

Company Registration No. 08812257 (England and Wales)

ESHER LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

ESHER LEARNING TRUST

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ESHER LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Directors

H Coulson (Chair)
M Boddington (Accounting officer)
C Duke
P Price (Resigned 20 March 2018)
L Beighton
A Mann

Members

The Guildford Diocese Educational Trust
H Coulson
P Price (resigned 20 March 2018)
B Mehta

Senior leadership team

M Boddington - Chief Executive Officer
H Gregory - School Improvement Leader (from 1 September 2018)
J Hawkins - Chief Financial Officer (appointed 20 August 2018)
- Academy Business Lead
J Woodley - Chief Financial Officer (resigned 19 August 2018)

Company registration number

08812257 (England and Wales)

Registered office

Esher Church of England High School
More Lane
Esher
Surrey
KT10 8AP

Academies operated

Esher Church of England High School

St Andrew's Church of England Primary School

Esher Learning Trust

Location

Esher

Cobham

Esher

Headteacher

M Boddington

J Mitchell and B Thomas (appointed 16 April 2018)

M Boddington

Independent auditor

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Bankers

Lloyds Bank
PO Box 1000
Andover
BX1 1LT

ESHER LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Solicitors

Veale Wasbrough Vizard
Orchard Court
Orchard Lane
Bristol
BS1 5WS

ESHER LEARNING TRUST

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

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

The Academy Trust operates 2 schools serving a catchment area in Surrey. The combined number of pupils on roll in the Summer 2018 census was 1574.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee with no share capital (registration no. 08812257) and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy. The Governors act as the Trustees for the charitable activities of Esher Learning Trust and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Esher Learning Trust.

Esher Learning Trust was incorporated on 12 December 2013 as a multi Academy Trust. At the period end the Trust consisted of two schools, Esher Church of England High School which obtained academy status from 1 March 2014 and St Andrew's Church of England Primary School which obtained academy status from 1 April 2017.

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.

Principal Activities

The principal activity of the Academy Trust is 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 schools offering broad and balanced curriculums.

Method of recruitment and appointment or election of directors

The members of the Academy Trust shall comprise no less than 3 persons, nor more than 10 (including co-opted Directors. Subject to Articles 48-49, the Company shall have the following Directors: A minimum of 1 Director and up to 2 Directors appointed under Article 50 by the Guildford Diocese Educational Trust; the Executive Principal; the Chair of Governors of the Local Governing Body of Esher Church of England High School and up to 2 other appointees of the Local Governing Body of Esher Church of England High School; up to 2 appointees of the other Academies operated by the Company, to be divided equally in the event that there are 2 other Academies and, in the event that there are 3 or more Academies, to be determined on a rotation system to be determined by the Members; Parent Directors if appointed under Articles 53-56 in the event that no provision is made for parent representatives on Local Governing Bodies under Article 101A. The company may also have any Co-opted Director appointed under Article 588.

The first Directors shall be those persons named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006. The Guildford Diocese Educational Trust shall appoint no fewer than 1 Director provided that the total number of Directors appointed under this Article would not thereby exceed 25% of the total number of Directors.

The term of office for any Director (other than the co-opted Directors under Article 58) shall be 4 years, save that this time limit shall not apply to the Executive Principal. Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Policies and procedures adopted for the induction and training of directors

During the period under review the Directors held 3 meetings. The Directors are all experienced members of the Local Governing Body, training and induction provided for new Directors will depend on their existing experience. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

Organisational structure

The structure consists of four levels: the Trust Board, the Local Governing Bodies, the Trust Strategic Leadership Team and the academies' Senior Leadership Teams. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels.

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

The Local Governing Bodies are responsible for Esher High School and St Andrew's Primary School. They each follow a Scheme of Delegation set by the Trust. Strategic decisions are implemented at local level within the Terms of Reference as issued by the Trust.

Esher High School Senior Leadership team consists of the Executive Headteacher of the School, two Deputy Headteachers, three Assistant Headteachers, and the School Business Lead. St Andrew's School Senior Leadership team consists of two Co-Headteachers of the School and one Deputy Headteacher. These leaders control the Academy at a school level implementing the policies laid down by the Trust Board and Directors and reporting back to the Local Governing Body. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff where authorised by the Headteacher. Appointments of middle and senior leader posts will require Governor input into the selection process for existing vacancies and authorisation from the Trust Board for new posts.

Arrangements for setting pay and remuneration of key management personnel (continued)

The Academy Trust appoints a Pay Committee annually to Implement the Pay Policy. The Pay Committee will consist of the Chair of the Local Governing Body and the Chair of the Provision Committee of each school, the Executive Headteacher and one other Trustee to be nominated by the Board of Trustees. The Headteacher of St Andrew's School, Cobham will be in attendance at Pay Committee meetings. Members of the Senior Leadership Team of either school may be invited to attend as appropriate.

The Executive Headteacher's and the Headteacher's pay is set by the Board of Trustees.

The Academy Trust sets pay within the following frameworks:

For teachers: The School Teachers' Pay and Conditions Document (STCPD), to the extent recognised by the Trust, and statutory regulations affecting the employment and conduct of teaching staff, insofar as they apply to a school with academy status.

For support staff: The terms and conditions of Surrey County Council's employment framework known as 'Surrey Pay', to the extent adopted by the Board of Trustees

The salary range for all staff paid on the leadership spine will be determined by reference to the provisions of the STPCD and will include consideration of any broader responsibilities that attach to the role.

Determining Pay Progression (Leadership Group QTS and Support Staff)

The leadership teams must demonstrate sustained high quality of performance, with particular regard to leadership, management and student progress at the school and will be subject to an annual appraisal at which performance against objectives will be reviewed. All decisions regarding pay progression for the leadership group will be made with reference to appraisal reports and the pay recommendations contained within them.

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Related parties and other connected charities and organisations

The Academy Trust has a subsidiary company; Track Education Ltd, company No. 07887685 (incorporated 20th December 2011). The subsidiary did not trade during the period.

