

Elston Hall Multi Academy Trust

Trustees' report and financial statements

For the Year Ended 31 August 2018



Elston Hall Multi Academy Trust
(A company limited by guarantee)

Contents

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 12
Governance statement	13 - 15
Statement on regularity, propriety and compliance	16
Statement of Trustees' responsibilities	17
Independent auditors' report on the financial statements	18 - 20
Independent reporting accountant's assurance report on regularity	21 - 22
Statement of financial activities incorporating income and expenditure account	23
Balance sheet	24
Statement of cash flows	25
Notes to the financial statements	26 - 53

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Reference and administrative details
For the Year Ended 31 August 2018

Members	Reverend I Poole R Lawton K Kent S Legg Dr R Roberts
Trustees	L Kruczek*, Chair J Briscoe D Brown J Caddick (appointed 13 November 2017, resigned 5 February 2018) O Dallaway (appointed 5 February 2018) K Grayson*, Executive Headteacher and Accounting Officer A Mack (appointed 13 November 2017) K Pal* D Percival (resigned 5 February 2018) J Purcell (appointed 5 February 2018) L Talbot

* Finance, general purpose and 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
Executive Headteacher and Accounting Officer	K Grayson
Senior management team	K Grayson, Chief Executive Officer L Dollery, Associate Headteacher L Foster, Deputy Headteacher (Elston Hall Primary) B Highman, Deputy Headteacher (Elston Hall Primary) S Collett, Head of School (Palmer's Cross Primary) R Cooper, 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 of the academy, its trustees and advisers
For the Year Ended 31 August 2018

Advisers (continued)

Solicitors	Howes Percival LLP Nene House 4 Rushmills Northampton Northamptonshire NN4 7YB
-------------------	---

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report
For the Year Ended 31 August 2018

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

The Trust currently operates four primary academies in Wolverhampton, all of which include a nursery. Its academies have a combined pupil capacity of 1,470 plus 150 in nursery and had a combined roll of 1,583 (including 143 in nursery) in the school census on 4 October 2018.

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

Details of the Trustees who served during the year 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'.

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

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 August 2018

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.

g. Pay policy for 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%	-

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 August 2018

100%	-	
Percentage of pay bill spent on facility time		£
Total cost of facility time	-	
Total pay bill	5,958,573	
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. Connected organisations, including related party relationships

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.

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

- To attain a calm, welcoming and purposeful atmosphere; providing a curriculum which is broad, balanced, enjoyable and challenging; differentiated in order to meet the needs of all our children.
- To provide a school environment that is attractive, stimulating and informative that motivates individuals to reach their full potential. This will be done within a culture of learning, high standards and expectations.
- We want our school to be a happy, safe environment where everyone feels cared for, nurtured, valued and free from discrimination. We aim to encourage mutual respect and sensitivity to the needs of others and recognise and celebrate success in everyone.
- To encourage and develop parental involvement in everyday life of each school and to foster a partnership between our schools and the wider community based on trust and openness.
- To empower staff and governors to develop their professional expertise and fulfill their role as valued members of a team, working to achieve the aims of the school, through effective leadership systems and professional development of staff.

Trustees' report (continued)
For the Year Ended 31 August 2018

- To ensure we promote the expectations outlined within the National agenda across EYFS, Key Stage 1 and 2 with regard to local and other legal regulations.

c. Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties when reviewing the Academy's aims and objectives and planning future activities.

Achievements and performance

Strategic report

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 2018

Reception

Good Level of Development 78%

2018	Reading	Writing	Number
ELG 2+	80%	76%	80%

Year 2

2018	Reading	Writing	Maths
Expected Standard +	82%	78%	80%
Greater Depth	35%	26%	34%

Year 6

2018	Reading	Writing	Maths	SPAG
Expected Standard+	63%	89%	86%	82%
Greater Depth	19%	22%	20%	24%
Progress (NA is 0.0)				

Outcomes for Palmers Cross Primary School 2018

Reception

Good Level of Development 77%

2018	Reading	Writing	Number
ELG 2+	76%	76%	84%

Year 2

2018	Reading	Writing	Maths
Expected Standard +	78%	74%	81%
Greater Depth	23%	19%	26%

Year 6

2017	Reading	Writing	Maths	SPAG
Expected Standard+	77%	84%	81%	84%
Greater Depth	26%	23%	26%	23%
Progress (NA is 0.0)	3.10	3.4	3.2	NA

Outcomes for Edward the Elder 2018

Reception

Good Level of Development 77%

2018	Reading	Writing	Number
ELG 2+	83%	80%	83%

Year 2

2018	Reading	Writing	Maths
Expected Standard +	76%	70%	77%
Greater Depth	23%	17%	20%

Year 6

2017	Reading	Writing	Maths	SPAG
Expected Standard+	60%	77%	63%	
Greater Depth	20%	10%	3%	
Progress (NA is 0.0)	2.6	3.6	2.2	NA

Outcomes for Goldthorn Park Primary 2018

Good Level of Development 76%

2018	Reading	Writing	Number
ELG 2+	80%	80%	85%

Year 2

2018	Reading	Writing	Maths
Expected Standard +	41%	46%	51%
Greater Depth	29%	20%	22%

Year 6

2018	Reading	Writing	Maths	SPAG
Expected Standard+	65%	73%	62%	67%
Greater Depth	27%	29%	13%	30%
Progress (NA is 0.0)	-0.5	2.7	-1.7	NA

b. Going concern

The academy trust has incurred additional costs primarily as a result of school improvement priorities in schools who have joined the trust. As a result of these additional costs, the academy trust has made a revenue deficit for the year of £240,049. As a result of this in year deficit, the academy trust only has net assets of £13,313 remaining as at 31 August 2018.

