



Smailes Goldie Group
CREATING ADVANTAGE

Registration number: 07542211

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

Annual Report and Financial Statements

31st August 2019

The Education Alliance

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The Education Alliance

Reference and Administrative Details

Members

- Mr J Buckley (Lead Member)
- Mr S Nicholson (resigned 13/12/2018)
- Mr L Whiting
- Mr A Bradley (resigned 13/12/2018)
- Mr R Swain
- Miss N Hornsby (appointed 13/12/2018)

Trustees (Directors)

- Mr R Swain (Chair)
- Mr P Ness, # (resigned 13/12/2018)
- Mr P Hall (Vice Chair)
- Miss N Hornsby, # (resigned 13/12/2018)
- Mr A Bradley # (appointed 13/12/2018)
- Mr P Nicholson
- Mr S Nicholson # (appointed 13/12/2018)
- Mrs N Clark
- Mr A Steele
- Mrs A Barker
- Mrs L Killelay (resigned 13/12/2018)

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

Accounting Officer Mr J Uttley

Company Secretary Mrs L Pipes

Senior Management Team

- Mrs J Uttley, Chief Executive Officer
- Mr S Ratheram, Executive Principal
- Mr P Sprakes, Head of School
- Miss M Blackledge, Head of School (appointed 01/04/2019)
- Mrs L Hudson, Head of School
- Mr R Williman, Head of School
- Mrs J Jewitt, Director of Finance and Capital
- Mrs L Pipes, Director of HR and Governance
- Mrs A Fletcher, Director of TSA
- Mr J Loftus, Director of Achievement and Timetable
- Mrs V Bromley, Director of Curriculum
- Mrs C Hadfield, Head of Business and Operations

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Reference and Administrative Details (continued)

Principal and Registered Office

South Hunsley School & Sixth Form College
East Dale Road
Melton
North Ferriby
East Yorkshire
HU14 3HS

Registration Number

07542211

Auditor

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

Bankers

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

Solicitors

Eversheds Sutherland (International) LLP
Eversheds House
70 Great Bridgewater Street
Manchester
M1 5ES

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Trustees' Report for the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

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

The Trust operates five academies;

- South Hunsley School and Sixth Form College for pupils aged 11 to 18 serving a catchment area in the East Riding of Yorkshire. It has a roll of 2163 as included in the school census in October 2019;
- Malet Lambert for pupils aged 11 to 16 serving a catchment area in the east of Kingston upon Hull. It has a roll of 1460 as included in the school census in October 2019;
- Hunsley Primary School for pupils aged 4 to 11 serving a catchment area in the East Riding of Yorkshire. It has a role of 118 as included in the school census in October 2019.
- Driffield School and Sixth Form for pupils aged 11 to 18 serving a catchment area in the East Riding of Yorkshire. It has a roll of 1359 as included in the school census in October 2019.
- The Snaith School (which transferred into the Trust on 1 April 2019) for pupils aged 11 to 16 serving a catchment area in the East Riding of Yorkshire. It has a roll of 924 as included in the school census in October 2019.

Structure, governance and management

Constitution

The Multi-Academy Trust is a private company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Multi-Academy Trust. The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company is known as the The Education Alliance and trades as South Hunsley School and Sixth Form College, Malet Lambert, The Wolds Teaching Alliance, Hunsley Primary School, Driffield School and Sixth Form, The Snaith School and Yorkshire Wolds Teacher Training.

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

Members' liability

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

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

Trustees are currently appointed by Members and the Chair and Vice-Chair are elected by the Board on an annual basis. There is a maximum of 11 Trustees, including the Chair and Vice-Chair. The Trustees are responsible for the actions of the trust, and they are registered Directors with Companies House. They are personally responsible for the actions of the trust and are accountable to the Members, the Secretary of State for Education and to the wider community for the quality of education received by all students of the academies in the trust and for the expenditure of public money.

Trustees have a maximum term of office of 4 years, and they can be re-appointed to a second term of office.

Rather than having parent trustees, each Local Governing Body has two parent governors.

When a vacancy arises, the trust assesses any gaps in specialisms in the Trust Board, ensuring the Board reflects a mix of specialisms (e.g. finance, HR and strategic leadership) and the recruitment process enables the Chair of the Board to assess candidates against the requirements.

The current articles require the Trust Board holds at least three meetings in every school year.

Policies and procedures adopted for the induction and training of Trustees

Trustees have personalised induction programmes, which include support from the Chair of the Board, the CEO and the Director of HR and Governance. The trust facilitates governance training sessions, which are well attended by Members, Trustees and Governors, and they take place three times per year, providing opportunities for refresher training alongside strategic updates. Trustees also complete e-learning modules to enable them to complete key training flexibly (e.g. safeguarding and data protection) and the trust has a performance review process in place, whereby Trustees jointly assess their performance and training and development needs.

Organisational structure

The Trust Board delegates appropriately through sub-committees, including Local Governing Bodies and the Audit Committee. Decision-making powers, roles and responsibilities are clearly articulated in the Governance Framework, which includes the Scheme of Delegation, Terms of Reference and a roles and responsibilities matrix.

Revised Articles

As the trust wishes to transfer a Church of England school into the trust, the Articles have recently been reviewed, using the new model articles for Mixed-MATs. Key changes include the following:

- The objects have been amended to include an objects clause which makes specific reference to the establishment of Church of England academies. This has recently been approved by the Charity Commission.
- The Memorandum and Articles cannot be amended without the written consent of the Diocesan Board of Education.

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Trustees' Report for the Year Ended 31 August 2019 (continued)

- Members will include the Diocese of York Educational Trust and three Individual Members appointed under Article 12B. It has been agreed that initially the trust will have 5 Members, as the trust currently has 4 Members and must appoint the Diocese of York Educational Trust as a Member to enable North Cave CE Primary School to transfer on 1 November 2019. When a Member leaves, they will not be replaced, to enable the trust to have 4 Members, as the new Articles require the 25% to represent the Church of England.
- The number of Trustees will not be less than 8 and is not subject to a maximum. Members will appoint a minimum of 6 Trustees and the Diocese of York Educational Trust will appoint at least 2 Trustees (without exceeding 25% of the total number of Trustees).
- The total number of Trustees including the CEO if they choose to act as a Trustee under Article 57 who are employees of the trust will not exceed one third of the total number of Trustees.
- Trustees may, with the consent of the Diocesan Board of Education appoint Co-opted Trustees.
- All Trustees will give a written undertaking to uphold the Object of the Company and protect the Church of England designation ethos of Church Academies.

