

Registered number: 09780473

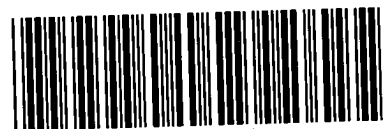
Elston Hall Multi Academy Trust

Trustees' Report and Financial Statements

For the Year Ended 31 August 2019



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Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

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Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details

| | |
|---|--|
| Members | Reverend I Poole (resigned 19 January 2019) R Lawton K Kent S Legg (resigned 19 January 2019) Dr R Roberts |
| Trustees | L Kruczek, Chair G Bladon (appointed 1 September 2019) J Briscoe D Brown ¹ O Dallaway K Grayson, Chief Executive Officer and Accounting Officer ¹ A Mack (resigned 1 September 2019) K Pal ¹ J Purcell ¹ L Talbot ¹ Member of the Finance and General Purpose Audit Committee |
| Company registered number | 09780473 |
| Company name | Elston Hall Multi Academy Trust |
| Principal and registered office | Stafford Road Fordhouses Wolverhampton West Midlands WV10 6NN |
| Chief Executive Officer and Accounting Officer | K Grayson |
| Senior management team | K Grayson, Chief Executive Officer L Dollery, Associate Headteacher E Foster, Deputy Headteacher (Elston Hall Primary) B Highman, Deputy Headteacher (Elston Hall Primary) D Nicholls, Acting Deputy Headteacher (Elston Hall Primary) S Richards, Head of School (Palmers Cross Primary) R Wood, Head of School (Edward the Elder Primary) K Harrison, Head of School (Goldthorn Park Primary) T Chopra, Trust Business Manager |
| Independent auditors | Dains LLP 15 Colmore Row Birmingham B3 2BH |
| Bankers | Lloyds Bank plc 3rd Floor, Queen Square Wolverhampton WV1 1TF |

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Reference and Administrative Details (continued)
For the Year Ended 31 August 2019

| | |
|-------------------|--|
| Solicitors | Howes Percival LLP Oxford House Cliftonville Northampton NN1 5PN |
|-------------------|--|

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Year Ended 31 August 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Trust currently operates four primary academies in Wolverhampton, all of which include a nursery. Its academies have a combined pupil capacity of 1470 plus 150 in nursery and had a combined roll of 1638 (including 174 in nursery) in the school census in January 2019.

Structure, governance and management

a. Constitution

The academy trust is a company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of Elston Hall Multi Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Elston Hall Multi Academy Trust.

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

b. 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.

c. Trustees' indemnities

In accordance with normal commercial practice, the Trust has purchased insurance to protect its Members, Directors, Academy Representatives and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The professional indemnity insurance cover is 'unlimited' and provided by the Department for Education under their 'Risk Protection Arrangements'.

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

Full details are laid out in the Trust's Articles of Association. The number of Trustees shall not be less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum.

Subject to Articles 48-49 and 53, the Academy Trust shall have the following Trustees:

- a) Up to 9 Trustees, appointed under Article 50; and
- b) A minimum of 2 Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least 2 Parent Local Governors on each established Local Governing Body pursuant to Article 101A.

The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

The first Trustees shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006.

Future Trustees shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Trustee to be appointed or elected due to the fact that an Academy has not yet been established, then the relevant Article or part thereof shall not apply.

Members may appoint new Trustees by ordinary resolution, up to 9 Trustees.

Members may also appoint Staff Trustees through such process as they may determine.

e. Policies and procedures adopted for the induction and training of Trustees

Upon appointment, all Trustees attended a training session delivered by the Trust's Solicitors that covered Governance, Trustee Roles and Responsibilities. Trustees also received a pack containing key Trust documents. A 'Governors Training' SLA package is also purchased from Services 4 Schools which is extended to Trustees.

f. Organisational structure

Members of the trust meet annually and have established an overall framework for the governance of all academies operating within the Trust.

The Board of Trustees meet on at least a termly basis and make all major decisions about the strategic direction of the Trust.

The Board is supported by a Finance, General Purposes & Audit Committee which is responsible for all financial matters of the Trust, strategic budget monitoring and ensuring appropriate controls are in place.

Each Academy has a Local Governing Body that meets half termly with responsibility for local financial decision making and budget monitoring, achievement and curriculum related matters.

The Accounting Officer for the Trust is the Chief Executive Officer.

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Decisions in relation to the Chief Executive Officer and Associate Headteacher posts are reviewed and implemented in accordance with the Trust's Pay Policy by the Finance, General Purposes and Audit Committee and minuted as 'confidential items'. Other members of the Leadership Team are also reviewed against the Trust's Pay Policy and considered by the relevant Local Governing Body. Such decisions are further ratified by the Board.

h. Trade union facility time

Relevant union officials

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

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 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 | - % |
|---|-----|

i. Related parties and other connected charities and organisations

The Trust does not currently participate with any related parties or other connected charities and organisations.

Objectives and activities

a. Objects and aims

The principal object and activity of the Trust is the operation of Elston Hall Primary School, Palmers Cross Primary School, Edward the Elder Primary School and Goldthorn Park Primary School to provide education for pupils aged 3-11. In addition the Trust will focus on developing schools offering a broad and balanced curriculum whilst working closely with parents and other agencies, as appropriate, to maximise children's achievement in all areas of school life.

Objectives and activities (continued)

b. Objectives, strategies and activities

Our Vision

- EHMAT creates learning environments that are built on integrity and support, where children are happy.
- Inspiring learning through exceptional teaching is at the heart of our trust.
- We settle for nothing less than excellence in our drive for achievement in all areas of learning

Our Aims

As a Trust our main priority is to raise the attainment of our children. We are committed to addressing any inequality; believing that all schools and in turn their outcomes can improve and be sustained, building on improvement to achieve the maximum potential of all our children.

We aim to ensure that each Academy within the Trust

- Adds value to the results of their children
- Is capable of outstanding judgements from OFSTED within 3 years of becoming an academy partner within Elston Hall Multi Academy Trust
- Has numbers on a significant upward trend or is full
- Works closely through all EHMAT academies to develop an effective models of teaching for all children
- Fosters an inclusive culture where individual needs are met and all children leave the school well prepared for their secondary education.
- Is recognised locally and nationally as a Trust of high quality, producing outstanding results within a culture of achievement
- Schools in the trust continue to develop their own unique characteristics and ethos; maintaining individual identities within their respective communities
- Produces high quality committed professionals and future leaders for EHMAT academies, through our ethos, expectation and Professional Development

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

Strategic report

Achievements and performance

a Key performance indicators

The schools continue to use evidence from Ofsted ASP in addition to its own data as Key Performance Indicators.

