

Company Registration No. 07950891 (England and Wales)

# **EDUCATION PARTNERSHIP TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

# **EDUCATION PARTNERSHIP TRUST**

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# EDUCATION PARTNERSHIP TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Ms A Hepplestone  
Mr D Callaghan  
Mr H Patel

### Directors

Mr D Callaghan (Resigned 15 March 2019)  
Ms S Roscoe  
Mrs A Allen  
Mr L Green  
Mr H Catherall (Resigned 30 April 2019)  
Mr I Brown  
Ms J Hughes (Resigned 11 January 2019)  
Mr I M Kendrick (Appointed 3 September 2018)  
Mr M C Cartledge  
Mr D N Sourbutts (Appointed 15 March 2019)  
Mrs G C Carthy (Appointed 15 February 2019)

### Senior management team

- Chief Executive Officer	Ms S Roscoe
- Headteacher (The Heights Free School)	Mr G Holding
- Headteacher (Eden School)	Ms J Ashworth (Appointed 25th February 2019) Mr J McDonald (Resigned 28th February 2019)
- Headteacher (Pleckgate High School)	Mr M Cocker
- Headteacher (Coal Clough Academy)	Mrs H Clarke

### Company registration number

07950891 (England and Wales)

### Registered office

Education Partnership Trust  
Pleckgate Road  
Blackburn  
BB1 8QA

### Academies operated

The Heights Free School  
Eden School  
Pleckgate High School  
Coal Clough Academy

### Location

Blackburn  
Blackburn  
Blackburn  
Burnley

### Headteacher

Mr G Holding  
Ms J Ashworth  
Mr M Cocker  
Mrs H Clarke

### Independent auditor

MHA Moore and Smalley  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

### Solicitors

Forbes Solicitors  
Ribchester House  
Lancaster Road  
Preston  
PR1 2QL

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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The Directors present their annual report together with the accounts and independent auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates two Free Schools for pupils aged 8-16 serving a catchment area in Blackburn with Darwen and two sponsored academies, Coal Clough Academy (Pupil Referral Unit) in Burnley and Pleckgate High School in Blackburn. In addition to this the Trust is in the Project Development phase for the opening of another Free School in Burnley.

### **Structure, governance and management**

#### Constitution

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

The multi-academy Trust ("the Trust") is known as the Education Partnership Trust and the two free schools are known as, The Heights Free School ("The Heights Blackburn") and Eden School.

The Directors are the Trustees of Education Partnership Trust and are also the Directors of the charitable company for the purposes of company law. Details of the directors who served during the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

#### Members' liability

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

#### Directors' indemnities

The Trust has purchased indemnity insurance to protect Directors and Officers from claims arising in connection with trust business. The insurance provides cover of up to £2 million on any one claim.

#### Method of recruitment and appointment or election of directors

The Trust has a total of eight Directors as shown on Page 1 including the Chief Executive. New Directors are appointed by the Members and new Chairs of local governing bodies are appointed by the Board of Directors. When new Directors or Governors are appointed, the Members and Board of Directors approves an appropriate process and criteria for recruitment based on an analysis of the current skill and capability requirements of the Board or Governing Body at that time.

#### Policies and procedures adopted for the induction and training of directors

All Directors and Governors are provided with copies of the DfE Academies Financial Handbook on appointment. When new Directors or Governors are appointed, an analysis of the requirements of their role and their current skills determines their induction process. The induction process is outlined in the Academies Financial Handbook. Effective governance is critical to the success of the Trust and its schools. This is outlined in the Trust Governance and Accountability Handbook and Governance Scheme of Delegation.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Organisational structure

The Board of Directors of the Trust holds four meetings in every school year, including the annual general meeting (AGM).

The Board of Directors (BoD) ensures compliance with company and charity law and with the Trust's funding agreement with the Secretary of State. The Directors are responsible for the general control and management of the administration of the Trust in accordance with the provisions set out in the memorandum and articles of association. The Board is accountable for the performance of all academies within the Trust and as such:

1. Ensures clarity of vision, ethos and strategic direction.
2. Holds the executive to account for the educational performance of the schools and their pupils, and the performance management of staff.
3. Oversees the financial performance of the Trust and makes sure its money is well spent.

The BoD establishes, for each academy, a Local Governing Body (LGB), whose governance role is to oversee the running of the academy on behalf of the Trust. The Trust determines the level of delegation and membership of the LGB, but recognises the critical role that LGBs' have and their decision-making powers.

The role of the LGB is:

1. To ensure clarity of vision, ethos and strategic direction of the academy in line with the strategic direction of the EPT.
2. To monitor whether standards are being met, the academy is working within the agreed policies, and if the money is being well spent.
3. To scrutinise, challenge and support the progress against the academy's strategic objectives, improvement plan and self-evaluation framework.
4. Ensure value for money and the legal compliance of the academy.
5. Act as the panel when reviewing the academy principal's decisions on exclusions, and parents' complaints.
6. Forge links with the community.
7. Act as an ambassador for the school.
8. To ensure the academy fulfils its statutory duties in relation to Health & Safety, Special Educational Needs and Safeguarding.

The Local Governing Body is able to delegate identified functions to a committee; where decisions have been delegated these are reported back to the next Local Governing Body meeting. It is essential that the Local Governing Body delegates sufficient powers to the Headteacher to manage the school effectively.

The Board/Local Governing Body delegates general responsibility to incur financial commitments and expenditure in accordance with the approved budget plan and financial regulations.

During the year the organisational structure of the Trust consisted of 3 levels: the Trust, the Local Governing Body and the committees which include the Audit & Finance Committee. It is further supported by the Senior Management Team. The central services team has increased to reflect the growth of the Trust.

## EDUCATION PARTNERSHIP TRUST

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

The Trust follows the HR Scheme of Delegation and the Pay and Appraisal Policy for the setting of pay and remuneration of key management personnel.

