy Teacher
Dr Jill Richford, Deputy Headteacher (resigned 31 March 2017)
Mr Gavin Sterry, Deputy Headteacher (appointed 27 September 2016)
Mrs Carly Cardwell, Assistant Headteacher
Mrs Claire Lomax, Assistant Headteacher
Mrs Anne Garvey, Assistant Headteacher (appointed 01 September 2017)
Mr Paul Greenhalgh, Finance Director (resigned 20 August 2017)
Mr Ian Mountain, Assistant Headteacher (appointed 01 January 2017)
Mr Paul Ogden, Assistant Headteacher
Ms Nicolla Watts, Assistant Headteacher

Company Name

Education and Leadership Trust

Principal and Registered Office

Whalley Range 11-18 High School
Wilbraham Road
Manchester
M16 8GW

Education and Leadership Trust

Reference and Administrative Details (continued)

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 2017

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

The trust operates three secondary academies in Manchester. It has a pupil capacity of 3,652 and had a roll of 3,537 in the school census on 5th October 2017

	Secondary	Number on roll
Whalley Range 11-18 High School	11-18	1,575
Levenshulme High School	11-16	1,003
The East Manchester Academy	11-16	959

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 of 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.

The current Trust Board has an exceptional skill-base, from a wide range of industries and organisations, with trustees holding senior management roles in: Public Sector Finance; Human Resource Management; Educational improvement and governance; Arts and Culture; Construction; and Governance.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

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.

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/ESFA 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 and Assistant Headteachers. In addition there is a Trust HR Director, Trust Finance Officer and Trust Operational Manager who report to the Executive Headteacher, and also to the Headteacher in each academy.

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 all 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.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

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.

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 also a strategic partner of the Manchester Teaching School Alliance.

The trust is working with the Alliance Manchester Business School (University of Manchester). The Alliance Manchester Business School provides mentors, speakers for certificate evenings, enterprise links, competitions for students, EAL support for parents, and aspiration-raising visits and events.

The trust is part of the Cooperative Schools Society, which operates across the UK, sharing good practice and accountability, together with promoting cooperative values. We have a close and supportive relationship with the Co-op academies group.

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. Manchester United Foundation employees are shared between 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. A further employee will start at The East Manchester Academy in January 2018.

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.

The East Manchester Academy shares its site with a rugby pitch, 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 the rugby pitch and associated changing facilities.

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, staff insurances, Manchester Working (Alarm monitoring), Music Service, payroll, Pupil Referral Unit, Risk Management, security, waste disposal.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Objectives and activities

Objects and aims

The main objectives of the trust during the year ended 31 August 2017 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.

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 2017 (continued)

Strategic Report

Achievements and performance

On 1st 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 East Manchester Academy will continue to need support with all aspects of leadership, teaching and learning, behaviour and attendance in order for its students to reach their full potential. The academic performance of its students was below the national averages for progress and attainment. Attendance was also below national averages.

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

Key performance indicators

Key Stage 4	WRHS	LHS	TEMA	Local Authority	National
Basics (Students achieving a grade 5 or better in English and maths GCSEs)	47%	48%	16%	34.3%	39.1%
Basics (Students achieving a grade 4 or better in English and maths GCSEs)	63%	64%	38%	53.6%	58.5%
Attainment 8 score	48.2	50.8	35.5	43.1	44.2
Progress 8 score	0.57	0.68	-0.79	-0.05	0
Students achieving the English Baccalaureate (grade 5/C or above)	36%	40%	5%	16.5%	19.5%

Whalley Range 11-18 High School: Key Stage 5

Performance measure	WRHS Sixth Form	Local Authority	National
Key Stage 5 - A Levels (2016/17 provisional)			
Progress score	+0.14		0.00
Average Result	C-	C	C+
Grade for a student's best 3 A-levels	C	C+	C+
Students completing their main study programme	98.0%	95.2%	96.1%
Key Stage 5 – Vocational (Applied General) qualifications (2016/17 provisional)			
Progress score	-0.05		0.00
Average Result	Dist	Dist-	Dist
Students completing their main study programme	96.2%	90.7%	87.9%
Key Stage 5 – English and maths at the end of 16 to 18 in 2016			
English progress	0.57	-0.16	-0.10
Maths progress	0.94	0.00	-0.13

