

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

LANDAU BAKER LIMITED

Chartered Accountants & Statutory Auditors

Mountcliff House

154 Brent Street

London

NW4 2DR

THE LEARNING ALLIANCE ACADEMY TRUST
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CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 12
Governance statement	13 - 16
Statement on regularity, propriety and compliance	17
Statement of Trustees' responsibilities	18
Independent auditors' report on the financial statements	19 - 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 - 46

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members

Deborah Laflin
Robert Milne
Brian Hazell
Roderick Watson
George Vinton

Trustees

Dale Butcher, Chair of Trustees
Gillian Coffey OBE, Executive Headteacher
Denise Fletcher
Linda Hazell
Peter Ward
Roderick Watson
Alan Armstrong (resigned 26 March 2018)
Deborah Laflin (resigned 18 September 2018)
Graham Parker (resigned 8 January 2018)
Daniel Sullivan (resigned 4 September 2017)

Company registered number

07703829

Company name

The Learning Alliance Academy Trust

Principal and registered office

Garrard Road, Slough, Berkshire, SL2 2AN

Senior management team

Gillian Coffey OBE, Executive Headteacher
Lindsey Tomlinson, Head of School (Lynch Hill School Primary Academy)
Jane Everton, Headteacher (Lynch Hill Enterprise Academy) - resigned 31 December 2017
Chris Thomas, Headteacher (Lynch Hill Enterprise Academy) - appointed 1 September 2018

Independent auditors

Landau Baker Limited, Mountcliff House, 154 Brent Street, London, NW4 2DR

Bankers

HSBC, 128 High Street, Slough, Berkshire, SL1 1JF

Solicitors

Winkworth Sherwood, Minerva House, 5 Montague Close, London, SE19

THE LEARNING ALLIANCE 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 period 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates two academies:

- Lynch Hill School Primary Academy for pupils aged 3-11 serving a catchment area in Slough. It had a roll of 927 in the school census on Autumn 2018.
- Lynch Hill Enterprise for pupils aged 11-16 serving a catchment area in Slough. It had a roll of 530 in the school census on Autumn 2018.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Learning Alliance Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Learning Alliance Academy Trust.

Details of the trustees who served during the period are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act, every governor or other officer of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Method of Recruitment and Appointment or Election of Trustees

The management of the Trust is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association and funding agreement as follows:

- No less than three trustees (unless otherwise determined by ordinary resolution) but not subject to any maximum
- The Trustees may appoint such number as they see fit
- The Chief Executive Officer
- No more than one third of the total number of Trustees to be employees
- Minimum of two Parent Trustees unless there are Local Governing Bodies representing the Academies that include at least two Parent members
- Staff governors appointed by the Trustees, provided that the maximum number of staff trustees does not exceed one third of the total number of trustees
- Any governors appointed by the Secretary of State for Education.

The term of office for any governor is 4 years. The Executive Headteacher's term of office runs parallel with his/her term of appointment. Subject to remaining eligible to be a particular type of governor, any governor may be reappointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new governors will depend on their individual experience and expertise. Where necessary an induction will provide training on charity and educational, legal and financial matters. All

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

new governors are given a tour of the Trust and the chance to meet with staff and students. All governors are provided with copies of policies, procedures, minutes, budgets, plans and other documents that they will need to understand their role as trustees and directors of the Trust.

Organisational Structure

The Trust has established a management structure to enable its efficient running. The structure consists of two levels: the governors and the executive who are the senior leadership team.

The governing body has considered its role thoughtfully and decided that the role of the governors is to approve the strategic direction and objectives of the Trust and monitor its progress towards these objectives.

The governing body has approved a scheme of delegation which sets out a statement on the system of internal control, responsibilities, standing orders, a scheme of delegation and terms of reference. The Executive Headteacher is directly responsible for the day to day running of the Trust and is assisted by a senior leadership team.

Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by use of budgets and making major decisions about the direction of the Trust, including capital expenditure and senior staff appointments.

The Chief Executive assumes the accounting officer role.

Arrangements for setting pay and remuneration of key management personnel

Key management personnel are considered to be the members of the governing body and the Trust leadership team. No member of the governing body receives remuneration for their role of trustee. Staff governors receive remuneration from the Trust for their roles in the Trust itself. The Remuneration Committee is responsible for setting remuneration of staff and in particular of the Trust leadership team. In setting remuneration, the committee has regard to benchmarks of performance of individual staff and references national pay structures for teachers and other local government employees.

No employees were relevant union officials during the year.

Related Parties and other Connected Charities and Organisations

The Learning Alliance Academy Trust is a multi academy Trust operating two academies, Lynch Hill School Primary Academy and Lynch Hill Enterprise Academy. The Trust undertakes educational support activities.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

Objects and Aims

Principal Activities

The principal object and activity of the Trust is the provision of education for pupils between the ages of 3 and 16.

In accordance with the Articles of Association the Trust has adopted a funding agreement approved by the Secretary of State for Education. The funding agreement specifies, amongst other things, the basis for admitting pupils to the Trust's Schools and that the Schools will provide a broad and balanced curriculum.

The mission of the Learning Alliance Academy Trust is to ensure that every young person receives the best possible start in life through a world-class education aimed at helping them become successful learners, confident individuals and responsible citizens. The Trust is focused on the development of the whole person – as a learner, as an individual, as a prospective employee and as a fully participating member of society.

The Trust's vision 'Unlocking potential, Raising aspirations' is built on a belief that a strong partnership of students, parents and staff can help every student take responsibility for their own learning and provide the support they need to reach their full potential.

The principal object of the Academy Trust is specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- to promote for the benefit of individuals living in Slough and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, strategies and activities

The Trust's main strategy is encompassed in its vision statements which is 'Unlocking Potential, Raising Aspirations' thereby promoting a great education for every child.

We believe every young person deserves the best possible start in life – a world class education aimed at helping the children become successful learners, confident individuals and responsible citizens.

Our mission is to help every young person in our schools to expand their horizons, and build the confidence, talents, interests, skills and qualifications to succeed as they make their way towards a fulfilling and prosperous adulthood.