Arrangements for setting pay and remuneration of key management personnel

The Trust's Pay Policy provides that every teacher, including senior leaders, automatically progress to the top of their pay scale, unless the individual is in receipt of a live support package as part of either a pre-capability or formal capability process, with the exception of the CEO. The Director of HR and Governance meets with each Head of School to review the pay progression of teachers and senior leaders towards the end of the performance cycle, ensuring there is a consistent, fair and transparent approach across the Trust. The Director of HR and Governance meets with the CEO to review the Trust senior leadership team's pay progression, and drafts reports for Local Governing Bodies and the Trust Board, advising on teaching and leadership pay progression, each year.

The CEO has his performance assessed on an annual basis, providing the Trust Performance Review Committee with evidence, which includes his overall performance as a leader (e.g. school and Trust academic results, progress data, delivery of the strategic plan). Evidence is assessed by the reviewers and an external advisor, who makes a pay recommendation on that basis. The recommendation is considered by the Trust Performance Review Committee (with advice from the Director of HR and Governance) who then decides whether or not to award pay progression. Where pay progression is agreed, the new salary becomes effective from 1 September of that year.

The Pay Policy is reviewed at least annually and the Performance Review Committee is a sub-committee of the Trust Board.

Trade union facility time

The Trust is required to submit an annual return detailing trade union facility time. For the period 1 April 2018 to 31 March 2019, the submission detailed the following:

- There were 6 in-school trade union representatives (5.5fte) and 2 of the representatives spent none of their working time on facility time, whilst the other 4 representatives spent between 1-50% of their working hours on facility time.
- The total pay bill for the reporting period was £20,227,382 and the total cost of facility time was £852.41, which equates to 0% of pay.
- 74 hours were spent on paid facility time.

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Trustees' Report for the Year Ended 31 August 2019 (continued)

The submission is restrictive and does not allow the Trust to reflect additional trade union facility time information, as it relies on the Local Authorities to reflect pooled arrangements. The Trust has contributed around £15,000 to the Local Authority trade union facility pots within the reporting period, and we have released 4 members of staff this year (2019-20) to undertake work at local secretary level across Hull and East Riding.

Connected organisations, including related party relationships

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

Objectives and activities

Objects and aims

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

The main objects of the Multi-Academy Trust are:

- (a) Advancing education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- (b) Promoting for the benefit of the inhabitants of each Trust school's local and surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The main objectives between 1 September 2018 and 31 August 2019 were:

- We want consistent, collective practice across the trust and to reduce the replication of effort.
- We want to incubate best practice by encouraging innovation.
- We want our trust to be an employer of choice.
- We want to develop the next generation of ethical trust leaders.
- We want governance that is effective, socially just and ethically sound.
- We want all our resources to be used effectively, efficiently and transparently to make our schools better.
- We want a deep commitment to our environment to be at the heart of everything we do.
- We want to make a significant contribution to the broader school system.
- We want good schools to see the benefit to their communities of working with the trust.

Public benefit

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

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

By the end of 2018-19 there were five academies in the Trust. Four of the five were judged Good or Outstanding by Ofsted and one was awaiting its first Section 5 inspection. GCSE results in the summer put all four secondary schools in line with or above national average for progress. Attendance in all schools is above national average and fixed term and permanent exclusions are significantly below national average in all schools.

South Hunsley School and Sixth Form College

GCSE results in the summer of 2019 were outstanding and a further continuation of a longstanding trend of excellent outcomes. 85% of students achieved GCSEs graded 9-4 English and maths and 63% achieved grades 9-5. This placed the school first out of eighteen schools in the local authority. Using the Department for Education's new gold standard Progress 8 measure, results were exceptionally good. The school achieved a score of +0.36 which is significantly above national average. At A-level, the 2019 results were also excellent. The progress students made from the end of key stage 4 places the Sixth Form in the top 30% of A level providers nationally.

Malet Lambert

For the fourth academic year consecutively, Malet Lambert gained a positive Progress 8 score, which stood at +0.14. The basics figure at 9-5 was 39% (an increase of 8% on last year) and at 9-4 was 66%. On these measures the school was placed fifth out of thirteen schools in the local authority. Destinations measures were very strong once again, with 95% of pupils staying in education or employment, which is higher than national and the local authority.

Driffield School and Sixth Form

Driffield School joined the Education Alliance in February 2017 as a school that had previously been judged to be "inadequate" by Ofsted and placed in Special Measures. The academic year 2018-19 was the school's most successful for over five years. 45% achieved grades 9-5 in English and maths, and increase of 10% from the previous year and 66% achieved 9-4. On these measures the school was placed fourth out of sixteen schools in the local authority. Overall progress for students (-0.15 Progress 8) kept the school at national average for the second successive year. The progress students made from the end of key stage 4 places the Sixth Form in the top 30% of A level providers nationally.

The Snaith School

The Snaith School joined The Education Alliance on 1 April 2019, at a point when Year 11 students had almost completed their GCSE studies prior to starting their exams. Students' results were broadly in line with the previous two years, with 44% achieving 9-5 in English and maths and Progress 8 of +0.12.

Hunsley Primary School

The outcomes achieved by Hunsley Primary pupils this year continued to exceed local and national averages across the board. The school had a population of 118 pupils in 2018-19, with classes across years groups from Reception to Year 3.

The EYFS 'Good Level of Development' measure remained high at 82.1% for the class of 28 pupils. In Year 1, 100% of the children in the class of 30 passed the Phonics Screening Check, placing the school's results in the top 2% of schools nationally. In Year 2, the end of Key Stage 1 outcomes were very positive with 77% of children achieving age related expectations in reading, 80% in writing, 80% in maths and 97% in science. In reading, 53% achieved the Greater Depth Standard, 43% in maths and 30% in writing. There were 30 children in the class.