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Levenshulme High School was inspected by Ofsted in October 2016 and judged to be Outstanding in all areas. Whalley Range 11-18 High School received a short inspection in April 2017 and continues to be judged Good. The East Manchester Academy was inspected in October 2017 and was judged Requires Improvement. However, the Effectiveness of leadership and management was judged to be Good. Governance at the schools 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:

<i>Pupil attendance</i>	<i>WRHS</i>	<i>LHS</i>	<i>TEMA</i>	<i>National</i>
Ever 6 FSM	95.8%	95.3%	93.1%	92.8%
Non-Ever 6 FSM	96.9%	97.5%	95.9%	95.9%

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

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

- All academies are now over-subscribed at 11-16 and Sixth Form student numbers at Whalley Range have grown in September 2017.
- Student Leadership has continued to grow in all schools and the take-up of all opportunities is carefully monitored so the widest range of students are getting involved.
- All 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. The students speak proudly of their respect for diversity and their understanding of the importance of co-operative values.
- Websites in all 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 overseas Embassies; 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 The East Manchester Academy School during the summer of 2017 to provide additional teaching and learning and intervention classrooms and improved facilities for staff.

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 2017 (continued)

Strategic Report

Financial review

The majority of the trust and academy income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA in the year ended 31st August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The trust also received grants from the ESFA 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 31st August 2017, total expenditure of £23.94 million was incurred (which excludes depreciation of £1.77 million and FRS 102 service costs of £0.82 million), which was covered by the recurrent grant income from the ESFA, together with other incoming resources which totalled £24.53 million. Total funds carried forward amount to £6.60 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 31st August 2017 amounted to £1.3 million. There was no unrestricted expenditure in the year.

At 31st August 2017 the net book value of fixed assets amounted to £69.4 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 31st August 2017 amounted to £0.92 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 £6.6 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 ESFA 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 £4.26 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 for Education. The guarantee came into force on 18th 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).

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (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 incident affecting students and/or staff, or; a drop in standards and academic performance
- Unexpected loss of key personnel; or failure to recruit sufficient subject specialist teachers
- Falling student numbers, or significant change to National Funding Formula leading to budget reduction
- 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

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

- 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

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.

Whalley Range 11-18 High School and Levenshulme High School 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. In all three schools 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 continues to be scrutinised to ensure it is cost neutral, and efficient in terms of costs versus achievement.

Attendance

Whalley Range 11-18 High School and Levenshulme High School need to continue to exceed national averages (as a minimum) for attendance and to continue to achieve the benchmark for Persistent Absentees. The East Manchester Academy needs to maintain and improve on national averages for attendance and Persistent Absenteeism.

Behaviour and Safeguarding

We would expect to continue to see low Fixed Term Exclusion rates in all 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. We expect to see continued growth in the numbers of students taking up leadership roles in each school.

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 all 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. We are focussing on the development of senior leaders across the trust through a range of personalised training and development opportunities.

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 have taken place. We will have a completed full HR strategy and plan in 2018.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

Strategic Report

Financial Strategy

- To review staffing structures and costs in all schools and to model, early in 2018, the costs of the proposed curriculum
- To review support and operations systems with a view to achieving efficiencies of scale
- 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 all 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.

Education and Leadership Trust

Trustees' Report for the Year Ended 31 August 2017 (continued)

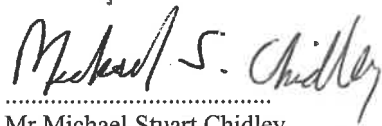
Auditor

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, was approved by order of the members of the Trust Board on 5 December 2017 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 Trust Board has delegated the day-to-day responsibility to the Executive Headteacher, 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 Trust Board 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
Ms J Bowles (appointed 25 Jul 2017)	0	0
Mr Ronan Brindley	5	5
Mr J S Eagleton (resigned 6 Dec 2016)	0	2
Ms P D Kane (Accounting Officer)	5	5
Mrs Sandra Milne (appointed 6 Dec 2016)	2	4
Mr J Moran (appointed 19 Sep 2016, resigned 20 Jul 2017)	3	5
Mr A S Mullen	5	5
Mr R Paver	5	5

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.