We want our schools to be the best and a beacon of outstanding practice and innovators in education.

Through our schools we will:

- Offer outstanding leadership, teaching and learning;
- Support young people to reach their academic potential;
- Offer a broad, balanced and rich curriculum;
- Develop new approaches to teaching and learning that reflect local circumstances;
- Nurture a lasting passion and curiosity for learning;
- Help develop rounded, caring and socially responsible young people;
- Foster young people's physical, mental and emotional well-being;
- Encourage community and family engagement that enhances learning outcomes; and
- Encourage innovation and the sharing and development of professional practice.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The Trust is committed to:

- High levels of personal development and well-being alongside academic progress for all students within The Learning Alliance Academy Trust.
- Each academy within the Trust being recognised as a centre of learning excellence and an integral part of its local community.
- Innovative learning environments with high quality teaching, learning, resources and support with an emphasis on its specialism(s).
- The Trust's core values, developed to promote respect and the skills for life-long learning.
- Sustainable links built with the community and the skills needed for students' future paths developed with collaboration locally, nationally and globally.
- Successful engagement with parents/carers to support student progress, well-being and achievement, encouraging and responding to the different voices within our community.
- To being considered an employer of choice for staff by valuing commitment, creativity, diversity and flexibility; enabling outstanding performance; providing continuous professional development and promoting a high quality of work life.

Public benefit

The Trustees acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy Trust are for the public benefit.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Objectives and Activities

Achievements and Performance

Lynch Hill School Primary Academy (LHSPA)

The school is popular and well-respected. Its excellent reputation attracts pupils from beyond the catchment area, across Slough. The school has continued to attract new pupils through the year hence there is now a waiting list in all year groups for places at the school. The school has been increasing from 3 to 4 forms of entry year by year, following a recent building programme and is now a well-established four form entry primary school. The number on roll is well above average in size compared to all primary schools, nationally and at capacity ie.120 children per year group, including Nursery, 960 in total.

LHSPA is a National Support School and the Executive Headteacher is a National Leader of Education which means that it is recognised for the high standards and good progress it achieves for all its pupils and its capacity to support other underperforming schools, on behalf of the National College of Teaching & Leadership and the DfE. LHSPA was also granted Teaching School status in April 2013 and is now one of three Slough schools leading the Slough Teaching School Alliance.

The school population reflects the changing context of Slough. As well as increasing numbers on roll, the school now has 65% pupils from ethnic minority groups and 35% of its pupils do not speak English as their first language. Fifty four different languages are spoken in the school. LHSPA has 18% of its pupils who are eligible for Free School Meals (FSM) and 18 pupils receive additional support for special educational needs. The school population has above average levels of deprivation compared to national figures.

The aims and values of the school are to help pupils to develop:

- as motivated individuals who strive for high academic achievement;
- as responsible and caring members of the community;
- as independent, life-long learners; and
- high self-esteem, respecting themselves, others and the world around them.

LHSPA embraces the IPC Learning Goals of adaptability, communication, co-operation, enquiry, morality, resilience, respect and thoughtfulness for we recognise that these personal goals underpin the individual qualities and dispositions children will find essential in the 21st century:

This year the school has focused on improving its performance and improving pupil outcomes by

- Increased monitoring across different pupil groups to accelerate progress in all years with a particular focus on the teaching of phonics.
- Improving the quality of teaching and learning by focusing on the quality of writing; by teaching the skills of Maths Mastery; by developing pupils' thinking and questioning skills and by widening pupil experience of the world of work and different career paths.
- Improving the safety and behaviour of pupils through a committed approach to embedding learning strategies which foster resilience and independence; by rigorously and consistently challenging behaviour and language that does not reflect our British values so that pupils feel valued and their mental health is improved; and by raising the profile of a healthy lifestyle and fitness to tackle obesity through daily exercise for all pupils.
- Developing leadership and management by improving the impact of curriculum leaders on outcomes and provision. Other leadership objectives have included the implementation of GDPR and a compliance framework as well strategic priorities to strengthen the Trust and ensure future sustainability.

The evaluation of our school development plan showed that good progress was made against all four areas.

Overall, pupils make good progress from low starting points to reach standards in English and Mathematics that are above average by the end of Year 6. They enter the school with skills that are generally lower than those expected for their age, especially in language, communication and Mathematics. This was another excellent year for both attainment and progress even in light of the raised expectations of the new curriculum and assessment arrangements implemented this year. Achievement has been consistently above the national

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

average for many years which represents outstanding performance from very low starting points for most children because staff set ambitious, aspirational targets and effectively review performance and practice.

Results for the oldest children, in year 6, were again significantly above the national average, in both English and Mathematics, at the expected and higher levels as shown in the table below:

	At the Expected level or Above	At the Higher level
Reading	83% (national 71%)	33%
Writing	83% (national 76%)	32%
SPAG	92% (national 77%)	52%
Maths	88% (national 75%)	48%
Combined result for Reading, Writing and Maths	79% (national 61%)	25% (national 9%)

The majority of pupils make at least the expected progress as they move through the school with many making better than expected progress. The achievement gap between disadvantaged pupils in receipt of free school meals, compared with all other children, is being addressed with the Pupil Premium grant. The achievement gap has closed this year and is now not significant in any year group across the school with standards now reflecting the raised expectations of the new curriculum. Furthermore, the progress of these pupils by the end of Year 6, in all subjects, is also significantly above the national average and continues to be a strength of the school.

The school has worked increasingly effectively with parents from the many different backgrounds that make up the school community. One of the direct results of this is that attendance has improved year on year and is now above average at 96.2%.

The school makes good provision for pupils' spiritual, moral, social and cultural development because the curriculum is well-thought-out, opportunities are created to broaden pupils' cultural horizons and pupils are encouraged to think deeply about a range of issues. Personal development and welfare is also a strength of the school with the significant sporting provision offered as a result of the PE and sport grant making an outstanding contribution.

Pupils are polite and courteous. They feel safe at school and show positive attitudes to learning. Pastoral care is exemplary; the school ensures procedures for safeguarding are extremely robust.