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Key non-financial performance indicators

The Multi-Academy Trust produces monthly budget to actual reports to monitor its on-going progress against target. For the year ended 31 August 2019 income was 4% higher than expected, staff costs were 1% lower than expected and overheads were 2% higher than expected.

The Multi-Academy Trust understands that its biggest expense is staff costs and that this must be carefully monitored. The Multi-Academy Trust expects that staff costs should be less than 80% of income in order to remain efficient. In the year to 31 August 2019 staff costs were 73.6% (2017: 71.7%) of incoming resources.

Going concern

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

Financial review

The financial results for the year were as expected.

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

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

- A Teaching School Alliance (including outreach work at other schools) and a SCITT, which has been judged in 2019 as outstanding.
- A Catering Service, which provides meals to students and staff
- Sports facilities, which when not used by the Academy Trust, are made available to the public, and
- Hosting of three Public Sector Frameworks with Value Added Portal Limited t/a PAGABO (from 4 March 2019 this operation has been transferred into a 100% owned trading subsidiary, Education Alliance Social Value Limited).

Careful financial management had enabled the Multi-Academy Trust to operate with a surplus balance. At 31 August 2019 balances on the unrestricted and restricted funds excluding pension reserve and fixed asset reserves of £4,939,000 surplus (2018: £4,402,000 surplus) and £3,387,000 surplus (2018: £3,218,000 surplus) were carried forward.

The Multi-Academy Trust's non-teaching staff are entitled to membership of the Local Government Pension Scheme (LGPS). The balance at 31 August 2019 was a net liability of £11,607,000 (of which £1,169,000 relates to the transfer in of The Snaith School). This had increased from the balance 31 August 2018 which was £5,844,000. We are currently reviewing our long term LGPS position and what safeguards, if any, we would be able to adopt to reduce the effect that current market volatility is having on the financial results. The employers' contribution rate is currently 17.9% at South Hunsley School and Sixth Form College, 30.8% at Malet Lambert, 19.2% at Driffield School and Sixth Form, 17.9% at Hunsley Primary School and 20.7% at The Snaith School. The LGPS pension liability is underwritten by the DfE.

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Reserves policy

The Trustees review the reserve levels of the Multi-Academy Trust annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The educational obligations that the Multi-Academy Trust has on a day-to-day basis are funded from its restricted reserves that were provided for this purpose. The Trustees need to ensure that the Multi-Academy Trust has sufficient working capital to cover delays between receipt of grants and spending and are able to deal with unexpected emergencies that may arise such as emergency maintenance. The Multi-Academy Trust's current level of general reserves (Restricted and Unrestricted reserves excluding Fixed Asset and Pension Funds) is £8,326,000 (2018: £7,620,000). Taking into account the nature of the Multi-Academy Trust's income streams, the Trustees are of the view that reserves at this level are sufficient to cover its working capital needs.

Investment policy

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

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

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

Principal risks and uncertainties

The Multi-Academy Trust has identified principal risks and uncertainties including:

- On-going national curriculum changes and educational reforms
- Financial risks around school funding that is facing all schools nationally. Cost pressures are increasing, particularly around associate staff pay but funding has failed to keep pace. Political uncertainty means there is a lack of clarity about future funding arrangements.
- Changes to the Ofsted inspection framework which schools will need to understand fully.
- Significant growth in projected student numbers at South Hunsley School and Sixth Form College over the next 10 years due to housing developments within the catchment area and potential effects on education provision.
- Inherited risks around The Snaith School estate, specifically around IT and the need to refurbish science labs.

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

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

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

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

Plans for future periods

In 2019, the development plan includes:

- Review our curriculum at primary and secondary level
- Further develop the SCITT to continue to develop high quality training provision and attracts good teachers into the Trust and for the region
- Devise a process for meaningful and visible CEO consultation with staff to ensure our efforts to reduce teacher workload are successful
- Implement our new leadership standards to ensure an ethical approach underpins leadership at all levels
- Develop Trustee and Governor training programmes with explicit focus on values and ethical leadership
- Complete the set up and implement our new mental health support service for students and staff across the trust
- Develop a new sustainability policy for the Trust with targets, actions and timelines around issues such as use of plastics, recycling, carbon footprint

The Trust has worked with the Department for Education and the Diocese of York to change the constitution of the Trust to admit Church of England VC schools in the future. The first school to join the Trust under these new arrangement is North Cave C of E Primary School, converting as an academy as part of the Trust on 1 November 2019. The trust continues to develop primary partnerships as a key strategic priority.

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Trustees' Report for the Year Ended 31 August 2019 (continued)

Employment of disabled persons

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

Equal Opportunities

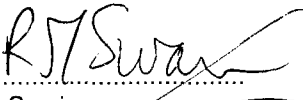
The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Multi-Academy Trust aims to maintain equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully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

Auditor

In so far as the Trustees are aware:

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

The Trustees' Report was approved by the Board of Trustees on 12 December 2019 and signed on its behalf by:


.....
Mr R Swain
Trustee

The Education Alliance

Governance Statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to Mr J Uttley, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Education Alliance and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr R Swain (Chair)	8	8
Mr P Nicholson	3	8
Mr P Ness (resigned 13/12/2018)	1	3
Mr P Hall (Vice Chair)	8	8
Mrs A Barker	8	8
Miss N Hornsby (resigned 13/12/2018)	2	3
Mrs N Clark	5	8
Mr A Steele	5	8
Mr A Bradley (appointed 13/12/2018)	3	4
Mr S Nicholson (appointed 13/12/2018)	2	4

Governance reviews

The financial oversight of the Trust remains with the Board of Directors (on which A Steele is a Chartered Accountant) or the Audit Committee (see below). There is a separate Finance Committee which meets adhoc to discuss specific financial issues. The Finance Committee met twice during the academic year to 31 August 2019.

The Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to maintain oversight of the Trust's governance, risk management, internal control and value for money framework. The membership of the Audit Committee is noted below. Mr C Wicks is an external representative to the Trust with significant financial and risk management experience. This committee meets at least three times per year. Attendance at meetings during the year was as follows:

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Governance Statement (continued)

Trustee	Meetings attended	Out of a possible
Mr A Bradley (Chair, appointed 14/03/2019)	2	2
Mr P Ness (resigned 13/12/2018)	2	2
Mr C Wicks	1	4
Miss N Hornsby (resigned 13/12/2018)	2	2
Mrs M Wright (resigned 13/12/2018)	2	2
Mr J Fielder (appointed 13/12/2018)	3	3
Mr S Nicholson (appointed 14/03/2018)	2	2

Review of value for money

The Accounting Officer has responsibility for ensuring that the Multi-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 Multi-Academy Trust has delivered improved value for money during the year by:

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Education Alliance for the year ended 31 August 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 Multi-Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Multi-Academy trust's significant risks that has been in place for the year ended 31 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.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;

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Governance Statement (continued)

- regular reviews by the Board of Trustees and Local Governing Bodies 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.

East Coast Audit Consortium were the internal auditors until 31 August 2019. The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Multi-Academy Trust's financial systems. Smailes Goldie Chartered Accountants have been appointed as internal auditors from 1 September 2019.

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

Review of effectiveness

As Accounting Officer, Mr J Uttley 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 Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by the Board of Trustees on 12 December 2019 and signed on its behalf by:

.....
Mr R Swain
Trustee

.....
Mr J Uttley
Accounting Officer

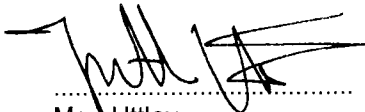
The Education Alliance

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The Education Alliance I have considered my responsibility to notify the Multi-Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Multi-Academy Trust, under the funding agreement in place between the Multi-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 2018/19.

I confirm that I and the Multi-Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Multi-Academy Trust, or material non-compliance with the terms and conditions of funding under the Multi-Academy Trust's funding agreement and the Academies Financial Handbook 2018/19.

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



.....
Mr J Uttley
Accounting officer

12 December 2019

The Education Alliance

Statement of Trustees' Responsibilities

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

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


- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 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 the Board of Trustees on 12 December 2019 and signed on its behalf by:


.....
Mr R Swain
Trustee

The Education Alliance

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

Opinion

We have audited the financial statements of The Education Alliance (the 'Multi-Academy Trust') for the year ended 31 August 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Multi-Academy Trust's affairs as at 31 August 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the Trustees' report (incorporating the Strategic Report and the Directors' Report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

The Education Alliance

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 18], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The Education Alliance

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

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

Use of our report

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



.....
Luke Taylor BSc(Hons) ACA (Senior Statutory Auditor)
For and on behalf of Smailes Goldie ,
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire
HU2 8BA

12 December 2019

Note:

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

The Education Alliance

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

In accordance with the terms of our engagement letter dated 1 November 2016 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Education Alliance during the period 1 September 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 The Education Alliance and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to The Education Alliance and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Education Alliance and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The Accounting Officer is responsible, under the requirements of the The Education Alliance's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook extant from 1 September 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 Multi-Academy Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

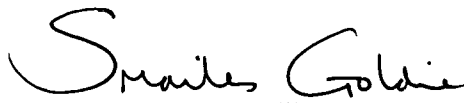
The Education Alliance

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 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.



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

12 December 2019

The Education Alliance

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

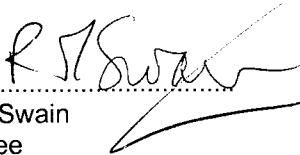
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Income and endowments from:						
Donations and capital grants	2	326	(318)	23,812	23,820	811
<i>Charitable activities:</i>						
Funding for the Multi-Academy trust's educational operations	3	2,040	28,156	-	30,196	27,749
Teaching schools	32	3	198	-	201	155
Other trading activities	4	420	-	-	420	417
Investments	5	48	-	-	48	14
Total		2,837	28,036	23,812	54,685	29,146
Expenditure on:						
Raising funds	6	2,298	-	-	2,298	1,828
<i>Charitable activities:</i>						
Academy trust educational operations	7	2	29,137	3,320	32,459	28,511
Teaching schools	32	-	211	-	211	145
Total		2,300	29,348	3,320	34,968	30,484
Net income/(expenditure)		537	(1,312)	20,492	19,717	(1,338)
Transfers between funds		-	(52)	52	-	-
Other recognised gains and losses						
Actuarial gains on defined benefit pension schemes	29	-	(4,230)	-	(4,230)	2,217
Net movement in funds/(deficit)		537	(5,594)	20,544	15,487	879
Reconciliation of funds						
Total funds/(deficit) brought forward at 1 September 2018		4,402	(2,626)	103,716	105,492	104,613
Total funds/(deficit) carried forward at 31 August 2019		4,939	(8,220)	124,260	120,979	105,492

The Education Alliance

(Registration number: 07542211)
Balance Sheet as at 31 August 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	13	44	26
Tangible assets	14	124,216	103,262
Investments	15	-	-
		<u>124,260</u>	<u>103,288</u>
Current assets			
Stocks	16	20	26
Debtors	17	763	759
Cash at bank and in hand		10,905	9,622
		<u>11,688</u>	<u>10,407</u>
Creditors: Amounts falling due within one year	18	<u>(3,293)</u>	<u>(2,262)</u>
Net current assets		<u>8,395</u>	<u>8,145</u>
Total assets less current liabilities		132,655	111,433
Creditors: Amounts falling due after more than one year	19	<u>(69)</u>	<u>(97)</u>
Net assets excluding pension liability		132,586	111,336
Pension scheme liability	29	<u>(11,607)</u>	<u>(5,844)</u>
Net assets including pension liability		<u>120,979</u>	<u>105,492</u>
Funds of the Multi-Academy:			
Restricted funds			
Restricted general fund		(8,220)	(2,626)
Restricted fixed asset fund		<u>124,260</u>	<u>103,716</u>
		116,040	101,090
Unrestricted funds			
Unrestricted general fund		<u>4,939</u>	<u>4,402</u>
Total funds		<u>120,979</u>	<u>105,492</u>

The financial statements on pages 22 to 52 were approved by the Board of Trustees, and authorised for issue on 12 December 2019 and signed on their behalf by:


Mr R Swain
Trustee

The Education Alliance

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Net cash provided by operating activities	24	1,311	800
Cash flows from investing activities	26	(21)	641
Cash flows from financing activities	25	(7)	3
Change in cash and cash equivalents in the year		1,283	1,444
Cash and cash equivalents at 1 September		9,622	8,178
Cash and cash equivalents at 31 August	27	10,905	9,622

The Education Alliance

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 Multi-Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

Basis of consolidation

The Multi-Academy Trust has taken exemption provided by Section 405 of the Company's Act 2006 not to prepare group accounts on the basis that Education Alliance Social Value Limited, a 100% owned subsidiary, is not material for the purpose of giving a true and fair view of the results for the period. These financial statements therefore present information about the Multi-Academy Trust as a standalone entity.

