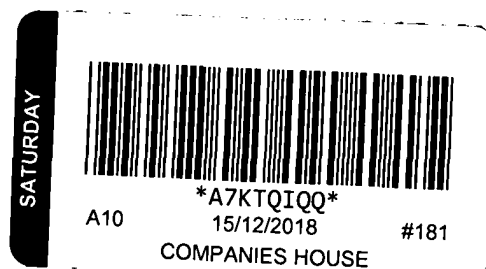


Company Registration No. 07928558 (England and Wales)

**ADVANCE LEARNING PARTNERSHIP  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2018**



# ADVANCE LEARNING PARTNERSHIP

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

D Kingston  
D Liddle  
K Reynolds  
A Tomlinson  
H Armstrong

### Directors

L A Davies (CEO & Accounting Officer)  
G Hardy (Resigned 28 June 2018)  
R Wolff (Resigned 15 September 2017)  
D Kingston (Chair until 31 December 2017)  
D Liddle  
J Deller (Chair from 31 December 2017)  
A Horner (Resigned 15 September 2017)  
S Lipscombe (Resigned 16 September 2018)  
K Martin (Resigned 15 September 2017)  
G Smith (Resigned 15 September 2017)  
E Blackett (Resigned 15 September 2017)  
M Sheppard (Resigned 15 September 2017)  
L Thompson (Vice chair)  
K Reynolds  
F Tinsley (Resigned 15 September 2017)  
A Aisbitt (Resigned 25 January 2018)  
K Simpson (Resigned 15 September 2017)  
S Leech  
E Beveridge (Appointed 29 November 2017)  
A Tomlinson (Appointed 16 September 2017)  
M Roe (Appointed 20 September 2018)  
H Armstrong (Resigned 13 November 2018)

### Senior management team

- Chief Executive Officer	L A Davies
- Chief Finance Officer	C Oates
- Deputy CEO	K Simpson

### Company secretary

C Oates

### Company registration number

07928558 (England and Wales)

### Registered office

Advance Learning Partnership  
Whitworth Lane  
Spennymoor  
DL16 7LN

### Academies operated

Parkside Academy  
Staindrop Academy  
Hartside Academy

### Location

Willington  
Darlington  
Crook

### Headteacher

K Simpson  
A Carr  
S Laws

# **ADVANCE LEARNING PARTNERSHIP**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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**Independent auditor** RSM UK Audit LLP  
1 St. James' Gate  
Newcastle upon Tyne  
NE1 4AD

**Bankers** Lloyds Bank  
32 Newgate Street  
Town Centre  
Bishop Auckland  
DL14 7EG

**Solicitors** Ward Hadaway  
Sandgate House  
102 Quayside  
Newcastle upon Tyne  
NE1 3DX

# **ADVANCE LEARNING PARTNERSHIP**

## **DIRECTORS' REPORT**

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The Directors present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Advance Learning Partnership Multi Academy Trust was formed in 2017 from Parkside Academy, a Single Academy Trust incorporated in 2012. Advance Learning Partnership currently operates one primary and two secondary academies across County Durham for students aged 2 -16, with a further secondary joining Advance Learning Partnership on 1 September 2018.

As a Trust our main priority is to raise the attainment of young people. A significant number of students, of both primary and secondary age, are attending schools judged other than 'good' or 'outstanding'. This fundamental failure to equalise opportunity has an adverse effect upon the life chances of these young people well beyond their school years. We are committed to addressing this inequality; believing that all schools and in turn, their outcomes, can improve incrementally, continually building on the improvements of the previous year.

Advance Learning Partnership aims to secure rapid and sustained improvement delivering the very best educational experience for students within each academy of the Multi Academy Trust.

Advance Learning Partnership is governed by non-executive directors constituted under a Memorandum of Association and Articles of Association. This Board of Directors (Board) is responsible for ensuring that high standards of corporate governance are maintained. The Board exercises its powers and functions with a view to fulfilling a largely strategic leadership role in the running of the academies. This affords greater opportunities for collaboration not only with regards to teaching and learning but also in terms of the management of each Academy, including the procurement of goods and services.

The Board is also governed by the terms of any Funding Agreements that are in place and the Academies Financial Handbook.

In 2017-18 the Trust had 3 academies for pupils aged 2 to 16 serving a catchment area across South West Durham. The Trust had a combined pupil capacity of 1,785 and a combined roll of 1,495 as per the October 2017 census.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust.

The trustees of Advance Learning Partnership are also the directors of the charitable company for the purposes of company law. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

### **Members' liability**

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

### **Directors' indemnities**

Companies Act 2006 section 236 requires disclosure concerning qualifying third party indemnity provisions. As required in the Academy's Articles of Association indemnity insurance with Zurich International has been taken out to cover the liability of Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Academy. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of trust or breach of duty or which was committed by the Directors in reckless disregard of whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as Directors.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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

The Directors are appointed in accordance with the provisions set out in the Memorandum and Articles of Association.

The members may appoint up to nine Directors through such process as they may determine. The total number of Directors who are employees of the Trust shall not exceed one third of the total number of Directors.

When appointing new Directors, the board will give consideration to the skills and experience mix of existing directors in order to ensure the board has the necessary skills to contribute fully to the Multi Academy Trust's development.

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

The training and induction provided for directors and new governors depends on their existing experience. Where necessary, induction is provided with training on charity, educational, legal and financial matters. All new governors are given a tour of the relevant academy and a chance to meet with the staff and the students. All directors and governors are provided with access to policies, procedures, minutes, accounts, budget plans and other documents they will need to undertake their role.

### **Organisational structure**

The Trusts governance structure consists of three levels:

- Members
- Directors
- Academy Councils

The aim of the layered structure is to devolve responsibility as appropriate and encourage decision making at all levels.

The organisation structure of the Trust reflects the current operational needs, whilst being 'scalable' to support future developments, primarily the expansion of the number of academies in the Advance Learning Partnership.

The Chief Executive Officer is the Accounting Officer of the Trust and, as such, has ultimate responsibility for the operations and controls in place. The Trust Board of Directors supports the Accounting Officer in the performance of their duties. The Directors are responsible for setting general policy, adopting an annual plan and the budget, monitoring the performance of the Trust by the use of results and budgets and making major decisions about the direction of the Trust, capital expenditure and senior staffing appointments.

The Academy Councils act as advisory bodies to the Advance Learning Partnership (ALP) Board.

The Board of Directors have devolved responsibility for day-to-day management of the Trust to the Headteachers and Senior Leadership Teams (SLT) of each Academy. The SLT can include the Headteacher, Deputy and assistant Headteachers. The SLT implement the policies laid down by the Directors and the Academy Councils and reports back to them on performance.

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

The Board of Directors ensures that the process of determining the remuneration of Key Management Personnel is fair and transparent. Employees at Trust level are employed on the same terms and conditions of employment as teaching or support staff, dependent on their role.

The Key Management Personnel are the Senior Management Team set out on page 1.