There is a Trust Fund for parental donations which is registered with the Charities Commission as Esher Church of England High School Trust Fund charity number 1047146.

The Academy Trust continues to provide training courses to The Diocese of Guildford.

Objectives and activities

Objects and aims

The Company's objects ("the Objects") are specifically restricted to the following:

(a) 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 schools (Academies) which shall offer a broad and balanced curriculum and which shall include:

- Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship (as required by the relevant Funding Agreement), and having regard to any advice issued by the Diocesan Board of Education;
- other Academies whether with or without a designated Church of England religious character;

but in relation to each of the Academies to recognise and support their individual character and respect the different background of each and its links to the local community which it serves;

and

(b) to promote for the benefit of the inhabitants of the areas in which the Academies are situated and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Our mission at Esher Church of England High School is that every student will grow in character, spirit, knowledge and skills, mindful of their part in God's creation. We strive for excellence in all that we do, in academic performance as well as personal development, in order that students and staff will fulfil their potential and be ready for future opportunities.

We will provide an environment that enables everyone to work together in an atmosphere of mutual respect, openness and trust.

Our School values that underpin everything at Esher Church of England High School are:

- Educating for Wisdom, Knowledge and Skills
- Educating for Hope and Aspiration
- Educating for Community and living well together
- Educating for Dignity and Respect

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

St Andrew's School is a Church of England Primary School with strong Christian values. We therefore welcome children as individuals created in the image of God.

Our motto, Life in all its fullness signals our desire to enable our pupils to thrive through the richest experiences and most relevant challenges.

Our Values are defined in our 'School Culture' statements – **Welcome, Challenge** and **Preparation** for Life.

Our **Welcome** is extended to every member of the school community, starting with the children and their families. We are inclusive and we celebrate diversity, we recognise every individual's interests and potential and respect their right to be safe and happy at school and beyond.

We encourage and equip all children to accept **challenges** and to strive for excellence in all aspects of school life. We expect our pupils to exhibit leadership skills and ambition for the future.

All school activities are ultimately designed with **Preparation for Life** in mind. We recognise our responsibility to enable our pupils to thrive both now and in the future. Through our curriculum and approaches to teaching and learning, we must prepare our children for life in an ever changing world, giving them 'skills and attitudes for life' that will enable them to be confident about their futures.

Objectives, strategies and activities

Public benefit

The Directors confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the Directors consider how planned activities will contribute to the aims and objectives they have set.

Admissions Criteria

Admissions to the schools are the responsibility of the Directors of the trust.

The schools have admissions policies which can be found on the schools' websites <http://www.esherhigh.surrey.sch.uk> and <http://www.standrews-primary.surrey.sch.uk> Details can also be requested from the schools.

Strategic report

Achievements and performance

Esher Church of England High School

In summer 2018 the Academy maintained the significant improvements in public examination results that were achieved the previous year.

73% of students achieved a standard pass in GCSE (4 or above) in English and Maths.

Our progress 8 score is 0.18 and our attainment 8 score is 50 compared to a national level of 48.

English:

In 2018 the progress 8 element for English was 0.32.

77% of students achieved 9-4 for English (Language or Literature).

Maths:

In 2018 the progress 8 element for Maths was 0.36.

78% of students achieved a 9-4 for Maths.

Whole school attendance for this year is 94.6%.

Our cohort was very close to national levels regarding prior attainment.

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Key performance indicators

| KPI's Esher High | Target 2017/18 | Actual |
|---------------------------------|----------------|--------|
| Attainment 8 | 50 | 50 |
| Progress 8 | 0.2 | 0.24 |
| English Maths % | 75% | 73% |
| | | |
| Progress 8 Open element | 0 | 0 |
| Progress 8 English | 0.3 | 0.32 |
| Progress 8 Maths | 0.45 | 0.36 |
| Attendance | 95% | 94.6% |
| | | |
| KPIs St Andrew's | | |
| EYFS GLD | 78% | 70% |
| Phonics screening Year 1 | 82% | 80% |
| Phonics screening Year 2 resits | 100% | 91% |
| Overall ARE KS1 | | |
| Reading Expt | 87% | 67% |
| Writing Expt | 88% | 54% |
| Maths Expt | 88% | 73% |
| Reading GD | 30% | 21% |
| Writing GD | 30% | 6% |
| Maths GD | 28% | 21% |
| Overall ARE KS2 | | |
| Reading Expt | 80% | 72% |
| Writing (TA) Expt | 67% | 63% |
| EGPS Expt | 72% | 75% |
| Maths Expt | 81% | 70% |

St Andrew's Church of England Primary School

St Andrew's joined the Trust on 1 April 2017. In June 2014 Ofsted graded the school as 'good' in all aspects.

Results in 2018 were mixed. There was evidence of progress within the KS2 results in reading, writing and mathematics. Full details including comparisons to 2017 and national averages can be found on the school's website <http://www.standrews-primary.surrey.sch.uk>.

Attendance continued to improve this year with whole school attendance at 95.8%. In 2016-17 the attendance total was 95.2%

The main foci for the Trust this year were the reviews of leadership at all levels, Curriculum and Inclusion.

Going concern

After making appropriate enquiries, the Governing Body 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.

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

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

The Academy Trust also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and 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.

During the period ended 31 August 2018, total expenditure of £9,184k (2017 restated: £8,060k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the period (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £540k (2017: £615k).

At 31 August 2018 the net book value of fixed assets was £8,456k (2017 restated: £8,434k). Movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the schools.

The Surrey County Council Pension Fund, in which the Academy Trust participates, showed a deficit of £2,648k at 31 August 2018 (2017: £2,774k).

Reserves policy

The Directors review the reserve levels of the Academy Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Directors have determined that the appropriate level of free reserves should be equivalent to four weeks' expenditure, approximately £706k (2017: £655k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy Trust's current level of free reserves is £971 (2017: £998k) (total funds less the amount held in fixed assets and restricted funds), the Directors expect to utilise the additional reserves in the coming years and will be reviewing the policy to ensure that it is appropriate as the Trust grows.