Education and Leadership Trust

Governance Statement (continued)

The business conducted by these committees is reported into the Trust Board. Ms D L Collier attends these meetings in her capacity as Trust Finance Officer.

<i>Trustee</i>	<i>Meetings attended</i>	<i>Out of a possible</i>
Mr M S Chidley (chair)	4	5
Ms E J Antrobus	4	4
Ms P D Kane (Accounting officer)	5	5
Mr A S Mullen	5	5
Mr R Paver	5	5

All three 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; key issues, in turn, are reported into the Trust Board.

The East Manchester Academy's Local Governing Body is now complete and has been strengthened by new parent governors, and new community governors from Laing O'Rourke, ARUP, Bruntwood, Transport for Greater Manchester and Manchester City Council. The skill-set is strong and meeting records evidence the increased level of challenge and support which governors have provided to the school this year and there is evidence of further challenge from September 2017.

There are vacancies in the staff and parent categories at Trust Board level but the skill-set of trustees and directors is very strong.

Education and Leadership Trust

Governance Statement (continued)

The Executive Headteacher has undertaken a series of residential courses for Executive Headteachers led by Ambition:School Leadership. Governance and financial management for MATs were key foci.

All three governing bodies and the Trust Board attended a Saturday seminar with the three Headteachers and Executive Headteacher in June. This was to review progress and share the schools' self-evaluation forms and priorities for improvement in the coming year. This allowed governors the opportunity to question, reflect, challenge and agree the priorities for the coming year. Members of The East Manchester Academy Local Governing Body held an additional afternoon seminar to discuss meetings, training needs and levels of participation and challenge.

Improving the quality of teaching and learning, improving outcomes, improving the quality of middle leadership, Prevent, the promotion of co-operative values and safeguarding have all been key priorities. Governors have had regular reports and all schools have strong practice now. Governors have undertaken on-line training, and training as a group, on key issues around child protection, Prevent and on-line safety.

Governors and Trust Board members approved the first Trust Improvement Plan to complement the School Improvement Plans. They have approved a move to more cross trust roles for Finance, operations and HR. This should ensure consistent high standards are maintained across the trust and greater efficiencies can be achieved.

Trust Board members have reviewed the Trust Risk register at every meeting to ensure it is current and risks are addressed appropriately.

The Executive Head has worked with One Education, who provide clerking for all trust meetings, to review and strengthen governor recruitment and induction processes ready for September 2017. Clear checklists and flow charts are in place.

The outcomes for all schools show the impact of strong and effective governance. Levenshulme was judged "Outstanding" by Ofsted in October 2016 and Whalley Range received a full Ofsted letter in 2017 outlining much strong practice and excellent leadership. Verbal feedback from the DfE visit in July confirmed a lot of progress had been made over the year.

Outcomes from the summer exams in August 2017 show Whalley Range and Levenshulme to have performed very strongly against national standards, both at A*-C/7-9 and at A*/A/7-9 grades. A level outcomes were the best ever.

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:

Education and Leadership Trust

Governance Statement (continued)

- 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 all schools

More focus on cross-trust tendering will take place in 2017/18 and beyond to ensure that the efficient use of resources is maximised through trust working.

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 period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the trust's significant risks that has been in place for the period 1st September 2016 to 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance 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:

Education and Leadership Trust

Governance Statement (continued)

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

On a regular 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.

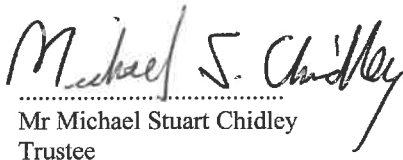
Review of effectiveness


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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the 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 Trust Board on 5 December 2017 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 and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA 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 2016.

I confirm that I and the Academy Trust Trust Board 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 2016.

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 Trust Board and ESFA.