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 Multi-Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Multi-Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Multi-Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

The Education Alliance

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

1 Accounting policies (continued)

Grants

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

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

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

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 goods have been provided or on completion of the service.

Donated goods, facilities and services

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

Transfer on conversion/Assets inherited on transfer of an existing academy

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

The Education Alliance

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

1 Accounting policies (continued)

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Asset class	Amortisation method and rate
Software	Over the life of the licence

The Education Alliance

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

1 Accounting policies (continued)

Tangible fixed assets

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

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

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

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

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

Asset class	Depreciation method and rate
Long leasehold land	125 years
Long leasehold buildings	Between 40 and 50 years
Fixtures, fittings and equipment	Between 3 and 10 years
ICT equipment	Between 3 and 6 years
Motor vehicles	Between 3 and 6 years

Liabilities

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

Leased assets

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

Investments

Fixed asset investments are stated at cost less impairment.

The Education Alliance

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

1 Accounting policies (continued)

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 18 and 19. 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.

Stock

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

Taxation

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

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

Pension benefits

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

The Education Alliance

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

1 Accounting policies (continued)

Pension benefits (continued)

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

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

The Education Alliance

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

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Capital grants	-	397	397	803
Transfer from existing academy	326	19,087	19,413	-
Other donations	-	4,010	4,010	8
	<u>326</u>	<u>23,494</u>	<u>23,820</u>	<u>811</u>

3 Funding for the Multi-Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	25,884	25,884	24,151
Other DfE/ ESFA grants	-	1,157	1,157	926
Teaching School/ ITT grants	-	170	170	211
	<u>-</u>	<u>27,211</u>	<u>27,211</u>	<u>25,288</u>
Other government grants				
Other government grants	-	884	884	618
Non-government grants and other income				
Other income from the Multi-Academy trust's operations	2,040	61	2,101	1,843
Total grants	<u>2,040</u>	<u>28,156</u>	<u>30,196</u>	<u>27,749</u>

Other DfE / ESFA grants includes amounts received in respect of Pupil Premium and Service Premium, Universal Infant Free School Meals, PE and Sports Grant, Year 7 Catch Up Grant and Teacher Pay Grant.

The Education Alliance

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

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Hire of facilities/Sports centre	317	-	317	294
Catering income	103	-	103	123
	420	-	420	417

5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	2018/19 Total £ 000	2017/18 Total £ 000
Short term deposits	48	-	48	14

6 Expenditure

	Non Pay Expenditure			2018/19 Total £ 000	2017/18 Total £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds					
Direct costs	604	15	1,679	2,298	1,828
Academy's educational operations					
Direct costs	18,492	2,573	1,848	22,912	21,233
Allocated support costs	3,951	3,848	1,748	9,547	7,278
Teaching School	122	-	89	211	145
	23,169	6,436	5,364	34,968	30,484

Net income/(expenditure) for the year includes:

	2018/19 £ 000	2017/18 £ 000
Operating lease rentals	16	26
Depreciation	2,853	2,451
Amortisation of intangible fixed assets	34	26
Fees payable to auditor - audit	10	8
- other audit services	4	2

The Education Alliance

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

7 Charitable activities

	2018/19 £ 000	2017/18 £ 000
Direct costs - educational operations	22,912	21,233
Support costs - educational operations	9,547	7,278
	32,459	28,511

	2018/19 Total £ 000	2017/18 Total £ 000
Analysis of support costs		
Support staff costs	3,951	3,482
Depreciation	314	192
Technology costs	333	312
Premises costs	3,534	2,136
Other support costs	1,414	1,137
Governance costs	1	19
Total support costs	9,547	7,278

8 Staff

Staff costs

	2018/19 £ 000	2017/18 £ 000
Staff costs during the year were:		
Wages and salaries	17,544	15,604
Social security costs	1,598	1,411
Operating costs of defined benefit pension schemes	3,775	3,308
Apprenticeship levy	73	64
	22,990	20,387
Supply staff costs	179	325
Staff restructuring costs	-	8
	23,169	20,720
	2019 £ 000	2018 £ 000

Staff restructuring costs comprise:

Severance payments	-	8
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Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2018: £7,543).

The Education Alliance

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

8 Staff (continued)

Staff numbers

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

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	354	295
Administration and support	427	328
Management	41	38
	822	661

Higher paid staff

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

	2019 No	2018 No
£60,001 - £70,000	11	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-
£170,001 - £180,000	-	1
	-	1

Key management personnel

The key management personnel of the Multi-Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Multi-Academy Trust was £1,155,632 (2018: £992,750).

The Education Alliance

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

9 Central services

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

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

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

The actual amounts charged during the year were as follows:

	2019	2018
	£000	£ 000
South Hunsley Secondary School and Sixth Form	382	369
Hunsley Primary School	22	17
Malet Lambert School	297	298
Driffield School and Sixth Form	261	274
The Snaith School	60	-
	<u>1,022</u>	<u>958</u>

10 Related party transactions - trustees' remuneration and expenses

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

During the year ended 31 August 2019, travel and subsistence expenses totalling £Nil (2018 - £361) were reimbursed or paid directly to 0 Trustees (2018 - 3).

Other related party transactions involving the trustees are set out in note 30.

11 Trustees' and officers' insurance

In accordance with normal commercial practice the Multi-Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £4,545 (2018- £3,865). The cost of this insurance is included in the total insurance cost.