The Trustees have prepared surplus budget plans for 2018-19 with additional contingency arrangements in place. Detailed budgets and forecasts through to 31 August 2021 have also been prepared incorporating a number of significant cost saving measures including a review of staffing across all schools in the trust and service level agreements, namely Catering and Cleaning Services. Cashflow and budget monitoring procedures have been enhanced to ensure that income and expenditure remains within budget and that any likely overspends can be identified at the earliest stage to enable corrective action to be taken. Cashflow forecasts demonstrate that, whilst the trust is facing financial challenges, the academy trust will continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The Trustees have concluded that there exists a material uncertainty that may cast significant doubt upon the academy trusts ability to continue as a going concern. However, after making enquiries, they consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements These financial

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 August 2018

statements do not include any adjustments that might arise if the going concern basis for the preparation of the financial statements was not appropriate.

Financial review

The Trust has completed its third academic year (established October 2015) for the period ended 31st August 2018. It should be noted that Goldthorn Park Primary School joined the Trust in November 2017 and therefore only operated for 10 months under the Trust. 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 Hall Primary School - The budget covering the period September 2017 to August 2018 resulted in an in year deficit of £94,341.

Palmers Cross Primary School – The budget covering the period September 2017 to August 2018 resulted in an in-year surplus of £401.

Edward the Elder Primary School – The budget covering the period September 2017 to August 2018 resulted in an in year deficit of £74,572 against a planned deficit surplus budget of £20k. This is due to a number of staffing changes and absences being covered by supply and £34k being attributable to the need of alternative provision for two children.

Goldthorn Park Primary School – The budget covering the period September 2017 to August 2018 resulted in an year deficit of £71,537 against a planned deficit budget of £6k. This is mainly due to a reduction in UIFSM, Pupil Premium and Early Years funding streams; staff absences and changes being covered by agency support and increased premises related expenses. Goldthorn Park Primary school joined the Trust in November 2017 and budgetary information in relation to income and expenditure was therefore limited.

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. Principal risks and uncertainties

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. Financial 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

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 August 2018

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

a. Future developments

Future aims of the Trust include the following:

- Continue to support Primary Schools following any requests to join the MAT.
- 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.

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Trustees' report (continued)
For the Year Ended 31 August 2018

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

Funds held as custodian

No monies are being held on behalf of other schools or other organisations as at 31 August 2018.

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 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 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's equal opportunities policy, the academy 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'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 the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's 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 10 December 2018 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 6 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)	6	6
J Briscoe	4	6
D Brown	5	6
J Caddick	2	2
O Dallaway	2	2
K Grayson (Chief Executive Officer)	6	6
A Mack	3	5
K Pal	5	6
D Percival	2	3
J Purcell	3	3
L Talbot	2	3

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. The purpose of this committee 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.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
K Pal, Chair	3	3
D Brown	3	3
K Grayson	3	3
D Percival	2	3
J Purcell	1	3

Review of Value for Money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that the academy 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's use of its resources has provided good value for money

Governance Statement (continued)

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 has delivered improved value for money during the year by:

- The Trust's Attendance Officer is now 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 ongoing process designed to identify and prioritise the risks to the achievement of academy 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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy 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's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The academy'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, General Purposes and Audit 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's financial systems.

Governance Statement (continued)

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

The academy trust has confirmed that the appointee has delivered their schedule of work as planned. No material control issues were noted as having arisen as a result of the appointee's work.

Review of Effectiveness

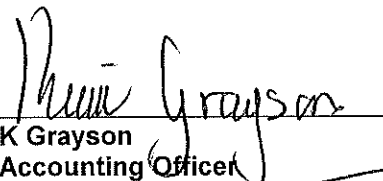
As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- 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 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, General Purposes Committee and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10 December 2018 and signed on their behalf, by:


L Kruczek
Chair of Trustees


K Grayson
Accounting Officer

Elston Hall Multi Academy Trust
(A company limited by guarantee)

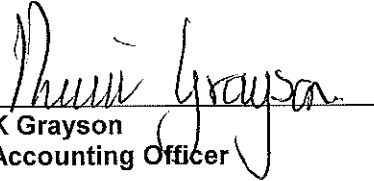
Statement on Regularity, Propriety and Compliance

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 2017.