There is uncertainty over the level of funding for 2019/20 and beyond. The Local Authority formula for phasing of the new National Funding Formula is currently being consulted on for 2019/20; and the Government's funding of the increase to teachers pay is only guaranteed until March 2020.

The Academy Trust held fund balances at 31 August 2018 of £7,196k (2017 restated: £6,817k) comprising £6,225k (2017 restated: £5,819k) of restricted funds and £971k (2017: £998k) of unrestricted general funds. Of the restricted funds, £8,456k (2017 restated: £8,434k) is represented by tangible fixed assets, £198k (2017: £nil) by unspent capital grants and £219k (2017: £159k) by unspent general restricted funding.

The Pension reserve which is considered part of restricted funds was £2,648k (2017: £2,774k) in deficit.

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Investment policy and powers

Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Directors see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

Financial And Risk Management Objectives And Policies

The financial risks to which Esher Learning Trust is exposed relate primarily to:

- Change in government and legislation
- Potential of reduced funding and cash flow
- Reduction in student numbers
- Recruitment and retention of key staff

Principal risks and uncertainties

The Directors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances. The Directors have implemented a number of systems to assess risks that the schools face, 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. The Directors have introduced systems, including operational procedures and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 11.

The main teaching and facilities risks identified include a fall in student numbers in both St Andrew's and Esher High School, and the lack of warranties for the sports hall at Esher High School due to contractor insolvency. These risks are minimised with EHS school increasing to 8 forms of entry and strategies to achieve improved academic results. Esher High School has earmarked a contingency fund to cover any costs relating to the sports hall.

Fundraising

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. It also receives donations from the parent associations and Esher High Trust Fund (a registered charity). In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level in compliance with relevant legal rules.

Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public from undue pressure to donate.

Complaints are handled and monitored through the Trust's complaints procedure. During the year no complaints or issues have arisen as a result of the fundraising events. Fundraising activities will not be undertaken if they may be detrimental to the good name or community standing of the Trust. Financial contributions will only be accepted from companies, organisations and individuals the Board considers ethical.

Financial and risk management objectives and policies

The main financial risks to which Esher Learning Trust is exposed, taking account of the mitigations in place, relate the risk of an income shortfall due to the likelihood of further government spending reductions affecting our general grant. A risk also arises in relation to the defined benefit pension scheme, due to the fact that there is a deficit of £2,648k (2017: £2,774k).

ESHER LEARNING TRUST

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Plans for future periods

In line with our strategy of close geographical location and shared common ethos we have developed increased links with Diocesan schools in the North East Surrey area, together with local Community schools. A number of schools are in active discussion and exploring the possibility of joining Esher Learning Trust. For Church Schools this is supported by the Guildford Diocesan Board of Education.

We continue to explore ways of sharing support services with local schools and providing partnership working for both support and teaching staff.

The progress of the Secondary school within our MAT is a good foundation to build upon for future improvement in educational outcomes across both secondary and primary phases of education for our students.

Auditor

So far as the Directors are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trusts auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make them aware of any audit information and to establish that the academy trusts auditors are aware of that information.

H Coulson
Chair

ESHER LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Esher Learning 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 has delegated the day-to-day responsibility to the CEO of the Trust, 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 Esher Learning Trust and the Secretary of State for Education. The CEO of the Trust is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Directors and in the Statement of Directors Responsibilities. The Board of Directors has formally met 3 times during the period. Attendance during the period at meetings of the Board of Directors was as follows:

| Directors | Meetings attended | Out of possible |
|-----------------------------------|--------------------------|------------------------|
| H Coulson (Chair) | 3 | 3 |
| M Boddington (Accounting officer) | 3 | 3 |
| C Duke | 1 | 3 |
| P Price (Resigned 20 March 2018) | 1 | 1 |
| L Beighton | 2 | 3 |
| A Mann | 3 | 3 |

Following our independent review of governance at secondary level we have implemented a more strategic and focussed approach to governance across both schools within our MAT with a focus on Efficiency and Effectiveness. We continue to provide training and support to our governors across schools within the Trust, identifying skills based needs and training.

The Trust has consulted on and is currently in the process of changing its Articles of Association to become effective in January 2019. This will enable expansion of the MAT to include both Voluntary Aided and Voluntary Controlled Church Schools to join the MAT.

The Trustees have undertaken their audit function in conjunction with the Directors Board Meetings.

Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Academy Trust has delivered improved value for money during the year by:

- Reviewing finance staff roles across the schools within the Trust to work towards a more centralised function.
- Implementing a "follow me printing" system to cut down on wastage.
- Deploying staffing resources to support teaching and learning ensuring students are in lesson on time and ready to learn.

ESHER LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

The purpose of the system of internal control

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

Capacity to handle risk

The board of directors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 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 directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of directors;
- regular reviews by the provisions 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 Directors have considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Provision Committee have appointed Strictly Education Ltd, to complete the work programme for the internal auditor. Strictly Education Ltd 's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period include:

- Testing of control systems
- Testing of control account/ bank reconciliation
- Review of policies and procedures and adherence thereon
- Review of governance and training of Governors

The Internal Auditor reports to the Board on the operation of the systems of control and on the discharge of the Board's financial responsibilities. All small areas were reviewed and action taken as suggested by the Internal Auditor.

The Directors confirm the internal auditor has delivered their schedule of work as planned and no material control issues were found.

ESHER LEARNING TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Review of effectiveness

As Accounting Officer, (the Executive Headteacher) has responsibility for reviewing the effectiveness of the system of internal control. During the period in question, the review has been informed by:-

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

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

Approved by order of the board of directors on 11 December 2018 and signed on its behalf by:

H Coulson
Chair

M Boddington
Accounting officer

ESHER LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2018

As accounting officer of Esher Learning Trust I have considered my responsibility to notify the academy trust board of Directors and the Education Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of Directors 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.