The Education Alliance

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

12 Statement of financial activities for prior year

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	2017/18 Total £ 000
Income and endowments from:					
Donations and capital grants	2	8	-	803	811
<i>Charitable activities:</i>					
Funding for the Multi-Academy trust's educational operations	3	1,843	25,906	-	27,749
Teaching schools		-	155	-	155
Other trading activities	4	417	-	-	417
Investments	5	14	-	-	14
Total		2,282	26,061	803	29,146
Expenditure on:					
Raising funds	6	1,828	-	-	1,828
<i>Charitable activities:</i>					
Academy trust educational operations	7	30	25,721	2,760	28,511
Teaching schools	32	-	145	-	145
Total		1,858	25,866	2,760	30,484
Net income/(expenditure)		424	195	(1,957)	(1,338)
Transfers between funds		-	(70)	70	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	29	-	2,217	-	2,217
Net movement in funds/(deficit)		425	2,342	(1,887)	879
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		3,978	(4,968)	105,603	104,613
Total funds/(deficit) carried forward at 31 August 2018		4,402	(2,626)	103,716	105,492

The Education Alliance

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

13 Intangible fixed assets

	Computer software £ 000	Total £ 000
Cost		
At 1 September 2018	81	81
Additions	52	52
At 31 August 2019	134	134
Amortisation		
At 1 September 2018	55	55
Charge for the year	34	34
At 31 August 2019	89	89
Net book value		
At 31 August 2019	44	44
At 31 August 2018	26	26

14 Tangible fixed assets

	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost					
At 1 September 2018	108,624	877	728	54	110,283
Additions	45	202	145	-	392
Inherited on transfer	20,936	1,600	581	-	23,117
Donated assets	3,247	145	208	-	3,600
At 31 August 2019	132,852	2,824	1,662	54	137,392
Depreciation					
At 1 September 2018	5,793	700	493	35	7,021
Charge for the year	2,573	128	147	5	2,853
Inherited on transfer	1,122	1,600	580	-	3,302
At 31 August 2019	9,488	2,428	1,220	40	13,176
Net book value					
At 31 August 2019	123,364	396	442	14	124,216
At 31 August 2018	102,831	177	235	19	103,262

During the year, land and buildings, fixtures and fittings and computer equipment with a total cost of £3,600,000 were constructed and donated to the Multi-Academy Trust by the DfE under the Free Schools Programme. The land and buildings donated are held under a 125 year lease dated 7 December 2018. Details of assets inherited on the transfer of The Snaith School are included in note 31

The Education Alliance

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

15 Investments

	Unlisted Investments 2019 £
COST	
At 1st September 2018	-
Additions	1
At 31st August 2019	<u>1</u>
NET BOOK VALUE	
At 31st August 2019	<u>1</u>
At 31st August 2018	<u>1</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Education Alliance Social Value Limited

Registered office: South Hunsley School, East Dale Road, Melton, North Ferriby, East Yorkshire, United Kingdom, HU14 3HS

Nature of business: Educational support services

	%	2019	2018
Class of shares:	holding	£ 000	£ 000
Ordinary £1 shares	100%	164	-
Aggregate capital and reserves		164	-

Education Alliance Social Value Limited was incorporated on 4 March 2019. The Multi-Academy Trust is the sole shareholder owning 100% of the issued share capital in the company. During the period Education Alliance Social Value Limited generated income of £ 192,977 and incurred costs of £29,034 reporting a profit of £163,943.

16 Stock

	2019	2018
	£ 000	£ 000
Catering	5	4
School supplies	15	22
	<u>20</u>	<u>26</u>

The Education Alliance

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

17 Debtors

	2019	2018
	£ 000	£ 000
Sundry debtors	50	108
VAT recoverable	311	92
Other debtors	57	204
Prepayments and accrued income	345	355
	<u>763</u>	<u>759</u>

18 Creditors: amounts falling due within one year

	2019	2018
	£ 000	£ 000
Trade creditors	700	517
Other taxation and social security	435	367
Other creditors	487	353
Accruals and deferred income	1,671	1,025
	<u>3,293</u>	<u>2,262</u>

Deferred income

	2019	2018
	£ 000	£ 000
Deferred income at 1 September 2018	332	487
Resources deferred in the period	185	156
Amounts released from previous periods	(244)	(311)
Deferred income at 31 August 2019	<u>273</u>	<u>332</u>

At the balance sheet date the Multi-Academy Trust was holding funds received in advance for educational activities for the 2019/20 academic year of £56,941, rates relief of £86,098, Northern Grant Funding income of £88,055, universal free school meals funding of £20,521, PP TLR funding for students of £5,323, unused bursary funding of £12,542 and refugee funding of £3,852.

19 Creditors: amounts falling due after one year

	2019	2018
	£ 000	£ 000
Other creditors	<u>69</u>	<u>97</u>

Included within other creditors greater than one year is a loan of £69,369 (2018: £96,724) from Salix which is provided interest free, over an 8 year payback period.

The Education Alliance

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

20 Funds

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant (GAG)	3,218	25,884	(25,663)	(52)	3,387
Other DfE/ESFA Grants	-	1,327	(1,327)	-	-
Other Restricted Funds	-	1,313	(1,313)	-	-
Pension fund	(5,844)	(488)	(1,045)	(4,230)	(11,607)
	<u>(2,626)</u>	<u>28,036</u>	<u>(29,348)</u>	<u>(4,282)</u>	<u>(8,220)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grant	3,048	397	(537)	-	2,908
Capital Expenditure from GAG	2,593	-	(185)	52	2,460
Inherited on conversion/transfer	98,075	19,815	(2,460)	-	115,430
Donated assets	-	3,600	(138)	-	3,462
	<u>103,716</u>	<u>23,812</u>	<u>(3,320)</u>	<u>52</u>	<u>124,260</u>
Total restricted funds	101,090	51,848	(32,668)	(4,230)	116,040
Unrestricted funds					
Unrestricted general funds	4,402	2,837	(2,300)	-	4,939
Total funds	<u>105,492</u>	<u>54,685</u>	<u>(34,968)</u>	<u>(4,230)</u>	<u>120,979</u>