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

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:

Following the year end, the Trust has been a victim of fraudulent activity. An invoice from our roofing contractor was intercepted via email and bank account details on the invoice were altered prior to being submitted for payment. Unfortunately, the invoice was seemingly received from the Contractor's Administrator and provided no cause for concern or suspicion to suggest that the invoice was not genuine. The fraud was uncovered one month later when the contractor confirmed that payment of the invoice was not received in their bank account. The matter was immediately reported to the Police, ESFA, Bank, Auditors and Insurance who advised that this type of sophisticated fraud is on the increase and a number of schools have been subjected to it.


K Grayson
Accounting Officer

Date: 10 December 2018

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2018

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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:

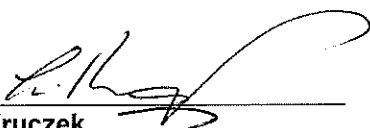
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees on 10 December 2018 and signed on its behalf by:



L Kruczek
Chair of Trustees

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 'multi academy trust') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, 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 2017 to 2018 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's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 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 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.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that there is significant doubt on the academy's ability to continue as a going concern. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the academy's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. 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.

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

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 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.

Responsibilities of Trustees

As explained more fully in the statement of trustees' responsibilities, the Trustees (who are also the directors of the academy 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

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.

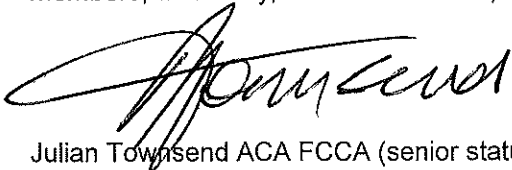
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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

Use of our report

This report is made solely to the academy'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'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 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
10 December 2018

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Independent reporting accountants' 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 2017 to 2018, 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 2017 to 31 August 2018 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 the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Elston Hall Multi Academy Trust and the 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 2017, 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 2017 to 2018. 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 2017 to 31 August 2018 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 2017 to 2018 issued by the 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's income and expenditure.

Elston Hall Multi Academy Trust
(A company limited by guarantee)

**Independent reporting accountants' assurance report on regularity to Elston Hall Multi Academy Trust
and the Education & Skills Funding Agency (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Statutory Auditor
Chartered Accountants

Birmingham

10 December 2018

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 2018

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:						
Donations and capital grants:						
Transferred from local authority	2	4,693	(1,195,000)	2,338,654	1,148,347	1,046,896
Other donations and capital grants	2	14,076	-	354,543	368,619	237,721
Charitable activities:						
Funding for the multi academy trust's educational operations	3	10,161	7,011,303	-	7,021,464	5,273,942
Other trading activities	4	61,094	-	-	61,094	80,942
Investments	5	331	-	-	331	423
Total income		90,355	5,816,303	2,693,197	8,599,855	6,639,924
Expenditure on:						
Raising funds		32,152	-	-	32,152	28,195
Multi academy trust's educational operations		298,831	7,298,303	224,351	7,821,485	5,915,291
Total expenditure	7	330,983	7,298,303	224,351	7,853,637	5,943,486
Net income / (expenditure) before transfers		(240,628)	(1,482,000)	2,468,846	746,218	696,438
Transfers between Funds	16	579	-	(579)	-	-
Net income / (expenditure) before other recognised gains and losses		(240,049)	(1,482,000)	2,468,267	746,218	696,438
Actuarial gains on defined benefit pension schemes	22	-	771,000	-	771,000	726,000
Net movement in funds		(240,049)	(711,000)	2,468,267	1,517,218	1,422,438
Reconciliation of funds:						
Total funds brought forward		253,362	(4,263,000)	7,718,936	3,709,298	2,286,860
Total funds carried forward		13,313	(4,974,000)	10,187,203	5,226,516	3,709,298

Elston Hall Multi Academy Trust
(A company limited by guarantee)
Registered number: 09780473

Balance sheet
As at 31 August 2018

	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	13		10,187,203		7,718,936
Current assets					
Debtors	14	357,731		353,572	
Cash at bank and in hand		30,202		405,285	
		<u>387,933</u>		<u>758,857</u>	
Creditors: amounts falling due within one year	15	(374,620)		(505,495)	
Net current assets			<u>13,313</u>		<u>253,362</u>
Total assets less current liabilities			<u>10,200,516</u>		<u>7,972,298</u>
Defined benefit pension scheme liability	22	(4,974,000)		(4,263,000)	
Net assets including pension scheme liabilities			<u><u>5,226,516</u></u>		<u><u>3,709,298</u></u>
Funds of the academy					
Restricted income funds:					
Restricted funds excluding pension liability		10,187,203		7,718,936	
Pension reserve		(4,974,000)		(4,263,000)	
Total restricted funds			<u>5,213,203</u>		<u>3,455,936</u>
Unrestricted income funds	16		<u>13,313</u>		<u>253,362</u>
Total funds			<u><u>5,226,516</u></u>		<u><u>3,709,298</u></u>

The financial statements on pages 23 to 53 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:


L Krucek
Chair of Trustees

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Statement of cash flows
For the Year Ended 31 August 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	18	<u>(375,993)</u>	<u>(225,880)</u>
Cash flows from investing activities:			
Interest from investments		331	423
Purchase of tangible fixed assets		(353,964)	(153,112)
Capital grants from DfE Group		<u>354,543</u>	<u>230,820</u>
Net cash provided by investing activities		<u>910</u>	<u>78,131</u>
Change in cash and cash equivalents in the year		(375,083)	(147,749)
Cash and cash equivalents brought forward		<u>405,285</u>	<u>553,034</u>
Cash and cash equivalents carried forward	19	<u><u>30,202</u></u>	<u><u>405,285</u></u>

1. Accounting policies

Elston Hall Multi Academy Trust is a company limited by guarantee 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.