The pay and remuneration of the Chief Executive Officer and the Chief Financial Officer is set by the Board of Directors following a performance management cycle taking account of the scope of the role and benchmarking the salary to similar sized roles and Trusts in the North East of England.

The pay and remuneration of other Key Management Personnel is set by the CEO following a performance management cycle taking account of the scope of the role and benchmarking the salary to similar sized roles in the area. The salary ranges for the Key Management Personnel are reviewed periodically and the CEO makes the award within the set ranges and sets new performance targets for the following academic year.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

0.94

#### *Percentage of time spent on facility time*

Percentage of time

Number of employees

0%

-

1%-50%

-

51%-99%

-

100%

-

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

Total cost of facility time

-

Total pay bill

-

Percentage of the total pay bill spent on facility time

-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

The Trust has one union representative, they spent no time on union duties during the year and no costs have been incurred by the Trust.

### Related parties and co-operation with other organisations

The Trust is not part of any wider network or federation. There were no related parties during 2017/18. Advance Learning Partnership have been working with Whitworth Park School ahead of them joining the Trust on 1 September 2018.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### OBJECTIVES AND ACTIVITIES

The Trust Board and Academy Councils aim to achieve the highest standard of academic outcomes for every student through outstanding teaching and learning, quality guidance and support alongside inspirational enrichment and extracurricular provision.

ALP strives to treat every child with respect. Respect for an individual child entails a safe stimulating environment that challenges children daily to reach their potential.

### Objects and Aims

*The long-term objective of the Trust is to become a strong local partnership of schools that provides for all ages from 2-19, with a fully inclusive range of provision. Each academy within the Trust will have its own unique characteristics. Collaboration and joint working will ensure that all academies in the Trust can share in, and benefit from, each other's strengths.*

The Trust has a set of clear, measurable aims that permeate throughout the whole school, the aims of the Trust during the year ended 31 August 2018 are summarised below:

- schools to demonstrate significant progression in academic outcomes year on year;
- establish capacity and high quality leadership across all ALP schools through outstanding leadership development and recruitment at all leadership levels;
- ALP structures established and embedded across all school systems: Financial, Data, HR, Personnel, Business, Administration, Governance and Network;
- development of all staff as leaders to raise academic outcomes;
- pedagogy and formative assessment to lead to rapid progress of disadvantaged and high attainment on entry student groups;
- mental health and resilience, every child to be sufficiently supported to engage in the learning environment;
- all student outcomes across school, groups and subjects to be significantly positive;
- to raise standards through outstanding Teaching and Learning;
- to increase capacity by providing opportunities to give better value for money; and
- to provide strong, effective governance at all levels within the framework.

### Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our Aims and Objectives and in planning our future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set. The Trust has provided a fully comprehensive education to all students in its care. It fully complies with all statutory guidance and seeks to support its wider educational objectives via a strong community role.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### STRATEGIC REPORT

#### Achievements and performance

##### Parkside Academy

The Academy has a proven track record of Outstanding results over the course of the last 12 years. The last 3 years have seen consistently positive progress 8 outcomes of +0.34, +0.37, +0.28 (Unvalidated) from 2016 to 2018.

The 2018 Year 11 results saw the attainment measures of students achieving both English and Maths level 4 and 5 significantly above National Benchmarks (72% and 59% respectively). The progress measures against National in Core, Ebacc, Open Pot, High Attainment on Entry, Middle Attainment on Entry, Low attainment on Entry, Girls, Disadvantaged and SEN were all positive with Maths securing a positive 0.50 and English a positive 0.22 Progress score.

Leadership capacity is at least good in all Core, Ebacc and Open subject areas. The teaching and Learning is delivered by subject specialists with experience and track records of positive outcomes throughout Key Stage 3 and 4. The leadership capacity of the Academy is further enhanced by "Directors of Learning" who facilitate teaching and curriculum on behalf of Advance Learning Partnership Multi Academy Trust.

The excellent outcomes and teaching within the academy are being increasingly recognised within the local community, this has been confirmed by the increase in school intake and overall student numbers in 2018 and the previous 2 years.

Student exclusions are significantly below National averages for the 4th consecutive year with attendance in line with National over a 4 year trend.

The Headteacher became an NLE in March 2018 and the Academy continues its role as a National Support School. The Academy and Headteacher have supported 1 Durham LA School and 3 neighbouring LA Secondary Schools this Academic year.

The school is an Outstanding Academy with an increasing role and stable staffing.

##### Staindrop Academy

Staindrop Academy joined the Trust on 1 October 2017. Staindrop is a 'requires improvement' school. The school is well on in its journey to become a good school. Outcomes have improved year on year and Staindrop is deemed 'average' in the "compare schools nationally" website.

The Headteacher, Leadership Team, staff and Academy Council are committed to providing an exceptional educational experience for every child with high expectations. This includes challenging every child to achieve their academic potential and become exemplary young citizens with the vision to make their own way in the world.

Teaching and learning has improved and all staff attend weekly CPD. The school has a vision for every teacher to be a leader and promote quality first teaching. The learning is not yet consistently good across all subjects.

The prior attainment of the 2018 cohort of students was lower, at KS2 APS 29.2, compared to 29.6 in 2017. Despite this, GCSE results show a steady improvement, with 69% of students equaling the national average of achieving both English and maths at grade 4 and above.

In 2018 46% of students achieved English and Maths at grade 5 and above, a 14% improvement on the previous year.

Progress 8 is expected to be -0.08 when validated, an improvement of 0.21 from 2017.

Staindrop achieved 2 awards last year for International Links and the Diana Awards for Anti-bullying.

Student attendance is above the national average. Fixed term and permanent exclusions are below the national average.



# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### **Hartside Primary Academy**

On 1 February 2018, Hartside Primary Academy joined the Trust. The vast majority of Hartside pupils enter school working well-below age related expectations. Through high quality teaching as well as robust, timely and effective intervention, their progress is accelerated, leading to good academic outcomes above national averages, right across the school.

The school offers a R.I.C.H. (Relevant, Inspiring, Child-Centred and Hands-on) curriculum providing a range of additional experiences that have led to an increase in applications to the school, improvement in attendance and punctuality. An excellent example of this was a staged meteorite landing in the schoolyard in January 2018. This included Police presence to generate further awe and wonder.

The wellbeing of children, staff and the wider community is paramount at Hartside. We are currently working towards the 'Wellbeing Award for Schools'. A number of initiatives were launched during the last year to support stakeholders. This has been exceptionally well received.

Following the national agenda, the progress of disadvantaged children is a key priority. Outcomes in Year 6 showed significant closing of the attainment gap compared to 2017 data.

### **Financial review**

Most of the Trust's income is obtained from DfE/ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2018 total expenditure of £9,052,835 (2017: £4,901,272) was incurred. The excess of total income over expenditure for the year (prior to other gains/losses) was £8,012,472 (2017: £733,407), this surplus includes depreciation of £383,036 (2017: £218,148), capital funding of £180,998 (2017: £823,657) and donations from transfers into the Trust of £8,192,728 (2017: £nil), which leaves a surplus of £21,782 (2017: £127,898).