.....
Ms Patricia Denise Kane
Accounting officer

5 December 2017

Education and Leadership Trust

Statement of Trustees' Responsibilities

The Trustees (who act as the governors of Education and Leadership Trust Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

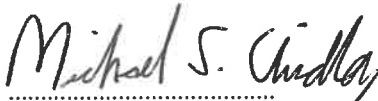
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [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 ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board on 5 December 2017 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

Opinion

We have audited the financial statements of Education and Leadership Trust (the 'Academy') for the year ended 31 August 2017, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Academy'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 Academy'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 Academy and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

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 2017 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 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

Education and Leadership Trust

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 21], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

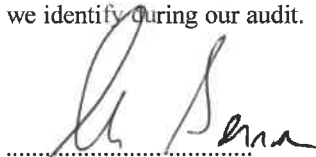
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Education and Leadership Trust

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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

5 December 2017

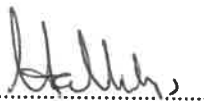
Education and Leadership Trust

Independent Reporting Accountant's Report on Regularity to Education and Leadership Trust and the Education and Skills 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



.....
HALLIDAYS

For and on behalf of Hallidays, Chartered Accountants

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

5 December 2017

Education and Leadership Trust

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

In accordance with the terms of our engagement letter dated and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, 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 2016 to 31 August 2017 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 ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Education and Leadership Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Education and Leadership Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of the Trust Board's funding agreement with the Secretary of State for Education dated 27 August 2015 and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- 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

Statement of Financial Activities for the Year Ended 31 August 2017 (including Income and Expenditure Account)

Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2017 £	
Income and endowments from:						
Voluntary income						
Donations and capital grants	2	-	17,610	-	90,022	107,632
Transfer of existing academies into the Trust		484,358	3,057,085	(963,000)	20,605,383	23,183,826
<i>Charitable activities:</i>						
Funding for the Academy trust's educational operations	3	-	23,620,141	-	-	23,620,141
Other trading activities	4	747,242	119,460	-	10,000	876,702
Investments	5	26,636	-	-	-	26,636
Total		<u>1,258,236</u>	<u>26,814,296</u>	<u>(963,000)</u>	<u>20,705,405</u>	<u>47,814,937</u>
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	7	-	23,939,325	824,000	1,767,489	26,530,814
Net income/(expenditure)		1,258,236	2,874,971	(1,787,000)	18,937,916	21,284,123
Transfers between funds		-	(821,235)	-	821,235	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	24	-	-	2,365,000	-	2,365,000
Net movement in funds		1,258,236	2,053,736	578,000	19,759,151	23,649,123
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2016		<u>3,283,711</u>	<u>1,000</u>	<u>(4,838,000)</u>	<u>49,677,662</u>	<u>48,124,373</u>
Total funds/(deficit) carried forward at 31 August 2017		<u>4,541,947</u>	<u>2,054,736</u>	<u>(4,260,000)</u>	<u>69,436,813</u>	<u>71,773,496</u>

Education and Leadership Trust

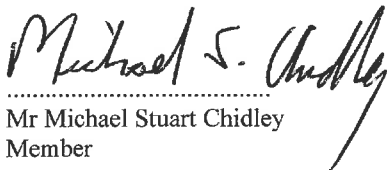
Statement of Financial Activities for the Year Ended 31 August 2016 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	Total 2016 £
Income and endowments from:						
Voluntary income						
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
(Registration number: 08913502)
Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	69,436,813	49,677,662
Current assets			
Debtors	13	822,165	375,238
Cash at bank and in hand		<u>6,263,251</u>	<u>3,223,076</u>
		7,085,416	3,598,314
Creditors: Amounts falling due within one year	14	<u>(488,733)</u>	<u>(313,603)</u>
Net current assets		<u>6,596,683</u>	<u>3,284,711</u>
Total assets less current liabilities		<u>76,033,496</u>	<u>52,962,373</u>
Net assets excluding pension liability		76,033,496	52,962,373
Pension scheme liability	24	<u>(4,260,000)</u>	<u>(4,838,000)</u>
Net assets including pension liability		<u><u>71,773,496</u></u>	<u><u>48,124,373</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund	15	2,054,736	1,000
Restricted fixed asset fund	15	69,436,813	49,677,662
Restricted pension fund	15	<u>(4,260,000)</u>	<u>(4,838,000)</u>
		67,231,549	44,840,662
Unrestricted funds			
Unrestricted general fund	15	<u>4,541,947</u>	<u>3,283,711</u>
Total funds		<u><u>71,773,496</u></u>	<u><u>48,124,373</u></u>