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

1.1 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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Elston Hall Multi Academy Trust constitutes a public benefit entity as defined by FRS 102.

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

1.2 Going concern

The academy trust has incurred additional costs primarily as a result of school improvement priorities in schools who have joined the trust. As a result of these additional costs, the academy trust has made a revenue deficit for the year of £240,049. As a result of this in year deficit, the academy trust only has net assets of £13,313 remaining as at 31 August 2018.

The Trustees have prepared surplus budget plans for 2018-19 with additional contingency arrangements in place. Detailed budgets and forecasts through to 31 August 2021 have also been prepared incorporating a number of significant cost saving measures including a review of staffing across all schools in the trust and service level agreements, namely Catering and Cleaning Services. Cashflow and budget monitoring procedures have been enhanced to ensure that income and expenditure remains within budget and that any likely overspends can be identified at the earliest stage to enable corrective action to be taken. Cashflow forecasts demonstrate that, whilst the trust is facing financial challenges, the academy trust will continue to be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

The Trustees have concluded that there exists a material uncertainty that may cast significant doubt upon the academy trusts ability to continue as a going concern. However, after making enquiries, they consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements These financial statements do not include any adjustments that might arise if the going concern basis for the preparation of the financial statements was not appropriate.

1. Accounting policies (continued)

1.3 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grant income

Grants are included in the statement of financial activities incorporating income and expenditure account 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 incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the statement of financial activities incorporating income and expenditure account in the period in which it is receivable (where there are no performance-related conditions), where receipt is probable and it is measurable.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Transfer on conversion

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

1. Accounting policies (continued)

1.4 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

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

Charitable Activities

Expenditure on charitable activities are costs incurred on the academy's educational operations, including support costs and those costs relating to the governance of the academy appointed to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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 incorporating income and expenditure account 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 incorporating income and expenditure account. 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 these assets on a straight-line basis over their expected useful lives, as follows:

1. Accounting policies (continued)

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 incorporating income and expenditure account.

1.6 Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.7 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.

1.8 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.

1.9 Liabilities and provisions

Liabilities and provisions 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 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. 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.

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. 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 costs as detailed in note 15. 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.

1.11 Taxation

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

1.12 Pensions

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments 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 in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 22, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

1. Accounting policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities incorporating income and expenditure account 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.

1.13 Conversion to an academy trust

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

The assets and liabilities transferred on conversion from Goldthorpe Park Primary School to an academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations - transfer from local authority on conversion in the statement of financial activities incorporating income and expenditure account and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 20.

1.14 Fund accounting

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

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

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

1. Accounting policies (continued)

1.15 Critical accounting estimates and areas of judgement

Estimates and judgments 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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 values

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 2018

2. Income from donations and capital grants

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Transfer from local authority on conversion	4,693	(1,195,000)	2,338,654	1,148,347	1,046,896
Donations	14,076	-	-	14,076	6,901
Capital Grants	-	-	354,543	354,543	230,820
Subtotal	14,076	-	354,543	368,619	237,721
	18,769	(1,195,000)	2,693,197	1,516,966	1,284,617
Total 2017	6,901	(1,767,000)	3,044,716	1,284,617	

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

3. Funding for Academy's educational operations

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
GAG (General Annual Grant)	-	5,335,939	5,335,939	3,911,283
Pupil Premium	-	601,094	601,094	469,863
Universal Infant Free School Meals	-	133,450	133,450	100,710
Start up grants	-	25,000	25,000	25,000
Rates relief	-	22,298	22,298	14,489
PE Sports grant funding	-	64,935	64,935	23,063
Other grants	-	18,435	18,435	41,556
	-	6,201,151	6,201,151	4,585,964
Other government grants				
Maternity insurance cover grant income	-	90,240	90,240	45,507
Other local authority grants	-	471,368	471,368	341,807
Other government grants	6,966	-	6,966	-
	6,966	561,608	568,574	387,314
Other funding				
Catering income	-	67,633	67,633	47,642
School trip income	-	61,736	61,736	45,345
Extended services income	-	97,685	97,685	75,974
Outsourced Teacher income	-	10,610	10,610	129,383
University placement income	-	10,880	10,880	2,320
Other income	3,195	-	3,195	-
	3,195	248,544	251,739	300,664
	10,161	7,011,303	7,021,464	5,273,942
Total 2017	29,692	5,244,250	5,273,942	