#### Trade union facility time

##### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period	5
Full-time equivalent employee number	4.88

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

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-

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

Total cost of facility time	1,888
Total pay bill	9,291,039
Percentage of the total pay bill spent on facility time	-

##### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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#### Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations 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 Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. Related party transactions that took place in the period of account are detailed in the notes to the accounts.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Objectives and activities

#### Objects and aims

The aim of the Trust ("the Object") 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 ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies")

For the period covered by these financial statements the Trust operated four academies; The Heights Blackburn, Eden School, Coal Clough Academy and Pleckgate High School.

#### The Heights Blackburn

The Heights opened in 2013 as a key stage 2 to key stage 4 alternate provision school. There are over 120 pupils on roll, the vast majority are boys. The Heights was judged as good by Ofsted in November 2018, it's second consecutive good judgement.

#### Eden School

Eden is a special SEMH School which opened in September 2014 to provide special school provision for pupils with social, emotional and mental health needs age 7-16. Eden currently has 40 pupils on roll that have a wide range of needs and abilities. Pupils arrive at different starting points in terms of academic and social and emotional development at Eden school. They also arrive at different times in the academic year and at different ages. The approach is based on individual pupils' progress from their starting point and their development journey through school.

#### Coal Clough Academy

Coal Clough Pupil Referral Unit converted to academy status in September 2015 sponsored by the EPT. Coal Clough Academy is a 180 place Alternative Provision School that provides education for young people in Burnley and the surrounding areas. There are 180 pupils on roll of which the vast majority are commissioned places from the Local Authority. Approximately one third of pupils are disadvantaged. The vast majority of pupils have been permanently excluded from their commissioning schools. Approximately one quarter of the school population are identified as at risk of exclusion or their medical needs prevent them from accessing mainstream education. The remaining pupils are educated on a short-term placement which typically lasts for one term.

#### Pleckgate High School

Pleckgate High School converted to academy status in February 2016 sponsored by the EPT. The school is a large, multi-cultural secondary school situated on the northern outskirts of Blackburn with Darwen, comprising 1,091 students and 140 staff with state of the art facilities that benefit both the school and local community.

In addition to the operation of these schools, the Trust started the Pre-Development phase for the opening of a new Alternative Provision Free School; The Heights, Burnley. This is a key stage 2 to key stage 4 alternate provision school with the capacity for 150 fte pupils.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Objectives, strategies and activities

The vision of the Education Partnership Trust (EPT) is to create outstanding schools which transform learning, lives and communities and the Board expects a high performing Multi-Academy Trust that delivers the very best educational experience for pupils with an ethos of collaboration and excellence. The strategic aims will help to achieve the vision and are underpinned by the core principles:

- To be recognised locally and nationally as a highly successful and high performing MAT;
- To raise standards across all our schools; and
- To achieve sustainable growth whilst remaining financially secure.

The main aims of the Trust for the year were:

- For all schools to be judged good or better by Ofsted;
- To develop collaborative working across the trust which includes the establishment of a Teaching & Learning and SENCO network; and
- To progress to the pre-opening stage for The Heights Burnley and for work to commence on site.

### Public benefit

The Directors have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

The Trust has met demand for alternative provision in Blackburn with Darwen with places being commissioned by local schools. The EPT has responded to a demand in Burnley for alternative provision by continuing works to ensure the successful opening of The Heights Burnley in September 2019.



# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Strategic report

##### Achievements and performance

The following were achieved by August 2019:

- The Heights Blackburn was judged as good in all areas by Ofsted in November 2018. This was the second consecutive good Ofsted judgement
- Pleckgate High School was judged as Outstanding in all areas in January 2019 (previously Requires Improvement)
- The appointment of the Headteacher and School Business Manager for The Heights Burnley
- Ofsted pre-registration regulatory check completed for The Heights Burnley
- Funding Agreement in place for The Heights Burnley
- Occupation of The Heights Burnley site
- Safeguarding Lead appointed for the Trust – annual safeguarding audits across all schools and reporting to the Board of Directors on outcomes
- School improvement cluster groups established: SEND, Attendance, Designated Safeguarding Leads
- A review of governance and revised governance scheme of delegation approved
- Appointment of new chair of the board and two new directors based on skills gaps identified

#### The Heights Blackburn

##### Nurture

Pupils in the KS2 & 3 Nurture Provision made rapid progress against Boxall Criteria for nurture provision. Progress in reading, spelling and mathematics is outstanding.

##### KS4

There were a record number of GCSE passes 9-1 and a 50% increase in entries for both English and Maths. In English, there was a 96.7% pass rate compared to 63.2% in 2014. In Maths, there was a 93.5% pass rate compared to 56.7% in 2014. GCSE passes in Science have increased significantly this year with a 69% increase in the overall number of GCSE qualifications gained.

Achievement in Functional Skills English, Maths and ICT continues to be very strong.

There were 100% pass rates in VTCT Hair & Beauty where all pupils achieved a Level 2 qualification (4 of them achieving distinction). In Construction, 1 pupil achieved an overall Level 2 qualification, for the first time in the school's history.

YTD Attendance (73.4%) is above the national average for alternative provision. Attendance has increased in all key stages compared to the last academic year. Overall attendance has improved 3.2% over the previous year.

##### Transition & Reintegration

- 90% (18) KS2 pupils had a successful reintegration back into a mainstream school setting.
- 88% (22) KS3 pupils made a successful transition back into mainstream school.
- 18.5% (30) KS4 pupils transitioned back to their mainstream school.
- 93% (39) Year 11 pupils had a positive destination at the end of Summer 2019.

Pastoral care is very strong and relationships between staff and pupils reflect a positive and respectful culture. In addition, the school works with several external agencies to ensure that pupils have access to extra support to meet their specific needs.