Outcomes for Elston Hall Primary 2019

Reception

Good Level of Development 76%

| 2018 | Reading | Writing | Number |
|--------|---------|---------|--------|
| ELG 2+ | 79% | 77% | 82% |
| ELG 3+ | 22% | 19% | 23% |

Year 2

| 2019 | Reading | Writing | Maths |
|---------------------|---------|---------|-------|
| Expected Standard + | 80% | 78% | 82% |
| Greater Depth | 32% | 21% | 32% |

Year 6

| 2019 | Reading | Writing | Maths | SPAG |
|----------------------|--------------|---------|-------|------|
| Expected Standard+ | 77% | 86% | 93% | 87% |
| Greater Depth | 37% | 13% | 26% | 39% |
| Progress (NA is 0.0) | 0.2 | -0.9 | 0.2 | |
| Combined score | 70% 10%(GDS) | | | |

Strategic report (continued)

Achievements and performance (continued)

Outcomes for Palmers Cross Primary School 2019

Reception

Good Level of Development 70%

| 2019 | Reading | Writing | Number |
|--------|---------|---------|--------|
| ELG 2+ | 70% | 70% | 70% |
| ELG 3+ | 20% | 17% | 20% |

Year 2

| 2019 | Reading | Writing | Maths |
|---------------------|---------|---------|-------|
| Expected Standard + | 81% | 70% | 74% |
| Greater Depth | 25% | 22% | 26% |

Year 6

| 2019 | Reading | Writing | Maths | SPAG |
|----------------------|--------------|---------|-------|------|
| Expected Standard+ | 83% | 79% | 83% | 86% |
| Greater Depth | 34% | 24% | 21% | 52% |
| Progress (NA is 0.0) | 2.23 | 2.18 | 1.87 | |
| Combined | 76% 14%(GDS) | | | |

Strategic report (continued)

Achievements and performance (continued)

Outcomes for Edward the Elder 2019

Reception

Good Level of Development 77%

| 2019 | Reading | Writing | Number |
|--------|---------|---------|--------|
| ELG 2+ | 77% | 77% | 80% |
| ELG 3+ | 27% | 23% | 27% |

Year 2

| 2019 | Reading | Writing | Maths |
|---------------------|---------|---------|-------|
| Expected Standard + | 77% | 77% | 77% |
| Greater Depth | 27% | 3% | 27% |

Year 6

| 2019 | Reading | Writing | Maths | SPAG |
|----------------------|--------------|---------|-------|------|
| Expected Standard+ | 93% | 83% | 83% | 83% |
| Greater Depth | 27% | 23% | 28% | 47% |
| Progress (NA is 0.0) | 3.6 | 2.7 | 3.0 | |
| Combined | 73% 10%(GDS) | | | |

Strategic report (continued)

Achievements and performance (continued)

Outcomes for Goldthorn Park Primary 2019

Reception

Good Level of Development 69%

| 2019 | Reading | Writing | Number |
|--------|---------|---------|--------|
| ELG 2+ | 69% | 69% | 73% |
| ELG 3+ | 20% | 8% | 17% |

Year 2

| 2019 | Reading | Writing | Maths |
|---------------------|---------|---------|-------|
| Expected Standard + | 78% | 67% | 73% |
| Greater Depth | 33% | 17% | 23% |

Year 6 (With ALL pupils)

| 2019 | Reading | Writing | Maths | SPAG |
|----------------------|---------------------|---------|-------|------|
| Expected Standard+ | 59% | 75% | 68% | 64% |
| Greater Depth | 27% | 23% | 20% | 36% |
| Progress (NA is 0.0) | 1.13 | 2.26 | 0.53 | |
| Combined score | 55% Expected 11% GD | | | |

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

The outturn for 2018-19 for the Trust shows a significant increase in reserves from £13k to £127k. This demonstrates that, whilst the trust was facing financial challenges, the enhanced cashflow and budget monitoring procedures ensured that income and expenditure remained within budget. The Board of Trustees therefore has reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future and continue to be able to meet its liabilities as they fall due.

For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial review

The Trust has completed its fourth academic year (established October 2015) for the period ended 31 August 2019. Majority of the Trust's income is obtained from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted. Grants received and associated expenditure is shown as restricted funds in the statement of financial activities.

Elston MAT and Elston Hall Primary School - The budget covering the period September 2018 to August 2019 resulted in an in year deficit of £6k against a planned surplus budget of £21k. This was mainly due to 80% of the Associate Headteacher's salary being charged to the school rather than the Trust as the school continues to be led by the Associate Headteacher. However, it should be noted that this charge has been significantly offset by cost savings achieved at the school in terms of limiting spend. An analysis of SEN funding had also led to an increase in funding.

Palmers Cross Primary School – The budget covering the period September 2018 to August 2019 resulted in an in-year surplus of £68k against a planned surplus budget of £37k. This is mainly due to the continued success of the nursery resulting in increased Early Years Funding and a number of cost savings achieved in terms of covering staff absences in house. The school had also achieved savings in a number of budget areas with a view to significantly reduce the cumulative deficit and have been successfully in doing so, despite being subjected to a number of high building maintenance costs that were incurred, including replacement of the boiler.

Edward the Elder Primary School – The budget covering the period September 2018 to August 2019 resulted in an in year surplus of £64k against a planned surplus budget of £13k. Despite unexpected 'alternative provision' costs, the school has achieved savings in a number of budget areas with a view to reduce the cumulative deficit and have been successful in doing so.

Goldthorn Park Primary School – The budget covering the period September 2018 to August 2019 resulted in an in year deficit of £11k against a planned surplus budget of £16k. This is mainly due to a reduction in Early Years funding of £15k due to low nursery numbers; various individual budget overspends; staff absences and changes being covered by agency support and increased premises related expenses.

Reserves

The Academy trust held fund balances at 31 August 2019 of £4,225,639 (2018 - £5,226,516) consisting of £4,153,299 (2018 - £5,213,203) restricted funds and £72,340 (2018 - £13,313) unrestricted funds. Included in restricted funds is an amount of £10,058,164 (2018 - £10,187,203) invested in fixed assets and a pension reserve deficit of £5,960,000 (2018 - £4,974,000).

Strategic report (continued)

Financial review (continued)

a. Reserves policy

The Trust will review the reserve levels annually in accordance with the requirements specified in the Master Funding Agreement. The review will encompass identifying the nature of income and expenditure streams and the need to match income with commitments. Trustees will take into consideration the future plans of the Trust in accordance with 3 yearly budget plans, the uncertainty over future income streams and any other key risks identified during the risk review.

b. Investment policy

The Trust's investment principles are outlined in its Investment Policy which requires the Trust to:

- undertake suitable risk assessment against any potential investment
- gain professional advice
- review ethical status of potential investments
- monitor and report upon performance

The Trust does not currently have any active investments.

c. Principal risks and uncertainties

Financial and Risk Management Objectives and Policies

The risk management process involves identification and review of risks annually by the Finance, General Purposes & Audit Committee. This identifies the types of risk, risk score (high, medium, low) and actions taken to mitigate/minimise risk levels. These have been presented to the Board in the form of an action plan which will be monitored on an ongoing basis.

In addition, financial risks of not achieving budget plan forecast outcomes and actions required are outlined as part of the 3 yearly budget forecast monitoring process which is regularly reported to the Chief Executive Officer and Associate Headteacher and the Finance, General Purposes and Audit Committee.