The school has performed well against all key performance indicators are both financial and non-financial. Financially the School continues to operate with sufficient balances so as to continue to improve the infrastructure of the School and to ensure the continuity of the education of students. The School has kept within the agreed budget and will continue to do so unless a variation is agreed by the trust.

Plans for Future Periods

Future plans for the primary take account of the trust's strategic priorities to strengthen the Trust and ensure future sustainability. As a consequence, Trust leaders have agreed that the Learning Alliance Academy Trust will merge with another local trust, the South East Berkshire Multi Academy Trust (SEBMAT) in the next financial year to ensure the school's continued viability and facilitating greater economies of scale. This will effectively deliver growth, improved services and efficient staffing structures across the new Trust.

Lynch Hill Enterprise Academy (LHEA)

In July 2012, the Trust was successful in its application to the DfE to open a secondary school under the Free School Programme. The Enterprise Academy is an all ability, six form entry school with a specialism in Science, Technology, Engineering and Maths (STEM).

Lynch Hill Enterprise Academy opened in September 2014 in temporary accommodation. The school, which is

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

expected to accommodate 1,140 students when full, is growing one year group at a time and now has years 7 to 11. Admissions during the first three years have been restricted due to the constraints of the temporary accommodation. However, the school moved into its new state-of-the-art building in April 2017 and a full year group of 180 year 7 students was successfully recruited in September 2017 followed by a further 150 pupils this year. The new school provides an outstanding and stimulating learning environment with modern technologies, resources and facilities for our students.

The school population reflects the context of Slough with 50% students from ethnic minority groups and one quarter of students being of Pakistani origin. Also the school population has above average levels of deprivation compared to national figures. Whilst some 13% of pupils, a higher proportion than nationally, receive additional support for special educational needs or disabilities, some 24% of its pupils are eligible for Free School Meals (FSM) and receive extra funding to address their disadvantage.

The ethos of the LHEA is one of high expectations and curriculum pathways that meet the individual pupil's abilities and aptitudes. LHEA strives to deliver outstanding teaching and learning that drives high standards, rewards hard work and ensures all students make good progress.

LHEA believes that each student will leave Lynch Hill Enterprise Academy fully prepared for the world of work because of the value we place on Aspiration, Achievement and Success.

The school development plan priorities for 2017/18 focused on the issues raised by the Ofsted inspection in June 2017 which judged the school to have serious weaknesses. These were:

- Ensure that the curriculum is broad and balanced, enabling pupils to experience and make good progress in creative, aesthetic and technological learning at each key stage.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by ensuring that all teachers reinforce high expectations for pupils' conduct and effort so lessons flow consistently smoothly and pupils work hard.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by making sure that pupils routinely tackle work of a suitable degree of difficulty relative to their ability and previous learning.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by making sure that teachers explain tasks consistently clearly, checking pupils' understanding and adjusting the approach when needed.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by developing teachers' questioning skills so that they are adept at asking probing questions that help pupils to deepen their understanding.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by consistently providing lower-ability pupils with the support and resources they need to learn well in lessons.
- Further develop teaching so that all groups of pupils make strong progress across a wide range of subjects by developing teaching of mathematical reasoning and problem-solving so that pupils deepen their understanding and become fluent mathematicians.
- Ensure that pupils conduct themselves consistently well between lessons, at break and lunchtime.
- Improve pupils' understanding of the importance of not using homophobic or other discriminatory language.
- Improve governance by ensuring that trust leaders and governors seek and obtain the information they need to hold school leaders tightly to account for all areas of the school's performance.
- Improve governance by ensuring that trust leaders and governors set out a clear plan for how the school will meet its public sector equalities duties and make sure that they plan is implemented effectively.

Good progress has been made against these objectives and in June 2018, the school received a monitoring visit which concluded that 'Leaders and managers are taking effective action towards the removal of the serious weaknesses designation'. This news has been well received as the trust is committed to improving things rapidly for the benefit of all.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

The school is a popular choice for parents and its reputation has been unaffected by the recent Ofsted judgement because parents have confidence in the Trust to address the issues raised. An important part of improving outcomes for pupils in the school is working with outstanding schools to share and further develop excellence. As a result, school leaders have been working in partnership with colleagues in Slough and Eton CofE Business and Enterprise College and leaders have prioritised improving the quality of teaching to make it more consistently effective than in the past.

The substantive Headteacher left her post in December 2017 and a new Head of School has been appointed. Ongoing changes to the leadership have significantly affected the pace of improvement across the school.

The majority of pupils make at least the expected progress as they move through the school with many making better than expected progress. The achievement gap between disadvantaged pupils in receipt of free school meals, compared with all other children, is being addressed with the Pupil Premium grant. The achievement gap has closed this year. Furthermore, the progress of the oldest pupils is now the primary focus to ensure that the first set of external examination results is positive and enhances the reputation of the school.

The leadership of SEN is strong and a strength of the school. Assessment is accurate and improved communication with parents and professionals ensures the accurate identification of pupils' specific support needs and intended results. The SENCo has set up a thorough approach to tracking the effectiveness of support programmes to make sure that additional funding is well spent.

Leaders also make increasingly effective use of the additional pupil premium and catch up funding received to ensure the progress of disadvantaged pupils is improving. A range of support is enabling disadvantaged pupils attend well, cope well and keep up with the pace of learning. Teachers typically display good subject knowledge in the subjects taught and provide helpful guidance which helps students improve their work. Where teaching is strong, pupils' interest is captured and they make good progress. Useful resources, support and guidance are provided which help students improve their work.

The school makes good provision for pupils' spiritual, moral, social and cultural development because opportunities are created to broaden pupils' cultural horizons and pupils are encouraged to think deeply about a range of issues. Personal development and welfare is also a strength of the school.

Pupils are polite and demonstrate positive attitudes to learning. The school ensures procedures for safeguarding are extremely robust.

