

Education and Leadership Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019



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 Ronan Brindley (appointed 16.11.2018)
Mr Michael Stuart Chidley (resigned 13.11.2018)
Mr Andrew Sean Mullen
Mr Richard Paver

Trustees (Directors)

Ms Emma Jane Antrobus
Mr Dale Bassett
Mr Matthew Begg
Ms Jessica Bowles
Mr Ronan Brindley
Ms Majella Dalton-Bartley (left 21.11.2019)
Ms Patricia Denise Kane (left 31.08.2019)
Dr Asad Khan (left 17.07.2019)
Dr Johan MacKinnon (appointed 01.09.2019)
Mrs Sandra Milne
Mr Andrew Sean Mullen
Mr Richard Paver
Mr Michael Stuart Chidley (left 04.10.2018)
Mrs Catherine Elizabeth Wragg (appointed 21.01.2019)

Senior Leadership Team

Ms Patricia Kane, Executive Headteacher (left 31.08.2019)
Dr Johan MacKinnon, Academy Headteacher and Executive Headteacher (from 01.09.2019)
Mrs Elizabeth Hole, Academy Headteacher
Mrs Jane Barnes, Deputy Headteacher
Ms Jaqueline Fahey, Deputy Headteacher
Mr Michael Lea, Deputy Headteacher
Mrs Catherine Wragg, Deputy Headteacher
Mr Jonathan Atkinson, Assistant Headteacher
Mrs Morresa Connolly, Assistant Headteacher
Mrs Julie Lomax, Assistant Headteacher
Mr Stephen Mycock, Assistant Headteacher
Mr Samuel Parker, Assistant Headteacher
Mrs Sofia Zarar, Assistant Headteacher
Ms Deborah Collier, Trust Finance Officer
Mrs Jenny Kennedy, Trust HR Director
Mr Neil Johnson, Deputy Headteacher
Ms Donna Johnson, Deputy Headteacher
Ms Claire Narayanan, Assistant Headteacher (left 31.08.2019)
Mr Thomas Norton, Assistant Headteacher
Mr Peter Taylor, Deputy Headteacher
Ms Lauren Dooley, Assistant Headteacher (started 23.04.2019)
Mr Mark McNulty, Business Manager
Miss Jacqueline Bowen, Academy Headteacher (started 25.02.2019)
Mr Anthony Benedict, Academy Headteacher (left 31.10.2018)
Mrs Paula Bentley, Business Manager (started 22.04.2019)
Mr Martin Birrell, Deputy Headteacher (left 21.04.2019)
Mrs Jane Clewlow, Deputy Headteacher
Mr Biman Dey (started 01.09.2018, left 31.08.2019)
Mr David Goddard, Deputy Headteacher (started 01.04.2019)
Miss Sinead Hosty, Assistant Headteacher (started 01.09.2019)
Miss Holly Koval, Assistant Headteacher (started 01.09.2019)
Miss Rebecca Moules, Assistant Headteacher
Mr Ian Mountain, Assistant Headteacher
Mr Paul Ogden, Assistant Headteacher (left 21.04.2019)
Ms Nicolla Watts, Assistant Headteacher

Education and Leadership Trust

Reference and Administrative Details (continued)

| | |
|--|---|
| Principal and Registered Office | Whalley Range 11-18 High School Wilbraham Road Manchester M16 8GW |
| Company Registration Number | 08913502 |
| Independent Auditor | Hallidays Riverside House Kings Reach Business Park Yew Street Stockport SK4 2HD |
| Bankers | Lloyds Bank 42-46 Market Street Deansgate Manchester M1 1PW |
| Solicitors | Stone King LLP 13 Queen Square Bath BA1 2HJ |

Education and Leadership Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1st September 2018 to 31st August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates three secondary academies in Manchester. Its academies have a combined capacity of 3,652 and had a roll of 3,578 in the school census on 4th October 2019

| | Secondary | Number on roll |
|---------------------------------|-----------|----------------|
| Whalley Range 11-18 High School | 11-18 | 1,582 |
| Levenshulme High School | 11-16 | 1,000 |
| The East Manchester Academy | 11-16 | 996 |

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 operates as Education and Leadership Trust.

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

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

Trustees and Governors 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 Executive Headteacher is the Accounting Officer and is automatically appointed as a trustee, with no term end date. There are two staff trustees, elected by their colleagues (one teacher, one support staff). Staff trustees are also 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; Law; and Governance.

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. The trust has membership of the National Governors' Association, which is also a source of training and support for trustees.

Education and Leadership Trust

Trustees' Report (continued)

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 and Academy Headteachers. The trustees also approve the Annual Report and Financial Statements.

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

The Executive Headteacher is the accounting officer. The day-to-day management of the trust academies is delegated to the Executive Headteacher and the Academy Headteachers and Senior Leadership Teams (SLT) of each academy. The SLT, as appropriate to each academy, consists of the Academy Headteacher, Deputy Headteachers, Assistant Headteachers and School Business Manager. In addition there is a Trust HR Director and Trust Finance Officer 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, 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 meet on at least a termly basis. Reports from the LGBs are received, scrutinised and ratified by trustees.

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

Arrangements for setting pay and remuneration of key management personnel

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

The performance of all members of the Senior Leadership Teams is appraised on an annual basis, and recommendations for pay progression are reviewed by Pay Committees at each school and 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. An external School Improvement Partner is employed to lead this process for headteachers and the Executive Headteacher in order to provide objective, professional advice to governors and trustees.

Education and Leadership Trust

Trustees' Report (continued)

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. The information to be published consists of four tables covering:

Relevant union officials

| | |
|--|--------------------------------------|
| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
| 6 | 5.87 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0% | - |
| 1%-50% | 6 |
| 51%-99% | - |
| 100% | - |

Percentage of pay bill spent on facility time

| | |
|--|-------------|
| Provide the total cost of facility time | £27,268 |
| Provide the total pay bill | £18,546,416 |
| Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$ | 0.15% |

Paid trade union activities

| | |
|---|------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: $(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$ | 2.2% |
|---|------|

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 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, English as an additional language (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 and ethical working practices. We have a close and supportive relationship with the Co-op academies group.

Education and Leadership Trust

Trustees' Report (continued)

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 work in the three schools to: mentor some vulnerable students; engage others in sports leadership; provide expert coaching in football; and promote a wide range of careers. Whalley Range 11-18 High School shares its site with Range Stadium, a sports facility owned by Manchester City Council. There is a lease agreement and a management agreement in place in respect of the use of Range Stadium, which is currently shared between the school, GLL 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. A separate lettings company runs the facility hire at The East Manchester Academy.