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

4. Other trading activities

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Fundraising activities	9,577	-	9,577	7,090
Lettings income	8,760	-	8,760	8,483
Sale of uniform	14,845	-	14,845	10,164
Other income	4,584	-	4,584	21,310
Music services income	250	-	250	330
Sale of goods and services	23,078	-	23,078	33,565
	<u>61,094</u>	<u>-</u>	<u>61,094</u>	<u>80,942</u>
Total 2017	<u>80,942</u>	<u>-</u>	<u>80,942</u>	

5. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest receivable	331	-	331	423
	<u>331</u>	<u>-</u>	<u>331</u>	<u>423</u>
Total 2017	<u>423</u>	<u>-</u>	<u>423</u>	

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

6. Charitable activities

	Total funds 2018 £	Total funds 2017 £
Direct costs - educational operations		
Wages and salaries	3,667,122	2,653,300
National insurance	342,105	260,555
Pension cost	769,054	534,386
Depreciation	224,351	165,988
LGPS finance costs	131,000	100,000
Educational supplies	135,291	105,596
Staff development	18,021	15,425
Technology costs	42,776	31,380
Other direct costs	383,276	416,756
Supply teacher insurance	-	287
	<u>5,712,996</u>	<u>4,283,673</u>
Support costs - educational operations		
Wages and salaries	637,348	459,349
National insurance	45,102	27,262
Pension cost	266,300	190,562
Educational supplies	6,650	84,416
Technology costs	47,854	49,423
Other direct costs	395,841	124,997
Maintenance of premises	207,572	265,248
Operating leases	17,141	15,798
Rates	22,298	13,613
Energy	82,657	56,230
Insurance	62,186	50,921
Other occupancy costs	27,442	12,635
Catering costs	290,098	281,164
	<u>2,108,489</u>	<u>1,631,618</u>
Subtotal		
	2,108,489	1,631,618
Other	-	-
	<u>2,108,489</u>	<u>1,631,618</u>
	<u>7,821,485</u>	<u>5,915,291</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

7. Expenditure

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on fundraising trading					
Direct costs	-	-	32,152	32,152	2,819
Support costs	-	-	-	-	-
Educational Operations:					
Direct costs	5,009,824	187,706	515,466	5,712,996	4,283,672
Allocated support costs	948,749	385,764	773,976	2,108,489	1,631,619
	<u>5,958,573</u>	<u>573,470</u>	<u>1,321,594</u>	<u>7,853,637</u>	<u>5,943,486</u>
Total 2017	<u>4,225,451</u>	<u>521,375</u>	<u>1,196,660</u>	<u>5,943,486</u>	

8. Net income/(expenditure)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- owned by the charity	224,351	165,988
Auditors' remuneration - audit	12,125	10,075
Auditors' remuneration - other services	1,550	1,300
Operating lease rentals	17,141	15,798
	<u>255,167</u>	<u>193,161</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

9. Staff

a. Staff costs

Staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	4,304,470	3,112,649
Social security costs	387,207	287,817
Operating costs of defined benefit pension schemes	1,035,353	724,948
	<u>5,727,030</u>	<u>4,125,414</u>
Supply teacher costs	231,543	100,037
	<u>5,958,573</u>	<u>4,225,451</u>

b. Staff numbers

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

	2018	2017
	No.	No.
Teachers	75	47
Teaching Assistants	82	68
Administrative	13	11
Management	15	11
Support staff	80	56
Caretaker	10	8
	<u>275</u>	<u>201</u>

Average headcount expressed as a full time equivalent:

	2018	2017
	No.	No.
Teachers	69	34
Teaching Assistants	59	50
Administrative	10	9
Management	17	11
Support Staff	11	10
Caretaker	8	5
	<u>174</u>	<u>119</u>

9. Staff costs (continued)

c. Higher paid staff

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

	2018	2017
	No.	No.
In the band £60,001 - £70,000	1	0
In the band £90,001 - £100,000	0	1
In the band £100,001 - £110,000	1	0

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 £607,393 (2017 - £500,168).

10. Central services

The academy 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 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:

	2018	2017
	£	£
Elston Hall Primary School	144,200	-
Edward the Elder	54,500	-
Goldthorn Park Primary School	74,500	-
	<u>273,200</u>	<u>-</u>
Total	<u><u>273,200</u></u>	<u><u>-</u></u>

No central service charge was made to Palmer's Cross Primary School during the year as a result of a large reduction in ESFA funding received by the academy during the year.

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2018	2017
		£	£
K Grayson (Executive Headteacher and Trustee)	Remuneration	100,000-105,000	95,000-100,000
	Pension contributions paid	15,000-20,000	15,000-20,000

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, one Trustee received reimbursement of expenses totalling £75 (2017 - £NIL to no Trustees).