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

M Boddington
Accounting Officer

11 December 2018

ESHER LEARNING TRUST

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2018

The Directors (who act as trustees of Esher Learning Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Directors and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

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

Approved by order of the members of the board of directors on 11 December 2018 and signed on its behalf by:

H Coulson
Chair

ESHER LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER LEARNING TRUST

FOR THE YEAR ENDED 31 AUGUST 2018

Opinion

We have audited the financial statements of Esher Learning Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

ESHER LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report including the incorporated strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report, including the incorporated strategic report.

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

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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

ESHER LEARNING TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHER LEARNING TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

Use of our report

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

**Catherine Cooper (Senior Statutory Auditor)
for and on behalf of Wilkins Kennedy Audit Services
Statutory Auditor**

14 December 2018
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

ESHER LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESHER LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2018

In accordance with the terms of our engagement letter dated 25 September 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Esher Learning Trust during the period 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 Esher Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Esher Learning 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 Esher Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Esher Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Esher Learning Trust's funding agreement with the Secretary of State for Education dated 28 February 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 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 Academy Trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ESHER LEARNING TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ESHER LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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 period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Wilkins Kennedy Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ

Dated: 14 December 2018

ESHER LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

| | | Unrestricted Funds | Restricted funds: | | Total 2018 | Total 2017 as restated |
|--|-------|-----------------------|-------------------|--------------|---------------|------------------------------|
| | Notes | £'000 | General | Fixed asset | £'000 | £'000 |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 37 | 264 | 421 | 722 | 504 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 8,053 | - | 8,053 | 6,729 |
| Other trading activities | 5 | 229 | - | - | 229 | 177 |
| Investments | 6 | 5 | - | - | 5 | 3 |
| Total | | <u>271</u> | <u>8,317</u> | <u>421</u> | <u>9,009</u> | <u>7,413</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | 278 | 8,850 | 56 | 9,184 | 7,869 |
| Charitable expenditure - transfer from local authority on conversion | | - | - | - | - | 191 |
| Total | 7 | <u>278</u> | <u>8,850</u> | <u>56</u> | <u>9,184</u> | <u>8,060</u> |
| Net income/(expenditure) | | (7) | (533) | 365 | (175) | (647) |
| Transfers between funds | 18 | (20) | 165 | (145) | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains on defined benefit pension schemes | 20 | - | 554 | - | 554 | 580 |
| Net movement in funds | | <u>(27)</u> | <u>186</u> | <u>220</u> | <u>379</u> | <u>(67)</u> |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | <u>998</u> | <u>(2,615)</u> | <u>8,434</u> | <u>6,817</u> | <u>6,884</u> |
| Total funds carried forward | | <u>971</u> | <u>(2,429)</u> | <u>8,654</u> | <u>7,196</u> | <u>6,817</u> |

ESHER LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2018

| Comparative year information Year ended 31 August 2017 As restated | Notes | Unrestricted | Restricted funds: | | Total |
|--|-------|----------------|-------------------|----------------------|---------------|
| | | Funds £'000 | General £'000 | Fixed asset £'000 | 2017 £'000 |
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 13 | 263 | 228 | 504 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 6,729 | - | 6,729 |
| Other trading activities | 5 | 177 | - | - | 177 |
| Investments | 6 | 3 | - | - | 3 |
| Total | | 193 | 6,992 | 228 | 7,413 |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 9 | 7,791 | 69 | 7,869 |
| Charitable expenditure - transfer from local authority on conversion | | (144) | 570 | (235) | 191 |
| Total | 7 | (135) | 8,361 | (166) | 8,060 |
| Net income/(expenditure) | | 328 | (1,369) | 394 | (647) |
| Transfers between funds | 18 | (8) | 191 | (183) | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial gains on defined benefit pension schemes | 20 | - | 580 | - | 580 |
| Net movement in funds | | 320 | (598) | 211 | (67) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 678 | (2,017) | 8,223 | 6,884 |
| Total funds carried forward | | 998 | (2,615) | 8,434 | 6,817 |

ESHER LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2018

| | | 2018 | | 2017 as restated | |
|--|-------|--------------|--------------|---------------------|--------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 8,456 | | 8,434 |
| Current assets | | | | | |
| Stocks | 14 | - | | 25 | |
| Debtors | 15 | 150 | | 226 | |
| Cash at bank and in hand | | 2,328 | | 1,685 | |
| | | <u>2,478</u> | | <u>1,936</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 16 | (1,090) | | (779) | |
| Net current assets | | | 1,388 | | 1,157 |
| Net assets excluding pension liability | | | 9,844 | | 9,591 |
| Defined benefit pension scheme liability | 20 | | (2,648) | | (2,774) |
| Net assets | | | <u>7,196</u> | | <u>6,817</u> |
| Funds of the Academy Trust: | | | | | |
| Restricted funds | 18 | | | | |
| - Fixed asset funds | | | 8,654 | | 8,434 |
| - Restricted income funds | | | 219 | | 159 |
| - Pension reserve | | | (2,648) | | (2,774) |
| Total restricted funds | | | <u>6,225</u> | | <u>5,819</u> |
| Unrestricted income funds | 18 | | 971 | | 998 |
| Total funds | | | <u>7,196</u> | | <u>6,817</u> |

The financial statements on pages 21 to 47 were approved by the directors and authorised for issue on 11 December 2018 and are signed on their behalf by:

H Coulson
Chair

Company Number 08812257

ESHER LEARNING TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

| | | 2018 | | 2017 as restated | |
|---|-------|---------|--------------|---------------------|--------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | | |
| Net cash provided by/(used in) operating activities | 21 | | 294 | | (145) |
| Cash funds transferred on conversion | | | - | | 144 |
| | | | <u>294</u> | | <u>(1)</u> |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 5 | | 3 | |
| Capital grants from DfE Group | | 374 | | 228 | |
| Capital funding received from sponsors and others | | 47 | | - | |
| Purchase of tangible fixed assets | | (77) | | (280) | |
| | | <u></u> | | <u></u> | |
| Net cash provided by/(used in) investing activities | | | 349 | | (49) |
| | | | <u></u> | | <u></u> |
| Net increase/(decrease) in cash and cash equivalents in the reporting period | | | 643 | | (50) |
| Cash and cash equivalents at beginning of the year | | | 1,685 | | 1,735 |
| | | | <u></u> | | <u></u> |
| Cash and cash equivalents at end of the year | | | <u>2,328</u> | | <u>1,685</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

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

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

1.1 Basis of preparation

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1'000.