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, Legal Services, Staff Insurances, Internal Audit, Peripatetic Music Service, Payroll and Personnel, Recruitment Advertising, Pupil Admission and Appeals, Pupil Referral Unit, Risk Management, Trade Union Facilities Management, Support for pupils with Specific Learning Difficulties (SpLD).

Objectives and Activities

Objects and Aims

The trust's object is specifically restricted to the following: 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.

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.

The main objectives of the trust during the year ended 31 August 2019 are summarised below:

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

Education and Leadership Trust

Trustees' Report (continued)

Public Benefit

The trustees confirm that they 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, reviewing the trust's objectives, and setting future priorities.

Strategic Report

Achievements and Performance

We are delighted to report continued strong performance in two of the trust schools and stabilised overall results, with improvements in a range of subjects, in the third. The public examination results at GCSE and Advanced Level were as/better than 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) | 38.4% | 55.8% | 22.6% | 35.2% | 43.0% |
| Attainment 8 score | 49.6 | 54.1 | 37.3 | 43.1 | 46.6 |
| Progress 8 score | 0.75 | 1.15 | -0.80 | -0.12 | 0 |
| Entering English Bacalaureate | 47.4% | 68.8% | 46.3% | 40.4% | 40.0% |
| English Bacalaureate average point score | 4.54 | 5.15 | 3.39 | 3.78 | 4.07 |

Whalley Range 11-18 High School: Key Stage 5

| Performance measure | WRHS Sixth Form | Local Authority | National |
|--|-----------------|-----------------|----------|
| Key Stage 5 - A Level cohort (2018/19 provisional) | | | |
| Number of students at the end of 16-18 study with an A level exam entry | 35 | | - |
| Average point score per A level entry expressed as a grade | C | - | - |
| Average point score per A level entry | 31.57 | - | - |
| Key Stage 5 – Vocational (Applied General) qualifications (2018/19 provisional) | | | |
| Number of students at the end of 16-18 study with an applied general entry | 10 | | - |
| Average point score per applied general entry expressed as a grade | Merit- | - | - |
| Average point score per applied general entry | 21.40 | - | - |
| Key Stage 5 – English and maths progress measure | | | |
| Number of students at the end of 16-18 study in scope for English progress measure | 46 | | - |
| Average progress made in English | 0.38 | - | - |
| Number of students at the end of 16-18 study in scope for maths progress measure | 78 | - | - |
| Average progress made in maths | 0.41 | - | - |

Education and Leadership Trust

Trustees' Report (continued)

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 to be 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 two schools is above the national average and continues to improve in all three schools. It is worthy of note that although the overall attendance at TEMA for 2018/19 was below the most recent national data, the attendance of pupil premium students was above their peers nationally:

| <i>Pupil attendance (2018/19)</i> | <i>WRHS</i> | <i>LHS</i> | <i>TEMA</i> | <i>National (2017/18)</i> |
|-----------------------------------|-------------|------------|-------------|---------------------------|
| Overall | 95.4% | 96.4% | 93.7% | 94.5% |
| Pupil Premium | 94.7% | 95.9% | 92.5% | 91.9% |
| Non Pupil Premium | 96.1% | 96.8% | 96.1% | 95.5% |

The Progress 8 scores (DfE provisional tables, October 2019) at Levenshulme and Whalley Range put them in the top 0.5% and 5% of schools nationally, which is a fantastic achievement for the Trust. In 2018, Levenshulme was in the top 2% and Whalley Range the top 10% - so we can see a pattern of continued strength. Levenshulme's Progress 8 score is 18th highest in the country. The East Manchester Academy experienced another year of significant staffing change (33% of teaching staff changed during the academic year), including the Headteacher and 2 Deputy Headteachers – so although there is still significant uplift in outcomes needed the improvements seen are very positive. 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 continue to be maintained at Whalley Range.
- 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 (science, technology engineering and maths) 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 and British values.
- Whalley Range achieved the SSAT's Excellence in Education Award and The East Manchester Academy achieved a Quality Mark for Outstanding PE provision. Levenshulme is a lead school in Greater Manchester Combined Authority (GMCA) Careers Hub and has recently achieved the Leading Parent Partnership Award. All three schools hold awards for their LGBTQ+ work.
- Websites in all schools show the wide range of educational activities, extra-curricular activities and achievements in the 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. All three schools provide work experience for students in Year 10. The annual, International Women's Day event at the University of Manchester makes a particularly strong impression on the Year 9 girls who attend.
- The City of Manchester aspires to be one of the world's top ten digital cities and there are extensive visits, experiences and visits by speakers to promote careers in STEM and the digital sector to our students. We have strong links with partners in the City who are developing the digital curriculum. One of our Deputy Headteachers is part of the Greater Manchester programme 'Go Digital'; and is also involved with Manchester Digital Skills Network.

Education and Leadership Trust

Trustees' Report (continued)

- All three schools are actively engaged with curriculum development – in its widest sense, including the personal development and skills for life curricula – working with colleagues within and beyond the Trust to ensure that we are both meeting needs and widening opportunity and understanding. In partnership work with primary and secondary colleagues in the city and across GMCA, each school has been developing its use of the Mastery approach to maths teaching and learning, with positive impact seen in classrooms and learning at all three. The development of a languages curriculum in Key Stage 3 at TEMA has been a significant piece of work in the last couple of years, as this was previously a major gap in provision there.
- The new, national relationships and sex education (RSE) curriculum (statutory from Sept 2020) has been developed and mapped and consultation and information activities have been carried out with parents/carers. Two of the schools were already ahead of many schools' practice in this area and so it is simply an evolution of the curriculum offer already in place there; and we have been, thus, well-placed to accelerate development of this curriculum at The East Manchester Academy.
- A number of refurbishment projects have been undertaken at all three schools during the summer of 2019 to continue to provide excellent teaching, 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.

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 2019 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 2005), 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 2019, total expenditure of £24.4 million was incurred, which was covered by the recurrent grant income from the ESFA, together with other incoming resources which totalled £24.6 million. Total funds carried forward amount to £6.3 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 and expenditure in the year ended 31st August 2019 amounted to £937,710 and £nil respectively. At 31st August 2019 the net book value of fixed assets amounted to £67.8 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 2019 amounted to £818,276.

Reserves Policy

The trust has a Reserves Policy, and 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 £6.3 million. The amount is kept secure for a time when it is needed to self-finance a scheme or major capital projects.