12. Trustees' and Officers' Insurance

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

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

13. Tangible fixed assets

	Leasehold property £	Leasehold improvements £	Furniture and fixtures £	Computer equipment £	Assets under construction £	Total £
Cost						
At 1 September 2017	7,691,317	55,392	36,821	103,599	80,750	7,967,879
Additions	-	172,046	-	27,038	154,880	353,964
Transferred on conversion	2,321,286	-	6,735	10,633	-	2,338,654
Transfer between classes	-	80,750	-	-	(80,750)	-
At 31 August 2018	<u>10,012,603</u>	<u>308,188</u>	<u>43,556</u>	<u>141,270</u>	<u>154,880</u>	<u>10,660,497</u>
Depreciation						
At 1 September 2017	191,806	5,539	2,263	49,335	-	248,943
Charge for the year	177,954	9,752	9,076	27,569	-	224,351
At 31 August 2018	<u>369,760</u>	<u>15,291</u>	<u>11,339</u>	<u>76,904</u>	<u>-</u>	<u>473,294</u>
Net book value						
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>
At 31 August 2017	<u>7,499,511</u>	<u>49,853</u>	<u>34,558</u>	<u>54,264</u>	<u>80,750</u>	<u>7,718,936</u>

14. Debtors

	2018 £	2017 £
Trade debtors	190	26,717
VAT debtor	67,552	66,760
Other debtors	25,839	80,293
Prepayments and accrued income	264,150	179,802
	<u>357,731</u>	<u>353,572</u>

15. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other creditors	24,721	1,072
Accruals and deferred income	349,899	504,423
	<u>374,620</u>	<u>505,495</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

15. Creditors: Amounts falling due within one year (continued)

	2018 £	2017 £
Deferred income		
Deferred income at 1 September 2017	306,612	112,379
Resources deferred during the year	215,573	306,612
Amounts released from previous years	(306,612)	(112,379)
	<u>215,573</u>	<u>306,612</u>
Deferred income at 31 August 2018	<u>215,573</u>	<u>306,612</u>

At the balance sheet date the multi-academy trust was holding funds received in advance for universal infant free school meal, early years finding, rates relief and capital grants.

16. Statement of funds

	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 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>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

16. Statement of funds (continued)

Restricted fixed asset funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
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 of 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>

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 represents 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, EFA and Local Authority to carry out works of a capital nature.

16. Statement of funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £	Total 2017 £
Elston Hall Primary School	296,993	391,334
Palmers Cross Primary School	(99,948)	(100,349)
Edward the Elder Primary School	(112,195)	(37,623)
Goldthorn Park Primary School	(71,537)	-
	<hr/>	<hr/>
Total before fixed asset fund and pension reserve	13,313	253,362
Restricted fixed asset fund	10,187,203	7,718,936
Pension reserve	(4,974,000)	(4,263,000)
	<hr/>	<hr/>
Total	<u>5,226,516</u>	<u>3,709,298</u>

The following academy is carrying a net deficit on its portion of the funds as follows:

Name of academy	Amount of deficit £
Palmers Cross Primary School	(99,948)
Edward the Elder Primary School	(112,195)
Goldthorn Park Primary School	(71,537)

Palmers Cross Primary School

The budget covering the period September 2017 to August 2018 resulted in an in-year surplus of £401 against a planned deficit budget of £75k. It should be noted that the school had a funding cut of £100k for their high needs resource base resulting in a deficit budget being set. However, the significant reduction of the planned deficit is mainly due to the successful opening of a nursery resulting in increased Early Years Funding and a number of cost savings achieved in terms of covering staff absences in house.

Edward the Elder Primary School

The budget covering the period September 2017 to August 2018 resulted in an in year deficit of £74,572 against a planned deficit surplus budget of £20k. This is due to a number of staffing changes and absences being covered by supply and £34k being attributable to the need of alternative provision for two children.

Goldthorn Park Primary School

The budget covering the period November 2017 to August 2018 resulted an in year deficit of £71,537 against a planned deficit budget of £6k. This is mainly due to a reduction in UIFSM, Pupil Premium and Early Years funding streams; staff absences and changes being covered by agency support and increased premises related expenses. Goldthorn Park Primary school joined the Trust in November 2017 and budgetary information in relation to income and expenditure was therefore limited.

16. Statement of funds (continued)

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

- In year surplus budgets have been established and approved for all schools in the trust which will assist in reducing the deficits as part of a medium term financial strategy;
- Monthly meetings/updates will be held with the Head of School and CEO to review staffing and discuss budget performance to identify any areas of concern at the earliest opportunity for action to be taken, as necessary;
- Tendering of the Catering contract across all schools in the trust which currently indicate savings of approximately £20k in 2019/20;
- Continue to review the need and terms of Service Level Agreements to maximise value for the Trust;
- Continue to enforce our procurement procedures to ensure value for money is achieved at all purchasing levels.

Palmers Cross Primary School

The school will continue to work on increasing pupil numbers and promote the nursery which has proved to be very successful amongst the community and has attracted additional funding to the school.

Edward the Elder Primary School

Efforts are being made to ensure the most optimum use of staffing resources, particularly in covering staff absences, and maintaining the quality of teaching and learning.

Goldthorn Park Primary School

Efforts are being made to ensure the most optimum use of staffing resources, particularly in covering staff absences, and maintaining the quality of teaching and learning.