The key risks of concern to the Multi-Academy Trust have been identified as follows:

- Failure to ensure that the objectives of the academy are met;
- Failure of the academy to recruit sufficient learners to make it viable;
- Failure of the Academy and the Governing Body to have procedures in place to cover the absence of the Headteacher or other members of the Senior Leadership Team;
- Failure to ensure that staff recruited to the school have the required skills and expertise to meet the strategic objectives of the Trust;
- National Funding Review and Spending Reviews result in significant decrease in funding.

Fundraising

Under the provision of the Charities (Protection and Social Investment) Act 2016, all schools within the Trust may collect non-grant income from the following sources:

- Dinner money from children
- Morning and After School Clubs
- Contributions towards trips/educational visits
- Sales of goods/services (i.e. uniform, books)
- Donations
- Letting of school premises

Formal policies are in place for charging and collection of funds in respect of the above. Charges are made on a 'not for profit' basis with a view to cover most of school costs.

Whilst very limited fundraising events are held, these are always raised internally within school.

Plans for future periods

Future aims of the Trust include the following:

- Continue to support Primary Schools following any requests to join the MAT. The Trust is currently in the process of arranging the conversion of a new school. This is a good school which is based in Walsall and will therefore be the first out of borough school to join the Trust.
- Plans for continued excellent performance are identified in each School Improvement Plan (SIP). An understanding of each Academy's effectiveness can be judged through its self-evaluation form.

- The following priorities are shared across the Trust:

Achievement

To ensure every child, regardless of their starting point, achieves their maximum potential. Progress and attainment will be above national averages for all groups. Behaviour will be excellent and attendance levels will be above average in all Academies.

Quality of Teaching and Learning

This will be high standards of learning supported by teaching that is at least Good and much Outstanding.

Leadership

The Trust will continue to develop and grow its own Leaders who will be outstanding and effective in ensuring high standards are maintained.

The effectiveness of these plans and actions will be reported at half termly Local Governing Board meetings.

- The Trust will continue to strive to achieve excellence in children's performance levels.

Funds held as custodian on behalf of others

No monies are being held on behalf of other schools or other organisations as at 31 August 2019.

Employee involvement and employment of the disabled

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The academy trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy trust's equal opportunities policy, the academy trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

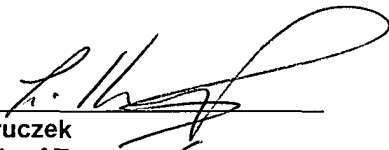
Full details of these policies are available from the academy trust's offices.

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 16 December 2019 and signed on its behalf by:



L Kruczek
Chair of Trustees

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Governance Statement

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Elston Hall Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 5 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|---|-------------------|-------------------|
| L Kruczek, Chair | 5 | 5 |
| G Bladon | 0 | 0 |
| J Briscoe | 3 | 5 |
| D Brown | 5 | 5 |
| O Dallaway | 3 | 5 |
| K Grayson, Chief Executive Officer and Accounting Officer | 5 | 5 |
| A Mack | 0 | 5 |
| K Pal | 5 | 5 |
| J Purcell | 4 | 5 |
| L Talbot | 3 | 5 |

Governance Reviews

A skills review was undertaken during the academy conversion application process to ensure all Trustees had relevant and sufficient experience in order to effectively discharge their duties as a Director for the Trust.

The **Finance and General Purposes Committee** is a sub-committee of the main board of Trustees. Its purpose is to assist the board in effective and informed decision making. The committee are required to give detailed consideration to the best means of fulfilling the board's responsibility and to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity.

The committee has formally met 3 times during the year.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------------------------------|-------------------|-------------------|
| K Pal (Chair) | 3 | 3 |
| D Brown | 3 | 3 |
| K Grayson (Chief Executive Officer) | 3 | 3 |
| J Purcell | 3 | 3 |

Governance Statement (continued)

Review of value for money

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

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

- The Trust's Attendance Officer continues to be utilised across all schools within the Trust rather than entering an SLA agreement with the LA;
- A number of educational subscriptions/memberships periods have been harmonised and negotiated at Trust level which has enabled discounts to be secured;
- Review of current Service Level Agreements (SLA) has resulted in savings being achieved and Contracts across all schools has identified areas where future Trust contracts can be negotiated (upon end of contractual terms) to continue to achieve economies of scale and future savings for the Trust.
- The Behavioural & Emotional Support Officer is established as a Trust post and operated across all schools in the Trust.

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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Elston Hall Multi Academy Trust for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

Governance Statement (continued)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint M3 Audit Consultancy Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included testing payroll and purchasing systems, testing the completeness of income and testing management override.

On an annual basis, the internal auditor reports to the board of Trustees through the Finance and General Purpose committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

M3 Audit Consultancy Services has carried out their schedule of work as planned and have not identified any material control issues.


Review of effectiveness

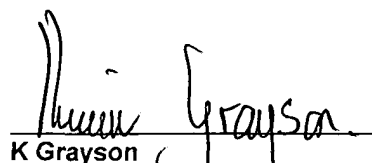
As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purpose committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on their behalf by:


L Kruczek
Chair of Trustees


K Grayson
Accounting Officer

Elston Hall Multi Academy Trust
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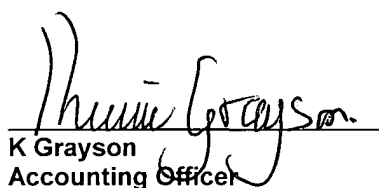
Statement on Regularity, Propriety and Compliance

As accounting officer of Elston Hall Multi Academy Trust I have considered my responsibility to notify the academy trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of Trustees and ESFA:

During the year the Trust was victim to cyber crime. Payments were made to fraudulent bank account details. The Trust was alerted to this and acted quickly and reported this to the police, ESFA, bank, Auditors and insurers. The Trust has managed to recover these funds through insurance proceeds so there has been no net loss to the Trust and it has subsequently changed its policies and procedures to mitigate this event occurring in the future.


K Grayson
Accounting Officer
Date: 16 December 2019

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of Trustees on 16 December 2019 and signed on its behalf by:


L Kruczek
Chair of Trustees

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Elston Hall Multi Academy Trust

Opinion

We have audited the financial statements of Elston Hall Multi Academy Trust (the 'academy trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent Auditors' Report on the financial statements to the Members of Elston Hall Multi Academy Trust (continued)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Elston Hall Multi Academy Trust (continued)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy trust 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 Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

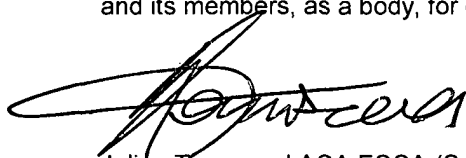
Auditors' responsibilities for the audit of the financial statements

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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

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



Julian Townsend ACA FCCA (Senior Statutory Auditor)

for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

16 December 2019

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Elston Hall Multi Academy Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 8 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Elston Hall Multi Academy Trust during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Elston Hall Multi Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Elston Hall Multi Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Elston Hall Multi Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Elston Hall Multi Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Elston Hall Multi Academy Trust's funding agreement with the Secretary of State for Education dated 29 September 2015 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Elston Hall Multi Academy Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

During the year the Trust was victim to cyber crime. Payments were made to fraudulent bank account details. The Trust was alerted to this and acted quickly and reported this to the police, ESFA, bank, Auditors and insurers. The Trust has managed to recover these funds through insurance proceeds so there has been no net loss to the Trust and it has subsequently changed its policies and procedures to mitigate this event occurring in the future.