## **EDUCATION PARTNERSHIP TRUST**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 AUGUST 2019**

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##### Eden School

Eden currently has 40 pupils on roll with the number of referrals increasing. Referrals are received from Blackburn with Darwen Local Authority, Lancashire and Blackpool. A review and redesign of the whole school curriculum has been completed. It is broad and balanced and is personalised for each student and includes therapeutic interventions.

A new referral and induction process for pupils was developed and embedded in school. New pupils now receive an enhanced induction package with allocated staff and room. This includes robust baseline assessments in order for Eden to identify pupil need, create flight paths for the pupil and put support in place to meet their needs very quickly.

The behaviour tracking system is used to monitor behaviour throughout the year by individual pupil. Every incident is recorded to enable the pastoral team to monitor patterns of behaviour and put measures in place including targeted interventions so it is not repeated. The Epraise Rewards system rewards pupils by Epraise points which they can then use to purchase items from the school shop. Some pupils chose to donate their points to a charity or decided to use them to take a friend to the cinema. The number of Fixed Term Exclusions and incidents of positive handling have significantly reduced.

The school has appointed specialist teachers for the core subjects of English, Mathematics and Science and is working closely with a National Leader of Education for SEMH to further improve standards and outcomes.

The careers provision is of a high standard and the programme covers all key stages. This was commended as excellent good practice by an external quality assurance review.

Key Stage 4 have the opportunity to complete work placements and this led to a student continuing in employment following work placement. 100% of Year 11 leavers progressed into education, employment and training (EET) Eden was heavily involved in the transition of all these pupils, transporting them to open days, taster days and supporting them whilst they attended these.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Coal Clough Academy

- All students make at least good progress from their starting point in core and vocational subjects.
- 9% of students achieved 4 or more GCSEs including English and Mathematics at grade 4-9 compared to 1% national average for APs and PRUs.
- Aspirational targets have been set for all pupils, these are in line with peers in a mainstream setting.
- More rigorous baseline assessments to ensure the most able reach their potential.
- Through the positive changes to the curriculum, all pupils now have the opportunity to gain a range of accredited qualifications in a variety of subject areas which allow them to attain in line with mainstream schools.
- Joint moderation with mainstream schools ensures greater reliability of predicted grades.
- Extended school day helps develop the literacy and numeracy programmes. These allow pupils to develop important skills in tutor time and have a positive effect on reading and writing attainment.
- Effective reintegration plans ensure an ever-increasing number of pupils are being successfully reintegrated back into mainstream school.

#### Whole school performance data;

- 76% of students are making expected or better progress in English.
- 81% of students are making expected or better progress in Mathematics.
- 86% of students are making expected or better progress in Vocational areas.
- 80%-90% of CLA students are making expected or better progress in Maths and English.
- A higher percentage of PP and SEND students are making expected or better progress in all areas of the school.

#### Year 11 Outcomes

In English 26/26 (100%) achieved a grade at GCSE. 11/26 achieved a Grade 4 or above. In Mathematics 29/29 (100%) achieved a grade at GCSE. 5/29 achieved a Grade 4 or above. This represents good and, for some pupils, rapid progress from their below average starting points. Results are improving year on year and improving steadily towards the national average for mainstream schools. Attainment is high compared to the national average for English and Mathematics GCSE attainment in Alternative Provision which is 4%. Exceptional attainment was seen in English and Mathematics this year with 2 Grade 6 in both and 4 grade 5 results which is the highest ever achieved at CCA. In Year 11 English, 46 pupils have achieved Level 1 Functional Skills qualification which is a 37% rise from last year and 13 have achieved a Level 2 which is a 47% rise. In Year 11 Mathematics, 40 pupils have achieved a Level 1 Functional Skills which is a 53% rise on last year and 10 have achieved a Level 2 which is a 30% rise. In Year 11 Vocational qualifications there has been a 100% pass rate in Motor Vehicle Level 1, Health and Fitness Level 1 and Child Care Level 2. 100% of Year 11 leavers progressed into education, employment and training with 88% starting in further education on vocational pathways and 5% starting an A Level course.

The school is over subscribed and referrals continue to rise. The Condition Improvement Fund has enabled the school to provide additional teaching space and invest in the building ensuring repairs are completed. This has significantly improved the learning environment.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2019

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#### Pleckgate High School

(Please note: All reference to results are indicative/provisional as secure national performance data has not yet been published. All national averages are taken from validated 2018 data. Progress 8 figures are rounded to one decimal place).

In January 2019, the school underwent its first Ofsted inspection as an academy and was judged as Outstanding across all inspection categories.

The 2019 year 11 cohort were below average levels of (KS2) attainment on entry to Pleckgate and have achieved above a number of national attainment measures on exit. In the key threshold measure, the proportion of pupils achieving a grade 4 and above in English and Mathematics combined was 67%, compared to the national average of 63%. The percentage of pupils achieving a grade 5+ in English and Maths was 46% compared to a national average of 40%.

The overall progress 8 score of +0.2 has remained positive for the fourth year running, representing good progress overall from pupils below average starting points. Progress in Mathematics continues to be well above average at +0.7, progress for English is +0.2 and Humanities subjects is +0.1. Progress across all ability bands is above 0, this is due to improvements in teaching secured by a robust and supportive approach to quality assurance. There has been another increase in the proportion of students entered for exams (36%). The percentage of students achieving the Ebacc suite of qualifications were as follows; 19% achieving 4+ and 10% achieving 5+

The proportion of disadvantaged pupils at Pleckgate is well above the national average. Disadvantaged pupils made progress in line with national expectations for all students and well above national expectations in Mathematics. Pupil premium funding has been spent on a range of interventions, training and staffing to good effect, with a full report published on the school website. Regular review of strategies and careful monitoring of disadvantaged students has had a good impact on outcomes for disadvantaged students, resulting in a much smaller gap than seen nationally compared to non-disadvantaged students. Pupils with special educational needs and/or disabilities make better progress than published data would suggest. Last year there was a small cohort of 17 pupils. One pupil made good progress during their time in school but was not entered for GCSE examinations. Of the 16 SEN students who sat GCSE examinations, their progress was broadly average as a cohort, with a number of very strong individual performances.