At 31 August 2018 the net book value of fixed assets was £15,715,493 (2017: £5,989,374) and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

### Reserves policy

The Trust's policy on reserves is to seek to balance the competing priorities of expending the maximum amount of resources on students, principally through the provision of highly qualified staff, and the need to retain resources to manage future uncertainty.

The Board of Directors aim to maintain enough in their reserves to provide against a sudden and unexpected fall in future income. The Board will review the required level of reserves on an annual basis to ensure it continues to meet the needs of the Trust. The Directors have determined that the appropriate level of free reserves should be equivalent to 8 weeks expenditure (excluding depreciation) which equates to approximately £1,334k. The current level of available reserves are £924k. The Trust is addressing this deficit year on year by reducing overheads through efficiencies and bulk purchasing power. The reason for this is to provide a sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The reserves amount will be reviewed annually to account for new academies joining the Trust.

### Investment policy

The 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 as laid out in the Reserves and Investment Policy. In addition, the Trust aims to invest surplus cash funds to optimise returns, but ensuring the investments are such that there is no risk to the loss of these cash funds. The Trust recognises and agrees that all money received from the ESFA is to fund the education of the current students and the Trust should not hold large reserves/investments to the detriment of current students.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

### Key performance indicators

The Trust continues to develop its key financial indicators. These KPIs cover both financial and non-financial targets.

### Outcomes for Learners - Secondary

Headline Measure	Parkside			Staindrop		
	2016	2017	2018	2016	2017	2018
<b>KS2 APS</b>	27.9	28.4	28.6	28.4	29.5	29.2
<b>Attainment 8</b>	55.0pts	49.6pts	49.6pts	50.5pts	47.8pts	48.9pts
<b>Progress 8</b>	+0.34	+0.37	+0.28	-0.28	-0.23	-0.02
<b>Progress 8 English</b>	+0.01	+0.05	+0.22	-0.50	-0.41	-0.25
<b>Progress 8 Maths</b>	+0.23	+0.39	+0.50	-0.45	-0.51	-0.07
<b>Progress 8 EBACC</b>	+0.12	+0.04	+0.04	-0.45	-0.38	-0.28
<b>Progress 8 OPEN</b>	+0.84	+0.90	+0.44	+0.15	+0.24	+0.44
<b>% 4+ E&amp;M</b>	70%	66%	72%	65%	67%	68%
<b>% 5+ E&amp;M</b>	-	47%	59%	-	33%	46%
<b>Progress 8 Disadv</b>	+0.07	+0.31	+0.03	-0.73	-0.33	+0.19
<b>Progress 8 Non-Disadv</b>	+0.50	+0.45	+0.52	-0.18	-0.15	Not available

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

### Outcomes for Learners - Primary

		School	NA	2017 Data
EYFS	GLD	80%	71%	
KS1 SATs	Y1 Phonics	93%	81%	
	Reading	84%	76%	
	Writing	84%	68%	
	Maths	84%	75%	
KS2 SATs	Reading	79%	75%	
	Writing	82%	78%	
	GPS	86%	78%	
	Maths	86%	76%	
	RWM	71%	64%	

### Comparison of outcomes for disadvantaged children against their peers

		Number of children	Disadvantaged	Non-Disadvantaged	2018 Gap	2017 Gap
KS2 SATs	Reading	10	70%	82%	-12%	-24%
	Writing	10	70%	88%	-18%	-50%
	GPS	10	70%	94%	-24%	-10%
	Maths	10	80%	88%	-8%	-30%
	RWM	10	60%	76%	-16%	-49%

### Financial Key Performance Indicators

The Trust continues to develop its key financial indicators. These KPIs cover both financial and non-financial targets.

#### Annual Operating Surplus

The academies will be targeted with producing an annual budget which provides 1% of GAG income as a surplus which will be used as follows;

- Investing funds to generate further income to allow for expansion of the MAT and its work
- Releasing funds into revenue budgets for furtherance of a school's objectives assigning funds to appropriate designated reserves

Key Performance Indicator	Trust
Pupil Numbers	1,495
FTE Teachers	92.9
Total Staff Costs	£6,401,647
Total Staff Cost to ESFA Revenue Income	0.81
Total Staff Costs to Total Income	0.71
Total Staff Costs to Total Expenditure	0.71
Pupil to Teacher Ratio	16.1

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing its financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies, on page 25.

### **Plans for future periods**

In the last academic year Staindrop Academy joined the Trust on 1 October 2017, followed by Hartside Primary Academy on 1 February 2018, the Trust has also been working with Whitworth Park School in the lead up to its conversion on 1 September 2018.

The Trust were successful in securing £96k of DfE funding through the MAT Development and Improvement Fund to further support the development of leaders and build capacity within the Trust Central Services function.

For the academic year 2018-19 year the Trust will continue to prioritise raising standards of progress and attainment for all students in all academies.

The Trust is also seeking to expand the number of academies within the multi academy trust over the next five years. This is in line with the Trust's strategic ambitions to develop a sustainable MAT model based on geographical clusters incorporating schools from 2-18.

The Trust has set the following strategic priorities over the next three years:

- further improve outcomes for children and young people, including their attainment and the ratings awarded by Ofsted in its inspections of academies within the Trust;
- ensure that all staff engage in professional development activities that enable them to develop their skills and have a demonstrable impact on teaching and learning;
- ensure financial security, stability and probity across the Trust;
- expand the number of academies in the Trust through collaboration and through building its reputation for delivering high quality education; and
- to keep under review, the Executive Management Team structure and composition to ensure sufficient capacity to meet growth demands and is entirely robust across the Trust.

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### Principal risks and uncertainties

The Trusts policy is to adopt best practice in the identification, evaluation and effective control of risks to ensure they are managed to an acceptable level. It is acknowledged that some risks will always exist and will never be eliminated. The specific procedures for the implementation of this policy and the personnel responsible are detailed below.

The Board of Directors is responsible for making a statement of risk management in the annual accounts of the Academy Trust. In order to be able to make the required statement with reasonable confidence, the Directors ensure that:

- the identification, assessment and mitigation of risk is linked to the achievement of the Academy Trust's vision and strategic goals as set out in the Academy's Development Plan
- the process covers all areas of risk e.g. governance and management, operational, financial, reputational and external factors and is focused primarily on major risks
- the process produces a risk expose profile that reflects the Directors views as to levels of acceptable risk
- the principal results of risk identification are reviewed, evaluated and managed; and that risk management is ongoing and embedded in management and operation procedure

The main risks facing the Trust are;

Risk	Mitigation
Not delivering improved outcomes for students	<ul style="list-style-type: none"><li>• Investment in resources to deliver school improvement</li><li>• Review and revision to the approach to performance monitoring</li></ul>
Financial challenges due to changes in funding and cost growth	<ul style="list-style-type: none"><li>• Robust budget setting processes, supported by the application of the Reserves Policy</li></ul>
Managing growth to ensure continued improvement for all academies	<ul style="list-style-type: none"><li>• Detailed assessment of potential growth opportunities, including the impact on the Trust's existing academies</li></ul>

# ADVANCE LEARNING PARTNERSHIP

## DIRECTORS' REPORT (CONTINUED)

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### Fundraising

Our approach to fundraising

Financing of equipment and services from funds outside the school's normal revenue budgets is increasingly important in maintaining the quality of education for our students. The majority of these funds come from voluntary donation, fundraising initiatives or sponsorship.