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

Date: 16 December 2019

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2019

| | Note | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|---|------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Income from: | | | | | | |
| Donations and capital grants: | 4 | | | | | |
| Transferred from local authority | | - | - | - | - | 1,148,347 |
| Other donations and capital grants | | 12,708 | - | 130,694 | 143,402 | 368,619 |
| Charitable activities: | 5 | | | | | |
| Funding for the multi academy trust's educational operations | | 20,740 | 7,524,073 | - | 7,544,813 | 7,021,464 |
| Other trading activities | 6 | 63,192 | - | - | 63,192 | 61,094 |
| Investments | 7 | 297 | - | - | 297 | 331 |
| Total income | | 96,937 | 7,524,073 | 130,694 | 7,751,704 | 8,599,855 |
| Expenditure on: | | | | | | |
| Raising funds | 8 | 31,035 | - | - | 31,035 | 32,152 |
| Multi academy trust's educational operations | 9 | 6,875 | 7,717,328 | 252,343 | 7,976,546 | 7,821,485 |
| Total expenditure | | 37,910 | 7,717,328 | 252,343 | 8,007,581 | 7,853,637 |
| Net (expenditure)/income before transfers | | 59,027 | (193,255) | (121,649) | (255,877) | 746,218 |
| Transfers between funds | 18 | - | 7,390 | (7,390) | - | - |
| Net movement in funds before other recognised gains/(losses) | | 59,027 | (185,865) | (129,039) | (255,877) | 746,218 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 24 | - | (745,000) | - | (745,000) | 771,000 |
| Net movement in funds | | 59,027 | (930,865) | (129,039) | (1,000,877) | 1,517,218 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 13,313 | (4,974,000) | 10,187,203 | 5,226,516 | 3,709,298 |
| Net movement in funds | | 59,027 | (930,865) | (129,039) | (1,000,877) | 1,517,218 |
| Total funds carried forward | | 72,340 | (5,904,865) | 10,058,164 | 4,225,639 | 5,226,516 |

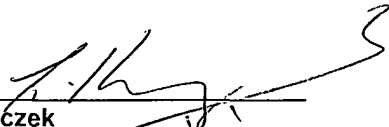
The notes on pages 28 to 58 form part of these financial statements.

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)
Registered number: 09780473

Balance Sheet
For the Year Ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|--|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 10,052,684 | 10,187,203 |
| Current assets | | | |
| Debtors | 16 | 304,555 | 357,731 |
| Cash at bank and in hand | | 113,383 | 30,202 |
| | | <u>417,938</u> | <u>387,933</u> |
| Creditors: amounts falling due within one year | 17 | (284,983) | (374,620) |
| Net current assets | | <u>132,955</u> | <u>13,313</u> |
| Total assets less current liabilities | | <u>10,185,639</u> | <u>10,200,516</u> |
| Defined benefit pension scheme liability | 24 | (5,960,000) | (4,974,000) |
| Total net assets | | <u><u>4,225,639</u></u> | <u><u>5,226,516</u></u> |
| Funds of the academy trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 18 | 10,058,164 | 10,187,203 |
| Restricted income funds | 18 | 55,135 | - |
| Restricted funds excluding pension asset | 18 | <u>10,113,299</u> | <u>10,187,203</u> |
| Pension reserve | 18 | <u>(5,960,000)</u> | <u>(4,974,000)</u> |
| Total restricted funds | 18 | <u>4,153,299</u> | <u>5,213,203</u> |
| Unrestricted income funds | 18 | <u>72,340</u> | <u>13,313</u> |
| Total funds | | <u><u>4,225,639</u></u> | <u><u>5,226,516</u></u> |

The financial statements on pages 25 to 58 were approved by the Trustees, and authorised for issue on 16 December 2019 and are signed on their behalf, by:


L Kruczek
Chair of Trustees

The notes on pages 28 to 58 form part of these financial statements.

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2019

| | Note | 2019 £ | 2018 £ |
|---|-------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by/(used in) operating activities | 20 | 18,217 | (375,993) |
| Cash flows from investing activities | 21 | 64,964 | 910 |
| Change in cash and cash equivalents in the year | | 83,181 | (375,083) |
| Cash and cash equivalents at the beginning of the year | | 30,202 | 405,285 |
| Cash and cash equivalents at the end of the year | 22 | 113,383 | 30,202 |

The notes on pages 28 to 58 form part of these financial statements

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

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

1. General information

Elston Hall Multi Academy Trust is a company limited by guarantee and incorporated in England and Wales. The registered number of the company is 09780473 and its registered office is Stafford Road, Fordhouses, Wolverhampton, West Midlands, WV10 6NN.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

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

Elston Hall Multi Academy Trust meets the definition of a public benefit entity under FRS 102.

The multi academy trust's functional and presentational currency is GBP. The financial statements are rounded to the nearest £.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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.

- **Sponsorship income**

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

- **Donations**

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the year it is receivable and to the extent the academy trust has provided the goods or services.

2.4 Expenditure

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

- **Expenditure on raising funds**

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

2. Accounting policies (continued)

2.4 Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 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.

2.7 Tangible fixed assets

Assets costing £1,500 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 requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

| | |
|--------------------------|---------------------|
| Leasehold buildings | - 2% straight line |
| Long-term leasehold land | - over lease term |
| Leasehold improvements | - 10% straight line |
| Furniture and fixtures | - 20% straight line |
| Computer equipment | - 25% straight line |

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

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

2.8 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities

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

2.11 Provisions

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

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

2. Accounting policies (continued)

2.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy trust's wholly owned subsidiary are held at face value less any impairment.

2.13 Operating leases

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

2.14 Pensions

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

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

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

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

2. Accounting policies (continued)

2.15 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

3. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Trustees to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the Trustees believe that the critical accounting policies where judgements or estimating are necessarily applied are summarised below.