The school has high expectations of its staff and students. The school's focus is to ensure the curriculum offered to pupils is broad, balanced and builds engaged, confident learners.

Admissions to Pleckgate have risen for the fourth year, with the September 2019 cohort full to capacity with 270 students admitted, demonstrating an increased community confidence in the quality of education at the school.

#### Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

# EDUCATION PARTNERSHIP TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Financial review

The Trust's total income during the year was £19,464,179 (2018: £13,111,819). Project development and related set up costs funding for new schools received from the ESFA during the year were £115,000 (2018: £75,000). Total income includes £5,667,317 representing assets donated by the DfE/ ESFA at The Heights Burnley, an Alternative Provision Free School which the Trust opened on 1 September 2019.

Total outgoing resources for the year were £14,054,640 (2018: £13,212,909). The excess of income over expenditure was £5,409,539 (2018: £101,090 - expenditure over income)

At the year end the Trust's total reserves were £23,892,242 (2018: £20,117,703) of which, £691,000 (2018: £687,854) was unrestricted, £767,518 (2018: £600,583) was general restricted funds, £5,656,000 (2018: £3,374,000) the deficit on the restricted pension fund and £28,089,724 (2018: £22,203,266) was restricted fixed asset funds.

The Trust does not have an obligation to settle the pension liability immediately and there are no indications that it will crystallise in the foreseeable future. Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of the Trust closing, outstanding local government pension scheme liabilities would be met by the Department for Education.

### Reserves policy

The amount of reserves held are stated in the Financial Review noted above. The level of reserves held at each school at 31 August 2019 is considered to be sufficient and in line with driving towards the Trust's 12% accumulated Reserves Policy.

The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- A contingency fund to deal with minor adjustments to operational expenditure from some budget headings;
- A planned accumulation of funds to pay for some major construction work or project;
- Expenditure held over to the following year to withstand variations in the level of funding to the Trust to balance out variations in funding levels;
- Potential redundancy payments to staff; and
- Anticipated increases in cost of living and pension contributions.

The Board of Directors ensures that the Reserves Policy is in accordance with the requirements laid down in the Academies Financial Handbook by the ESFA. The Department for Education expects Trusts to use their allocated funding for the full benefit of current pupils.

It is the policy of the Trust to have reserves which can be used for future education purposes in line with the development plans. The Trust will review reserve levels for each school on an annual basis and the Trust Reserves Policy is reviewed by the Audit & Finance Committee on a bi-annual cycle.

During the year the Trust has not achieved the 2% in year reserves target due to a number of factors similar to those listed above. There are some long term school development plans in place to utilise some of the reserves to develop and improve the schools.

### Investment policy

The Trust operates an interest bearing current bank account and maintains sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected expenses. To enhance interest earned on accumulated reserves, the Trust is taking steps to implement a Treasury Management Policy which will include the deposit of surplus funds into a 32-day notice deposit account with its current bankers. The Trust Financial Controller will manage the placement of funds into this account in conjunction with schools.

# **EDUCATION PARTNERSHIP TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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### Principal risks and uncertainties

For the period covering these financial statements, the Local Governing Body (LGB) and the Headteachers were responsible for identifying risks faced by the Trust and its schools. With the support of the Headteachers and the Trust Financial Controller, Governors are required to establish and implement procedures to mitigate and monitor these risks. The Trust has assessed the major risks to which it is exposed, in particular those relating to the specific teaching, provision of facilities and operations, and its finances, and is satisfied that the systems and procedures are in place to mitigate its exposure to the major risks. Risk management has been further strengthened by the Risk Assessment Policy and Risk Register. There is also uncertainty regarding the extent to which teachers' pay increases and increases to the TPS contribution rates will be funded, and for how long.

The internal financial systems are based on the Academies Financial Handbook and are documented in The Financial Handbook. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. The Trust reviewed the Financial Regulations as part of the wider Governance and Accountability Handbook. Financial management information is relevant, timely and accurate and minimises risks by consistently applying current circumstances to future years to forecast ahead.

### **Fundraising**

The Trust has no outlined approach to fundraising and there have been no fundraising activities during the year.

### **Plans for future periods**

All academies to be well-led and governed:

- Coaching programme for Headteachers and Executive Team
- Development of Trust leadership programme
- All Heads to have completed or be working towards NPQH/NPQEL
- Review of governance and the implementation of a more robust and streamlined process including the induction
- Headteacher collaborative working to improve outcomes

To achieve sustainable growth whilst remaining financially secure:

- To increase the number of schools in the trust including a mainstream secondary school
- To develop its leaders and succession planning to ensure capacity to deliver
- Trust leads in key areas – safeguarding, data
- To raise the profile of the Trust through marketing and communication
- To develop reputation with key stakeholders, locally, regionally and nationally including the DfE and RSC
- To secure a positive annual MAT review

### **Funds held as custodian trustee on behalf of others**

The Trust does not hold any funds as custodian Trustee.

## EDUCATION PARTNERSHIP TRUST

### DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### Employee consultation and disabled employees

##### Employee involvement

EPT encourages staff contributions at all levels and close collaboration between academies. Where appropriate, the Trust consults on matters such as policy, pay, health & safety. This is demonstrated by the employee engagement survey which was introduced last year and will be completed on a regular basis. At each of the academies, information is channeled via the senior leadership team meetings and staff briefings. Network groups have been established to further encourage collaborative working and sharing of good practice. The staff induction programme includes a session at the central office so that all staff are aware of the vision and values of the trust and the role and responsibilities of the central team.

##### Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. The Trust also supports the retention of employees who become disabled during their employment, through training and career development.