Fundraising is seen by Advance Learning Partnership as a legitimate means of improving the school's ability to purchase goods, equipment or services, which are not available within capital or revenue budgets. For the public donating cash or equipment, or actively raising funds is seen as a positive way of supporting the school.

The Schools Academy Councils are responsible for ensuring that:

1. Correct procedures are in place and followed for fundraising activities;
2. Expenditure is properly validated;
3. All funds raised are properly accounted for and audited;
4. The money is expended in accordance with the objectives agreed with the fundraisers.

Fundraising activities will be performed so long as they are generally within the strategic direction of the Academy and the Trust.

We will raise funds for specific projects that will benefit existing and future students and students where funds for these projects cannot be accessed via existing channels i.e. government education funding.

We will fundraise for projects that will provide opportunities and enhance the learning experience and environment for our students.

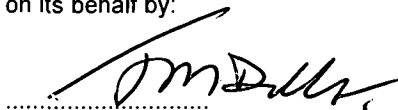
### AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office, however the Trust will be tendering the audit services in the coming year.

### Statement as to disclosure of information to auditor

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Directors' report is approved by order of the Governing Body and the strategic report (included therein) is approved by the Governing Body in their capacity as the directors at a meeting on 12/12/18 and signed on its behalf by:



J Deller  
Chair

# ADVANCE LEARNING PARTNERSHIP

## GOVERNANCE STATEMENT

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### Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that ALP 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 Directors have delegated the day-to-day responsibility to the Chief Executive, 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 ALP and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' report and in the statement of Directors' Responsibilities. The Board of Directors have not delegated the finance and audit responsibilities to any committee, and perform this role themselves. The Trust Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
L A Davies (CEO & Accounting Officer)	6	6
G Hardy (Resigned 28 June 2018)	5	6
R Wolff (Resigned 15 September 2017)	0	0
D Kingston (Chair until 31 December 2017)	2	2
D Liddle	0	0
J Deller (Chair from 31 December 2017)	6	6
A Horner (Resigned 15 September 2017)	0	0
S Lipscombe (Resigned 16 September 2018)	4	6
K Martin (Resigned 15 September 2017)	0	0
G Smith (Resigned 15 September 2017)	0	0
E Blackett (Resigned 15 September 2017)	0	0
M Sheppard (Resigned 15 September 2017)	0	0
L Thompson (Vice chair)	4	6
K Reynolds	0	0
F Tinsley (Resigned 15 September 2017)	0	0
A Aisbitt (Resigned 25 January 2018)	0	2
K Simpson (Resigned 15 September 2017)	0	0
S Leech	4	6
E Beveridge (Appointed 29 November 2017)	3	5
A Tomlinson (Appointed 16 September 2017)	0	0
M Roe (Appointed 20 September 2018)	0	0
H Armstrong (Resigned 13 November 2018)	0	0

# ADVANCE LEARNING PARTNERSHIP

## GOVERNANCE STATEMENT (CONTINUED)

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### **Governance reviews**

Directors have maintained close oversight of the Trust's policies and procedural arrangements and have appraisals to monitor and review the effectiveness of key areas of both the Trust and individual academies such as, safeguarding procedures, financial management, equality and diversity, attendance and behaviour as well as curriculum subject areas.

The quality of data the board receives has been refined over the last year so that the individual academies data follows the same format of data collection and reporting, this enables the Board to have a consistent approach to scrutiny and challenge and the ability to compare the performance of the academies across the Trust.

A self-evaluation governance exercise undertaken by Directors confirmed the Board to be constituted with a wide range of experience and expertise which has enable Directors to exercise effective control and strong challenge.

A full self-evaluation is undertaken by the Board of any new academy Governing Body joining the Trust to establish the experience, expertise and effectiveness of the Governing Body and to inform of any training needs that may be required to enhance the skills of the Governors.

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

As Accounting Officer the Chief Executive has responsibility for ensuring that the 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 Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

### **Improving educational results:**

To ensure that standards are continually raised each academy operates a programme of lesson observations with a robust coaching, mentoring and support system in place. This ensures the quality of teaching through systematic review and targeted intervention with under-performing staff.

The Trust has established a bespoke *Continue Professional Development Programme* to support and enhance professional development at all stages from NQT to Leadership.

### **Workforce deployment:**

The Trust has been working with individual academies to ensure that the staffing structures are developed to support curriculum and financial planning.

The Trust will continue to develop an Integrated Curriculum and Financial Planning tool into the next academic year which will involve an annual review of:

- Teacher deployment;
- Curriculum offer; and
- Staffing requirements, based on financial drivers.

### **Financial efficiency:**

The Trust financial management is performed through a centralised service, during the year financial controls and procedures have been further enhanced through;

- development of a single reporting model for financial governance;
- appraisal and negotiation of services and contracts to get the best mix of quality and effectiveness for the least cost; and
- encouraging knowledge sharing amongst the academies to ensure best value.



# ADVANCE LEARNING PARTNERSHIP

## GOVERNANCE STATEMENT (CONTINUED)

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

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Advance Learning Partnership for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is an informal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 31 August 2018 and up to the date of approval of the annual report and financial statements.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the Board of Directors 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; and
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Directors have appointed S Lipscombe, a Director, as well as RSM Risk Assurance Services LLP to perform a range of checks on the Academy Trusts financial and safeguarding systems. In particular the checks carried out in the current period included:

- testing of payroll systems; and
- testing of procurement processes by RSM Risk Assurance Services LLP; and
- testing of safeguarding systems, in particular the Single Central Record by S Lipscombe.

The reviewer reports to the Board of Directors on the operation of control and on the discharge of the directors financial responsibilities.