Analysis of academies by cost

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciat- ion £	Total 2018 £	Total 2017 £
Elston Hall Primary School	2,376,789	441,804	256,825	396,366	3,471,784	3,579,658
Palmers Cross Primary School	709,275	140,529	100,822	75,345	1,025,971	1,078,495
Edward the Elder Primary School	770,460	194,381	137,640	142,962	1,245,443	993,273
Goldthorn Park Primary School	997,300	172,036	107,412	334,707	1,611,455	-
	<u>4,853,824</u>	<u>948,750</u>	<u>602,699</u>	<u>949,380</u>	<u>7,354,653</u>	<u>5,651,426</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

16. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds						
Unrestricted costs	265,465	117,958	(81,697)	(48,364)	-	253,362
Restricted funds						
General Annual Grant (GAG)	134,853	3,911,283	(4,046,136)	-	-	-
Start up grants	-	25,000	(25,000)	-	-	-
Pupil Premium	-	469,863	(469,863)	-	-	-
Other DfE/ESFA grants	-	179,818	(179,818)	-	-	-
Local authority grants	-	387,314	(387,314)	-	-	-
Catering	-	47,642	(47,642)	-	-	-
Educational visits	-	45,345	(45,345)	-	-	-
Teachers outsourced	-	99,691	(99,691)	-	-	-
Extended services	672	75,974	(76,646)	-	-	-
Other restricted funds	1,954	2,320	(4,274)	-	-	-
Pension reserve	(3,034,000)	(1,767,000)	(188,000)	-	726,000	(4,263,000)
	<u>(2,896,521)</u>	<u>3,477,250</u>	<u>(5,569,729)</u>	<u>-</u>	<u>726,000</u>	<u>(4,263,000)</u>

Restricted fixed asset funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Transferred on conversion	4,857,501	2,813,896	(216,909)	-	-	7,454,488
DfE grants and transfers from the GAG	60,415	230,820	(75,151)	48,364	-	264,448
	<u>4,917,916</u>	<u>3,044,716</u>	<u>(292,060)</u>	<u>48,364</u>	<u>-</u>	<u>7,718,936</u>
Total restricted funds	<u>2,021,395</u>	<u>6,521,966</u>	<u>(5,861,789)</u>	<u>48,364</u>	<u>726,000</u>	<u>3,455,936</u>
Total of funds	<u><u>2,286,860</u></u>	<u><u>6,639,924</u></u>	<u><u>(5,943,486)</u></u>	<u><u>-</u></u>	<u><u>726,000</u></u>	<u><u>3,709,298</u></u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
Unrestricted costs	265,465	208,313	(412,680)	(47,785)	-	13,313
Restricted funds						
General Annual Grant (GAG)	134,853	9,247,222	(9,382,075)	-	-	-
Start up grants	-	50,000	(50,000)	-	-	-
Pupil Premium	-	1,070,957	(1,070,957)	-	-	-
Other DfE/ESFA grants	-	400,501	(400,501)	-	-	-
Local authority grants	-	948,922	(948,922)	-	-	-
Catering	-	115,275	(115,275)	-	-	-
Educational visits	-	107,081	(107,081)	-	-	-
Teachers outsourced	-	110,301	(110,301)	-	-	-
Extended services	672	173,659	(174,331)	-	-	-
Other restricted funds	1,954	31,635	(33,589)	-	-	-
Pension reserve	(3,034,000)	(2,962,000)	(475,000)	-	1,497,000	(4,974,000)
	<u>(2,896,521)</u>	<u>9,293,553</u>	<u>(12,868,032)</u>	<u>-</u>	<u>1,497,000</u>	<u>(4,974,000)</u>
Restricted fixed asset funds						
	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
Transferred on conversion	4,857,501	5,152,550	(409,886)	-	-	9,600,165
DfE grants and transfers from the GAG	60,415	585,363	(106,525)	47,785	-	587,038
	<u>4,917,916</u>	<u>5,737,913</u>	<u>(516,411)</u>	<u>47,785</u>	<u>-</u>	<u>10,187,203</u>
	<u>2,021,395</u>	<u>15,031,466</u>	<u>(13,384,443)</u>	<u>47,785</u>	<u>1,497,000</u>	<u>5,213,203</u>
Total of funds	<u><u>2,286,860</u></u>	<u><u>15,239,779</u></u>	<u><u>(13,797,123)</u></u>	<u><u>-</u></u>	<u><u>1,497,000</u></u>	<u><u>5,226,516</u></u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

17. Analysis of net assets between funds

	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	(255,125)	602,321	40,735	387,931
Creditors due within one year	268,438	(602,321)	(40,735)	(374,618)
Provisions for liabilities and charges	-	(4,974,000)	-	(4,974,000)
	<u>13,313</u>	<u>(4,974,000)</u>	<u>10,187,203</u>	<u>5,226,516</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	7,718,936	7,718,936
Current assets	253,362	318,857	186,638	758,857
Creditors due within one year	-	(318,857)	(186,638)	(505,495)
Provisions for liabilities and charges	-	(4,263,000)	-	(4,263,000)
	<u>253,362</u>	<u>(4,263,000)</u>	<u>7,718,936</u>	<u>3,709,298</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £	2017 £
Net income for the year (as per Statement of Financial Activities)	746,218	696,438
Adjustment for:		
Depreciation charges	224,351	165,988
Dividends, interest and rents from investments	(331)	(423)
Increase in debtors	(4,159)	(184,889)
(Decrease)/increase in creditors	(130,875)	186,722
Capital grants from DfE and other capital income	(354,543)	(230,820)
Defined benefit pension scheme obligation inherited	1,195,000	1,767,000
Defined benefit pension scheme cost less contributions payable	156,000	88,000
Defined benefit pension scheme finance cost	131,000	100,000
Tangible fixed assets gifted	(2,338,654)	(2,813,896)
Net cash used in operating activities	<u>(375,993)</u>	<u>(225,880)</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