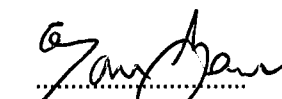
#### Auditor

In so far as the directors are aware:

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

A resolution proposing that MHA Moore and Smalley be reappointed as auditor of the charitable company will be put to the members.

The Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, as the company Directors, on 13/12/19 and signed on its behalf by:

  
.....  
Mr I Brown

# EDUCATION PARTNERSHIP TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

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### Scope of responsibility

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

The board of directors has delegated the day-to-day responsibility to the Headteacher, 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 Education Partnership Trust and the Secretary of State for Education. They are also responsible for reporting to the board of directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The board of directors has formally met 4 times during the year. Attendance during the year at meetings of the board of directors was as follows:

Directors	Meetings attended	Out of possible
Mr D Callaghan (Resigned 15 March 2019)	3	3
Ms S Roscoe	4	4
Mrs A Allen	4	4
Mr L Green	2	4
Mr H Catherall (Resigned 30 April 2019)	3	3
Mr I Brown	3	4
Ms J Hughes (Resigned 11 January 2019)	2	2
Mr I M Kendrick (Appointed 3 September 2018)	4	4
Mr M C Cartledge	2	4
Mr D N Sourbutts (Appointed 15 March 2019)	2	2
Mrs G C Carthy (Appointed 15 February 2019)	2	2

The Board undertakes an annual review of progress against the strategic priorities and its own effectiveness comprising an assessment of its performance against aims and objectives. The Board receives timely data in advance of its meetings to enable it to scrutinise and assess the performance of the Trust and its academies. These reports have been adapted to reflect the requirements of the Directors in terms of reporting on standards and the financial position. In addition, a standards and effectiveness committee has been established for each Local Governing Body to enable further scrutiny and challenge of performance.

The Board of Directors have established a sub-committee of the Trust Board to be known as the Audit and Finance Committee. The Directors recognise the overriding principles of the Academies Financial Handbook and that the Committee should be established in such a way as to fulfil the Trust's responsibility to ensure financial scrutiny and probity. The Committee provides a process for independent checking of financial controls, systems, transactions and risks. The Audit and Finance Committee has formally met 3 times during the year.



## EDUCATION PARTNERSHIP TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mr D Callaghan (Resigned 15 March 2019)	2	2
Ms S Roscoe	3	3
Mr H Catherall (Resigned 30 April 2019)	1	1
Mr D N Sourbutts (Appointed 15 March 2019)	1	1
Mrs G C Carthy (Appointed 15 February 2019)	2	2

#### Review of value for money

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

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

- Improving educational standards

Delivering high quality Continuing Professional Development (CPD) to individual and groups of schools focusing on common areas of improvement and interest aimed at improving the quality of leadership and teaching in the school group.

- Robust governance and oversight of finances

The Trust has established robust guidance within the Trust's Financial Handbook and Scheme of Delegation. This ensures segregation of duties, uniformity and consistency across all schools within the Trust. The Trust benefits from the provision of a qualified Financial Controller. He holds regular meetings with all School Business Managers within the Trust.

The Trust has set up an internal audit function which is carried out by School Business Managers (SBMs) within the Trust. Trust SBMs already possess knowledge of the EPT Financial Handbook & Scheme of Delegation, and delivering this audit function will assist SBMs in gaining a greater understanding of this Handbook. Reviewing systems within other schools will also promote sharing of Best Practice as better systems can be identified and implemented within their own school. Each school will receive one audit visit per term from another Trust school SBM. The Trust has also commissioned two internal audit visits (at Pleckgate and The Heights, Blackburn) which were covered the 2018-19 academic year. The internal audit reports highlighted the good practices in place at the schools as well as a number of recommendations which have/are being actioned at both the school and Trust level. The internal audit reports are presented to the Audit & Finance Committee.

The Resource Committees and Local Governing Bodies of each school receive detailed financial information for their termly meetings where they approve the budget plan annually. They are mindful of the Trust's Reserves Policy and the need to balance expenditure against income to ensure the sustainability of their respective schools and to ensure the Trust remains a 'going concern'.

The members of the audit and finance committee meet with the external auditors annually to review and scrutinise the annual accounts and the external auditors' management report and to approve the annual accounts.

The Financial Controller reports back the financial position at a school and Trust level to the Accounting Officer, on a regular basis. In addition, financial reports are prepared for the Directors and Audit & Finance Committee members.

# EDUCATION PARTNERSHIP TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### Review of value for money (continued)

- Better purchasing

The Trust continually focuses on value for money and making cost savings where possible. During the year, it has achieved savings in a number of areas by obtaining single supplier contracts through competitive tender, utilising the economies of scale. Examples of this are payroll services, internal audit, health and safety and insurance and utilities.

The budget holders review and sign off all purchase order requests and regularly challenge these for efficiency and effectiveness. In turn the Governing Body regularly reviews the functions of the school, challenging how and why services are provided as appropriate. Benchmarking exercises are carried out for cost comparisons and to ensure value for money.

The EPT continues to utilise its own resources across the Trust rather than commissioning external support at additional cost. The Trust's Business and Finance Officer provides support and assistance across all schools in the Trust in a financial and operational capacity. This includes training and support as required.

A review of staff absence has resulted in procuring absence insurance for part of the Trust which should reduce staff supply costs.

- Income generation

The Trust is mindful of the need to generate additional funds to maximise income generation.

The Trust generated additional income from the letting of school premises and the training facilities at central office. Due to existing arrangements income generation from lettings at some schools has been challenging, however it is envisaged that this is an area that will develop further over time and efforts are being made to maximise this revenue stream.

Securing CIF funding to make good or improve school buildings has been successful and the Trust will continue to submit bids to secure further funding in 2019-20.