Financially the school continues to operate at a deficit but is forecast to return to a surplus within the next three years. Regular strategic reviews consider the long term plans for the school and where necessary action is taken to ensure that costs remain in line with future income projections. General Annual Grant income is based on a per pupil basis and as the school continues to grow with increased numbers on roll and significant lettings income from the new building, the school is becoming more financially stable. However it is widely known that in the early years of operation, GAG funding levels create little opportunity for a new school to achieve a surplus and this has been evidenced within LHEA.

Plans for Future Periods

Following the handover of the new building Trust leaders have kept under review the effectiveness of the provision in meeting the changing pupil and curriculum needs. A recent review of the provision at the school has now highlighted a shortfall in teaching space to meet the needs of 180 students per year group. Trustees are not satisfied that the building can safely accommodate the numbers it was intended to accommodate. Standards at the school need to improve and so an application has been made to the Education and Skills Funding Agency to reduce, as of 2019/20 for five years, the planned admission number (PAN) to 150 and to defer the opening of a sixth form. This will allow the trust to focus on ensuring LHEA becomes an excellent 11-16 school which can then grow to a larger one with a sixth form.

Furthermore, the Trust is working with the Department for Education in securing the school's future following the Ofsted inspection in June 2017. As a result of the successful partnership between LHEA and Slough and Eton

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

(CofE) Business and Enterprise College, the Department is supporting a proposal to merge the Learning Alliance Academy Trust with South East Berkshire Multi Academy Trust (SEBMAT) of which Slough and Eton School is part.

Trust Absence Data

	2017/18
Authorised	3.2%
Unauthorised	1.1%
Total	4.3%

Going Concern

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

Financial Review

During the period, ESFA/LA grants received totalled to £6,784k. Other income included within restricted funds totalled to £289k. Restricted fund expenditure totalled to £7,465k.

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2015), such grants are shown in the Statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

Reserves Policy

The definition of reserves in the SORP is 'that part of a charity's income funds that is freely available for its general purposes'. This definition of reserves therefore normally excludes:

- o permanent endowment funds
- o expendable endowment funds
- o restricted income funds
- o any part of unrestricted funds not readily available for spending, specifically income funds which could only be realised by disposing of fixed assets held for charitable use.

'Reserves' are therefore the resources the Trust has or can make available to spend for any or all of the Academy Trust's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'reserves' are income which becomes available to the Trust and is to be spent at the trustees' discretion in furtherance of any of the Trust's objects (sometimes referred to as 'general purpose' income) but which is not yet spent, committed or designated (ie is 'free').

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The governors will keep this level of reserves under review at each finance committee meeting and aim to build and maintain the reserves level by entering into cost effective agreements as noted in Objectives and Activities above, whilst in keeping with the principal object of the Trust.

As at 31 August 2019 the restricted income fund was in deficit at £221k (2017: £130k). This increase in the deficit is due to fitting out of LHEA for teaching subjects which had not been included in the grants for the

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

building and additional staff who had not been budgeted for. The Trustees have reviewed expected future levels of income and expenditure and are hopeful that the restricted income fund will return to surplus within the next three years.

Within the reserves policy users should note that, because of accounting for the Local Government Pension Scheme (LGPS), the Trust recognises a significant pension fund deficit totaling to £1,583k. This deficit is included within restricted funds. This does not lead to an immediate liability for this amount. Similarly, if there were a pension surplus included in the restricted fund this would not create an immediately realisable asset that can be released straight away and expended for the specific purposes of that fund.

Users should also note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect for the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trust's budgeted annual income, whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

Investment Policy

The Trust adopts a low risk policy with regard to investments. Accounts are held with one bank and Business monthly reconciliations are prepared. The Finance Committee monitors the Trust schools' account balances.

Principal Risks and Uncertainties

The Companies Act 2006 s417(3b) requires disclosure of the principal risks and uncertainties facing a company. The Trust is exposed to a number of financial risks including credit, cash flow and liquidity risks. Given the Trust's exposure to financial instruments being limited, the exposure principally relates to bank balances, cash, with limited trade (and other) debtors and trade creditors. The Academy Trust's system of internal controls ensures risk is minimal in these areas.

A risk register has been established and is updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects.

The governors have assessed the major risks to which the Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Trust, and its finances. The governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

It should also be noted that procedures are in place to ensure compliance with the health and safety regulations, pertaining to both staff and pupils.

Please refer to the Reserves Policy above for a description of the defined benefit pension scheme, in which there was a deficit at 31 August 2018.

Fundraising

The Trust does not engage in any specific fundraising activities other than the letting of the secondary school buildings.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Plans for Future Periods

As noted above, the Trust will be merging with Slough and East Berkshire CofE Multi Academy Trust (SEBMAT) to ensure the schools continued viability and facilitating greater economies of scale. The combined trust will then operate five schools in the Slough area, three primary schools and two secondary schools. This will effectively deliver growth, improved services and efficient staffing structures across the new Trust.

Auditor

Insofar as the trustees are aware:

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

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 the board's behalf by:

Dale Butcher
Chair of Trustees

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that The Learning Alliance 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, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Learning Alliance 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 4 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
Dale Butcher, Chair of Trustees	4	4
Gillian Coffey OBE, Executive Headteacher	4	4
Denise Fletcher	4	4
Linda Hazell	3	4
Peter Ward	3	4
Roderick Watson	4	4
Alan Armstrong	1	2
Deborah Laflin	1	4
Graham Parker	1	1
Daniel Sullivan	0	0

Trustees typically also serve on a number of other sub committees, as set out on the school website.

The impact of each Governing Body Committee is reviewed and monitored through the Headline Document that each committee reviews and produces on a termly basis.