Education and Leadership Trust

Trustees' Report (continued)

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 all 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 £7.6 million. It should be noted, however, that an immediate liability for this amount is not crystallised at the financial year end. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department of Education. The guarantee came into force on 18th July 2013. This guarantee provides comfort for 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).

Investment Policy

Cash balances are safeguarded by investing them in UK-based interest-bearing current and deposit accounts with sound commercial banks.

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 at every Board meeting. In addition, individual risk registers are maintained and reviewed by the Local Governing Body of each school, and are then reviewed in turn by the main Trust Board.

The main risks currently are:

- Loss of reputation due to: a significant safeguarding or other incident affecting students and/or staff, or; a drop in standards and academic performance
- Unexpected loss of key personnel; or failure to recruit sufficient subject specialist teachers
- Falling student numbers (e.g. due to changing local educational landscape) and the impact of overstretched budgets and rising employee costs.
- Failure of IT systems/cyberattack; 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 development 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 each Governing Body
- Organisation structures with clearly defined roles, responsibilities and authority levels
- Financial planning including budgeting and regular management reporting, highlighting any areas of financial risk
- Business continuity plans and procedures which are reviewed and updated regularly

Education and Leadership Trust

Trustees' Report (continued)

Fundraising

There is a Trust Policy and Procedure for Charitable Collections. All schools in the trust undertake a number of fundraising activities for local and national charities, and the framework for these is set at the beginning of the academic/financial year.

There is a pre-approved list of charities for which staff and students may raise funds, which is reviewed regularly. This includes fundraising for global emergencies, which must be for organisations which are faith-neutral and support humanitarian aid.

All fundraising activities by staff and students must be for the benefit of a recognised charity. No fundraising is undertaken for the benefit of the Trust nor the schools in the Trust.

Each school has a Charity Lead who is responsible for ensuring that all processes and procedures are followed accurately, and that security of charitable funds raised is maintained at all times.

Funds raised for charities are separately identified, and monies paid directly to the verified bank accounts of the charity.

Plans for Future Periods

Achievement

The Trust recognises that over the next two to three years we are in a period of continuing volatility in terms of examination outcomes as the new requirements, content and skills evolve, and the use of the comparable outcomes approach/methodology nationally controls grade boundaries. The impact of the changes to the primary curriculum, and assessment at the end of Key Stage 2, are also still working their way through the system.

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 continue to offer expert advice and guidance to help students make the best choices for their future aspirations and career hopes.

Whalley Range 11-18 High School and Levenshulme High School need to continue to focus on always matching or exceeding progress and attainment of 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 and ensure that students in vulnerable groups are at least as successful as their peers nationally.

Sixth Form outcomes need to match or exceed national pass rates and value added. At Whalley Range 11-18 High School we need to continue to ensure improved/consistently high A' Level Performance System (ALPS) band grades each year and be able to show excellence in both 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. The curriculum offer in the Sixth Form is under regular review, particularly currently as the profile of post-16 provision in the city undergoes significant change.

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/better the benchmark for Persistent Absentees. The East Manchester Academy needs to maintain and improve on national averages for attendance and Persistent Absenteeism then improve to match the other two schools.

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Trustees' Report (continued)

Behaviour and Safeguarding

We would expect to see low Fixed Term Exclusion rates in all schools due to high quality early intervention for both students and parents which astutely complements high quality classroom and wider curriculum provision and pastoral support. 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.

The East Manchester Academy launched its own on-site Alternative provision facility during 2018/19, and the provision and practice has been reviewed at the start of 2019/20 – in part to ensure that students can reintegrate into their normal classes as effectively as possible. The aim is to reduce the number of The East Manchester Academy students in off-site provision so that we can provide a better and more cost-efficient education; with more students re-joining mainstream schooling, after a period of more intensive support and guidance.

Succession planning and management development

Leaders at all levels are developed actively in all three schools – with review of needs and opportunities taking place regularly. Colleagues have access to a wide range of continued professional development (CPD) to support with this – including external programmes such as national professional qualifications (NPQs), Teaching Leaders courses and involvement with the Ambition Institute. Cross-Trust in-house leadership development programmes are also in place, including for aspirant colleagues, and the use of shadowing and coaching is increasing. Middle leaders are encouraged to contribute/gain experience beyond their own immediate area of responsibility, where ready. The most senior middle leaders (Heads of Faculty and Heads of Progress/House) work closely with their peers at the other two schools in very practical as well as strategic ways. A few colleagues have also had secondment to The East Manchester Academy, which is not only supportive for TEMA but very valuable development for those colleagues. Senior leaders work very closely together across the three schools, which is a significant part of sustainability and succession planning as well as talent management.

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 and we have developed strong relationships with both Initial Teacher Education (ITE) providers of various sorts as well as organisations such as Teaching Leaders and Ambition Institute. An annual, overarching staff (non-teaching and teaching) well-being and workload survey is carried out, as well as other listening and co-construction activity with colleagues throughout the year; which helps us to ensure that strategic development and planning also focuses on staff needs.

We now have an annual whole-staff training day each November, which is very popular with colleagues across all roles. It enables colleagues to develop their skills and expertise collaboratively with their peers from across the Trust as well as providing some very practical time to carry out evaluation and planning/development work together. We also have some Twilight training sessions at other times of year which are at the same time, to facilitate joint working.

Financial Strategy

- To review staffing structures and costs in all schools and to model, early in 2020, the costs of the proposed curriculum for 2020/21 onwards
- 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
- To bid for Condition Improvement Funding (CIF) and other funding streams where eligible

Education and Leadership Trust

Trustees' Report (continued)

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, as well as living lives in which they empathise with, and value, others with lives and beliefs different from their own. In short, we want to create young people who:

- learn throughout their lives
- play a full part in life and work
- are active, positive 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. Growth Mindset is a key tool in all three schools so we can teach more students to be resilient in their learning and progress as well as in their personal lives.

The values-based ethos of our Co-operative Trust, and the personal development curriculum that is built upon this is a powerful part of enabling us to achieve these aims. This curriculum is delivered via an interwoven strategy across all aspects of school life – including the form-time programme (we have vertical tutor groups in all three schools), focus days, other curriculum subjects and the wide range of activities that take place beyond lesson time. We have a bespoke, more detailed and differentiated version of the Manchester Skills for Life strategy in place and make extensive use of partners such as Manchester Healthy Schools, the Diana Award Trust and Greater Manchester Citizens to support our personal development curriculum.