- Areas to be developed in 2019-20

The Trust Financial Controller will be tasked to identify further areas where there may be opportunities for cost savings for the Trust and schools.

The Trust will develop its treasury management to ensure interest returns are maximised.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Education Partnership Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

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

## EDUCATION PARTNERSHIP TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### The risk and control framework

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

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

The Board of Directors has considered the need for a specific internal audit function and has decided to setup an internal audit function utilising suitable skills and experiences within the Trust as well as appoint Cofie Limited as the internal auditors.

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

- testing of payroll systems and authorisation;
- testing of income completeness and classification;
- a review of sales and purchases systems; and
- testing of control account and bank reconciliations.

During the year a report was made to the Board of Directors (through the audit and finance committee) on the operation of the systems of control and the recommendations are being implemented.

#### Review of effectiveness

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

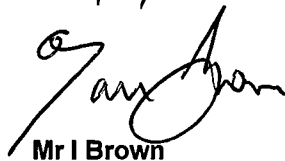
- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self-assessment procedures;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the audit and 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 13/12/19 and signed on its behalf by:



Ms S Roscoe



Mr I Brown

## EDUCATION PARTNERSHIP TRUST

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

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

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

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



**Ms S Roscoe**  
**Accounting Officer**

 13/12/19  
.....

# EDUCATION PARTNERSHIP TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

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The directors (who also act as trustees for Education Partnership Trust) are responsible for preparing the directors' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under company law, the directors must not approve the accounts 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 accounts, the directors are required to:

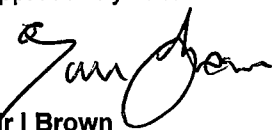
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Directors on ...13/12/19... and signed on its behalf by:



Mr I Brown

# **EDUCATION PARTNERSHIP TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION PARTNERSHIP TRUST FOR THE YEAR ENDED 31 AUGUST 2019**

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### **Opinion**

We have audited the accounts of Education Partnership Trust for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, 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 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2018 to 2019.

### **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 accounts' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts is not appropriate; or
- the directors have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the 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 accounts are authorised for issue.

### **Other information**

The directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibility Statement. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

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## **EDUCATION PARTNERSHIP TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION PARTNERSHIP TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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#### **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 accounts are prepared is consistent with the accounts; 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 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 accounts 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 accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the directors are responsible for assessing the 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 accounts**

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

A further description of our responsibilities for the audit of the accounts 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.

## EDUCATION PARTNERSHIP TRUST

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDUCATION PARTNERSHIP TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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.



**Tracey Johnson (Senior Statutory Auditor)**  
**for and on behalf of MHA Moore and Smalley**  
**Chartered Accountants**  
**Statutory Auditor**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

18 December 2019



## **EDUCATION PARTNERSHIP TRUST**

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EDUCATION PARTNERSHIP TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019**

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In accordance with the terms of our engagement letter dated 7 February 2013 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Education Partnership Trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Education Partnership Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Education Partnership 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 Education Partnership Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Education Partnership Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Education Partnership Trust's funding agreement with the Secretary of State for Education dated 16 October 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes an evaluation of the control environment of the School together with enquiry, analytical review, substantive testing of transactions and consideration of governance issues.

## EDUCATION PARTNERSHIP TRUST

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EDUCATION PARTNERSHIP TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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#### 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 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

**Reporting Accountant**  
**MHA Moore and Smalley**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

18 December 2019

# EDUCATION PARTNERSHIP TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2019

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2019	Total 2018
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	3,545	6,049,448	6,052,993	842,241
Charitable activities:						
- Funding for educational operations	4	1,532,917	11,860,173	-	13,393,090	12,265,785
Other trading activities	5	17,110	-	-	17,110	2,703
Investments	6	986	-	-	986	1,090
<b>Total income and endowments</b>		<u>1,551,013</u>	<u>11,863,718</u>	<u>6,049,448</u>	<u>19,464,179</u>	<u>13,111,819</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	1,547,867	11,883,247	623,526	14,054,640	13,212,909
<b>Total expenditure</b>	7	<u>1,547,867</u>	<u>11,883,247</u>	<u>623,526</u>	<u>14,054,640</u>	<u>13,212,909</u>
<b>Net income/(expenditure)</b>		3,146	(19,529)	5,425,922	5,409,539	(101,090)
Transfers between funds		-	(460,536)	460,536	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(1,635,000)	-	(1,635,000)	878,000
<b>Net movement in funds</b>		<u>3,146</u>	<u>(2,115,065)</u>	<u>5,886,458</u>	<u>3,774,539</u>	<u>776,910</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		687,854	(2,773,417)	22,203,266	20,117,703	19,340,793
Total funds carried forward	17	<u>691,000</u>	<u>(4,888,482)</u>	<u>28,089,724</u>	<u>23,892,242</u>	<u>20,117,703</u>

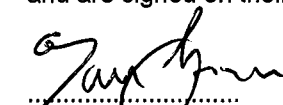
# EDUCATION PARTNERSHIP TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		27,948,330		21,673,655
<b>Current assets</b>					
Debtors	14	929,883		892,071	
Cash at bank and in hand		1,756,533		1,850,848	
		<u>2,686,416</u>		<u>2,742,919</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(1,086,504)		(924,871)	
<b>Net current assets</b>			1,599,912		1,818,048
<b>Net assets excluding pension liability</b>			<u>29,548,242</u>		<u>23,491,703</u>
Defined benefit pension scheme liability	19		(5,656,000)		(3,374,000)
<b>Total net assets</b>			<u><u>23,892,242</u></u>		<u><u>20,117,703</u></u>
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	17				
- Fixed asset funds			28,089,724		22,203,266
- Restricted income funds			767,518		600,583
- Pension reserve			(5,656,000)		(3,374,000)
<b>Total restricted funds</b>			<u>23,201,242</u>		<u>19,429,849</u>
<b>Unrestricted income funds</b>	17		691,000		687,854
<b>Total funds</b>			<u><u>23,892,242</u></u>		<u><u>20,117,703</u></u>