### **Review of effectiveness**

As Accounting Officer the Chief Executive Officer 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 reviewers;
- the work of the external auditor;
- the financial management; and
- the work of the executive managers within the 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 Board of Directors and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## ADVANCE LEARNING PARTNERSHIP

### GOVERNANCE STATEMENT (CONTINUED)

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Approved by order of the Governing Body on ...12/12/13.... and signed on its behalf by:



L A Davies  
CEO & Accounting Officer



J Deller  
Chair

## ADVANCE LEARNING PARTNERSHIP

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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As accounting officer of Advance Learning Partnership I have considered my responsibility to notify the Academy Trust's Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Academy Trust's Board of Directors are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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



L A Davies  
**Accounting Officer**

12/12/12

# ADVANCE LEARNING PARTNERSHIP

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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The directors (who also act as trustees for Advance Learning Partnership) are responsible for preparing the Directors' report (including the strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Directors on 12/12/18 and signed on its behalf by:



J Deller  
Chair

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCE LEARNING PARTNERSHIP**

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## **Opinion**

We have audited the financial statements of Advance Learning Partnership (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the 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, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2017 to 2018 issued by the Education and 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 charitable company 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 Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

## **Opinions 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 Directors' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report, included in the Directors' Report, have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADVANCE LEARNING PARTNERSHIP (CONTINUED)

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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report, included within the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors (who act as trustees for the charitable activities of the charitable company) are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the charitable company'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 Directors either intend to liquidate the charitable company 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.

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

### Use of our report

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



Claire Leece (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

13.12.18

# ADVANCE LEARNING PARTNERSHIP

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	-	180,998	180,998	823,657
Donations - transfer from local authority on conversion	29	-	(588,037)	2,163,773	1,575,736	-
Donations - transfer of existing academy into the trust	29	346,620	(1,071,532)	7,341,904	6,616,992	-
Charitable activities:						
- Funding for educational operations	4	-	8,032,812	-	8,032,812	4,437,458
Other trading activities	5	564,004	93,763	-	657,767	373,424
Investments	6	1,002	-	-	1,002	140
<b>Total</b>		<u>911,626</u>	<u>6,467,006</u>	<u>9,686,675</u>	<u>17,065,307</u>	<u>5,634,679</u>
<b>Expenditure on:</b>						
Raising funds	7	523,021	-	-	523,021	160,806
Charitable activities:						
- Educational operations	8	-	8,146,778	383,036	8,529,814	4,740,466
<b>Total</b>	<b>7</b>	<u>523,021</u>	<u>8,146,778</u>	<u>383,036</u>	<u>9,052,835</u>	<u>4,901,272</u>
<b>Net income/(expenditure)</b>		388,605	(1,679,772)	9,303,639	8,012,472	733,407
Transfers between funds	19	(270,780)	-	270,780	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains on defined benefit pension schemes	26	-	517,000	-	517,000	158,000
<b>Net movement in funds</b>		<u>117,825</u>	<u>(1,162,772)</u>	<u>9,574,419</u>	<u>8,529,472</u>	<u>891,407</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		285,718	(2,042,234)	5,984,243	4,227,727	3,336,320
Total funds carried forward		<u>403,543</u>	<u>(3,205,006)</u>	<u>15,558,662</u>	<u>12,757,199</u>	<u>4,227,727</u>

## ADVANCE LEARNING PARTNERSHIP

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	13		15,715,493		5,989,374
<b>Current assets</b>					
Debtors	14	342,279		360,507	
Cash at bank and in hand		1,598,042		1,104,692	
		1,940,321		1,465,199	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(1,068,777)		(862,440)	
<b>Net current assets</b>			871,544		602,759
<b>Total assets less current liabilities</b>			16,587,037		6,592,133
Creditors: amounts falling due after more than one year	16		(104,838)		(114,406)
<b>Net assets excluding pension liability</b>			16,482,199		6,477,727
Defined benefit pension scheme liability	26		(3,725,000)		(2,250,000)
<b>Net assets</b>			12,757,199		4,227,727
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	19				
- Restricted fixed asset funds			15,558,662		5,984,243
- Restricted income funds			519,994		207,766
- Pension reserve			(3,725,000)		(2,250,000)
<b>Total restricted funds</b>			12,353,656		3,942,009
<b>Unrestricted income funds</b>	19		403,543		285,718
<b>Total funds</b>			12,757,199		4,227,727

The financial statements on pages 22 to 48 were approved by the Governing Body and authorised for issue on 12/12/13 and are signed on their behalf by:

  
J Deller  
Chair



# ADVANCE LEARNING PARTNERSHIP

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	23		56,954		536,381
Cash funds transferred on conversion			748,201		-
			<u>805,155</u>		<u>536,381</u>
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		1,002		140	
Capital grants from DfE Group		440,941		799,328	
Purchase of tangible fixed assets		(786,723)		(674,199)	
		<u></u>		<u></u>	
<b>Net cash (used in)/provided by investing activities</b>			(344,780)		125,269
<b>Cash flows from financing activities</b>					
New other loan		60,090		-	
Repayment of other loan		(27,115)		(27,146)	
		<u></u>		<u></u>	
<b>Net cash provided by/(used in) financing activities</b>			32,975		(27,146)
<b>Net increase in cash and cash equivalents in the reporting period</b>			<u>493,350</u>		<u>634,504</u>
Cash and cash equivalents at beginning of the year			1,104,692		470,188
<b>Cash and cash equivalents at end of the year</b>			<u><u>1,598,042</u></u>		<u><u>1,104,692</u></u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

---

### 1 Accounting policies

#### **General information**

Advance Learning Partnership is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Directors' report.

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 Trust 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

#### **Going concern**

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors 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 Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the 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.

#### **Conversion to an academy trust**

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Hartside Academy to the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

#### **Existing academy joining the academy trust**

The assets and liabilities transferred from Staindrop Academy, an existing academy, joining the Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from existing academy in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

#### **Income**

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

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

#### Other income

Other income, including catering income and school trips, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

#### Interest Receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

#### **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.

*All resources expended are inclusive of irrecoverable VAT.*

#### Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies (Continued)

##### **Tangible fixed assets and depreciation**

Assets costing £500 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 that require 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, so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings	Straight line over 25 - 50 years
Assets under construction	Not depreciated
Computer equipment	Straight line over 3 years
Fixtures and fittings	Straight line over 3 years
Motor vehicles	Straight line over 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated cost of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

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

##### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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 payable under operating leases are charged against income on a straight line basis over the period of the lease.

##### **Financial instruments**

The Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 1 Accounting policies (Continued)

##### Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an agreement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flow expire or are settled, or substantially all the risks and the rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

##### **Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

##### **Pensions benefits**

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign to employees. Consequently, there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

#### **Fund accounting**

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

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

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

#### **Termination benefits**

Termination benefits that encourage employees to leave service voluntarily are recognised when employees accept the Trust's offer to those benefits. Termination benefits provided as a result of the Academy terminating employment are recognised when the Trust has communicated its plan of termination to the affected employees.

### 2 Critical accounting estimates and areas of judgement

Accounting 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 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	180,998	180,998	823,657

The income from donations and capital grants was £180,998 (2017: £823,657) of which £180,998 was restricted fixed assets (2017: £823,657).

### 4 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	7,082,775	7,082,775	3,997,396
Other DfE group grants	-	851,081	851,081	418,362
	-	7,933,856	7,933,856	4,415,758
<b>Other government grants</b>				
Local authority grants	-	98,956	98,956	21,700
	-	8,032,812	8,032,812	4,437,458

The income from funding for educational operations was £8,032,812 (2017: £4,437,458) of which £8,032,812 was restricted (2017: £4,437,458).