The Education Alliance

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

20 Funds (continued)

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

	Balance at 1 September 2017 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2018 £ 000
Restricted general funds					
General Annual Grant (GAG)	2,211	24,151	(23,074)	(70)	3,218
Other DfE/ESFA Grants	-	1,137	(1,137)	-	-
Other Restricted Funds	-	773	(773)	-	-
Pension fund	(7,179)	-	(882)	2,217	(5,844)
	<u>(4,968)</u>	<u>26,061</u>	<u>(25,866)</u>	<u>2,147</u>	<u>(2,626)</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grant	2,689	803	(354)	(90)	3,048
Capital Expenditure from GAG	2,628	-	(195)	160	2,593
Inherited on conversion/transfer	100,286	-	(2,211)	-	98,075
	<u>105,603</u>	<u>803</u>	<u>(2,760)</u>	<u>70</u>	<u>103,716</u>
Total restricted funds	100,634	26,864	(28,625)	2,217	101,090
Unrestricted funds					
Unrestricted general funds	3,978	2,282	(1,858)	-	4,402
Total funds	<u>104,613</u>	<u>29,146</u>	<u>(30,484)</u>	<u>2,217</u>	<u>105,492</u>

The Education Alliance

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

20 Funds (continued)

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

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

General Annual Grant (GAG) must be used for the normal running costs of the Multi-Academy. Under the funding agreement with the Secretary of State, the Multi-Academy Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31 August 2019.

Other DfE/ESFA Restricted Funds represent funding received from the DfE/ESFA for specific purposes. Other DfE/ESFA grants must be used for the specific for which they are given. These grants are given to fulfil the charitable objectives of the Multi-Academy Trust.

Other Restricted Funds represent all other restricted funds received which must be used for the purpose intended.

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

Restricted Fixed Assets Funds include Inherited from conversion of Local Authority/transfer of existing academy Fund, DfE/ESFA Capital Grants Fund, Capital Expenditure from GAG Fund and Donated Asset Fund. These funds represent fixed assets transferred on conversion to an academy, assets inherited on the transfer of an existing academy into the Multi-Academy Trust, assets funded by capital grants, donated assets and assets purchased from brought forward reserves.

The transfer of funds of £52,000 from GAG has been used to acquire tangible fixed assets.

The Education Alliance

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

20 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2019 were allocated as follows:

	2019	2018
	£ 000	£ 000
South Hunsley Secondary School and Sixth Form	3,582	3,134
Hunsley Primary School	318	244
Malet Lambert School	1,464	1,107
Driffield School and Sixth Form	1,874	1,986
The Snaith School	-	-
Central Services	1,088	1,149
Total before fixed assets and pension reserve	8,326	7,620
Restricted fixed asset fund	124,260	103,716
Pension reserve	(11,607)	(5,844)
Total	<u>120,979</u>	<u>105,492</u>

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding Depreciation)	Total 2019	Total 2018
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
South Hunsley Secondary School and Sixth Form	6,499	1,646	416	3,074	11,635	11,377
Hunsley Primary School	386	78	20	118	602	435
Malet Lambert School	4,927	987	469	1,450	7,833	7,593
Driffield School and Sixth Form	4,676	979	289	2,365	8,309	7,668
The Snaith School	1,444	493	52	316	2,305	-
Central services	559	494	26	318	1,397	936
Multi-Academy Trust	<u>18,491</u>	<u>4,677</u>	<u>1,272</u>	<u>7,641</u>	<u>32,081</u>	<u>28,009</u>

The Education Alliance

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

21 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Intangible fixed assets	-	-	44	44
Tangible fixed assets	-	-	124,216	124,216
Current assets	5,273	6,415	-	11,688
Current liabilities	(334)	(2,959)	-	(3,293)
Creditors over 1 year	-	(69)	-	(69)
Pension scheme liability	-	(11,607)	-	(11,607)
Total net assets	4,939	(8,220)	124,260	120,979

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

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

22 Capital commitments

	2019 £ 000	2018 £ 000
Contracted for, but not provided in the financial statements	-	428

23 Commitments under operating leases

Operating leases

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

The Education Alliance

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

23 Commitments under operating leases (continued)

	2019	2018
	£ 000	£ 000
Amounts due within one year	11	16
Amounts due between one and five years	7	18
	<u>18</u>	<u>34</u>

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

	2018/19	2017/18
	£ 000	£ 000
Net income/(expenditure)	19,717	(1,338)
Amortisation	34	26
Depreciation	2,853	2,451
Capital grants from DfE and other capital income	(3,997)	(803)
Interest receivable	(48)	(14)
Interest payable	22	16
Defined benefit pension scheme cost less contributions payable	857	694
Defined benefit pension scheme finance cost	188	188
Transfer from existing academy	(19,413)	-
Cash inherited on transfer from existing academy	333	-
Decrease/(increase) in stocks	6	(14)
Decrease/(increase) in debtors	80	(179)
Increase/(decrease) in creditors	679	(227)
Net cash provided by Operating Activities	<u>1,311</u>	<u>800</u>

25 Cash flows from financing activities

	2018/19	2017/18
	£ 000	£ 000
Repayments of borrowing	(7)	(14)
Cash inflows from new borrowing	-	17
Net cash (used in)/provided by financing activities	<u>(7)</u>	<u>3</u>

The Education Alliance

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

26 Cash flows from investing activities

	2018/19 £ 000	2017/18 £ 000
Purchase of intangible fixed assets	(52)	(35)
Purchase of tangible fixed assets	(392)	(125)
Capital funding received from sponsors and others	397	803
Interest received	48	14
Bank interest	(22)	(16)
Net cash (used in)/provided by investing activities	<u>(21)</u>	<u>641</u>

27 Analysis of cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash at bank and in hand	<u>10,905</u>	<u>9,622</u>
Total cash and cash equivalents	<u>10,905</u>	<u>9,622</u>

28 Members' liability

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

29 Pension and similar obligations

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

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

Contributions amounting to £389,983 were payable to the schemes at 31 August 2019 (2018: £321,055) and are included within creditors.