The accounts on pages 25 to 48 were approved by the Directors and authorised for issue on 13/12/19 and are signed on their behalf by:

  
 .....  
 Mr I Brown

Company Number 07950891

# EDUCATION PARTNERSHIP TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	20		753,452		(573,962)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		986		1,090	
Capital grants from DfE Group		382,131		841,556	
Purchase of tangible fixed assets		(1,230,884)		(588,082)	
<b>Net cash (used in)/provided by investing activities</b>			(847,767)		254,564
<b>Net decrease in cash and cash equivalents in the reporting period</b>			(94,315)		(319,398)
Cash and cash equivalents at beginning of the year			1,850,848		2,170,246
<b>Cash and cash equivalents at end of the year</b>			1,756,533		1,850,848

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

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

#### 1.1 Basis of preparation

The accounts of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Education Partnership 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 accounts and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

#### 1.3 Income

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

##### 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.

##### Sponsorship income

Sponsorship income provided to the Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

##### Donations

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

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 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 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 accounts 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 Trust's accounting policies.

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

#### Charitable activities

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

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 1 Accounting policies

(Continued)

#### 1.5 Tangible fixed assets and depreciation

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

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	0% and 2%
Computer equipment	25%
Fixtures, fittings & equipment	20%
Motor vehicles	20%

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

#### 1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

#### 1.8 Financial instruments

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

##### Financial assets

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

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



# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 1 Accounting policies

(Continued)

#### 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 Taxation

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

#### 1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign 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.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the 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.

#### 1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency or other funders 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 Funding Agency.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

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

#### ***Local Government Pension Scheme defined benefit liability***

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 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would affect the carrying amount of the pension liability.

#### ***Useful economic life of tangible fixed assets***

The useful economic life of tangible fixed assets is judged at the point of purchase. These are disclosed above under the policy for tangible fixed assets and depreciation.

#### ***Impairment of fixed assets***

At each balance sheet date, management undertakes an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, impairment is recorded as an impairment loss.

#### Critical areas of judgement

#### **Classification and valuation of long leasehold land and buildings**

All of the Trust's long leasehold land and buildings are held under a 125 year lease and are wholly used in the course of the school's business and are held within the school.

At the date of entry into the Trust, the long leasehold land and buildings in each school is measured at its fair value, which upon transition, has been interpreted as deemed cost. Subsequent purchases of land and buildings are initially measured at cost.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Donated fixed assets	-	5,667,317	5,667,317	-
Capital grants	-	382,131	382,131	841,556
Other donations	-	3,545	3,545	685
	-	6,052,993	6,052,993	842,241

The income from donations and capital grants was £6,052,993 (2018: £842,241) of which £3,545 was restricted (2018: £685) and £6,049,448 was restricted fixed assets (2018: £841,556).

On 1 September 2019 the Trust opened The Heights Burnley, an Alternative Provision Free School. The DfE/ ESFA donated fixed assets totalling £5,667,317 during the year.

### 4 Funding for educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	9,390,053	9,390,053	9,125,190
Other DfE / ESFA grants	-	790,801	790,801	635,538
	-	10,180,854	10,180,854	9,760,728
<b>Other government grants</b>				
Local authority grants	-	1,656,217	1,656,217	1,322,881
<b>Other funds</b>				
Other incoming resources	1,532,917	23,102	1,556,019	1,182,176
<b>Total funding</b>	1,532,917	11,860,173	13,393,090	12,265,785

The income from funding for educational operations was £13,393,090 (2018: £12,265,785) of which £1,532,917 was unrestricted (2018: £1,182,176) and £11,860,173 was restricted (2018: £11,083,609).

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Hire of facilities	17,110	-	17,110	2,703

The income from other trading activities was £17,110 (2018: £2,703) of which £17,110 was unrestricted (2018: £2,703).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	986	-	986	1,090

The income from funding for investment income was £986 (2018: £1,090) of which £986 was unrestricted (2018: £1,090).

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2019 £	Total 2018 £
Academy's educational operations					
- Direct costs	7,932,232	136,033	1,056,183	9,124,448	8,441,010
- Allocated support costs	2,308,985	1,997,935	623,272	4,930,192	4,771,899
	10,241,217	2,133,968	1,679,455	14,054,640	13,212,909

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

	2019 £	2018 £
Fees payable to auditor for:		
- Audit	13,750	11,700
- Other services	5,575	5,100
Operating lease rentals	74,704	73,342
Depreciation of tangible fixed assets	623,526	601,078
Net interest on defined benefit pension liability	88,000	87,000

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 8 Central services

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

- human resources;
- financial services;
- legal services;
- educational support services;
- management support; and
- others as arising.

The Trust charges for these services on the basis of 5% of GAG income.

The amounts charged during the year were as follows:

	2019 £	2018 £
The Heights Free School	90,543	83,842
Eden School	37,218	29,510
Pleckgate High School	316,178	318,331
Coal Clough Academy	140,540	100,932
	<u>584,479</u>	<u>532,615</u>

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
<b>Direct costs</b>				
Educational operations	1,326,274	7,798,174	9,124,448	8,441,010
<b>Support costs</b>				
Educational operations	221,593	4,708,599	4,930,192	4,771,899
	<u>1,547,867</u>	<u>12,506,773</u>	<u>14,054,640</u>	<u>13,212,909</u>

The expenditure on charitable activities was £14,054,640 (2018: £13,212,909) of which £1,547,867 was unrestricted (2018: £1,184,879), £11,883,247 was restricted (2018: £11,426,952) and £623,526 was restricted fixed assets (2018: £601,078).