Esher Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The directors 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 charitable company to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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.

1.3 Income

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

Grants

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

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

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

Donations

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

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.

Interest receivable

Interest receivable is included within the Statement of Financial Activities on a receivable basis.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

Assets costing less than £2,000 or group of the same assets amounting to £3,000 are written off in the year of acquisition. All other assets are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The trust has a 125 year lease from conversion with Surrey County Council on the land used as playing fields at both locations. The land has been included at the valuation provided by the ESFA when completing their desktop valuation.

The Academy Trust occupies land and buildings at More Lane, Esher, KT10 8AP and at Lockhart Road, Cobham, KT11 2AX, which are owned by the Trustees of the Church of England Archdiocese. The Academy Trust occupies the land and buildings under a licence on the same basis as when it was a maintained school. The continuing permission of the Diocesan Trustees is pursuant to and subject to the Trustees' charitable objects and is part of the Church of England commitment to provide state funded education in partnership with the state. Under the terms of an agreement between the Secretary of State and the Academy Trust the Diocesan Trustees will give the Academy Trust not less than two years' notice to terminate the occupation of the land and buildings. The Governors have concluded that the value of land and buildings occupied by the Academy Trust should not be recognised in the balance sheet as the Academy Trust does not have control of the premises.

Moreover, the Governors have decided not to account for the Academy Trust's occupancy of the land and buildings by means of a notional annual rental charge in the accounts, offset by income from a notional annual donation or gift of equivalent value from the Diocesan Trustees as owners of the freehold interest. The Governors have been unable to identify any objective method for calculating such a notional rent.

Depreciation

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

| | |
|--------------------------------|-------------------------|
| Land and buildings | Land is not depreciated |
| ICT equipment | 33.3% |
| Fixtures, fittings & equipment | 25% |
| Motor vehicles | 25% |

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.

1.6 Liabilities

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

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies (Continued)

1.7 Leasing commitments

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Stock

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal. Provision is made for obsolete and slow moving stock.

1.10 Taxation

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

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

1.11 Pensions benefits

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

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

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

1 Accounting policies

(Continued)

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

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

1.12 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Skills Funding Agency and Department for Education.

1.13 Consolidation

In the opinion of the Directors, the Academy and its subsidiary undertakings comprise a small group. The Academy has applied the exemption provided by S.398 of the Companies Act 2006 and has not prepared consolidated financial statements.

The Academy has also applied the exemption conferred by FRS102 paragraph 9 on the grounds that the subsidiary undertaking, Track Education Limited, results are not material to the group.

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | - | 374 | 374 | 228 |
| Other donations | 37 | 311 | 348 | 276 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 37 | 685 | 722 | 504 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

4 Funding for the Academy Trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 6,915 | 6,915 | 5,938 |
| Other DfE group grants | - | 467 | 467 | 354 |
| | - | 7,382 | 7,382 | 6,292 |
| Other government grants | | | | |
| Local authority grants | - | 671 | 671 | 413 |
| Special educational projects | - | - | - | 24 |
| | - | 671 | 671 | 437 |
| Total funding | - | 8,053 | 8,053 | 6,729 |

5 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 114 | - | 114 | 72 |
| Catering income | 31 | - | 31 | 29 |
| Other income | 84 | - | 84 | 76 |
| | 229 | - | 229 | 177 |

6 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 5 | - | 5 | 3 |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

7 Expenditure

| | Staff costs £'000 | Non Pay Expenditure Premises £'000 | Other £'000 | Total 2018 £'000 | Total 2017 £'000 |
|--|----------------------|--|----------------|------------------------|------------------------|
| Academy's educational operations | | | | | |
| - Direct costs | 4,695 | - | 624 | 5,319 | 4,406 |
| - Allocated support costs | 2,380 | 923 | 561 | 3,864 | 3,463 |
| | <u>7,075</u> | <u>923</u> | <u>1,185</u> | <u>9,183</u> | <u>7,869</u> |
| Net income/(expenditure) for the year includes: | | | | 2018 | 2017 |
| | | | | £'000 | £'000 |
| Fees payable to auditor for: | | | | | |
| - Audit | | | | 13 | 13 |
| - Other services | | | | 1 | 4 |
| Depreciation of tangible fixed assets | | | | 55 | 69 |
| Net interest on defined benefit pension liability | | | | 74 | 62 |
| | | | | <u>74</u> | <u>62</u> |

8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services

The Academy Trust charges for these services on the following basis:

- flat percentage, 4.3% of GAG, Pupil premium, SEN and additional pupil funding received directly from the Local Authority

The amounts charged during the year were as follows:

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Esher Church of England High School | 247 | 103 |
| St Andrew's Church of England Primary School | 91 | 37 |
| Esher Learning Trust | - | - |
| | <u>338</u> | <u>140</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

9 Charitable activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2018 £'000 | Total 2017 £'000 |
|----------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Direct costs | | | | |
| Educational operations | 159 | 5,160 | 5,319 | 4,406 |
| Support costs | | | | |
| Educational operations | 119 | 3,745 | 3,864 | 3,463 |
| | <u>278</u> | <u>8,905</u> | <u>9,183</u> | <u>7,869</u> |
| | | | 2018 | 2017 |
| | | | £'000 | £'000 |
| Analysis of support costs | | | | |
| Support staff costs | | | 2,380 | 2,248 |
| Depreciation | | | 55 | 69 |
| Technology costs | | | 62 | 62 |
| Premises costs | | | 868 | 724 |
| Other support costs | | | 478 | 327 |
| Governance costs | | | 21 | 33 |
| | | | <u>3,864</u> | <u>3,463</u> |

10 Staff

Staff costs

Staff costs during the year were:

| | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Wages and salaries | 5,075 | 4,448 |
| Social security costs | 462 | 464 |
| Pension costs | 1,224 | 943 |
| Staff costs | <u>6,761</u> | <u>5,855</u> |
| Agency staff costs | 281 | 109 |
| Staff restructuring costs | - | 41 |
| Staff development and other staff costs | 33 | 28 |
| | <u>7,075</u> | <u>6,033</u> |
| Total staff expenditure | <u>7,075</u> | <u>6,033</u> |
| Staff restructuring costs comprise: | | |
| Redundancy payments | <u>-</u> | <u>41</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

10 Staff

(Continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2017: £41k). Individually, the payments were: £16k, £8k, £4k and £1k made on (31 December 2016) and £12k made on (31 August 2016).