The finance and resources committee

The finance and resources committee is a sub-committee of the main board of trustees. The overall purpose of the finance & resources committee is:

- To ensure that the Trust's framework of financial planning, treasury management, systems and controls is enabling the proper management of the financial resources across the Trust.
- To support the Board of Trustees in ensuring that a framework is established and maintained for optimising the employment of all financial and other resources (not human) available to the Trust to enable it to meet its business and financial objectives.
- To support the Board of Trustees in providing an added level of scrutiny in the monitoring of finance and resources.
- To keep the Board of Trustees regularly informed of the committee's activities and key decisions.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Roderick Watson	9	9
Denise Fletcher	6	9
Linda Hazell	7	9
Gillian Coffey	9	9

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The audit and risk management committee

The audit and risk management committee is also a sub-committee of the main board of trustees. Its purpose is to:

- monitor the integrity of the financial statements;
- review internal financial controls and review the Trust's internal control and risk management systems;
- make recommendations to the Governing Body in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor; and
- review the auditor's independence and objectivity.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Roderick Watson	3	3
Denise Fletcher	2	3
Linda Hazell	3	3
Gillian Coffey	3	3

REVIEW OF VALUE FOR MONEY

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

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

- Controls on the budget: A budget for the year-ended 31 August 2018 was approved by the Finance Committee in July 2017, and expenditure made during the year has been controlled by senior leaders in accordance with this budget.
- Better purchasing: The Trust has maintained and developed as necessary procedures for assessing need, and obtaining goods and services which provide best value in terms of suitability, efficiency, time, and cost. For example,
 - o purchasing is centralised which means the finance team ensures that no department can make purchases beyond its budget for the year without appropriate authorisation.
 - o cover teachers have been employed at the secondary school to reduce use of supply agency staff and therefore agency costs.
- Use of resources: The trust has deployed equipment, materials and services to provide pupils and staff with resources which support teaching and learning for example, utilising expertise within the Trust for the professional development of other staff.
- Online learning: Continued investment in the Trust's portal means that teachers can set homework electronically, and communications can be sent to parents electronically, resulting in significant reductions in costs associated with printing and posting documents.
- Economies of scale: We buy into some services through the Local Authority to reduce costs. We also work with the Slough Learning Partnership as part of a cost reducing exercise. We have shared training sessions with other local schools, holding the sessions at Lynch Hill thereby reducing our costs and an outside agency used to oversee tendering for gas and electricity to ensure best prices.
- Better income generation eg through lettings at the secondary school.
- Reviewing controls and managing risks. The Trust has a Responsible Officer in place who reviews operations.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Learning Alliance 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust'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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

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

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Christine Dickson, managing director of Centre for Education and Financial Management as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a regular basis, the internal auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Chief Executive 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 LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of the reviews of the system of internal control by the internal auditor and the external auditors 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:

Dale Butcher
Chair of Trustees

Gillian Coffey OBE
Accounting Officer

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Learning Alliance 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

Gillian Coffey OBE
Accounting Officer

Date: 10 December 2018

THE LEARNING ALLIANCE 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 Strategic report, 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:

Dale Butcher
Chair of Trustees

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LEARNING ALLIANCE ACADEMY TRUST**

We have audited the financial statements of The Learning Alliance 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. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2017 to 2018 issued by the Education Funding Agency.

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

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the charitable Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Trust'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 and the Academies Accounts Direction 2017 to 2018 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LEARNING ALLIANCE ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Carly Pinkus (Senior statutory auditor)

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR
10 December 2018

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
LEARNING ALLIANCE ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 May 2018 and further to the requirements of the Education 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 The Learning Alliance 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 The Learning Alliance Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Learning Alliance Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Learning Alliance Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE LEARNING ALLIANCE ACADEMY TRUST'S ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT

The accounting officer is responsible, under the requirements of The Learning Alliance Academy Trust's funding agreement with the Secretary of State for Education dated 1 August 2011, and the Academies Financial Handbook extant from 1 September 2013, 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 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 Trust's income and expenditure.

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.

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

10 December 2018

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000	Total funds 2017 £000
INCOME FROM:					
Donations and capital grants	2	-	1,168	1,168	11,154
Charitable activities	3	6,776	-	6,776	5,798
Other trading activities	4	289	-	289	305
TOTAL INCOME		7,065	1,168	8,233	17,257
EXPENDITURE ON:					
Raising funds	5	258	-	258	302
Charitable activities		7,198	920	8,118	7,123
TOTAL EXPENDITURE	8	7,456	920	8,376	7,425
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS					
Transfers between Funds	20	(391) (13)	248 13	(143) -	9,832 -
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES					
		(404)	261	(143)	9,832
Actuarial gains on defined benefit pension schemes	24	383	-	383	37
NET MOVEMENT IN FUNDS		(21)	261	240	9,869
RECONCILIATION OF FUNDS:					
Total funds brought forward		(1,782)	30,549	28,767	18,898
TOTAL FUNDS CARRIED FORWARD		(1,803)	30,810	29,007	28,767

THE LEARNING ALLIANCE ACADEMY TRUST

(A company limited by guarantee)

REGISTERED NUMBER: 07703829

**BALANCE SHEET
AS AT 31 AUGUST 2018**

	Note	£000	2018 £000	£000	2017 £000
FIXED ASSETS					
Tangible assets	16		30,810		30,549
CURRENT ASSETS					
Stocks	17	6		5	
Debtors	18	310		386	
Cash at bank and in hand		121		3,763	
		<u>437</u>		<u>4,154</u>	
CREDITORS: amounts falling due within one year	19	(657)		(4,284)	
NET CURRENT LIABILITIES			(220)		(130)
TOTAL ASSETS LESS CURRENT LIABILITIES			30,590		30,419
Defined benefit pension scheme liability	24		(1,583)		(1,652)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			29,007		28,767
FUNDS OF THE ACADEMY					
Restricted income funds:					
Restricted income funds	20	(220)		(130)	
Restricted fixed asset funds	20	30,810		30,549	
Restricted income funds excluding pension liability		<u>30,590</u>		<u>30,419</u>	
Pension reserve		<u>(1,583)</u>		<u>(1,652)</u>	
Total restricted income funds			29,007		28,767
TOTAL FUNDS			29,007		28,767

The financial statements on pages 23 to 46 were approved by the Trustees, and authorised for issue, on 10 December 2018 and are signed on their behalf, by:

Chair of Trustees

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £000	2017 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	<u>(3,628)</u>	<u>2,357</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(1,182)	(10,828)
Capital grants from DfE Group		1,168	10,815
Capital funding received from sponsors and others		-	339
Net cash (used in)/provided by investing activities		<u>(14)</u>	<u>326</u>
Change in cash and cash equivalents in the year		(3,642)	2,683
Cash and cash equivalents brought forward		<u>3,763</u>	<u>1,080</u>
Cash and cash equivalents carried forward	23	<u><u>121</u></u>	<u><u>3,763</u></u>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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.