Teachers' Pension Scheme

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

The Education Alliance

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

29 Pension and similar obligations (continued)

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 2016 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 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% 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 £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 15.1% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.8% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

During the year the employer contribution rate was 16.4%. The TPS valuation for 2016 determined an employer rate of 23.6% from 1 September 2019, which will be payable during the implementation period until the next valuation as at March 2020. The next valuation of the TPS is currently scheduled to be based on April 2020 data and implemented in April 2023, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £1,913,564 (2018: £1,694,363).

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

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

The Education Alliance

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

29 Pension and similar obligations (continued)

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £1,413,000 (2018 - £1,176,000), of which employer's contributions totalled £1,122,000 (2018 - £943,000) and employees' contributions totalled £291,000 (2018 - £233,000). The agreed contribution rates for future years are between 17.9% and 30.8% for employers and between 5.5% and 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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	2.30	2.60
Rate of increase for pensions in payment/inflation	2.50	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	20.8	21.7
Females	23.3	24.2
Retiring in 20 years		
Males	22.0	23.7
Females	24.9	26.4

Sensitivity analysis

	2019	2018
	£000	£000
0.5% decrease in real discount rate	3,838	2,477
0.5% increase in salary increase rate	581	453
0.5% increase in pension increase rate	3,180	1,991

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

29 Pension and similar obligations (continued)

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

	2019	2018
	£ 000	£ 000
Equities	11,941	9,401
Government bonds	2,523	1,697
Property	1,850	1,567
Cash and other liquid assets	505	392
Total market value of assets	<u>16,819</u>	<u>13,057</u>

The actual return on scheme assets was £683,000 (2018 - £792,000).

Amounts recognised in the statement of financial activities

	2018/19	2017/18
	£ 000	£ 000
Current service cost	1,979	1,637
Interest income	(434)	(293)
Interest cost	622	481
Total amount recognised in the SOFA	<u>2,167</u>	<u>1,825</u>

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

	2018/19	2017/18
	£ 000	£ 000
At start of period	18,901	18,388
Transferred in on existing academies joining the trust	2,305	-
Current service cost	1,904	1,637
Interest cost	622	481
Employee contributions	291	233
Actuarial (gain)/loss	4,479	(1,718)
Benefits paid	(151)	(120)
Past service cost	75	-
At 31 August	<u>28,426</u>	<u>18,901</u>

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

29 Pension and similar obligations (continued)

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

	2018/19 £ 000	2017/18 £ 000
At start of period	13,057	11,209
Transferred in on existing academies joining the trust	1,817	-
Interest income	434	293
Actuarial gain/(loss)	249	499
Employer contributions	1,122	943
Employee contributions	291	233
Benefits paid	(151)	(120)
At 31 August	16,819	13,057

On 26 October 2018 the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. In response to this judgment HM Treasury stated that the High Court ruling "does not impact on the current method used to achieve equalisation and indexation in public service pension schemes". The Trustees are aware that the issue may affect the scheme however, based on information published by the scheme actuary and an initial assessment of the likely backdated amounts and related interest, the general expectation is that a 'trigger event' is yet to occur in the LGPS and the Trustees do not expect any future impact, to be material to the financial statements and therefore have not included a liability in respect of these matters.

30 Related party transactions

Owing to the nature of the Multi-Academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

J Sprakes, spouse of P Sprakes, a Head of School, is employed by the Multi Academy Trust as a teacher. J Sprakes' appointment was made in open competition and P Sprakes was not involved in the decision-making process regarding appointment. J Sprakes is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Head of School. J Sprakes is employed by a different school in the Multi Academy Trust to the school where P Sprakes is Head of School.

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

The Education Alliance

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

31 Transfer of existing academies into the Trust

The Snaith School

On 1 April 2019 The Snaith School was transferred to The Education Alliance from an existing Academy Trust (The Snaith School Academy Trust). The transfer was accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in incoming resources in the Statement of Financial Activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Value reported by transferring academy trust £ 000	Fair value adjustments £ 000	Transfer in recognised £ 000
Tangible fixed assets			
Leasehold land and buildings	20,576	(761)	19,814
Other assets			
Debtors due in less than one year	83	-	83
Cash in bank and in hand	333	-	333
	<u>416</u>	<u>-</u>	<u>416</u>
Liabilities			
Creditors due in less than one year	(330)	-	(330)
Pensions			
Pensions – pension scheme assets	1,817	-	1,817
Pensions – pension scheme liabilities	(2,305)	-	(2,305)
	<u>(488)</u>	<u>-</u>	<u>(488)</u>
Net assets/(liabilities)	20,174	(761)	19,412

The leasehold land and buildings at The Snaith School, Pontefract Road was originally donated to The Snaith School on conversion to an Academy Trust at a value of £20,391,000 in the period ended 31 August 2015 per a valuation on behalf of the ESFA by a qualified chartered surveyor. Adjustments have been made to the depreciation charge since the latest valuation in order to align the depreciation policies to that of the Multi-Academy Trust.

There is a formal lease in place with the local authority for 125 years for the land and buildings at £nil rental. This lease has been transferred to The Education Alliance with 120 years remaining. As the trust holds the risks and rewards of the building, the asset has been included on the basis of substance over legal form.

The LGPS liability inherited on this transfer and included in the Statement of Financial Activities is based on the actuarial valuation as at 31 August 2018 being the latest valuation available at the date of transfer. All subsequent movements up to 31 August 2019 have been recognised in the Statement of Financial Activities in the current period.

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

32 Teaching school trading account (SCITT)

	2018/19 £ 000	2017/18 £ 000
Income		
Other Income		
Fundraising and other trading activities	201	155
Total Income	201	155
Expenditure		
Direct costs		
Direct staff costs	122	96
Staff development	1	1
Other direct costs	23	-
Total direct costs	146	97
Other costs		
Technology costs	6	-
Recruitment and support	14	-
Other support costs	45	48
Total other costs	65	48
Total Expenditure	(211)	(145)
(Deficit)/surplus from all sources	(10)	10
Teaching school balances at 1 September 2018	108	98
Teaching school balances at 31 August 2019	98	108

33 Events after the end of the reporting period

On 1 November 2019 North Cave Church of England Primary School converted to academy status and joined the Multi-Academy Trust.