Auditor

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 9th December 2019 and signed on the board's behalf by:



Andrew S Mullen
Chair of Board
Date: 9 December 2019

Education and Leadership Trust

Governance Statement

Governance Statement

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 board of trustees 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 board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 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 until 24.09.2018) | 1 | 1 |
| Ms E J Antrobus | 5 | 5 |
| Ms J Bowles | 4 | 5 |
| Mr R Brindley | 5 | 5 |
| Ms M Dalton-Bartley (resigned 21.11.2019) | 2 | 5 |
| Ms P D Kane (Responsible Officer) | 5 | 5 |
| Mrs S Milne | 5 | 5 |
| Mr A S Mullen (chair from 24.09.2018) | 5 | 5 |
| Mr R Paver | 5 | 5 |
| Mr M Begg | 5 | 5 |
| Dr A Khan | 4 | 5 |
| Mr D Bassett (appointed 24.09.2018) | 4 | 5 |
| Mrs C E Wragg (appointed 21.01.2019) | 3 | 3 |

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 and maintenance of effective oversight of funds (as per Academies Financial Handbook section 2.3).

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. The Finance & Audit Sub-Committee is chaired by Mr R Paver, a qualified accountant with significant experience of managing public finance.

| <i>Trustee</i> | <i>Finance Committee</i> | |
|----------------------------------|--------------------------|--------------------------|
| | <i>Meetings attended</i> | <i>Out of a possible</i> |
| Mr M S Chidley | 1 | 1 |
| Ms E J Antrobus | 4 | 4 |
| Ms M Dalton-Bartley | 0 | 3 |
| Ms P D Kane (accounting officer) | 4 | 4 |
| Mr A S Mullen | 4 | 4 |
| Mr R Paver (chair of Finance) | 4 | 4 |
| Ms J Bowles | 3 | 4 |
| Dr A Khan | 1 | 1 |

All three schools have a Local Governing Body, which meets separately from the Trust Board. In 2018/19 there were also a number of separate sub-committees as follows:

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

From September 2019, there are no sub-committees of the LGBs, apart from the pay committee, but there will be an additional LGB meeting each year and each meeting will be 30 minutes longer.

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

The local governing bodies all have a mix of types of governor, including parents and staff, and experienced members of the Whalley Range LGB moved across to support the development of the The East Manchester Academy LGB at its inception. Since that time, the TEMA LGB has become increasingly astute in both its support of, and challenge to, the school. The skill set of LGBs and the Trust Board/members is very strong, All three LGBs, as well as Trust Board and its committees, are professionally clerked via a contract with One Education.

There is an annual trust Saturday seminar, held in June, which focuses on self-review and development of governance as well as an opportunity to look at the development plans of all three schools for the coming year. The **directors/members** are currently reviewing the Trust's Articles of Association, with a view to adopting the latest DfE model articles.

Improving the quality of teaching and learning, improving outcomes, improving the quality of middle leadership, Prevent, the promotion of co-operative values, the new RSE curriculum, transition (into, through and out of school) and safeguarding have all been key priorities across the schools in 2018/19. Governors have had regular reports and all schools have strong and/or improving practice now. Governors have undertaken on-line training, and training as a group, on key issues around child protection, Prevent and on-line safety. We have now taken out Gold membership of the National Governors Association to support with the next stage of our development and ensuring that directors/governors have the training and support they need.

Education and Leadership Trust

Governance Statement (continued)

Governors and Trust Board members approve the Trust Development Plan to complement the School Development Plans. This includes sections on the support functions across the Trust, such that we can continue to ensure that each school is enabled to have the staffing and other resourcing/facilities it needs to deliver high quality educational experiences to our students. The Operations Team (senior leaders of finance, HR and school business and facilities functions) work closely with the Executive Headteacher to put this into action and review throughout the year. Trust Board members have reviewed the Trust Risk register at every meeting to ensure it is current and risks are addressed appropriately.

The outcomes for all schools show the impact of strong and effective governance (see the Achievements and Performance section earlier in this report for details).

Governance is discussed and evaluated during the external School Improvement Partner visit to each school and will continue to be judged in this way next year.

Review of Value for Money

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

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

- Detailed review of teacher staffing requirements in the context of changing national curriculum and examination requirements
- Review of support roles to evaluate potential for economies of scale/shared staffing as opportunities arise
- 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 three schools

The focus on cross-trust tendering will continue in 2019/20 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 2018 to 31st August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

Education and Leadership Trust

Governance Statement (continued)

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:

- 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 some 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 weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 9th December 2019 and signed on its behalf by:



Andrew S Mullen
Chair of Board



Johan MacKinnon
Accounting Officer

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 trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



Johan MacKinnon
Accounting Officer
9 December 2019

Education and Leadership Trust

Statement of Trustees' Responsibilities

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 9 December 2019 and signed on its behalf by:



Andrew S Mullen
Chair of Board

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 2019, 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'.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 (covers the Reference and Administrative Details, the Trustees' Report and the Governance Statement)

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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report 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 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 19], 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.

Education and Leadership Trust

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

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

- 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 Trust'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 Trust'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 Trust 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 Trust to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy Trust 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.

Use of our report

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.

Education and Leadership Trust

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



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

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

Date:.....09/12/19.....

Education and Leadership Trust

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

In accordance with the terms of our engagement letter dated 22nd July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education and Leadership Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 2014 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by 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

Independent Reporting Accountant's Report on Regularity to Education and Leadership Trust and the Education & 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Hallidays
Chartered Accountants
and
Registered Auditors

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

Date: 09/12/19

Education and Leadership Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Pension Funds £ | Restricted Fixed Asset Funds £ | 2018/19 Total £ |
|---|------|----------------------------|-------------------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | - | - | 253,848 | 253,848 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 23,567,236 | - | - | 23,567,236 |
| Other trading activities | 4 | 899,815 | 90,357 | - | - | 990,172 |
| Investments | 5 | 37,895 | - | - | - | 37,895 |
| Total | | 937,710 | 23,657,593 | - | 253,848 | 24,849,151 |
| Expenditure on: | | | | | | |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 24,419,466 | 993,000 | 1,855,802 | 27,268,268 |
| Net income/(expenditure) | | 937,710 | (761,873) | (993,000) | (1,601,954) | (2,419,117) |
| Transfers between funds | | (478,847) | 239,117 | - | 239,730 | - |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | 24 | - | - | (3,017,000) | - | (3,017,000) |
| Net movement in funds/(deficit) | | 458,863 | (522,756) | (4,010,000) | (1,362,224) | (5,436,117) |
| Reconciliation of funds | | | | | | |
| Total funds/(deficit) brought forward at 1 September 2018 | | 4,227,284 | 2,100,220 | (3,604,000) | 69,211,202 | 71,934,706 |
| Total funds/(deficit) carried forward at 31 August 2019 | | 4,686,147 | 1,577,464 | (7,614,000) | 67,848,978 | 66,498,589 |