Depreciation and residual value

Tangible fixed assets are depreciated over the useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

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

4. Income from donations and capital grants

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Transfer from local authority conversion | - | - | - | - |
| Donations | 12,708 | - | - | 12,708 |
| Capital Grants | - | - | 130,694 | 130,694 |
| Total 2019 | 12,708 | - | 130,694 | 143,402 |

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|---|------------------------------------|----------------------------------|---|-----------------------------|
| Donations | | | | |
| Transfer from local authority on conversion | 4,693 | (1,195,000) | 2,338,654 | 1,148,347 |
| Donations | 14,076 | - | - | 14,076 |
| Capital Grants | - | - | 354,543 | 354,543 |
| Total 2018 | 18,769 | (1,195,000) | 2,693,197 | 1,516,966 |

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Notes to the Financial Statements
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5. Funding for the academy trust's educational operations

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|-----------------------------|
| DfE/ESFA grants | | | |
| GAG (General Annual Grant) | - | 5,665,155 | 5,665,155 |
| Pupil Premium | - | 645,112 | 645,112 |
| Universal Infant Free School Meals | - | 156,665 | 156,665 |
| Rates relief | - | 25,270 | 25,270 |
| PE Sports grant funding | - | 77,120 | 77,120 |
| Other grants | - | 53,974 | 53,974 |
| | - | 6,623,296 | 6,623,296 |
| Other government grants | | | |
| Maternity insurance cover grant income | - | 57,721 | 57,721 |
| Other local authority grants | - | 556,877 | 556,877 |
| Other government grants | 6,875 | 20,680 | 27,555 |
| | 6,875 | 635,278 | 642,153 |
| Other funding | | | |
| Catering income | - | 74,043 | 74,043 |
| School trip income | - | 77,237 | 77,237 |
| Extended services income | - | 106,605 | 106,605 |
| Outsourced Teacher income | - | 4,713 | 4,713 |
| University placement income | - | 2,656 | 2,656 |
| Other income | 13,865 | 245 | 14,110 |
| | 13,865 | 265,499 | 279,364 |
| Total 2019 | 20,740 | 7,524,073 | 7,544,813 |

Elston Hall Multi Academy Trust
(A Company Limited by Guarantee)

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

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Total funds 2018 £ |
|--|--|--|---------------------------------------|
| DfE/ESFA grants | | | |
| GAG (General Annual Grant) | - | 5,335,939 | 5,335,939 |
| Pupil Premium | - | 601,094 | 601,094 |
| Universal Free School Meals | - | 133,450 | 133,450 |
| Start up grants | - | 25,000 | 25,000 |
| Rates relief | - | 22,298 | 22,298 |
| PE Sports grant funding | - | 64,935 | 64,935 |
| Other grants | - | 18,435 | 18,435 |
| | - | 6,201,151 | 6,201,151 |
| Other government grants | | | |
| Maternity insurance cover grant income | - | 90,240 | 90,240 |
| Other local authority grants | - | 471,368 | 471,368 |
| Other government grants | 6,966 | - | 6,966 |
| | 6,966 | 561,608 | 568,574 |
| Other funding | | | |
| Catering income | - | 67,633 | 67,633 |
| School trip income | - | 61,736 | 61,736 |
| Extended services income | - | 97,685 | 97,685 |
| Outsourced Teacher income | - | 10,610 | 10,610 |
| University placement income | - | 10,880 | 10,880 |
| Other income | 3,195 | - | 3,195 |
| | 3,195 | 248,544 | 251,739 |
| Total 2018 | 10,161 | 7,011,303 | 7,021,464 |

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(A Company Limited by Guarantee)

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

6. Income from other trading activities

| | Unrestricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|----------------------------|--|---------------------------------------|---------------------------------------|
| Fundraising activities | 7,959 | 7,959 | 9,577 |
| Lettings income | 8,412 | 8,412 | 8,760 |
| Sale of uniform | 13,349 | 13,349 | 14,845 |
| Other income | 10,090 | 10,090 | 4,584 |
| Music services income | 175 | 175 | 250 |
| Sale of goods and services | 23,207 | 23,207 | 23,078 |
| | <u>63,192</u> | <u>63,192</u> | <u>61,094</u> |

7. Investment income

| | Unrestricted funds 2019 £ | Total funds 2019 £ | Total funds 2018 £ |
|--------------------------|--|---------------------------------------|---------------------------------------|
| Bank interest receivable | 297 | 297 | 331 |
| | <u>297</u> | <u>297</u> | <u>331</u> |

8. Expenditure

| | Staff Costs 2019 £ | Premises 2019 £ | Other 2019 £ | Total 2019 £ |
|--|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Expenditure on fundraising trading activities: | | | | |
| Direct costs | - | - | 31,035 | 31,035 |
| Educational Operations: | | | | |
| Direct costs | 4,915,756 | 215,398 | 521,345 | 5,652,499 |
| Support costs | 1,053,362 | 375,494 | 895,191 | 2,324,047 |
| Total 2019 | <u>5,969,118</u> | <u>590,892</u> | <u>1,447,571</u> | <u>8,007,581</u> |

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For the Year Ended 31 August 2019

| | Staff Costs 2018 £ | Premises 2018 £ | Other 2018 £ | Total 2018 £ |
|---|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|
| <i>Expenditure on fundraising trading activities:</i> | | | | |
| Direct costs | - | - | 32,152 | 32,152 |
| <i>Educational Operations:</i> | | | | |
| Direct costs | 5,009,824 | 187,706 | 515,466 | 5,712,996 |
| Support costs | 948,749 | 385,764 | 773,976 | 2,108,489 |
| Total 2018 | 5,958,573 | 573,470 | 1,321,594 | 7,853,637 |

9. Analysis of expenditure by activities

| | Activities undertaken directly 2019 £ | Support costs 2019 £ | Total funds 2019 £ |
|------------------------|--|---|---------------------------------------|
| Educational Operations | 5,652,499 | 2,324,047 | 7,976,546 |

| | Activities undertaken directly 2018 £ | Support costs 2018 £ | Total funds 2018 £ |
|------------------------|--|---|---------------------------------------|
| Educational Operations | 5,712,996 | 2,108,489 | 7,821,485 |

9. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Total funds 2019 £ | Total funds 2018 £ |
|----------------------|---------------------------------------|---------------------------------------|
| Staff costs | 4,873,975 | 4,778,281 |
| LGPS finance costs | 125,000 | 131,000 |
| Depreciation | 252,343 | 224,351 |
| Educational supplies | 105,296 | 135,291 |
| Staff development | 9,323 | 18,021 |
| Technology costs | 54,629 | 42,776 |
| Other direct costs | 231,933 | 383,276 |
| | <u>5,652,499</u> | <u>5,712,996</u> |

Analysis of support costs

| | Total funds 2019 £ | Total funds 2018 £ |
|-------------------------|---------------------------------------|---------------------------------------|
| Staff costs | 1,053,362 | 948,750 |
| Educational supplies | 7,549 | 6,650 |
| Technology costs | 66,161 | 47,854 |
| Other direct costs | 410,485 | 395,841 |
| Maintenance of premises | 227,882 | 207,572 |
| Operating leases | 23,828 | 17,141 |
| Rates | 25,270 | 22,298 |
| Energy | 91,302 | 82,657 |
| Insurance | 73,645 | 62,186 |
| Other occupancy costs | 34,404 | 27,442 |
| Catering costs | 310,159 | 290,098 |
| | <u>2,324,047</u> | <u>2,108,489</u> |