The financial statements on pages 27 to 53 were approved by the Trustees, and authorised for issue on 5 December 2017 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 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	19	303,330	607,431
Cash transferred with existing academy to the Trust		3,541,443	-
Cash flows from investing activities	20	<u>(804,598)</u>	<u>(225,856)</u>
Change in cash and cash equivalents in the year		3,040,175	381,575
Cash and cash equivalents at 1 September		<u>3,223,076</u>	<u>2,841,501</u>
Cash and cash equivalents at 31 August	21	<u><u>6,263,251</u></u>	<u><u>3,223,076</u></u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017

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 2016 to 2017 issued by ESFA, 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 2017 (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.

Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

Donated fixed assets (excluding Transfers into the Trust)

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting 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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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.

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.

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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

1 Accounting policies (continued)

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 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 and Skills 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 2017 (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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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 ESFA. Payments received from ESFA 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 26.

2 Donations and capital grants

	Restricted funds	Restricted fixed asset funds	Total 2017	Total 2016
	£	£	£	£
Other voluntary income				
Educational trips and visits	17,610	-	17,610	52,919
Capital grants	-	90,022	90,022	59,450
	<u>17,610</u>	<u>90,022</u>	<u>107,632</u>	<u>112,369</u>

3 Funding for Trust's educational operations

	Restricted funds	Total 2017	Total 2016
	£	£	£
DfE/ESFA revenue grants			
General annual grant (GAG)	21,344,391	21,344,391	15,295,209
Start-up grants	10,716	10,716	-
Other DfE/ESFA grants	1,937,614	1,937,614	1,200,343
	<u>23,292,721</u>	<u>23,292,721</u>	<u>16,495,552</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

3 Funding for Trust's educational operations (continued)

	Restricted funds £	Total 2017 £	Total 2016 £
Other government grants			
Local authority grants	304,335	304,335	168,563
Non-government grants and other income			
Non-government grants	23,085	23,085	-
Total grants	<u>23,620,141</u>	<u>23,620,141</u>	<u>16,664,115</u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Hire of facilities	71,906	-	-	71,906	40,471
Catering income	458,377	-	-	458,377	298,942
Other sales	142,475	36,649	-	179,124	135,690
Energy box membership income	47,990	-	-	47,990	65,704
Insurance income	-	53,707	-	53,707	54,907
Other income	26,494	10,748	10,000	47,242	14,087
Exam fee income	-	1,721	-	1,721	2,180
Teacher training	-	16,635	-	16,635	18,450
	<u>747,242</u>	<u>119,460</u>	<u>10,000</u>	<u>876,702</u>	<u>630,431</u>

5 Investment income

	Unrestricted funds £	Total 2017 £	Total 2016 £
Bank interest	26,636	26,636	4,172

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

6 Resources expended

	Non Pay Expenditure			Total 2017 £	Total 2016 £
	Staff costs £	Premises £	Other costs £		
Academy's educational operations					
Direct costs	15,665,691	1,458,730	2,526,889	19,651,310	13,700,924
Allocated support costs	3,496,733	1,981,966	1,400,805	6,879,504	4,668,555
	<u>19,162,424</u>	<u>3,440,696</u>	<u>3,927,694</u>	<u>26,530,814</u>	<u>18,369,479</u>

Net income/(expenditure) for the year includes:

	2017 £	2016 £
Operating leases - other leases	63,070	14,722
Fees payable to auditor - audit	11,880	7,950
- other audit services	6,160	7,800
Depreciation	<u>1,340,848</u>	<u>1,221,525</u>

7 Charitable activities

	Total 2017 £	Total 2016 £
Direct costs - educational operations	19,651,310	13,700,924
Support costs - educational operations	<u>6,879,504</u>	<u>4,668,555</u>
	<u>26,530,814</u>	<u>18,369,479</u>

	Educational operations £	Total 2017 £	Total 2016 £
Analysis of support costs			
Support staff costs	3,496,733	3,496,733	2,262,336
Depreciation	308,759	308,759	211,317
Premises costs	1,673,207	1,673,207	1,131,673
Other support costs	1,379,473	1,379,473	1,042,479
Governance costs	21,332	21,332	20,750
Total support costs	<u>6,879,504</u>	<u>6,879,504</u>	<u>4,668,555</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff

Staff costs

	2017 £	2016 £
Staff costs during the year were:		
Wages and salaries	14,017,489	10,055,739
Social security costs	1,393,772	853,209
Pension costs	2,724,012	1,919,269
	18,135,273	12,828,217
Supply teacher costs	752,272	560,434
Staff restructuring costs	69,508	5,400
	18,957,053	13,394,051
	2017 £	2016 £
Staff restructuring costs comprise:		
Severance payments	69,508	5,400

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £69,508 (2016: £5,400). Individually, the payments were:

Non-contractual payment	£4,426
Non-contractual payment	£1,832
Non-contractual payment	£25,000
Non-contractual payment	£13,000
Non-contractual payment	£13,000
Non-contractual payment	£2,750
Non-contractual payment	£9,500

Staff numbers

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

	2017 No	2016 No
Teachers	251	174
Administration and support	219	170
Management	31	20
	501	364

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

8 Staff (continued)

Higher paid staff

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

	2017 No	2016 No
£60,001 - £70,000	5	7
£70,001 - £80,000	5	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
£130,001 - £140,000	-	1
£140,001 - £150,000	1	-

Key management personnel

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 £2,450,906 (2016: £1,487,651).

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 Academy Trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Ms Patricia Denise Kane (Executive Headteacher):

Remuneration: £140,000 - £145,000 (2016 - £130,000 - £135,000)

Employer's pension contributions: £20,000 - £25,000 (2016 - £20,000 - £25,000)

Mr Justin Scott Eagleton (Media and Reprographics Manager):

Remuneration: £25,000 - £30,000 (2016 - £25,000 - £30,000)

Employer's pension contributions: £5,000 - £10,000 (2016 - £0 - £5,000)

No other trustees received any remuneration or expenses.

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

11 Trustees' and officers' insurance

Whalley Range 11-18 High School and The East Manchester Academy have 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 trustees/officers applies.

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, plant and equipment £	Computer hardware £	Assets under course of construction £	Total £
Cost						
At 1 September 2016	26,997,165	22,594,892	1,295,832	1,170,219	-	52,058,108
Additions	111,447	383,192	47,904	230,801	147,912	921,256
Inherited assets	-	20,448,196	30,077	-	127,110	20,605,383
Transfers	-	275,022	-	-	(275,022)	-
At 31 August 2017	<u>27,108,612</u>	<u>43,701,302</u>	<u>1,373,813</u>	<u>1,401,020</u>	<u>-</u>	<u>73,584,747</u>
Depreciation						
At 1 September 2016	469,247	818,540	477,642	615,017	-	2,380,446
Charge for the year	<u>234,623</u>	<u>836,385</u>	<u>266,913</u>	<u>429,567</u>	<u>-</u>	<u>1,767,488</u>
At 31 August 2017	<u>703,870</u>	<u>1,654,925</u>	<u>744,555</u>	<u>1,044,584</u>	<u>-</u>	<u>4,147,934</u>
Net book value						
At 31 August 2017	<u>26,404,742</u>	<u>42,046,377</u>	<u>629,258</u>	<u>356,436</u>	<u>-</u>	<u>69,436,813</u>
At 31 August 2016	<u>26,527,918</u>	<u>21,776,352</u>	<u>818,190</u>	<u>555,202</u>	<u>-</u>	<u>49,677,662</u>

The legal title to the Leasehold Land and Buildings with a net book value of £21,505,637 has 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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

13 Debtors

	2017	2016
	£	£
Trade debtors	65,336	39,538
VAT recoverable	110,701	49,357
Prepayments	295,228	105,049
Accrued income	350,900	181,294
	822,165	375,238

14 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	3,229	574
Other creditors	19,118	19,717
Accruals	420,813	245,299
Deferred income	45,573	48,013
	488,733	313,603
		2017
		£

Deferred income

Deferred income at 1 September 2016	48,013
Resources deferred in the period	(48,013)
Amounts released from previous periods	45,573
Deferred income at 31 August 2017	45,573