Staff numbers

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

| | 2018 Number | 2017 Number |
|----------------------------|----------------|----------------|
| Teachers | 81 | 78 |
| Administration and support | 132 | 130 |
| Management | 13 | 10 |
| | <u>226</u> | <u>218</u> |

Higher paid staff

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

| | 2018 Number | 2017 Number |
|--------------------|----------------|----------------|
| £60,001 - £70,000 | 2 | 2 |
| £90,001 - £100,000 | 1 | 1 |
| | <u>3</u> | <u>3</u> |

Key management personnel

The key management personnel of the Academy Trust comprise the directors 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 Trust was £240,348 (2017: £225,435).

11 Directors' remuneration and expenses

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

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

M Boddington (Headteacher):

- Remuneration £95,000 - £100,000 (2017: £90,000 - £95,000)
- Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

During the year, travel and subsistence payments totalling £nil (2017: £nil) were reimbursed or paid directly to no directors (2017: no directors).

Other related party transactions involving the directors are set out within the related parties note.

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

12 Directors and officers insurance

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

13 Tangible fixed assets

| | Land and buildings | ICT equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|-----------------------|-------------------|--------------------------------------|-------------------|-------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | |
| At 1 September 2017 | 8,377 | 160 | 79 | 15 | 8,631 |
| Additions | - | 51 | - | 26 | 77 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2018 | 8,377 | 211 | 79 | 41 | 8,708 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation | | | | | |
| At 1 September 2017 | - | 130 | 59 | 8 | 197 |
| Charge for the year | - | 32 | 13 | 10 | 55 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2018 | - | 162 | 72 | 18 | 252 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net book value | | | | | |
| At 31 August 2018 | 8,377 | 49 | 7 | 23 | 8,456 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| At 31 August 2017 | 8,377 | 30 | 20 | 7 | 8,434 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Included within land and buildings is land valued at £8,377k (2017: £8,377k) which is not depreciated.

14 Stocks

| | 2018 £'000 | 2017 £'000 |
|------------------|-------------------|-------------------|
| Goods for resale | - | 25 |
| | <u> </u> | <u> </u> |

15 Debtors

| | 2018 £'000 | 2017 £'000 |
|--------------------------------|-------------------|-------------------|
| Trade debtors | 11 | 11 |
| VAT recoverable | 25 | 98 |
| Prepayments and accrued income | 114 | 117 |
| | <u> </u> | <u> </u> |
| | 150 | 226 |
| | <u> </u> | <u> </u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

| | | | |
|-----------|---|---------------------|-------------------|
| 16 | Creditors: amounts falling due within one year | 2018 | 2017 |
| | | £'000 | £'000 |
| | Trade creditors | 115 | 149 |
| | Other taxation and social security | 116 | 118 |
| | Other creditors | 336 | 110 |
| | Accruals and deferred income | 523 | 402 |
| | | <u>1,090</u> | <u>779</u> |
| | | <u><u>1,090</u></u> | <u><u>779</u></u> |
| | | | |
| 17 | Deferred income | 2018 | 2017 |
| | | £'000 | £'000 |
| | Deferred income is included within: | | |
| | Creditors due within one year | 126 | 89 |
| | | <u>126</u> | <u>89</u> |
| | | <u><u>126</u></u> | <u><u>89</u></u> |
| | | | |
| | Deferred income at 1 September 2017 | 89 | 67 |
| | Released from previous years | (89) | (67) |
| | Resources deferred in the year | 126 | 89 |
| | | <u>126</u> | <u>89</u> |
| | | <u><u>126</u></u> | <u><u>89</u></u> |
| | Deferred income at 31 August 2018 | 126 | 89 |
| | | <u><u>126</u></u> | <u><u>89</u></u> |

At the balance sheet date, the Academy Trust was holding funds received in advance for trips occurring after the year end, rate rebates and universal infant free school meals relating to 2018/19.

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

| | Balance at 1 September 2017 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 18 | 6,915 | (7,076) | 165 | 22 |
| Other DfE / ESFA grants | 141 | 467 | (453) | - | 155 |
| Other government grants | - | 671 | (671) | - | - |
| Other restricted funds | - | 264 | (222) | - | 42 |
| Pension reserve | (2,774) | - | (428) | 554 | (2,648) |
| | <u>(2,615)</u> | <u>8,317</u> | <u>(8,850)</u> | <u>719</u> | <u>(2,429)</u> |
| Restricted fixed asset funds | | | | | |
| DfE group capital grants | - | 374 | - | (176) | 198 |
| General fixed assets | 8,434 | 47 | (56) | 31 | 8,456 |
| | <u>8,434</u> | <u>421</u> | <u>(56)</u> | <u>(145)</u> | <u>8,654</u> |
| Total restricted funds | <u>5,819</u> | <u>8,738</u> | <u>(8,906)</u> | <u>574</u> | <u>6,225</u> |
| Unrestricted funds | | | | | |
| General funds | 998 | 271 | (278) | (20) | 971 |
| Total funds | <u>6,817</u> | <u>9,009</u> | <u>(9,184)</u> | <u>554</u> | <u>7,196</u> |

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

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

Other DfE/ESFA grants: This includes the pupil premium, rates relief, Universal free school meals and Yr 7 catch up.

Other government grants: This includes SEN funding and other funding received from the Local Authority.

Other restricted funds: This includes contributions to school trips.

DfE/ESFA capital grants: This includes the devolved formula capital grant. and CIF received in the year.