Other DfE group grants are made up of pupil premium, early years funding and free school meals. Local Authority grants are in relation to SEN funding. There are no unfulfilled conditions or contingencies for grants recognised in the period.

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Lettings income	8,270	-	8,270	30,214
Catering income	391,585	-	391,585	147,651
School trips	162,243	-	162,243	37,824
Other income	1,906	93,763	95,669	157,735
	564,004	93,763	657,767	373,424

The income from other trading activities was £657,767 (2017: £373,424) of which £564,004 was unrestricted (2017: £215,689) and £93,763 was restricted (2017: £157,735).

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Interest from short term deposits	1,002	-	1,002	140

The income from funding for investment income was £1,002 (2017: £140) of which £1,002 was unrestricted (2017: £140).

### 7 Expenditure

	Staff costs £	Non Pay Premises £	Expenditure Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	523,021	523,021	160,806
Academy's educational operations					
- Direct costs	4,713,809	383,036	620,030	5,716,875	3,156,220
- Allocated support costs	1,687,838	353,067	772,034	2,812,939	1,584,246
Total support costs	6,401,647	736,103	1,915,085	9,052,835	4,901,272

The expenditure on raising funds was £523,021 (2017: £160,806) of which £523,021 was unrestricted (2017: £160,806).

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

	2018 £	2017 £
Operating lease rentals	16,576	8,680
Depreciation of tangible fixed assets	383,036	218,148
Net interest on defined benefit pension liability	88,000	44,000
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	14,000	9,700
- Other services	25,000	11,000



# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Charitable activities

	2018	2017
	£	£
All from restricted funds:		
<b>Direct costs</b>		
Educational operations	5,716,875	3,156,220
<b>Support costs</b>		
Educational operations	2,812,939	1,584,246
	<u>8,529,814</u>	<u>4,740,466</u>

The expenditure on charitable activities was £8,529,814 (2017: £4,740,466) of which £8,146,778 was restricted (2017: £4,522,318) and £383,036 was restricted fixed assets (2017: £218,148).

	2018	2017
	£	£
<b>Analysis of support costs</b>		
Support staff costs	1,687,838	869,967
Premises costs	353,067	159,187
Other support costs	684,804	494,660
Governance costs	87,230	60,432
	<u>2,812,939</u>	<u>1,584,246</u>

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2018	2017
	£	£
Wages and salaries	4,830,867	2,686,681
Social security costs	464,365	274,049
Pension costs	890,449	580,000
Staff costs	<u>6,185,681</u>	<u>3,540,730</u>
Agency staff costs	208,016	73,110
Staff restructuring costs	7,950	9,563
Total staff expenditure	<u>6,401,647</u>	<u>3,623,403</u>

Staff restructuring costs comprise:

Severance payments	<u>7,950</u>	<u>9,563</u>
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# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 9 Staff (Continued)

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

Included in staff restructuring costs are non-contractual severance payments totalling £7,950 (2017: £9,563). Individually, the payments were: £5,750 made on 18 January 2018 and £2,200 made on 1 February 2018.

##### Staff numbers

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

	2018 Number	2017 Number
Teachers	107	49
Administration and support	67	50
Management	12	5
	<u>186</u>	<u>104</u>

##### Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	-
£90,001 - £100,000	1	-
	<u>4</u>	<u>2</u>

##### Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance) received by key management personnel for their services to the Trust was £293,363 (2017: £304,904).

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 10 Central services

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

- leadership management and oversight;
- strategic direction and planning;
- governance and compliance management;
- school improvement co-ordination;
- financial management and control;
- financial reporting (external audit);
- financial planning;
- budget preparation;
- financial management reporting;
- HR management;
- staff development management;
- premises and estates management;
- strategic procurement;
- capital project management;
- insurance and risk management co-ordination;
- systems training and advice;
- performance data analysis; and
- marketing, communications and corporate image management.

The Trust charges for these services on the following basis:

- The Trust will retain between 3% and 6% of a constitute academies GAG funding, the percentage is dependent on the level of support required.

The amounts charged during the year were as follows:

	2018 £	2017 £
Parkside Academy	123,395	-
Staindrop Academy	161,790	-
Hartside Academy	19,835	-
	<hr/>	<hr/>
	305,020	-
	<hr/>	<hr/>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 11 Directors' remuneration and expenses

One or more of the directors has been paid remuneration or has received other benefits from an employment with the Trust. The Headteacher and other staff directors only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff members under their contracts of employment, and not in respect of their services as directors.

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

L A Davies, the Chief Executive Officer, received remuneration of £73,333 (2017: £67,251) and is accruing retirement benefits under the Teachers' Pension Scheme. Contributions paid in the year amounted to £12,085 (2017: £10,653).

K Simpson was a director during the prior year for the period from 16 February 2017 to 15 September 2017. During this period he received remuneration of £57,052 and contributions paid for retirement benefits under the Teachers' Pension Scheme amounted to £7,124.

The annual value of staff governors remuneration was £183,902 (2017: £112,473). Staff directors are accruing retirement benefits under the Teachers' Pension Scheme and the Local Government Pension Scheme. Contributions paid in the year into the Teachers' Pension Scheme amounted to £19,694 (2017: £13,040) and into the Local Government Pension Scheme amounted to £10,466 (2017: £5,053).

During the year ended 31 August 2018, travel and subsistence expenses totalling £63 (2017: £20) were reimbursed to directors.

Related party transactions involving the directors are set out in note 27.

### 12 Directors and officers insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2018 was £950 (2017: £500). The cost of this insurance is included in the total insurance cost.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 13 Tangible fixed assets

	Land and buildings £	Assets under construction £	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 September 2017	5,830,963	704,150	134,884	293,334	-	6,963,331
Transfer on conversion	9,293,105	-	4,367	24,960	-	9,322,432
Additions	419,724	138,004	192,598	27,999	8,398	786,723
Transfers	842,154	(842,154)	-	-	-	-
At 31 August 2018	16,385,946	-	331,849	346,293	8,398	17,072,486
<b>Depreciation</b>						
At 1 September 2017	595,725	-	103,748	274,484	-	973,957
Charge for the year	304,940	-	49,393	28,661	42	383,036
At 31 August 2018	900,665	-	153,141	303,145	42	1,356,993
<b>Net book value</b>						
At 31 August 2018	15,485,281	-	178,708	43,148	8,356	15,715,493
At 31 August 2017	5,235,238	704,150	31,136	18,850	-	5,989,374

### 14 Debtors

	2018 £	2017 £
Trade debtors	17,734	74,634
Other debtors	84,540	152,923
Prepayments and accrued income	240,005	132,950
	342,279	360,507

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

	2018 £	2017 £
Salix Loan	36,715	27,147
Trade creditors	372,548	567,222
Other taxation and social security	133,141	68,240
ESFA creditors	83,145	83,145
Other creditors	109,306	54,568
Accruals and deferred income (see note 17)	333,922	62,118
	1,068,777	862,440

The interest charged on Salix funding is 0% and amounts are repayable in twice yearly instalments.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

<b>16 Creditors: amounts falling due after more than one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Other loans	104,838	81,431
Other creditors	-	32,975
	<u>104,838</u>	<u>114,406</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	141,553	108,578
Less: included in current liabilities	(36,715)	(27,147)
	<u>104,838</u>	<u>81,431</u>
<b>Amounts included above</b>		
	<u>104,838</u>	<u>81,431</u>
<b>Loan maturity</b>		
Debt due in one year or less	36,715	27,147
Due in more than one year but not more than two years	81,732	27,147
Due in more than two years but not more than five years	23,106	54,284
	<u>141,553</u>	<u>108,578</u>

The interest charged on Salix funding is 0% and amounts are repayable in twice yearly instalments.