The Learning Alliance Academy Trust constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

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

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.3 Income

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

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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities 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 provided to the Trust 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 receipt is probable and it is measurable.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

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.

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

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

All expenditure is inclusive of irrecoverable VAT.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised 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, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Leasehold property	-	Over the period of the lease
Furniture and fixtures	-	10-20% straight line
Computer equipment	-	33% straight line

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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

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.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (continued)

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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. 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.

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 18. Prepayments are not financial instruments. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Trust's wholly owned subsidiary are held at face value less any impairment.

1.11 Taxation

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

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 Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

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 Fund accounting

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

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

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

1.14 Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2018 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.

THE LEARNING ALLIANCE 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

	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Capital Grants	1,168	1,168	<i>11,154</i>
<i>Total 2017</i>	<i>11,154</i>	<i>11,154</i>	

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

The Learning Alliance Academy Trust

	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
DfE/ESFA grants			
General Annual Grant (GAG)	5,778	5,778	<i>4,690</i>
Other DfE/ESFA Grants	131	131	<i>213</i>
Start up Grants	121	121	<i>153</i>
Pupil Premium	327	327	<i>307</i>
	6,357	6,357	<i>5,363</i>
Other government grants			
Local Authority Grants	418	418	<i>435</i>
	418	418	<i>435</i>
	6,775	6,775	<i>5,798</i>
<i>Total 2017</i>	<i>5,798</i>	<i>5,798</i>	

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

4. OTHER TRADING ACTIVITIES

	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Hire of facilities	29	29	6
Catering income	45	45	63
Music tuition	9	9	11
Parental contributions	146	146	141
Other income	60	60	84
	<u>289</u>	<u>289</u>	<u>305</u>
<i>Total 2017</i>	<u>305</u>	<u>305</u>	

5. COSTS OF RAISING FUNDS

	Restricted funds 2018 £000	Total funds 2018 £000	<i>Total funds 2017 £000</i>
Trips and activities	83	83	96
Catering	122	122	131
Uniforms	1	1	20
Other expenditure	-	-	3
Staff costs	52	52	52
	<u>258</u>	<u>258</u>	<u>302</u>
<i>Total 2017</i>	<u>302</u>	<u>302</u>	

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

6. DIRECT COSTS

	Educational Activities £000	Total 2018 £000	Total 2017 £000
Educational supplies	191	191	111
Staff development	39	39	26
Technology costs	92	92	87
Recruitment and support	62	62	11
Teaching supply costs	312	312	97
Wages and salaries	3,749	3,749	3,325
National insurance	307	307	275
Pension cost	580	580	457
	<u>5,332</u>	<u>5,332</u>	<u>4,389</u>
<i>Total 2017</i>	<u>4,389</u>	<u>4,389</u>	

7. SUPPORT COSTS

	Educational Activities £000	Total 2018 £000	Total 2017 £000
Pension finance cost	40	40	32
Other staff costs	95	95	76
Maintenance of premises and equipment	83	83	398
Cleaning	109	109	50
Energy costs	94	94	68
Rent and rates	122	122	19
Insurance	27	27	46
Security and transport	30	30	34
Other support costs	240	240	163
Governance costs	10	10	27
Wages and salaries	617	617	608
National insurance	45	45	37
Pension cost	353	353	266
Depreciation	921	921	910
	<u>2,786</u>	<u>2,786</u>	<u>2,734</u>
<i>Total 2017</i>	<u>2,734</u>	<u>2,734</u>	

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

8. EXPENDITURE

	Staff costs	Premises	Other costs	Total	<i>Total</i>
	2018	2018	2018	2018	<i>2017</i>
	£000	£000	£000	£000	<i>£000</i>
Expenditure on raising funds					
Direct costs	52	-	206	258	302
Support costs	-	-	-	-	-
Educational Activities:					
Direct costs	4,948	-	384	5,332	4,389
Support costs	1,015	1,308	463	2,786	2,734
	<u>6,015</u>	<u>1,308</u>	<u>1,053</u>	<u>8,376</u>	<u>7,425</u>
<i>Total 2017</i>	<u>5,183</u>	<u>1,510</u>	<u>732</u>	<u>7,425</u>	

9. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities	Support	Total	<i>Total</i>
	undertaken	costs	2018	<i>2017</i>
	directly	2018	£000	<i>£000</i>
	2018	£000	£000	<i>£000</i>
Educational Activities	5,332	2,786	8,118	7,123
	<u>5,332</u>	<u>2,786</u>	<u>8,118</u>	<u>7,123</u>
<i>Total 2017</i>	<u>4,389</u>	<u>2,734</u>	<u>7,123</u>	

10. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018	<i>2017</i>
	£000	<i>£000</i>
Depreciation of tangible fixed assets:		
- owned by the charity	921	910
Auditors' remuneration - audit	8	14
Auditors' remuneration - other services	2	2
Operating lease rentals	87	61
	<u>921</u>	<u>910</u>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

11. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018	<i>2017</i>
	£000	<i>£000</i>
Wages and salaries	4,359	3,971
Social security costs	354	315
Operating costs of defined benefit pension schemes	940	725
	5,653	<i>5,011</i>
Teaching supply costs	312	97
Staff restructuring costs	50	9
Other costs	-	66
	6,015	<i>5,183</i>

Staff restructuring costs comprise:

	2018	<i>2017</i>
	£000	<i>£000</i>
Severance payments	50	9
	50	<i>9</i>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs is a non-statutory/non-contractual severance payment totalling £50,000 (2017: £9,000).

c. Staff numbers

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

	2018	<i>2017</i>
	No.	<i>No.</i>
Teachers	69	70
Administration and support	128	121
Management	11	11
	208	<i>202</i>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

11. STAFF COSTS (continued)

d. Higher paid staff

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

	2018	<i>2017</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	1	<i>1</i>
In the band £70,001 - £80,000	1	<i>1</i>
In the band £80,001 - £90,000	0	<i>1</i>
In the band £100,001 - £110,000	0	<i>1</i>
In the band £110,001 - £120,000	1	<i>0</i>

e. Key management personnel

The key management personnel of the academy comprise the trustees and the senior management team as listed on page 1.