The transfer of funds relate to the purchase of fixed assets during the period and the transfer of CIF and Devolved Formula Capital Grant to other ESFA grants where expensed.

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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

| | Balance at 1 September 2016 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2017 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 5,938 | (5,913) | (7) | 18 |
| Start up grants | 15 | - | (15) | - | - |
| Other DfE / ESFA grants | 347 | 354 | (758) | 198 | 141 |
| Other government grants | 95 | 437 | (532) | - | - |
| Other restricted funds | - | 263 | (263) | - | - |
| Pension reserve | (2,474) | - | (880) | 580 | (2,774) |
| | <u>(2,017)</u> | <u>6,992</u> | <u>(8,361)</u> | <u>771</u> | <u>(2,615)</u> |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | - | 235 | (235) | - |
| DfE group capital grants | - | 228 | - | (228) | - |
| General fixed assets | 8,223 | - | (69) | 280 | 8,434 |
| | <u>8,223</u> | <u>228</u> | <u>166</u> | <u>(183)</u> | <u>8,434</u> |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
| Total restricted funds | <u>6,206</u> | <u>7,220</u> | <u>(8,195)</u> | <u>588</u> | <u>5,819</u> |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
| Unrestricted funds | | | | | |
| General funds | 678 | 193 | 135 | (8) | 998 |
| | <u>678</u> | <u>193</u> | <u>135</u> | <u>(8)</u> | <u>998</u> |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |
| Total funds | <u>6,884</u> | <u>7,413</u> | <u>(8,060)</u> | <u>580</u> | <u>6,817</u> |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

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 | Gains, losses and transfers £'000 | Balance at 31 August 2018 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 12,853 | (12,989) | 158 | 22 |
| Start up grants | 15 | - | (15) | - | - |
| Other DfE / ESFA grants | 347 | 821 | (1,211) | 198 | 155 |
| Other government grants | 95 | 1,108 | (1,203) | - | - |
| Other restricted funds | - | 527 | (485) | - | 42 |
| Pension reserve | (2,474) | - | (1,308) | 1,134 | (2,648) |
| | <u>(2,017)</u> | <u>15,309</u> | <u>(17,211)</u> | <u>1,490</u> | <u>(2,429)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | - | 235 | (235) | - |
| DfE group capital grants | - | 602 | - | (404) | 198 |
| General fixed assets | 8,223 | 47 | (125) | 311 | 8,456 |
| | <u>8,223</u> | <u>649</u> | <u>110</u> | <u>(328)</u> | <u>8,654</u> |
| Total restricted funds | <u>6,206</u> | <u>15,958</u> | <u>(17,101)</u> | <u>1,162</u> | <u>6,225</u> |
| Unrestricted funds | | | | | |
| General funds | 678 | 464 | (143) | (28) | 971 |
| Total funds | <u>6,884</u> | <u>16,422</u> | <u>(17,244)</u> | <u>1,134</u> | <u>7,196</u> |

Total funds analysis by academy

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Fund balances at 31 August 2018 were allocated as follows: | | |
| Esher Church of England High School | 1,029 | 977 |
| St Andrew's Church of England Primary School | 70 | 159 |
| Esher Learning Trust | 91 | 21 |
| Total before fixed assets fund and pension reserve | <u>1,190</u> | <u>1,157</u> |
| Restricted fixed asset fund | 8,654 | 8,434 |
| Pension reserve | (2,648) | (2,774) |
| Total funds | <u>7,196</u> | <u>6,817</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

18 Funds

(Continued)

Total cost analysis by academy

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

| | Teaching and educational support staff £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs excluding depreciation £'000 | Total £'000 |
|---|---|---------------------------------------|----------------------------------|---|----------------|
| Esher Church of England High School | 3,369 | 1,304 | 340 | 966 | 5,979 |
| St Andrew's Church of England Primary School | 1,205 | 625 | 105 | 471 | 2,406 |
| Esher Learning Trust | 88 | 451 | - | 204 | 743 |
| | <u>4,662</u> | <u>2,380</u> | <u>445</u> | <u>1,641</u> | <u>9,128</u> |

19 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2018 are represented by: | | | | |
| Tangible fixed assets | - | - | 8,456 | 8,456 |
| Current assets | 971 | 1,309 | 198 | 2,478 |
| Creditors falling due within one year | - | (1,090) | - | (1,090) |
| Defined benefit pension liability | - | (2,648) | - | (2,648) |
| Total net assets | <u>971</u> | <u>(2,429)</u> | <u>8,654</u> | <u>7,196</u> |

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2017 are represented by: | | | | |
| Tangible fixed assets | - | - | 8,434 | 8,434 |
| Current assets | 788 | 1,148 | - | 1,936 |
| Creditors falling due within one year | 210 | (989) | - | (779) |
| Defined benefit pension liability | - | (2,774) | - | (2,774) |
| Total net assets | <u>998</u> | <u>(2,615)</u> | <u>8,434</u> | <u>6,817</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

Contributions amounting to £105k (2017: £118k) were payable to the schemes at 31 August 2018 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £520k (2017: £431k).

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

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 26.4% for employers and 5.5% to 12.8% for employees. The estimated value of employer contributions for the forthcoming year is £319k.