<b>17 Deferred income</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	58,257	18,369
	<u>58,257</u>	<u>18,369</u>
Deferred income at 1 September 2017	18,369	18,369
Released from previous years	(18,369)	-
Resources deferred in the year	58,257	-
	<u>58,257</u>	<u>18,369</u>
<b>Deferred income at 31 August 2018</b>	<b>58,257</b>	<b>18,369</b>

At the balance sheet date the Trust was holding funds received in advance in relation to rates relief, early years funding and PE grants.

<b>18 Financial instruments</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	17,734	113,560
	<u>17,734</u>	<u>113,560</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	982,217	890,237
	<u>982,217</u>	<u>890,237</u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	207,766	7,082,775	(6,770,547)	-	519,994
Other DfE / ESFA grants	-	851,081	(851,081)	-	-
Other government grants	-	98,956	(98,956)	-	-
Other restricted funds	-	202,194	(202,194)	-	-
Pension reserve	(2,250,000)	(1,768,000)	(224,000)	517,000	(3,725,000)
	<u>(2,042,234)</u>	<u>6,467,006</u>	<u>(8,146,778)</u>	<u>517,000</u>	<u>(3,205,006)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	5,013,664	9,505,677	(354,889)	-	14,164,452
DfE group capital grants	797,586	180,998	(23,919)	-	954,665
Capital expenditure from GAG	172,993	-	(4,228)	270,780	439,545
	<u>5,984,243</u>	<u>9,686,675</u>	<u>(383,036)</u>	<u>270,780</u>	<u>15,558,662</u>
<b>Total restricted funds</b>	<u>3,942,009</u>	<u>16,153,681</u>	<u>(8,529,814)</u>	<u>787,780</u>	<u>12,353,656</u>
<b>Unrestricted funds</b>					
General funds	285,718	911,626	(523,021)	(270,780)	403,543
<b>Total funds</b>	<u>4,227,727</u>	<u>17,065,307</u>	<u>(9,052,835)</u>	<u>517,000</u>	<u>12,757,199</u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

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#### 19 Funds (Continued)

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

**General Annual Grant** - General Annual Grant must be used for the normal running of the Trust. The funding agreement does not include a limit on the GAG available to carry forward.

**Other DfE/ESFA grants** - Other DfE/ESFA grants comprise pupil premium targeted at disadvantaged pupils.

**Other government grants** - Other government grants comprise SEN funding and support for MATs.

**Other restricted funds** - Other restricted funds include Year 7 Catch up grants, income from staff recharges and a variety of sources, expended in the year.

**Pension reserve** - The costs and income associated with the defined benefit pension schemes have been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

**DfE/ESFA group capital grant** - The income relates to capital funding which has been received from the ESFA for utilisation on building improvements and refurbishments.

**Inherited funds** - This balance is the main school premises and existing computer equipment to be depreciated over their useful economic lives.

**Transferred on conversion**

Transferred on conversion include the buildings of the academy trust. Depreciation will be charged to the fund over the life of the related assets.

**Capital expenditure from GAG** - The balance represents the total expenditure from GAG. Depreciation is charged to the fund over the life of the related assets.

**Unrestricted Funds** - Unrestricted funds can be used for any purpose, at the discretion of the Directors, within the objects of the academy trust.



# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds (Continued)

#### Funds prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	3,997,396	(3,775,521)	(14,109)	207,766
Other DfE / ESFA grants	-	418,362	(418,362)	-	-
Other government grants	-	21,700	(21,700)	-	-
Other restricted funds	-	157,735	(157,735)	-	-
Pension reserve	(2,259,000)	-	(149,000)	158,000	(2,250,000)
	<u>(2,259,000)</u>	<u>4,595,193</u>	<u>(4,522,318)</u>	<u>143,891</u>	<u>(2,042,234)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	5,197,351	-	(183,687)	-	5,013,664
DfE group capital grants	2,569	823,657	(28,640)	-	797,586
Capital expenditure from GAG	164,705	-	(5,821)	14,109	172,993
	<u>5,364,625</u>	<u>823,657</u>	<u>(218,148)</u>	<u>14,109</u>	<u>5,984,243</u>
<b>Total restricted funds</b>	<u>3,105,625</u>	<u>5,418,850</u>	<u>(4,740,466)</u>	<u>158,000</u>	<u>3,942,009</u>
<b>Unrestricted funds</b>					
General funds	230,695	215,829	(160,806)	-	285,718
	<u>230,695</u>	<u>215,829</u>	<u>(160,806)</u>	<u>-</u>	<u>285,718</u>
<b>Total funds</b>	<u>3,336,320</u>	<u>5,634,679</u>	<u>(4,901,272)</u>	<u>158,000</u>	<u>4,227,727</u>

#### Total funds analysis by academy

	2018 £	2017 £
Fund balances at 31 August 2018 were allocated as follows:		
Parkside Academy	474,447	493,484
Staindrop Academy	315,278	-
Hartside Academy	65,033	-
Central services	68,779	-
	<u>923,537</u>	<u>493,484</u>
Total before fixed assets fund and pension reserve	923,537	493,484
Restricted fixed asset fund	15,558,662	5,984,243
Pension reserve	(3,725,000)	(2,250,000)
	<u>12,757,199</u>	<u>4,227,727</u>
<b>Total funds</b>	<u>12,757,199</u>	<u>4,227,727</u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2018

#### 19 Funds (Continued)

##### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
Parkside Academy	2,942,483	635,056	493,289	824,493	4,895,321
Staindrop Academy	1,554,114	323,791	292,325	576,822	2,747,052
Hartside Academy	453,979	78,359	100,080	107,553	739,971
Central services	-	277,868	-	90,607	368,475
	<u>4,950,576</u>	<u>1,315,074</u>	<u>885,694</u>	<u>1,599,475</u>	<u>8,750,819</u>