Education and Leadership Trust

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

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Pension Funds £ | Restricted Fixed Asset Funds £ | 2017/18 Total £ |
|---|------|----------------------------|-------------------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | 19,669 | - | 767,274 | 786,943 |
| <i>Charitable activities:</i> | | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 23,516,123 | - | - | 23,516,123 |
| Other trading activities | 4 | 835,951 | 89,061 | - | - | 925,012 |
| Investments | 5 | 17,819 | - | - | - | 17,819 |
| Total | | 853,770 | 23,624,853 | - | 767,274 | 25,245,897 |
| Expenditure on: | | | | | | |
| <i>Charitable activities:</i> | | | | | | |
| Academy trust educational operations | 7 | - | 24,126,143 | 964,000 | 1,614,544 | 26,704,687 |
| Net income/(expenditure) | | 853,770 | (501,290) | (964,000) | (847,270) | (1,458,790) |
| Transfers between funds | | (1,168,433) | 546,774 | - | 621,659 | - |
| Other recognised gains and losses | | | | | | |
| Actuarial (losses) / gains on defined benefit pension schemes | 24 | - | - | 1,620,000 | - | 1,620,000 |
| Net movement in (deficit)/funds | | (314,663) | 45,484 | 656,000 | (225,611) | 161,210 |
| Reconciliation of funds | | | | | | |
| Total funds/(deficit) brought forward at 1 September 2017 | | 4,541,947 | 2,054,736 | (4,260,000) | 69,436,813 | 71,773,496 |
| Total funds/(deficit) carried forward at 31 August 2018 | | 4,227,284 | 2,100,220 | (3,604,000) | 69,211,202 | 71,934,706 |

Education and Leadership Trust
(Registration number: 08913502)
Balance Sheet as at 31 August 2019

| | Note | 2019 £ | 2018 £ |
|--|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 67,774,834 | 68,812,360 |
| Current assets | | | |
| Debtors | 13 | 855,479 | 1,343,047 |
| Cash at bank and in hand | | <u>6,122,530</u> | <u>6,144,047</u> |
| | | 6,978,009 | 7,487,094 |
| Creditors: Amounts falling due within one year | 14 | <u>(640,254)</u> | <u>(760,748)</u> |
| Net current assets | | <u>6,337,755</u> | <u>6,726,346</u> |
| Total assets less current liabilities | | <u>74,112,589</u> | <u>75,538,706</u> |
| Net assets excluding pension liability | | 74,112,589 | 75,538,706 |
| Defined benefit pension scheme liability | 24 | <u>(7,614,000)</u> | <u>(3,604,000)</u> |
| Net assets including pension liability | | <u><u>66,498,589</u></u> | <u><u>71,934,706</u></u> |
| Funds of the Academy Trust: | | | |
| Restricted funds | | | |
| Restricted general fund | 15 | 1,577,464 | 2,100,220 |
| Restricted fixed asset fund | 15 | 67,848,978 | 69,211,202 |
| Restricted pension fund | 15 | <u>(7,614,000)</u> | <u>(3,604,000)</u> |
| | | 61,812,442 | 67,707,422 |
| Unrestricted funds | | | |
| Unrestricted general fund | 15 | <u>4,686,147</u> | <u>4,227,284</u> |
| Total funds | | <u><u>66,498,589</u></u> | <u><u>71,934,706</u></u> |

The financial statements on pages 26 to 53 were approved by the Trustees, and authorised for issue on
and signed on their behalf by:



.....
Mr Andrew S Mullen
Chair of Board
Trustee

Education and Leadership Trust

Statement of Cash Flows for the Year Ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|---|------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 19 | 505,016 | 85,794 |
| Cash transferred with existing academy to the Trust | | - | - |
| Cash flows from investing activities | 20 | <u>(526,533)</u> | <u>(204,998)</u> |
| Change in cash and cash equivalents in the year | | (21,517) | (119,204) |
| Cash and cash equivalents at 1 September | | <u>6,144,047</u> | <u>6,263,251</u> |
| Cash and cash equivalents at 31 August | 21 | <u><u>6,122,530</u></u> | <u><u>6,144,047</u></u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019

1 Accounting policies

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

Basis of preparation

The financial statements of the 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 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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 2019 (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 and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net 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 academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within Donations and capital grant income to the net assets acquired.

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 2019 (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.

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 2019 (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 2019 (continued)

1 Accounting policies (continued)

Pension benefits

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

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

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

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

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 & 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 2019 (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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 trust can use up to 0% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 26.

2 Donations and capital grants

| | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|------------------------------|---|--------------------------------|--------------------------------|
| Educational trips and visits | - | - | 19,669 |
| Capital grants | 253,848 | 253,848 | 767,274 |
| | <u>253,848</u> | <u>253,848</u> | <u>786,943</u> |

3 Funding for Trust's educational operations

| | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|--------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| DfE/ESFA revenue grants | | | |
| General annual grant (GAG) | 21,435,020 | 21,435,020 | 21,325,137 |
| Other DfE/ESFA grants | 1,859,935 | 1,859,935 | 1,865,971 |
| | <u>23,294,955</u> | <u>23,294,955</u> | <u>23,191,108</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

3 Funding for Trust's educational operations (continued)

| | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|--------------------------|--------------------------|--------------------------|
| Other government grants | | | |
| Local authority grants | 266,960 | 266,960 | 320,015 |
| Non-government grants and other income | | | |
| Non-government grants | <u>5,321</u> | <u>5,321</u> | <u>5,000</u> |
| Total grants | <u><u>23,567,236</u></u> | <u><u>23,567,236</u></u> | <u><u>23,516,123</u></u> |

4 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|------------------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Hire of facilities | 138,027 | - | 138,027 | 92,629 |
| Catering income | 479,629 | - | 479,629 | 493,253 |
| Recharges and reimbursements | - | - | - | 38,980 |
| Other sales | 177,169 | 26,092 | 203,261 | 126,049 |
| Energy box membership income | 39,082 | - | 39,082 | 43,866 |
| Insurance income | - | 28,122 | 28,122 | 46,118 |
| Other income | 65,908 | 1,735 | 67,643 | 65,950 |
| Teacher training | <u>-</u> | <u>34,408</u> | <u>34,408</u> | <u>18,167</u> |
| | <u><u>899,815</u></u> | <u><u>90,357</u></u> | <u><u>990,172</u></u> | <u><u>925,012</u></u> |