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Notes to the Financial Statements
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10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2019 £ | 2018 £ |
|---------------------------------------|---------------|---------------|
| Operating lease rentals | 23,828 | 17,141 |
| Depreciation of tangible fixed assets | 252,343 | 224,351 |
| Fees paid to auditors for: | | |
| - audit | 12,500 | 12,125 |
| - other services | 3,900 | 3,600 |
| | <u>12,500</u> | <u>12,125</u> |
| | <u>3,900</u> | <u>3,600</u> |

11. Staff costs

a. Staff costs

Staff costs during the year were as follows:

| | 2019 £ | 2018 £ |
|---------------------------|------------------|------------------|
| Wages and salaries | 4,483,390 | 4,304,471 |
| Social security costs | 400,639 | 387,207 |
| Pension costs | 1,039,320 | 1,035,353 |
| | <u>5,923,349</u> | <u>5,727,031</u> |
| Agency staff costs | 41,781 | 231,543 |
| Staff restructuring costs | 3,988 | - |
| | <u>5,969,118</u> | <u>5,958,574</u> |

Staff restructuring costs comprise:

| | | |
|--------------------|--------------|----------|
| Severance payments | <u>3,988</u> | <u>-</u> |
|--------------------|--------------|----------|

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11. Staff costs (continued)

b. Staff numbers

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

| | 2019 No. | 2018 No. |
|---------------------|---------------------|---------------------|
| Teachers | 59 | 75 |
| Teaching Assistants | 77 | 82 |
| Administrative | 16 | 13 |
| Management | 16 | 15 |
| Support staff | 75 | 80 |
| Caretaker | 9 | 10 |
| | <u>252</u> | <u>275</u> |

The average headcount expressed as full-time equivalents was:

| | 2019 No. | 2018 No. |
|---------------------|---------------------|---------------------|
| Teachers | 54 | 69 |
| Teaching Assistants | 58 | 59 |
| Administrative | 12 | 10 |
| Management | 15 | 17 |
| Support Staff | 14 | 11 |
| Caretaker | 7 | 8 |
| | <u>160</u> | <u>174</u> |

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11: Staff costs (continued)

c. Higher paid staff

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

| | 2019 No. | 2018 No. |
|---------------------------------|-------------|-------------|
| In the band £60,001 - £70,000 | - | 1 |
| In the band £70,001 - £80,000 | 1 | - |
| In the band £100,001 - £110,000 | - | 1 |
| In the band £110,001 - £120,000 | 1 | - |
| | <u>1</u> | <u>-</u> |

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £693,933 (2018 - £607,393).

12. Central services

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

- Human resources
- Educational services
- Financial services
- Operations
- Legal and governance
- Others as arising

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

6% of General Annual Grant (GAG) income.

The actual amounts charged during the year were as follows:

| | 2019 £ | 2018 £ |
|---------------------------------|----------------|----------------|
| Elston Hall Primary School | 144,220 | 144,200 |
| Palmers Cross Primary School | 51,403 | - |
| Edward the Elder Primary School | 54,604 | 54,500 |
| Goldthorn Park Primary School | 86,400 | 74,500 |
| Total | <u>336,627</u> | <u>273,200</u> |

No central service charge was made to Palmers Cross Primary School during the previous year as a result of a large reduction in ESFA funding applied during that year.

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

| | | 2019 £ | 2018 £ |
|--|----------------------------|-----------|-----------|
| K Grayson, Executive Headteacher and Accounting Officer | Remuneration | 110,000 - | 100,000 - |
| | | 115,000 | 105,000 |
| | Pension contributions paid | 15,000 - | 15,000 - |
| | | 20,000 | 20,000 |

During the year, retirement benefits were accruing to 1 Trustees (2018 - 1) in respect of defined benefit pension schemes.

During the year, no Trustees received any benefits in kind (2018 - £Nil)

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £75).

14. Trustees' and Officers' insurance

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

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Notes to the Financial Statements
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15. Tangible fixed assets

| | Leasehold property £ | Leasehold improvements £ | Furniture and fixtures £ | Computer equipment £ | Assets under construction £ | Total £ |
|--------------------------|----------------------------|--------------------------------|-----------------------------------|----------------------------|--------------------------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 September 2018 | 10,012,603 | 308,188 | 43,556 | 141,270 | 154,880 | 10,660,497 |
| Additions | - | - | 18,781 | 10,065 | 88,978 | 117,824 |
| At 31 August 2019 | <u>10,012,603</u> | <u>308,188</u> | <u>62,337</u> | <u>151,335</u> | <u>243,858</u> | <u>10,778,321</u> |
| Depreciation | | | | | | |
| At 1 September 2018 | 369,760 | 15,291 | 11,339 | 76,904 | - | 473,294 |
| Charge for the year | 184,579 | 30,819 | 9,761 | 27,184 | - | 252,343 |
| At 31 August 2019 | <u>554,339</u> | <u>46,110</u> | <u>21,100</u> | <u>104,088</u> | <u>-</u> | <u>725,637</u> |
| Net book value | | | | | | |
| At 31 August 2019 | <u>9,458,264</u> | <u>262,078</u> | <u>41,237</u> | <u>47,247</u> | <u>243,858</u> | <u>10,052,684</u> |
| At 31 August 2018 | <u>9,642,843</u> | <u>292,897</u> | <u>32,217</u> | <u>64,366</u> | <u>154,880</u> | <u>10,187,203</u> |

16. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|----------------|----------------|
| Due within one year | | |
| Trade debtors | 189 | 190 |
| VAT repayable | 57,959 | 67,551 |
| Other debtors | 3,689 | 25,840 |
| Prepayments and accrued income | 242,718 | 264,150 |
| | <u>304,555</u> | <u>357,731</u> |

Elston Hall Multi Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

17. Creditors: Amounts falling due within one year

| | 2019 | 2018 |
|--|------------------|-------------|
| | £ | £ |
| Bank overdrafts | 172 | - |
| Other creditors | 4,146 | 24,721 |
| Accruals and deferred income | 280,665 | 349,899 |
| | 284,983 | 374,620 |
| | 2019 | 2018 |
| | £ | £ |
| Deferred income at 1 September 2018 | 215,573 | 306,612 |
| Resources deferred during the year | 247,134 | 215,573 |
| Amounts released from previous periods | (215,573) | (306,612) |
| | 247,134 | 215,573 |

At the balance sheet date the multi academy trust was holding funds received in advance for universal infant free school meals, start up grant funding, rates relief and capital grants.