At the balance sheet date the trust was holding funds received in respect of ESFA rates relief, devolved formula capital grant, and trip and locker deposits.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant (GAG)	1,000	21,344,390	(21,526,504)	2,235,850	2,054,736
Other DfE/ESFA grants	-	273,508	(273,508)	-	-
Pupil premium	-	1,674,822	(1,674,822)	-	-
Other income	-	464,491	(464,491)	-	-
	<u>1,000</u>	<u>23,757,211</u>	<u>(23,939,325)</u>	<u>2,235,850</u>	<u>2,054,736</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	59,553	90,022	(484,843)	19,157,309	18,822,041
Capital expenditure from GAG	493,911	-	(46,782)	2,190,246	2,637,375
Transfer on conversion	49,118,196	-	(1,233,477)	-	47,884,719
Other capital income	6,002	10,000	(2,387)	79,063	92,678
	<u>49,677,662</u>	<u>100,022</u>	<u>(1,767,489)</u>	<u>21,426,618</u>	<u>69,436,813</u>
Restricted pension funds					
Pension reserve	<u>(4,838,000)</u>	<u>(963,000)</u>	<u>(824,000)</u>	<u>2,365,000</u>	<u>(4,260,000)</u>
Total restricted funds	<u>44,840,662</u>	<u>22,894,233</u>	<u>(26,530,814)</u>	<u>26,027,468</u>	<u>67,231,549</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds (continued)

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
Unrestricted funds					
Unrestricted general funds	3,283,711	773,878	-	484,358	4,541,947
Total funds	48,124,373	23,668,111	(26,530,814)	26,511,826	71,773,496

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 and Skills 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 and Skills Funding Agency/Department for Education.

Analysis of academies by fund balance

Fund balances at 31 August 2017 were allocated as follows:

Levenshulme High School	Total £
Whalley Range 11-18 High School	1,136,722
The East Manchester Academy	2,511,433
	2,948,528

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Funds (continued)

	Total £
Total before fixed assets and pension reserve	6,596,683
Restricted fixed asset fund	69,436,813
Pension reserve	(4,260,000)
Total	71,773,496

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 2017 £	Total 2016 £
Levenshulme High School	4,408,539	975,097	521,768	796,209	6,701,613	6,668,171
Whalley Range 11-18 High School	6,719,893	1,017,259	792,988	1,474,839	10,004,979	10,026,532
The East Manchester Academy	4,537,259	808,377	815,364	1,071,733	7,232,733	-
Academy Trust	15,665,691	2,800,733	2,130,120	3,342,781	23,939,325	16,694,703

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2017 represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	69,436,813	69,436,813
Current assets	4,541,947	2,543,469	-	7,085,416
Current liabilities	-	(488,733)	-	(488,733)
Pension scheme liability	-	(4,260,000)	-	(4,260,000)
Total net assets	<u>4,541,947</u>	<u>(2,205,264)</u>	<u>69,436,813</u>	<u>71,773,496</u>

17 Capital commitments

	2017 £	2016 £
Contracted for, but not provided in the financial statements	<u>-</u>	<u>165,700</u>

18 Commitments under operating leases

Operating leases

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts due within one year	62,251	37,084
Amounts due between one and five years	<u>61,492</u>	<u>68,023</u>
	<u>123,743</u>	<u>105,107</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	2017	2016
	£	£
Net income/(expenditure)	21,284,123	(958,392)
Depreciation	1,767,488	1,242,776
Capital grants from DfE and other capital income	(90,022)	(61,319)
Interest receivable	(26,636)	(4,172)
Defined benefit pension scheme cost less contributions payable	696,000	332,000
Defined benefit pension scheme finance cost	128,000	100,000
Increase in debtors	(446,927)	(43)
Increase/(decrease) in creditors	175,130	(43,419)
Net assets transferred to Academy Trust	<u>(23,183,826)</u>	<u>-</u>
Net cash provided by Operating Activities	<u>303,330</u>	<u>607,431</u>

20 Cash flows from investing activities

	2017	2016
	£	£
Dividends, interest and rents from investments	26,636	4,172
Purchase of tangible fixed assets	(921,256)	(291,347)
Capital funding received from sponsors and others	<u>90,022</u>	<u>61,319</u>
Net cash used in investing activities	<u>(804,598)</u>	<u>(225,856)</u>

21 Analysis of cash and cash equivalents

	At 31 August 2017	At 31 August 2016
	£	£
Cash at bank and in hand	<u>6,263,251</u>	<u>3,223,076</u>
Total cash and cash equivalents	<u>6,263,251</u>	<u>3,223,076</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (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 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.