5 Investment income

| | Unrestricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---------------|----------------------------|-----------------------|-----------------------|
| Bank interest | <u>37,895</u> | <u>37,895</u> | <u>17,819</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

6 Resources expended

| | Non Pay Expenditure | | | 2018/19 | 2017/18 |
|---|---------------------|------------------|------------------|-------------------|-------------------|
| | Staff costs £ | Premises £ | Other costs £ | Total £ | Total £ |
| Academy's educational operations | | | | | |
| Direct costs | 16,271,696 | 1,582,653 | 2,152,732 | 20,007,081 | 19,640,340 |
| Allocated support costs | 3,738,392 | 2,120,291 | 1,402,504 | 7,261,187 | 7,064,347 |
| | <u>20,010,088</u> | <u>3,702,944</u> | <u>3,555,236</u> | <u>27,268,268</u> | <u>26,704,687</u> |

Net income/(expenditure) for the year includes:

| | 2018/19 £ | 2017/18 £ |
|---------------------------------|------------------|------------------|
| Operating leases - other leases | 65,043 | 63,156 |
| Fees payable to auditor - audit | 11,682 | 10,340 |
| - other audit services | 10,068 | 6,160 |
| Depreciation | <u>1,855,802</u> | <u>1,614,544</u> |

7 Charitable activities

| | Total 2019 £ | Total 2018 £ |
|--|--------------------|--------------------|
| Direct costs - educational operations | 20,007,081 | 19,640,340 |
| Support costs - educational operations | <u>7,261,187</u> | <u>7,064,347</u> |
| | <u>27,268,268</u> | <u>26,704,687</u> |

| | Educational operations £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|--------------------------------|-----------------------|-----------------------|
| Analysis of support costs | | | |
| Support staff costs | 3,738,392 | 3,738,392 | 3,603,042 |
| Depreciation | 273,149 | 273,149 | 232,696 |
| Premises costs | 1,847,142 | 1,847,142 | 1,645,464 |
| Other support costs | 1,384,674 | 1,384,674 | 1,549,613 |
| Governance costs | 17,830 | 17,830 | 33,532 |
| Total support costs | <u>7,261,187</u> | <u>7,261,187</u> | <u>7,064,347</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff

Staff costs

| | 2019 £ | 2018 £ |
|--|-------------------|-------------------|
| Staff costs during the year were: | | |
| Wages and salaries | 14,699,425 | 14,229,592 |
| Social security costs | 1,505,373 | 1,452,023 |
| Pension costs | <u>3,172,586</u> | <u>3,122,260</u> |
| | 19,377,384 | 18,803,875 |
| Supply teacher costs | 581,671 | 740,552 |
| Staff restructuring costs | <u>51,033</u> | <u>65,153</u> |
| | <u>20,010,088</u> | <u>19,609,580</u> |
| | 2019 £ | 2018 £ |
| Staff restructuring costs comprise: | | |
| Severance payments | <u>51,033</u> | <u>65,153</u> |

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £51,033 (2018: £65,153). Individually, the payments were:

| | |
|-------------------------|---------|
| Non-contractual payment | £4,500 |
| Non-contractual payment | £36,488 |
| Non-contractual payment | £2,545 |
| Non-contractual payment | £7,500 |

Staff numbers

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

| | 2019 No | 2018 No |
|----------------------------|------------|------------|
| Teachers | 230 | 233 |
| Administration and support | 230 | 242 |
| Management | <u>28</u> | <u>29</u> |
| | <u>488</u> | <u>504</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

8 Staff (continued)

Higher paid staff

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

| | 2019 No | 2018 No |
|---------------------|------------|------------|
| £60,001 - £70,000 | 6 | 6 |
| £70,001 - £80,000 | 7 | 5 |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | - | 1 |
| £140,001 - £150,000 | 1 | 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 and employer national insurance contributions) received by key management personnel for their services to the academy trust was £2,528,501 (2018: £2,381,485).

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

9 Central services

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

- Financial management
- Governance
- Leadership support

The academy trust charges for these services on the following basis:

Trust Central Costs - split on the basis of pupil numbers in each school:

- Salary (including on-costs) of Executive Headteacher
- Part of the salary (including on-costs) of Trust Finance Officer
- Part of the salary (including on-costs) of Trust HR Director
- Audit: External and Internal
- Clerking, legal fees and other costs associated with Trust Board

The actual amounts charged during the year were as follows:

| | 2019 |
|---------------------------------|-------------|
| | £ |
| Levenshulme High School | 97,184 |
| Whalley Range 11-18 High School | 145,777 |
| The East Manchester Academy | 97,184 |
| | <hr/> |
| | 340,145 |
| | <hr/> <hr/> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

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 (2018 - £140,000 - £145,000)

Employer's pension contributions: £20,000 - £25,000 (2018 - £20,000 - £25,000)

Mr Matthew Begg (Staff director):

Remuneration: £40,000 - £45,000 (2018 - £40,000 - £45,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £5,000 - £10,000)

Catherine Elizabeth Wragg (Deputy headteacher):

Remuneration: £65,000 - £70,000 (2018 -)

Employer's pension contributions: £5,000 - £10,000 (2018 -)

No other trustees received any remuneration or expenses.

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

11 Trustees' and officers' insurance

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

12 Tangible fixed assets

| | Freehold land and buildings £ | Leasehold land and buildings £ | Fixtures, plant and equipment £ | Computer hardware £ | Total £ |
|-----------------------|-------------------------------------|---|--|---------------------------|-------------------|
| Cost | | | | | |
| At 1 September 2018 | 27,108,612 | 43,701,302 | 1,999,649 | 1,765,275 | 74,574,838 |
| Additions | - | - | 522,482 | 295,794 | 818,276 |
| At 31 August 2019 | <u>27,108,612</u> | <u>43,701,302</u> | <u>2,522,131</u> | <u>2,061,069</u> | <u>75,393,114</u> |
| Depreciation | | | | | |
| At 1 September 2018 | 940,722 | 2,498,277 | 1,037,383 | 1,286,096 | 5,762,478 |
| Charge for the year | <u>236,852</u> | <u>843,353</u> | <u>431,067</u> | <u>344,530</u> | <u>1,855,802</u> |
| At 31 August 2019 | <u>1,177,574</u> | <u>3,341,630</u> | <u>1,468,450</u> | <u>1,630,626</u> | <u>7,618,280</u> |
| Net book value | | | | | |
| At 31 August 2019 | <u>25,931,038</u> | <u>40,359,672</u> | <u>1,053,681</u> | <u>430,443</u> | <u>67,774,834</u> |
| At 31 August 2018 | <u>26,167,890</u> | <u>41,203,025</u> | <u>962,266</u> | <u>479,179</u> | <u>68,812,360</u> |

The legal title to the Leasehold Land and Buildings with a net book value of £20,693,852 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. In addition, some minor boundary changes for the Leasehold Land and Buildings of The East Manchester Academy have not been registered with the Land Registry. The changes will have no impact on the value of the leasehold, nor the operation of the academy.