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

| Total contributions made | 2018 | 2017 |
|--|-------------------|-------------------|
| | £'000 | £'000 |
| Employer's contributions | 350 | 370 |
| Employees' contributions | 97 | 98 |
| | <u> </u> | <u> </u> |
| Total contributions | 447 | 468 |
| | <u> </u> | <u> </u> |
| | | |
| Principal actuarial assumptions | 2018 | 2017 |
| | % | % |
| Rate of increase in salaries | 2.7 | 2.7 |
| Rate of increase for pensions in payment/inflation | 2.4 | 2.4 |
| Discount rate for scheme liabilities | 2.8 | 2.5 |
| | <u> </u> | <u> </u> |

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

| | 2018 | 2017 |
|------------------------------|-------------------|-------------------|
| | Years | Years |
| Retiring today | | |
| - Males | 22.5 | 22.5 |
| - Females | 24.6 | 24.6 |
| Retiring in 20 years | | |
| - Males | 24.1 | 24.1 |
| - Females | 26.4 | 26.4 |
| | <u> </u> | <u> </u> |
| | | |
| | 2018 | 2017 |
| | £'000 | £'000 |
| Discount rate - 0.5% | 786 | 716 |
| Salary increase rate + 0.5% | 135 | 136 |
| Pension increase rate + 0.5% | 641 | 569 |
| | <u> </u> | <u> </u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

20 Pension and similar obligations

(Continued)

| The Academy Trust's share of the assets in the scheme | 2018 Fair value £'000 | 2017 Fair value £'000 |
|---|-----------------------------|-----------------------------|
| Equities | 2,597 | 2,225 |
| Bonds | 613 | 451 |
| Cash | 253 | 120 |
| Property | 144 | 210 |
| Total market value of assets | <u>3,607</u> | <u>3,006</u> |

The actual return on scheme assets was £172,000 (2017: £(206,000)).

| Amount recognised in the Statement of Financial Activities | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Current service cost | 704 | 603 |
| Past service cost | - | 15 |
| Interest income | (80) | (55) |
| Interest cost | 154 | 117 |
| Total operating charge | <u>778</u> | <u>680</u> |

| Changes in the present value of defined benefit obligations | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| At 1 September 2017 | 5,780 | 4,585 |
| Obligations acquired on conversion | - | 1,216 |
| Current service cost | 704 | 603 |
| Interest cost | 154 | 117 |
| Employee contributions | 97 | 98 |
| Actuarial gain | (462) | (841) |
| Benefits paid | (18) | (13) |
| Past service cost | - | 15 |
| At 31 August 2018 | <u>6,255</u> | <u>5,780</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

| 20 Pension and similar obligations | (Continued) | |
|---|--------------------|--------------|
| Changes in the fair value of the Academy Trust's share of scheme assets | 2018 | 2017 |
| | £'000 | £'000 |
| At 1 September 2017 | 3,006 | 2,111 |
| Assets acquired on conversion | - | 646 |
| Interest income | 80 | 55 |
| Actuarial (gain)/loss | 92 | (261) |
| Employer contributions | 350 | 370 |
| Employee contributions | 97 | 98 |
| Benefits paid | (18) | (13) |
| | <u>3,607</u> | <u>3,006</u> |
| At 31 August 2018 | <u>3,607</u> | <u>3,006</u> |
| | <u>3,607</u> | <u>3,006</u> |
| 21 Reconciliation of net expenditure to net cash flow from operating activities | 2018 | 2017 |
| | £'000 | £'000 |
| Net expenditure for the reporting period (as per the Statement of Financial Activities) | (175) | (647) |
| Adjusted for: | | |
| Net deficit on conversion to academy | - | 191 |
| Capital grants from DfE/ESFA and other capital income | (421) | (228) |
| Investment income receivable | (5) | (3) |
| Defined benefit pension costs less contributions payable | 354 | 248 |
| Defined benefit pension net finance cost | 74 | 62 |
| Depreciation of tangible fixed assets | 55 | 69 |
| Decrease/(increase) in stocks | 25 | (14) |
| Decrease/(increase) in debtors | 76 | (9) |
| Increase/(decrease) in creditors | 311 | (49) |
| Stocks, debtors and creditors transferred on conversion | - | 235 |
| | <u>294</u> | <u>(145)</u> |
| Net cash provided by/(used in) operating activities | <u>294</u> | <u>(145)</u> |
| | <u>294</u> | <u>(145)</u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

22 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education and Skills Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

23 Commitments under operating leases

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

| | 2018 | 2017 |
|-----------------------------------|------------------|-----------------|
| | £'000 | £'000 |
| Amounts due within one year | 14 | 3 |
| Amounts due in two and five years | 27 | 6 |
| | <u>41</u> | <u>9</u> |
| | <u><u>41</u></u> | <u><u>9</u></u> |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

24 Related party transactions

Owing to the nature of the Academy Trust and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transaction

Track Education Limited - 100% subsidiary company:

- During a previous year the academy invoiced amounts for services provided to run training courses and for completion of the finance and administrative role to Track Education Limited. At the year end the subsidiary owed the academy £6k (2017: £6k).
- In entering into this transaction the academy trust has complied with the requirements of the Acadamies Financial Handbook 2017.

Guildford Diocesan Services Limited - Member of the Trust

- During the year the academy invoiced £9k (2017: £9k) for leadership training courses delivered to the Guildford Diocese. There were no amounts due at the year end.
- During the year the academy was invoiced £4k (2017: £nil) for leadership training courses delivered to the Academy. At the year end £2k (2017: £nil) was due to Guildford Diocesan Services Limited.
- In entering into this transaction the academy trust has complied with the requirements of the Acadamies Financial Handbook 2017.

25 Members' liability

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

26 Prior period adjustment

A prior period adjustment affected the figures reported for the comparative period for funds and net income or expenditure, as follows.

| | | 1 September 2016 £'000 | 31 August 2017 £'000 |
|--------------------------------|--------------|---------------------------------------|-------------------------------------|
| Reconciliation of funds | Notes | | |
| Funds as previously reported | | 6,884 | 6,582 |
| Adjustments arising: | | | |
| Land | 1 | - | 235 |
| Funds as restated | | 6,884 | 6,817 |

ESHER LEARNING TRUST

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

| 26 Prior period adjustment | | (Continued) |
|--|-------|---------------|
| Reconciliation of net income/(expenditure) for the previous financial period | | 2017 £'000 |
| | Notes | |
| Net expenditure as previously reported | | (882) |
| Adjustments arising: | | |
| Land | 1 | 235 |
| Net expenditure as restated | | <u>(647)</u> |

Notes to restatement

1) Land

The academy trust received the valuation from the DfE for the land acquired upon conversion on 1 April 2017. The effect of this adjustment is to increase fixed assets by £235k and increase the restricted fixed asset fund by the same amount.