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(A Company Limited by Guarantee)

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

18. Statement of funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2019 £ |
|---------------------------------------|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted costs | 13,313 | 96,937 | (37,910) | - | - | 72,340 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | 5,665,155 | (5,617,410) | 7,390 | - | 55,135 |
| Pupil Premium | - | 645,112 | (645,112) | - | - | - |
| Other DfE/ESFA grants | - | 313,029 | (313,029) | - | - | - |
| Local authority grants | - | 635,278 | (635,278) | - | - | - |
| Catering | - | 74,043 | (74,043) | - | - | - |
| Educational visits | - | 77,237 | (77,237) | - | - | - |
| Teachers outsourced | - | 4,713 | (4,713) | - | - | - |
| Extended services | - | 106,850 | (106,850) | - | - | - |
| Other restricted funds | - | 2,656 | (2,656) | - | - | - |
| Pension reserve | (4,974,000) | - | (241,000) | - | (745,000) | (5,960,000) |
| | <u>(4,974,000)</u> | <u>7,524,073</u> | <u>(7,717,328)</u> | <u>7,390</u> | <u>(745,000)</u> | <u>(5,904,865)</u> |
| Restricted fixed asset funds | | | | | | |
| Transferred on conversion | 9,600,165 | - | (195,522) | - | - | 9,404,643 |
| DfE grants and transfers from the GAG | 587,038 | 130,694 | (56,821) | (7,390) | - | 653,521 |
| | <u>10,187,203</u> | <u>130,694</u> | <u>(252,343)</u> | <u>(7,390)</u> | <u>-</u> | <u>10,058,164</u> |
| Total Restricted funds | <u>5,213,203</u> | <u>7,654,767</u> | <u>(7,969,671)</u> | <u>-</u> | <u>(745,000)</u> | <u>4,153,299</u> |
| Total funds | <u><u>5,226,516</u></u> | <u><u>7,751,704</u></u> | <u><u>(8,007,581)</u></u> | <u><u>-</u></u> | <u><u>(745,000)</u></u> | <u><u>4,225,639</u></u> |

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

18. Statement of funds (continued)

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

Unrestricted funds

Unrestricted funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the directors.

Restricted funds

These funds represent grants and other income received for the Academy's operational activities and development.

Pension reserve

This pension reserve included within restricted general funds represents the Academy's share of the pension liability arising on the LGPS pension fund.

Restricted fixed asset funds

These funds represents grants received from the DfE, ESFA and Local Authority to carry out works of a capital nature.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

Total funds analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

| | 2019 £ | 2018 £ |
|--|------------------|------------------|
| Elston Hall Primary School | 290,497 | 296,993 |
| Palmers Cross Primary School | (31,893) | (99,948) |
| Edward the Elder Primary School | (48,556) | (112,195) |
| Goldthorn Park Primary School | (82,573) | (71,537) |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 127,475 | 13,313 |
| Restricted fixed asset fund | 10,058,164 | 10,187,203 |
| Pension reserve | (5,960,000) | (4,974,000) |
| | <hr/> | <hr/> |
| Total | 4,225,639 | 5,226,516 |

At the balance sheet date the Elston Hall Multi Academy Trust central services balance was £56,340.

18. Statement of funds (continued)

The following academies are carrying a net deficit on their portion of the funds as follows:

| | Deficit £ |
|---------------------------------|--------------------------|
| Palmers Cross Primary School | (31,893) |
| Edward the Elder Primary School | (48,556) |
| Goldthorn Park Primary School | (82,573) |
| | <u><u> </u></u> |

The academy trust is carrying a net deficit of £163,022 on restricted general funds (excluding pension reserve) plus unrestricted funds for the above 3 schools due to previous results.

The academy trust is taking the following action to return the academies to surplus:

The Trust has approved in-year surplus budget plans for each school and will continue to monitor budgets closely to ensure they are on track to return all academies to a surplus position. It should be noted that whilst the above 3 schools carry a cumulative deficit position as at 31 August 2019, 2 of the 3 schools reported an in-year surplus position which has reduced their individual cumulative deficit position.

Palmers Cross Primary School

The school has been successful in increasing pupil numbers and promote the nursery which has proved to be popular amongst the community. The school recently secured a Good Ofsted rating and will now continue to work towards maintaining pupil numbers both within school, nursery and the Resource Base.

Edward the Elder Primary School

Efforts continue to be made to ensure the most optimum use of staffing resources and maintaining the quality of teaching and learning. The school recently secured a Good Ofsted rating and additional funding from the LA to increase its 'Pupil Admission Numbers (PAN)'.

Goldthorn Park Primary School

Efforts continue to be made to ensure the most optimum use of staffing resources and maintaining the quality of teaching and learning.

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18. Statement of funds (continued)

Total cost analysis by academy

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

| | Teaching and educational support staff costs £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2019 £ |
|------------------------------------|---|--------------------------------------|------------------------------|---|--------------------|
| Elston Hall Primary School | 2,284,233 | 499,291 | 32,060 | 650,893 | 3,466,477 |
| Palmers Cross Primary School | 738,011 | 146,221 | 15,849 | 251,269 | 1,151,350 |
| Edward the Elder Primary School | 666,678 | 200,856 | 25,069 | 245,166 | 1,137,769 |
| Goldthorn Park Primary School | 1,110,834 | 206,994 | 39,867 | 400,947 | 1,758,642 |
| Elston Hall Multi Academy Trust | 116,000 | - | - | 125,000 | 241,000 |
| Academy trust | 4,915,756 | 1,053,362 | 112,845 | 1,673,275 | 7,755,238 |

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18. Statement of funds (continued)

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

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2018 £ |
|---------------------------------------|---|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| Unrestricted costs | 253,362 | 90,355 | (330,983) | 579 | - | 13,313 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | - | 5,335,939 | (5,335,939) | - | - | - |
| Start-up grants | - | 25,000 | (25,000) | - | - | - |
| Pupil Premium | - | 601,094 | (601,094) | - | - | - |
| Other DfE/ESFA grants | - | 220,683 | (220,683) | - | - | - |
| Local authority grants | - | 561,608 | (561,608) | - | - | - |
| Catering | - | 67,633 | (67,633) | - | - | - |
| Educational visits | - | 61,736 | (61,736) | - | - | - |
| Teachers outsourced | - | 10,610 | (10,610) | - | - | - |
| Extended services | - | 97,685 | (97,685) | - | - | - |
| Other restricted funds | - | 29,315 | (29,315) | - | - | - |
| Pension reserve | (4,263,000) | (1,195,000) | (287,000) | - | 771,000 | (4,974,000) |
| | <u>(4,263,000)</u> | <u>5,816,303</u> | <u>(7,298,303)</u> | <u>-</u> | <u>771,000</u> | <u>(4,974,000)</u> |
| Restricted fixed asset funds | | | | | | |
| Transferred on conversion | 7,454,488 | 2,338,654 | (192,977) | - | - | 9,600,165 |
| DfE grants and transfers from the GAG | 264,448 | 354,543 | (31,374) | (579) | - | 587,038 |
| | <u>7,718,936</u> | <u>2,693,197</u> | <u>(224,351)</u> | <u>(579)</u> | <u>-</u> | <u>10,187,203</u> |
| Total Restricted funds | <u>3,455,936</u> | <u>8,509,500</u> | <u>(7,522,654)</u> | <u>(579)</u> | <u>771,000</u> | <u>5,213,203</u> |
| Total funds | <u>3,709,298</u> | <u>8,599,855</u> | <u>(7,853,637)</u> | <u>-</u> | <u>771,000</u> | <u>5,226,516</u> |