24 Pension and similar obligations

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

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

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 2017 (continued)

24 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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 previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £1,502,135 (2016: £1,112,304). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local government pension scheme

The LGPS (GMPPF) 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 2017 was £968,000 (2016 - £924,000), of which employer's contributions totalled £736,000 (2016 - £698,000) and employees' contributions totalled £232,000 (2016 - £226,000). 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 2017 (continued)

24 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2017 %	At 31 August 2016 %
Rate of increase in salaries	3.20	3.40
Rate of increase for pensions in payment/inflation	2.40	2.10
Discount rate for scheme liabilities	2.50	2.10

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 2017	At 31 August 2016
Retiring today		
Males retiring today	21.50	21.40
Females retiring today	24.10	24.00
Retiring in 20 years		
Males retiring in 20 years	23.70	24.00
Females retiring in 20 years	26.20	26.60
Sensitivity analysis		
	At 31 August 2017 £	At 31 August 2016 £
Discount rate -0.5%	1,805,000.00	1,461,000.00
Salary increase rate +0.5%	373,000.00	535,000.00
Pension increase rate +0.5%	1,399,000.00	880,000.00

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

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

	At 31 August 2017 £	At 31 August 2016 £
Equities	7,267,000	4,382,000
Government bonds	1,593,000	1,034,000
Property	597,000	365,000
Cash and other liquid assets	498,000	304,000
Total market value of assets	<u>9,955,000</u>	<u>6,085,000</u>

The actual return on scheme assets was £134,000 (2016 - £178,000).

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

24 Pension and similar obligations (continued)

LGPS Amounts recognised in the statement of financial activities

	2017	2016
	£	£
Current service cost	696,000	332,000
Interest income	170,000	178,000
Interest cost	298,000	278,000
	<u>1,164,000</u>	<u>788,000</u>
Total amount recognized in the SOFA	<u>1,164,000</u>	<u>788,000</u>

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

	2017	2016
	£	£
At start of period	10,923,000	6,690,000
Transferred in on existing academies joining the trust	2,518,000	-
Current service cost	1,432,000	1,018,000
Interest cost	298,000	278,000
Employee contributions	232,000	226,000
Actuarial (gains)/losses	(1,111,000)	2,699,000
Benefits paid	(77,000)	-
	<u>14,215,000</u>	<u>10,911,000</u>
At 31 August	<u>14,215,000</u>	<u>10,911,000</u>

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

	2017	2016
	£	£
At start of period	6,085,000	4,222,000
Transferred in on existing academies joining the trust	1,555,000	-
Interest income	170,000	178,000
Actuarial gains/(losses)	1,254,000	761,000
Employer contributions	736,000	698,000
Employee contributions	232,000	226,000
Benefits paid	(77,000)	-
	<u>9,955,000</u>	<u>6,085,000</u>
At 31 August	<u>9,955,000</u>	<u>6,085,000</u>

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2017 (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.

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

26 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £47,038 and disbursed £50,427 from the fund. An amount of £2,007 is included in other creditors relating to undistributed funds to be disbursed to pupils in the next year.

27 Transfer of existing academies into the Trust

The East Manchester Academy

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Leasehold land and buildings	20,448,196	20,448,196
Furniture and equipment	30,077	30,077
Assets under construction	127,110	127,110
	<u>20,605,383</u>	<u>20,605,383</u>
Other assets		
Debtors due in less than one year	257,047	257,047
Cash in bank and in hand	3,590,091	3,590,091
	<u>3,847,138</u>	<u>3,847,138</u>
Liabilities		
Creditors due in less than one year	(305,695)	(305,695)
Pensions		
Pensions – pension scheme assets	1,555,000	1,555,000
Pensions – pension scheme liabilities	(2,518,000)	(2,518,000)
	<u>(963,000)</u>	<u>(963,000)</u>
Net assets	<u>23,183,826</u>	<u>23,183,826</u>