#### 20 Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	15,715,493	15,715,493
Current assets	403,543	1,536,778	-	1,940,321
Creditors falling due within one year	-	(992,436)	(76,341)	(1,068,777)
Creditors falling due after one year	-	(24,348)	(80,490)	(104,838)
Defined benefit pension liability	-	(3,725,000)	-	(3,725,000)
<b>Total net assets</b>	<u>403,543</u>	<u>(3,205,006)</u>	<u>15,558,662</u>	<u>12,757,199</u>

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total Funds
	£	£	£	£
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	5,989,374	5,989,374
Current assets	595,064	221,875	648,260	1,465,199
Creditors falling due within one year	(309,346)	(14,109)	(538,985)	(862,440)
Creditors falling due after one year	-	-	(114,406)	(114,406)
Defined benefit pension liability	-	(2,250,000)	-	(2,250,000)
<b>Total net assets</b>	<u>285,718</u>	<u>(2,042,234)</u>	<u>5,984,243</u>	<u>4,227,727</u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Contingent liabilities

In the event that during the period of the funding agreement, the Trust sells or disposes of any asset for which a capital grant was received, the Trust shall repay the same proportion of the proceeds of sale or disposal as equates with the proportion of the original cost met by the Secretary of State, unless the Secretary of State agrees to some or all of the proceeds being retained by the Trust for its charitable purposes.

### 22 Capital commitments

	2018 £	2017 £
Expenditure contracted for but not provided in the financial statements	-	158,201

### 23 Reconciliation of net income to net cash flow from operating activities

	2018 £	2017 £
Net income for the reporting period (as per the Statement of Financial Activities)	8,012,472	733,407
<b>Adjusted for:</b>		
Net surplus on conversion to academy / transfer from academy	(8,192,728)	-
Capital grants from DfE/ESFA and other capital income	(180,998)	(823,657)
Interest receivable	(1,002)	(140)
Defined benefit pension scheme cost less contributions payable	136,000	105,000
Defined benefit pension scheme finance cost	88,000	44,000
Depreciation of tangible fixed assets	383,036	218,148
<b>Movements in working capital:</b>		
(Increase) in debtors	(241,715)	(200,658)
Increase in creditors	163,794	460,281
Stocks, debtors and creditors transferred on conversion	(109,905)	-
<b>Net cash provided by operating activities</b>	<b>56,954</b>	<b>536,381</b>

### 24 Commitments under operating leases

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

	2018 £	2017 £
Amounts due within one year	71,999	8,680
Amounts due between one and five years	18,740	10,850
	<b>90,739</b>	<b>19,530</b>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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### 25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 26 Pension and similar obligations

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

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

Contributions amounting to £87,701 (2017: £41,536) were payable to the schemes at 31 August 2018 and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014. 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.

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

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

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fee), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £538,449 (2017: 325,000).

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 26 Pension and similar obligations (Continued)

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

#### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15.5% for employers and 5.5-11.4% for employees.

The LGPS obligation relates to the employees of the Trust who were employees transferred as part of the conversion from the maintained school (as described in note 29) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

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

Total contributions made	2018 £	2017 £
Employer's contributions	216,000	150,000
Employees' contributions	69,000	42,000
Total contributions	285,000	192,000

#### Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2018 by a qualified independent actuary.

	2018 %	2017 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	2.8	2.5
Inflation assumption (CPI)	2.0	2.0

The assumed life expectations on retirement age 65 are:

	2018 Years	2017 Years
Retiring today		
- Males	23.3	23.2
- Females	25.0	24.9
Retiring in 20 years		
- Males	25.5	25.4
- Females	27.3	27.2

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 26 Pension and similar obligations (Continued)

The Trust's share of the assets in the scheme	2018 Fair value £	2017 Fair value £
Equities	1,873,000	959,000
Government bonds	966,000	602,000
Corporate bonds	506,000	168,000
Cash	254,000	83,000
Property	263,000	141,000
Total fair value of assets	<u>3,862,000</u>	<u>1,953,000</u>

The actual return on scheme assets was £187,000 (2017: £281,000).

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	342,000	245,000
Net interest cost	88,000	44,000
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	10,000	10,000
Total operating charge	<u>440,000</u>	<u>299,000</u>

Changes in the present value of defined benefit obligations	2018 £
At 1 September 2017	4,203,000
Obligations acquired on conversion	934,000
Transferred in on existing academies joining the Trust	2,340,000
Current service cost	342,000
Interest cost	172,000
Employee contributions	69,000
Actuarial (gain)/loss	(414,000)
Benefits paid	(69,000)
Past service cost	10,000
At 31 August 2018	<u>7,587,000</u>

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 26 Pension and similar obligations (Continued)

#### Changes in the fair value of the Trust's share of scheme assets

	2018 £
At 1 September 2017	1,953,000
Assets acquired on conversion	256,000
Transferred in on existing academies joining the Trust	1,250,000
Interest income	84,000
Return on plan assets (excluding net interest on the net defined pension liability)	103,000
Employer contributions	216,000
Employee contributions	69,000
Benefits paid	(69,000)
	<hr/>
At 31 August 2018	3,862,000 <hr/>

### 27 Related party transactions

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures, except unless otherwise stated.

No related party transactions took place in the period of account, other than certain directors' remuneration and expenses already disclosed in note 11.

During the prior year, the Trust procured professional services (one to one learning support) with a value of £1,422 from the wife of R Wolff, a former director of the Trust. At the year end £nil was owed.

### 28 Post balance sheet events

Whitworth Academy joined the Academy Trust on 1 September 2018.

# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 29 Conversion to an academy

On 1 February 2018 the Hartside Academy converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Advance Learning Partnership from the Durham Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

On 1 October 2017, the Staindrop Academy transferred into the Trust.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from an existing academy into the Trust.

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.

Academy	Location	Date of transfer / conversion
Staindrop Academy	Darlington	1 October 2017
Hartside Academy	Crook	1 February 2018

<b>Net assets transferred:</b>	<b>Staindrop Academy £</b>
Leasehold buildings	7,129,332
Other tangible fixed assets	29,327
Cash	748,201
LGPS pension deficit	(1,090,000)
Debtors	369,993
Creditors	(569,860)
	<u>6,616,993</u>
<b>Net assets transferred:</b>	<b>Hartside Academy £</b>
Freehold buildings	2,163,773
LGPS pension deficit	(678,000)
Surplus funds	89,962
	<u>1,575,735</u>



# ADVANCE LEARNING PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 29 Conversion to an academy (Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	9,505,677	9,505,677
LA budget funds	-	18,468	-	18,468
LGPS pension funds	-	(1,768,000)	-	(1,768,000)
Other funds	346,620	89,963	-	436,583
	<u>346,620</u>	<u>(1,659,569)</u>	<u>9,505,677</u>	<u>8,192,728</u>

Total income of £3,275,628 and net income of £315,278 was contributed by Staindrop Academy between the date of transfer and 31 August 2018.

Total income of £773,866 and net income of £65,033 was contributed by Hartside Academy between the date of transfer and 31 August 2018.