The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy was £334,401 (2017: £319,000).

12. CENTRAL SERVICES

No central services were provided by the Trust to its academies during the year and no central charges arose.

13. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Trust. 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	<i>2017</i>
		£000	<i>£000</i>
Gillian Coffey OBE	Remuneration	110-115	<i>105-110</i>
	Pension contributions paid	15-20	<i>15-20</i>

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £411 to one Trustee).

14. 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.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

15. PENSION FINANCE COST

	2018	<i>2017</i>
	£000	<i>£000</i>
Interest income on pension scheme assets	29	19
Interest on pension scheme liabilities	(69)	(51)
	(40)	(32)
	(40)	(32)

16. TANGIBLE FIXED ASSETS

	Freehold property £000	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Total £000
Cost					
At 1 September 2017	7,747	23,766	195	797	32,505
Additions	-	1,058	36	88	1,182
At 31 August 2018	7,747	24,824	231	885	33,687
Depreciation					
At 1 September 2017	941	475	158	382	1,956
Charge for the year	155	498	19	249	921
At 31 August 2018	1,096	973	177	631	2,877
Net book value					
At 31 August 2018	6,651	23,851	54	254	30,810
<i>At 31 August 2017</i>	6,806	23,291	37	415	30,549

17. STOCKS

	2018	<i>2017</i>
	£000	<i>£000</i>
Catering, Uniform and Cleaning	6	5
	6	5
	6	5

18. DEBTORS

	2018	<i>2017</i>
	£000	<i>£000</i>
VAT recoverable	53	213
Other debtors	105	63
Prepayments and accrued income	152	110
	310	386
	310	386

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

19. CREDITORS: Amounts falling due within one year

	2018	<i>2017</i>
	£000	<i>£000</i>
Trade creditors	257	<i>84</i>
Other taxation and social security	172	<i>153</i>
Other creditors	62	<i>3,350</i>
Accruals and deferred income	166	<i>697</i>
	<hr/> 657 <hr/>	<hr/> <i>4,284</i> <hr/>
	2018	<i>2017</i>
	£000	<i>£000</i>
Deferred income		
Deferred income at 1 September 2017	74	<i>57</i>
Resources deferred during the year	118	<i>74</i>
Amounts released from previous years	(74)	<i>(57)</i>
	<hr/> 118 <hr/>	<hr/> <i>74</i> <hr/>

At the balance sheet date the academy trust was holding onto funds received in advance for universal free school grant income of £86k and lettings income of £2k, and rates relief of £30k.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

20. STATEMENT OF FUNDS

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Restricted funds						
Restricted Funds - all funds	(130)	7,065	(7,142)	(13)	-	(220)
Pension reserve	(1,652)	-	(314)	-	383	(1,583)
	<u>(1,782)</u>	<u>7,065</u>	<u>(7,456)</u>	<u>(13)</u>	<u>383</u>	<u>(1,803)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	30,549	1,168	(920)	13	-	30,810
Total restricted funds	<u>28,767</u>	<u>8,233</u>	<u>(8,376)</u>	<u>-</u>	<u>383</u>	<u>29,007</u>
Total of funds	<u><u>28,767</u></u>	<u><u>8,233</u></u>	<u><u>(8,376)</u></u>	<u><u>-</u></u>	<u><u>383</u></u>	<u><u>29,007</u></u>

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

Restricted funds are resources for educational purposes.

Restricted fixed asset funds are resources for particular capital expenditure purposes.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Lynch Hill School Primary Academy	93	21
Lynch Hill Enterprise Academy	(314)	(151)
Total before fixed asset fund and pension reserve	<u>(221)</u>	<u>(130)</u>
Restricted fixed asset fund	30,810	30,549
Pension reserve	(1,583)	(1,652)
Total	<u><u>29,006</u></u>	<u><u>28,767</u></u>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

20. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY COST

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2018 £000	Total 2017 £000
Lynch Hill School Primary Academy	3,055	794	62	698	4,609	4,895
Lynch Hill Enterprise Academy	1,945	221	129	623	2,918	1,620
Intercompany consolidation adjustment	-	-	-	(102)	(102)	-
	<u>5,000</u>	<u>1,015</u>	<u>191</u>	<u>1,219</u>	<u>7,425</u>	<u>6,515</u>

STATEMENT OF FUNDS - PRIOR YEAR

	<i>Balance at 1 September 2016 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2017 £000</i>
Restricted funds						
General Annual Grant	(505)	4,690	(4,641)	326	-	(130)
Start up grants	-	152	(152)	-	-	-
Other DfE/ESFA grants	-	521	(521)	-	-	-
Other government grants	-	435	(435)	-	-	-
Other restricted funds	231	305	(536)	-	-	-
Pension reserve	(1,459)	-	(230)	-	37	(1,652)
	<u>(1,733)</u>	<u>6,103</u>	<u>(6,515)</u>	<u>326</u>	<u>37</u>	<u>(1,782)</u>
Restricted fixed asset funds						
Transferred on conversion	4,687	-	-	-	-	4,687
DfE/ESFA capital grants	15,651	11,154	(910)	(355)	-	25,540
Capital expenditure from GAG	293	-	-	29	-	322
	<u>20,631</u>	<u>11,154</u>	<u>(910)</u>	<u>(326)</u>	<u>-</u>	<u>30,549</u>
Total restricted funds	<u>18,898</u>	<u>17,257</u>	<u>(7,425)</u>	<u>-</u>	<u>37</u>	<u>28,767</u>
Total of funds	<u>18,898</u>	<u>17,257</u>	<u>(7,425)</u>	<u>-</u>	<u>37</u>	<u>28,767</u>