13 Debtors

| | 2019 £ | 2018 £ |
|-----------------|----------------|------------------|
| Trade debtors | 137,260 | 133,414 |
| VAT recoverable | 106,845 | 269,727 |
| Other debtors | 13,167 | 201,584 |
| Prepayments | 257,896 | 255,343 |
| Accrued income | <u>340,311</u> | <u>482,979</u> |
| | <u>855,479</u> | <u>1,343,047</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

14 Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|--|-----------|-----------|
| Trade creditors | 68,915 | 89,924 |
| Other creditors | 46,611 | 63,427 |
| Accruals | 517,035 | 602,080 |
| Deferred income | 7,693 | 5,317 |
| | 640,254 | 760,748 |
| | 2019 £ | 2018 £ |
| Deferred income | | |
| Deferred income at 1 September 2018 | 5,317 | 45,573 |
| Resources deferred in the period | 7,693 | 5,317 |
| Amounts released from previous periods | (5,317) | (45,573) |
| Deferred income at 31 August 2019 | 7,693 | 5,317 |

At the balance sheet date the trust was holding funds received in respect of donations and school trips taking place in 2019/20.

15 Funds

| | Balance at 1 September 2018 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|---------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 2,100,220 | 21,435,020 | (22,196,893) | 239,117 | 1,577,464 |
| Other DfE/ESFA grants | - | 268,798 | (268,798) | - | - |
| Pupil premium | - | 1,586,298 | (1,586,298) | - | - |
| Other income | - | 367,477 | (367,477) | - | - |
| | 2,100,220 | 23,657,593 | (24,419,466) | 239,117 | 1,577,464 |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

| | Balance at 1 September 2018 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 19,295,106 | 253,848 | (520,598) | - | 19,028,356 |
| Capital expenditure from GAG | 3,210,412 | - | (91,410) | 239,730 | 3,358,732 |
| Transfer on conversion | 46,612,433 | - | (1,241,311) | - | 45,371,122 |
| Other capital income | 93,251 | - | (2,483) | - | 90,768 |
| | <u>69,211,202</u> | <u>253,848</u> | <u>(1,855,802)</u> | <u>239,730</u> | <u>67,848,978</u> |
| Restricted pension funds | | | | | |
| Pension reserve | <u>(3,604,000)</u> | <u>-</u> | <u>(993,000)</u> | <u>(3,017,000)</u> | <u>(7,614,000)</u> |
| Total restricted funds | 67,707,422 | 23,911,441 | (27,268,268) | (2,538,153) | 61,812,442 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | <u>4,227,284</u> | <u>937,710</u> | <u>-</u> | <u>(478,847)</u> | <u>4,686,147</u> |
| Total funds | <u><u>71,934,706</u></u> | <u><u>24,849,151</u></u> | <u><u>(27,268,268)</u></u> | <u><u>(3,017,000)</u></u> | <u><u>66,498,589</u></u> |

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

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 2,054,736 | 21,325,137 | (21,826,427) | 546,774 | 2,100,220 |
| Other DfE/ESFA grants | - | 239,160 | (239,160) | - | - |
| Pupil premium | - | 1,626,811 | (1,626,811) | - | - |
| Other income | - | 433,745 | (433,745) | - | - |
| | <u>2,054,736</u> | <u>23,624,853</u> | <u>(24,126,143)</u> | <u>546,774</u> | <u>2,100,220</u> |
| Restricted fixed asset funds | | | | | |
| DfE/ESFA capital grants | 18,822,041 | 765,289 | (292,224) | - | 19,295,106 |
| Capital expenditure from GAG | 2,637,375 | - | (48,622) | 621,659 | 3,210,412 |
| Transfer on conversion | 47,884,719 | - | (1,272,286) | - | 46,612,433 |
| Other capital income | 92,678 | 1,985 | (1,412) | - | 93,251 |
| | <u>69,436,813</u> | <u>767,274</u> | <u>(1,614,544)</u> | <u>621,659</u> | <u>69,211,202</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

| | Balance at 1 September 2017 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|---------------------------------|--|----------------------------|----------------------------|--|--------------------------------------|
| Restricted pension funds | | | | | |
| Pension reserve | (4,260,000) | - | (964,000) | 1,620,000 | (3,604,000) |
| Total restricted funds | 67,231,549 | 24,392,127 | (26,704,687) | 2,788,433 | 67,707,422 |
| Unrestricted funds | | | | | |
| Unrestricted general funds | 4,541,947 | 853,770 | - | (1,168,433) | 4,227,284 |
| Total funds | <u>71,773,496</u> | <u>25,245,897</u> | <u>(26,704,687)</u> | <u>1,620,000</u> | <u>71,934,706</u> |

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

Unrestricted general 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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

| | Total £ |
|---|--------------------|
| Levenshulme High School | 1,282,392 |
| Whalley Range 11-18 High School | 2,712,875 |
| The East Manchester Academy | 2,247,255 |
| Central services | <u>21,089</u> |
| Total before fixed assets and pension reserve | 6,263,611 |
| Restricted fixed asset fund | 67,848,978 |
| Pension reserve | <u>(7,614,000)</u> |
| Total | <u>66,498,589</u> |

Total cost analysis by academy

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 2019 £ | Total 2018 £ |
|---------------------------------|--|--------------------------------------|------------------------------|---|--------------------|--------------------|
| Levenshulme High School | 4,614,831 | 895,921 | 524,566 | 930,325 | 6,965,643 | 6,943,290 |
| Whalley Range 11-18 High School | 6,680,283 | 927,869 | 799,185 | 1,304,121 | 9,711,458 | 8,887,959 |
| The East Manchester Academy | 4,612,012 | 795,906 | 627,144 | 1,073,839 | 7,108,901 | 7,341,930 |
| Central services | 349,366 | 250,899 | - | 33,146 | 633,411 | - |
| Academy Trust | <u>16,256,492</u> | <u>2,870,595</u> | <u>1,950,895</u> | <u>3,341,431</u> | <u>24,419,413</u> | <u>23,173,179</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|-------------------|
| Tangible fixed assets | - | - | 67,774,834 | 67,774,834 |
| Current assets | 4,686,147 | 2,217,718 | 74,144 | 6,978,009 |
| Current liabilities | - | (640,254) | - | (640,254) |
| Pension scheme liability | - | (7,614,000) | - | (7,614,000) |
| Total net assets | <u>4,686,147</u> | <u>(6,036,536)</u> | <u>67,848,978</u> | <u>66,498,589</u> |