19. Analysis of cash and cash equivalents

	2018 £	2017 £
Cash in hand	30,202	405,285
Total	<u>30,202</u>	<u>405,285</u>

20. Conversion to an academy trust

On 1 November 2017 Goldthorn Park Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Elston Hall Multi Academy Trust from City of Wolverhampton Council for £NIL consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities incorporating income and expenditure account.

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	2,321,286	2,321,286
- Other tangible fixed assets	-	-	17,368	17,368
Budget surplus/(deficit) on LA funds	4,693	-	-	4,693
LGPS pension surplus/(deficit)	-	(1,195,000)	-	(1,195,000)
Net assets/(liabilities)	<u>4,693</u>	<u>(1,195,000)</u>	<u>2,338,654</u>	<u>1,148,347</u>

The above net assets includes £4,693 that was transferred as cash.

21. Capital commitments

At 31 August 2018 the academy had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>57,744</u>	<u>-</u>

22. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's 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 City of Wolverhampton Council. Both are multi-employer defined benefit pension schemes.

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

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £408,000 (2017 - £450,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

22. Pension commitments (continued)

trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £528,000 (2017 - £351,000), of which employer's contributions totalled £437,000 (2017 - £275,000) and employees' contributions totalled £91,000 (2017 - £76,000). The agreed contribution rates for future years are 15.9 - 22.0% plus £137,000 for employers and 5.5 - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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:

	2018	2017
Discount rate for scheme liabilities	2.65 %	2.60 %
Rate of increase in salaries	3.80 %	4.20 %
Rate of increase for pensions in payment / inflation	2.30 %	2.70 %

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

	2018	2017
Retiring today		
Males	21.9 years	21.8 years
Females	24.4 years	24.3 years
Retiring in 20 years		
Males	24.1 years	24.0 years
Females	26.7 years	26.6 years

	At 31 August 2018	At 31 August 2017
Sensitivity analysis	£	£
Discount rate +0.1%	(13,000)	(11,000)
Discount rate -0.1%	13,000	11,000
Mortality assumption - 1 year increase	17,000	14,000
Mortality assumption - 1 year decrease	(16,000)	(14,000)
CPI rate +0.1%	13,000	11,000
CPI rate -0.1%	(13,000)	(11,000)

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

22. Pension commitments (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	986,000	601,000
Gilts	112,000	69,000
Corporate bonds	58,000	37,000
Property	126,000	69,000
Cash and other liquid assets	58,000	47,000
Other	217,000	126,000
	<u>1,557,000</u>	<u>949,000</u>
Total market value of assets	<u>1,557,000</u>	<u>949,000</u>

The actual return on scheme assets was £15,000 (2017 - £91,000).

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(593,000)	(433,000)
Past service cost	-	70,000
Interest income	33,000	-
Interest cost	(164,000)	(100,000)
	<u>(724,000)</u>	<u>(463,000)</u>
Total	<u>(724,000)</u>	<u>(463,000)</u>
Actual return on scheme assets	<u>15,000</u>	<u>91,000</u>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	5,212,000	3,334,000
Upon conversion	1,297,000	1,767,000
Current service cost	593,000	433,000
Interest cost	164,000	111,000
Employee contributions	91,000	76,000
Actuarial gains	(789,000)	(509,000)
Benefits paid	(37,000)	-
	<u>6,531,000</u>	<u>5,212,000</u>
Closing defined benefit obligation	<u>6,531,000</u>	<u>5,212,000</u>

Elston Hall Multi Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the Year Ended 31 August 2018

22. Pension commitments (continued)

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

	2018 £	2017 £
Opening fair value of scheme assets	949,000	300,000
Return on plan assets (excluding net interest)	-	80,000
Interest income	33,000	11,000
Actuarial gains/(losses)	(18,000)	137,000
Employer contributions	437,000	275,000
Employee contributions	91,000	76,000
Benefits paid	(37,000)	-
Settlement prices received	102,000	70,000
	<u>1,557,000</u>	<u>949,000</u>
Closing fair value of scheme assets	<u>1,557,000</u>	<u>949,000</u>

23. Operating lease commitments

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

	2018 £	2017 £
Amounts payable:		
Within 1 year	13,917	4,890
Between 1 and 5 years	12,291	-
	<u>26,208</u>	<u>4,890</u>
Total	<u>26,208</u>	<u>4,890</u>

24. 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 £NIL for the debts and liabilities contracted before he/she ceases to be a member.

25. Related party transactions

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