THE LEARNING ALLIANCE 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 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Restricted funds						
Restricted Funds - all funds	-	7,065	(7,142)	(13)	-	(90)
General Annual Grant	(505)	4,690	(4,641)	326	-	(130)
Start up grants	-	152	(152)	-	-	-
Other DfE/ESFA grants	-	521	(521)	-	-	-
Other government grants	-	435	(435)	-	-	-
Other restricted funds	231	305	(536)	-	-	-
Pension reserve	(1,459)	-	(544)	-	420	(1,583)
	<u>(1,733)</u>	<u>13,168</u>	<u>(13,971)</u>	<u>313</u>	<u>420</u>	<u>(1,803)</u>
Restricted fixed asset funds						
Restricted Fixed Asset Funds - all funds	-	1,168	(920)	13	-	261
Transferred on conversion	4,687	-	-	-	-	4,687
DfE/ESFA capital grants	15,651	11,154	(910)	(355)	-	25,540
Capital expenditure from GAG	293	-	-	29	-	322
	<u>20,631</u>	<u>12,322</u>	<u>(1,830)</u>	<u>(313)</u>	<u>-</u>	<u>30,810</u>
Total Restricted funds	<u>18,898</u>	<u>25,490</u>	<u>(15,801)</u>	<u>-</u>	<u>420</u>	<u>29,007</u>
Total of funds	<u><u>18,898</u></u>	<u><u>25,490</u></u>	<u><u>(15,801)</u></u>	<u><u>-</u></u>	<u><u>420</u></u>	<u><u>29,007</u></u>

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	30,810	30,810
Current assets	437	-	437
Creditors due within one year	(657)	-	(657)
Provisions for liabilities and charges	(1,583)	-	(1,583)
	<u>(1,803)</u>	<u>30,810</u>	<u>29,007</u>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	<i>Restricted funds</i>	<i>Restricted fixed asset funds</i>	<i>Total funds</i>
	<i>2017</i>	<i>2017</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Tangible fixed assets	-	30,549	30,549
Current assets	4,154	-	4,154
Creditors due within one year	(4,284)	-	(4,284)
Provisions for liabilities and charges	(1,652)	-	(1,652)
	<u>(1,782)</u>	<u>30,549</u>	<u>28,767</u>

22. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£000	£000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(143)	9,832
Adjustment for:		
Depreciation charges	921	910
(Increase)/decrease in stocks	(1)	11
Decrease in debtors	109	765
(Decrease)/increase in creditors	(3,659)	1,763
Capital grants from DfE and other capital income	(1,168)	(11,154)
Defined benefit pension scheme cost less contributions payable	273	198
Defined benefit pension scheme finance cost	40	32
Net cash (used in)/provided by operating activities	<u>(3,628)</u>	<u>2,357</u>

23. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018	2017
	£000	£000
Cash in hand	121	3,763
Total	<u>121</u>	<u>3,763</u>

24. PENSION COMMITMENTS

The Trust'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 Royal County of Berkshire. Both are Multi-employer defined benefit pension schemes.

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 August 2018.

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 (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £466,000 (2017 - £377,000).

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

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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 £264,000 (2017 - £199,000), of which employer's contributions totalled £201,000 (2017 - £148,000) and employees' contributions totalled £63,000 (2017 - £51,000). The agreed contribution rates for future years are 20.8% for employers and 6.5% 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.
Royal County of Berkshire Pension Fund

Principal actuarial assumptions:

	2018	<i>2017</i>
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 %
Inflation assumption (CPI)	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	<i>2017</i>
Retiring today		
Males	23.1	23.0
Females	25.2	25.1
Retiring in 20 years		
Males	25.3	25.2
Females	27.5	27.4

	At 31 August 2018 £000	<i>At 31 August 2017 £000</i>
Sensitivity analysis		
Discount rate +0.1%	391	371
Discount rate -0.1%	413	-
Mortality assumption - 1 year increase	415	394
Mortality assumption - 1 year decrease	390	-
CPI rate +0.1%	414	-
CPI rate -0.1%	391	-

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £000	<i>Fair value at 31 August 2017 £000</i>
Equities	586	499
Corporate bonds	188	157
Property	172	137
Cash and other liquid assets	185	115
Other assets	121	92
	<hr/>	<hr/>
Total market value of assets	1,252	1,000
	<hr/> <hr/>	<hr/> <hr/>

The actual return on scheme assets was £47,000 (2017 - £69,000).

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

	2018 £000	<i>2017 £000</i>
Current service cost	(465)	(346)
Interest income	29	19
Interest cost	(69)	(51)
Admin expenses	(1)	(1)
	<hr/>	<hr/>
Total	(506)	(379)
	<hr/> <hr/>	<hr/> <hr/>
Actual return on scheme assets	47	69
	<hr/> <hr/>	<hr/> <hr/>

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

	2018 £000	<i>2017 £000</i>
Opening defined benefit obligation	2,652	2,277
Current service cost	465	346
Interest cost	69	51
Employee contributions	61	51
Actuarial gains	(365)	(60)
Benefits paid	(47)	(13)
	<hr/>	<hr/>
Closing defined benefit obligation	2,835	2,652
	<hr/> <hr/>	<hr/> <hr/>

THE LEARNING ALLIANCE ACADEMY TRUST
(A company limited by guarantee)

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

24. PENSION COMMITMENTS (continued)

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

	2018	<i>2017</i>
	£000	<i>£000</i>
Opening fair value of scheme assets	1,000	818
Interest income	29	20
Actuarial gains/(losses)	18	<i>(23)</i>
Employer contributions	192	148
Employee contributions	61	51
Benefits paid	(47)	<i>(13)</i>
Administrative expenses	(1)	<i>(1)</i>
	1,252	<i>1,000</i>
Closing fair value of scheme assets	1,252	<i>1,000</i>

25. OPERATING LEASE COMMITMENTS

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

	2018	<i>2017</i>
	£000	<i>£000</i>
Amounts payable:		
Within 1 year	52	<i>71</i>
Between 1 and 5 years	42	<i>64</i>
	94	<i>135</i>
Total	94	<i>135</i>

26. MEMBERS' LIABILITY

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

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and 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 13.