Elston Hall Multi Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2019

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2019 £ | Restricted funds 2019 £ | Restricted fixed asset funds 2019 £ | Total funds 2019 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 10,052,684 | 10,052,684 |
| Current assets | 72,340 | 223,490 | 122,108 | 417,938 |
| Creditors due within one year | - | (168,355) | (116,628) | (284,983) |
| Provisions for liabilities and charges | - | (5,960,000) | - | (5,960,000) |
| Total | 72,340 | (5,904,865) | 10,058,164 | 4,225,639 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2018 £ | Restricted funds 2018 £ | Restricted fixed asset funds 2018 £ | Total funds 2018 £ |
|--|------------------------------------|----------------------------------|---|-----------------------------|
| Tangible fixed assets | - | - | 10,187,203 | 10,187,203 |
| Current assets | (255,123) | 602,321 | 40,735 | 387,933 |
| Creditors due within one year | 268,436 | (602,321) | (40,735) | (374,620) |
| Provisions for liabilities and charges | - | (4,974,000) | - | (4,974,000) |
| Total | 13,313 | (4,974,000) | 10,187,203 | 5,226,516 |

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20. Reconciliation of net (expenditure)/income to net cash flow from operating activities

| | 2019 £ | 2018 £ |
|--|---------------|------------------|
| Net (expenditure)/income for the year (as per Statement of Financial Activities) | (255,877) | 746,218 |
| Adjustments for: | | |
| Depreciation | 252,343 | 224,351 |
| Capital grants from DfE and other capital income | (182,491) | (354,543) |
| Interest receivable | (297) | (331) |
| Defined benefit pension scheme obligation inherited | - | 1,195,000 |
| Defined benefit pension scheme cost less contributions payable | 116,000 | 156,000 |
| Defined benefit pension scheme finance cost | 125,000 | 131,000 |
| Decrease/(increase) in debtors | 53,176 | (4,159) |
| Decrease in creditors | (89,637) | (130,875) |
| Tangible fixed asset gifted | - | (2,338,654) |
| Net cash provided by/(used in) operating activities | 18,217 | (375,993) |

21. Cash flows from investing activities

| | 2019 £ | 2018 £ |
|--|---------------|------------|
| Interest receivable | 297 | 331 |
| Purchase of tangible fixed assets | (117,824) | (353,964) |
| Capital grants from DfE Group | 182,491 | 354,543 |
| Net cash provided by investing activities | 64,964 | 910 |

22. Analysis of cash and cash equivalents

| | 2019 £ | 2018 £ |
|--|----------------|---------------|
| Cash in hand | 113,383 | 30,202 |
| Total cash and cash equivalents | 113,383 | 30,202 |

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23. Capital commitments

| | 2019 £ | 2018 £ |
|--|---------------|---------------|
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | <u>39,898</u> | <u>57,744</u> |

24. Pension commitments

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

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

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

24. Pension commitments (continued)

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

24. Pension commitments (continued)

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £421,000 (2018 - £408,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £647,000 (2018 - £528,000), of which employer's contributions totalled £547,000 (2018 - £437,000) and employees' contributions totalled £ 100,000 (2018 - £91,000). The agreed contribution rates for future years are 17.2 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Principal actuarial assumptions

| | 2019 % | 2018 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.70 | 3.80 |
| Rate of increase for pensions in payment/inflation | 2.20 | 2.30 |
| Discount rate for scheme liabilities | 1.90 | 2.65 |

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

| | 2019 Years | 2018 Years |
|-----------------------------|---------------|---------------|
| <i>Retiring today</i> | | |
| Males | 20.9 | 21.9 |
| Females | 23.2 | 24.4 |
| <i>Retiring in 20 years</i> | | |
| Males | 22.6 | 24.1 |
| Females | 25.1 | 26.7 |

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24. Pension commitments (continued)

Sensitivity analysis

| | 2019 | 2018 |
|--|-------------|-------------|
| | £000 | £000 |
| Discount rate +0.1% | (207) | (13) |
| Discount rate -0.1% | 212 | 13 |
| Mortality assumption - 1 year increase | 295 | 17 |
| Mortality assumption - 1 year decrease | (285) | (16) |
| CPI rate +0.1% | 176 | 13 |
| CPI rate -0.1% | (171) | (13) |

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

| | At 31 | At 31 |
|-------------------------------------|--------------------|--------------------|
| | August 2019 | August 2018 |
| | £ | £ |
| Equities | 1,364,000 | 986,000 |
| Gilts | 215,000 | 112,000 |
| Corporate bonds | 86,000 | 58,000 |
| Property | 185,000 | 126,000 |
| Cash and other liquid assets | 82,000 | 58,000 |
| Other | 337,000 | 217,000 |
| Total market value of assets | 2,269,000 | 1,557,000 |

The actual return on scheme assets was £119,000 (2018 - £15,000).

The amounts recognised in the Statement of Financial Activities are as follows:

| | 2019 | 2018 |
|---|------------------|------------------|
| | £ | £ |
| Current service cost | (551,000) | (593,000) |
| Past service cost | (112,000) | - |
| Interest income | 49,000 | 33,000 |
| Interest cost | (174,000) | (164,000) |
| Total amount recognised in the Statement of Financial Activities | (788,000) | (724,000) |

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24. Pension commitments (continued)

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

| | 2019 £ | 2018 £ |
|------------------------------|------------------|-----------|
| At 1 September | 6,531,000 | 5,212,000 |
| Conversion of academy trusts | - | 1,297,000 |
| Current service cost | 551,000 | 593,000 |
| Interest cost | 174,000 | 164,000 |
| Employee contributions | 100,000 | 91,000 |
| Actuarial losses/(gains) | 815,000 | (789,000) |
| Benefits paid | (54,000) | (37,000) |
| Past service costs | 112,000 | - |
| At 31 August | 8,229,000 | 6,531,000 |

Changes in the fair value of the academy trust's share of scheme assets were as follows:

| | 2019 £ | 2018 £ |
|----------------------------|------------------|-----------|
| At 1 September | 1,557,000 | 949,000 |
| Interest income | 49,000 | 33,000 |
| Actuarial gains/(losses) | 70,000 | (18,000) |
| Employer contributions | 547,000 | 437,000 |
| Employee contributions | 100,000 | 91,000 |
| Benefits paid | (54,000) | (37,000) |
| Settlement prices received | - | 102,000 |
| At 31 August | 2,269,000 | 1,557,000 |

25. Operating lease commitments

At 31 August 2019 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|--|---------------|-----------|
| Not later than 1 year | 10,170 | 13,917 |
| Later than 1 year and not later than 5 years | 6,851 | 12,291 |
| | 17,021 | 26,208 |

26. Members' liability

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

27. Related party transactions

No related party transactions took place in the period of account other than certain Trustee's remuneration and expenses already disclosed in note 13.