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

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|----------------------------------|---|-------------------|
| Tangible fixed assets | - | - | 68,812,360 | 68,812,360 |
| Current assets | 4,227,284 | 2,860,967 | 398,842 | 7,487,093 |
| Current liabilities | - | (760,747) | - | (760,747) |
| Pension scheme liability | - | (3,604,000) | - | (3,604,000) |
| Total net assets | <u>4,227,284</u> | <u>(1,503,780)</u> | <u>69,211,202</u> | <u>71,934,706</u> |

17 Capital commitments

| | 2019 £ | 2018 £ |
|--|---------------|----------------|
| Contracted for, but not provided in the financial statements | <u>77,717</u> | <u>407,841</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

18 Commitments under operating leases

Operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 2019 £ | 2018 £ |
|--|----------------|---------------|
| Amounts due within one year | 64,222 | 48,799 |
| Amounts due between one and five years | 93,804 | 12,865 |
| | <u>158,026</u> | <u>61,664</u> |

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

| | 2019 £ | 2018 £ |
|--|----------------|---------------|
| Net expenditure | (2,419,117) | (1,458,790) |
| Depreciation | 1,855,802 | 1,614,544 |
| Capital grants from DfE and other capital income | (253,848) | (767,274) |
| Interest receivable | (37,895) | (17,819) |
| Defined benefit pension scheme cost less contributions payable | 883,000 | 847,000 |
| Defined benefit pension scheme finance cost | 110,000 | 117,000 |
| Decrease/(increase) in debtors | 487,568 | (520,882) |
| (Decrease)/increase in creditors | (120,494) | 272,015 |
| Net cash provided by Operating Activities | <u>505,016</u> | <u>85,794</u> |

20 Cash flows from investing activities

| | 2019 £ | 2018 £ |
|---|------------------|------------------|
| Dividends and interest | 37,895 | 17,819 |
| Purchase of tangible fixed assets | (818,276) | (990,091) |
| Capital funding received from sponsors and others | 253,848 | 767,274 |
| Net cash used in investing activities | <u>(526,533)</u> | <u>(204,998)</u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

21 Analysis of cash and cash equivalents

| | 2019 £ | 2018 £ |
|---------------------------------|------------------|------------------|
| Cash at bank and in hand | <u>6,122,530</u> | <u>6,144,047</u> |
| Total cash and cash equivalents | <u>6,122,530</u> | <u>6,144,047</u> |

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; and the Local Government Pension Scheme (LGPS) for non-teaching staff, 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.

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,493,586 (2018: £1,509,141). A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24 Pension and similar obligations (continued)

Local government pension scheme

The LGPS (GMPF) 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 2019 was £1,056,000 (2018 - £1,020,000), of which employer's contributions totalled £801,000 (2018 - £774,000) and employees' contributions totalled £255,000 (2018 - £246,000). 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 an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

| | 2019 % | 2018 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.10 | 3.20 |
| Rate of increase for pensions in payment/inflation | 2.30 | 2.40 |
| Discount rate for scheme liabilities | 1.90 | 2.80 |

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

| | 2019 | 2018 |
|------------------------------|-------|-------|
| Retiring today | | |
| Males retiring today | 20.60 | 21.50 |
| Females retiring today | 23.10 | 24.10 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 22.00 | 23.70 |
| Females retiring in 20 years | 24.80 | 26.20 |

Sensitivity analysis

| | 2019 £ | 2018 £ |
|-----------------------------|--------------|--------------|
| Discount rate -0.5% | 2,814,000.00 | 2,021,000.00 |
| Salary increase rate +0.5% | 413,000.00 | 352,000.00 |
| Pension increase rate +0.5% | 2,342,000.00 | 1,640,000.00 |

The academy trust's share of the assets in the scheme were:

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24 Pension and similar obligations (continued)

| | 2019 | 2018 |
|------------------------------|--------------------------|--------------------------|
| | £ | £ |
| Equities | 8,798,000 | 7,774,000 |
| Government bonds | 1,941,000 | 1,829,000 |
| Property | 1,035,000 | 800,000 |
| Cash and other liquid assets | <u>1,164,000</u> | <u>1,029,000</u> |
| Total market value of assets | <u><u>12,938,000</u></u> | <u><u>11,432,000</u></u> |

The actual return on scheme assets was £570,000 (2018 - £260,000).

LGPS Amounts recognised in the statement of financial activities

| | 2018/19 | 2017/18 |
|-------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Current service cost | (883,000) | (847,000) |
| Interest income | 333,000 | 260,000 |
| Interest cost | <u>(443,000)</u> | <u>(377,000)</u> |
| Total amount recognized in the SOFA | <u><u>(993,000)</u></u> | <u><u>(964,000)</u></u> |

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

| | 2018/19 | 2017/18 |
|------------------------|--------------------------|--------------------------|
| | £ | £ |
| At start of period | 15,036,000 | 14,215,000 |
| Current service cost | 1,469,000 | 1,610,000 |
| Interest cost | 443,000 | 377,000 |
| Employee contributions | 255,000 | 246,000 |
| Actuarial (gain)/loss | 3,254,000 | (1,313,000) |
| Benefits paid | (120,000) | (110,000) |
| Past service cost | <u>215,000</u> | <u>11,000</u> |
| At 31 August | <u><u>20,552,000</u></u> | <u><u>15,036,000</u></u> |

Education and Leadership Trust

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)

24 Pension and similar obligations (continued)

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

| | 2018/19 | 2017/18 |
|------------------------|-------------------|-------------------|
| | £ | £ |
| At start of period | 11,432,000 | 9,955,000 |
| Interest income | 333,000 | 260,000 |
| Actuarial gain/(loss) | 237,000 | 307,000 |
| Employer contributions | 801,000 | 774,000 |
| Employee contributions | 255,000 | 246,000 |
| Benefits paid | (120,000) | (110,000) |
| At 31 August | <u>12,938,000</u> | <u>11,432,000</u> |

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 2019 the trust received £45,800 and disbursed £66,883 from the fund. An amount of £23,914 is included in other creditors relating to undistributed funds to be disbursed to pupils in the next year.