	2019 £	2018 £
<b>Analysis of support costs</b>		
Support staff costs	2,308,985	2,226,590
Depreciation	487,493	492,877
Premises costs	1,466,497	1,356,143
Other support costs	609,618	611,593
Governance costs	57,599	84,696
	<u>4,930,192</u>	<u>4,771,899</u>

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2019 £	2018 £
Wages and salaries	7,506,503	7,002,134
Social security costs	668,372	657,114
Pension costs	1,808,562	1,532,319
Amounts paid to employees	9,983,437	9,191,567
Agency staff costs	244,654	438,840
Staff restructuring costs	13,126	107,551
	<u>10,241,217</u>	<u>9,737,958</u>

Staff restructuring costs comprise:

Severance payments	<u>13,126</u>	<u>107,551</u>
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#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £13,126 (2018: £107,551). Individually, the payments were: £2,366, £1,160, £2,000 and £7,600.

#### Staff numbers

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

	2019 Number	2018 Number
Teachers	94	89
Administration and support	149	171
Management	22	16
	<u>265</u>	<u>276</u>

The number of persons employed, expressed as a full time equivalent, was as follows:

	2019 Number	2018 Number
Teachers	89	82
Administration and support	110	118
Management	22	16
	<u>221</u>	<u>216</u>

## EDUCATION PARTNERSHIP TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

#### 10 Staff

(Continued)

##### Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	4	1
£70,001 - £80,000	3	3
£90,001 - £100,000	1	2
£100,001 - £110,000	1	-
	<u>          </u>	<u>          </u>

##### Key management personnel

The key management personnel of the Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the Trust was £737,508 (2018: £619,968).

#### 11 Directors' remuneration and expenses

One or more Directors have been paid remuneration or have received other benefits from employment with the academy trust. The principal and other staff directors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors.

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

S Roscoe - Chief Executive Officer and Trustee:

Remuneration - £100,001 - £105,000 (2018: £95,001 - £100,000)

Employers' pension contribution - £10,001 - £15,000 (2018: £10,001 - £15,000)

During the year travel and subsistence expenses totalling £58 were reimbursed to one Director (2018: £225).

#### 12 Directors and officers insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Directors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £2m on any one claim and the cost for this insurance is not separately identifiable and is included in the total insurance costs.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 September 2018	22,684,665	616,437	263,215	32,645	23,596,962
Additions	6,301,938	344,880	251,383	-	6,898,201
At 31 August 2019	28,986,603	961,317	514,598	32,645	30,495,163
<b>Depreciation</b>					
At 1 September 2018	1,348,416	371,827	170,419	32,645	1,923,307
Charge for the year	457,672	136,033	29,821	-	623,526
At 31 August 2019	1,806,088	507,860	200,240	32,645	2,546,833
<b>Net book value</b>					
At 31 August 2019	27,180,515	453,457	314,358	-	27,948,330
At 31 August 2018	21,336,249	244,610	92,796	-	21,673,655

The net book value of land and buildings comprises:

	2019 £	2018 £
Long leaseholds (over 50 years)	27,180,515	21,336,249

On 1 September 2019 the Trust opened The Heights Burnley, an Alternative Provision Free School. The DfE/ ESFA donated land and buildings, computer equipment and fixtures, fittings & equipment of £5,252,575, £179,450 and £235,292.

14 Debtors	2019 £	2018 £
Trade debtors	142,590	244,019
VAT recoverable	157,772	151,892
Prepayments and accrued income	629,521	496,160
	929,883	892,071



# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

<b>15 Creditors: amounts falling due within one year</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Trade creditors	651,185	476,958
Other taxation and social security	180,094	167,113
ESFA creditors	101,490	101,490
Other creditors	63,564	63,269
Accruals and deferred income	90,171	116,041
	<u>1,086,504</u>	<u>924,871</u>
<b>16 Deferred income</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>49,212</u>	<u>-</u>
Deferred income at 1 September 2018	-	43,047
Released from previous years	-	(43,047)
Resources deferred in the year	<u>49,212</u>	<u>-</u>
<b>Deferred income at 31 August 2019</b>	<b><u>49,212</u></b>	<b><u>-</u></b>

Deferred income relates to Local authority funding received in advance for students requiring additional assistance for the following year.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	529,065	9,390,053	(8,702,375)	(460,536)	756,207
Other DfE / ESFA grants	42,395	790,801	(833,196)	-	-
Other government grants	-	1,656,217	(1,656,217)	-	-
Other restricted funds	29,123	26,647	(44,459)	-	11,311
Pension reserve	(3,374,000)	-	(647,000)	(1,635,000)	(5,656,000)
	<u>(2,773,417)</u>	<u>11,863,718</u>	<u>(11,883,247)</u>	<u>(2,095,536)</u>	<u>(4,888,482)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	15,915,147	-	(361,020)	-	15,554,127
DfE group capital grants	5,832,344	382,131	(154,424)	(117,778)	5,942,273
Capital expenditure from GAG	455,775	-	(108,082)	578,314	926,007
Donated by DfE/ ESFA	-	5,667,317	-	-	5,667,317
	<u>22,203,266</u>	<u>6,049,448</u>	<u>(623,526)</u>	<u>460,536</u>	<u>28,089,724</u>
<b>Total restricted funds</b>	<u>19,429,849</u>	<u>17,913,166</u>	<u>(12,506,773)</u>	<u>(1,635,000)</u>	<u>23,201,242</u>
<b>Unrestricted funds</b>					
General funds	<u>687,854</u>	<u>1,551,013</u>	<u>(1,547,867)</u>	<u>-</u>	<u>691,000</u>
<b>Total funds</b>	<u>20,117,703</u>	<u>19,464,179</u>	<u>(14,054,640)</u>	<u>(1,635,000)</u>	<u>23,892,242</u>

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

General Annual Grant must be used for the normal running expenses of the Schools and under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other restricted general funds comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of the grant.

Restricted fixed assets fund includes assets transferred from the Local Authority and expenditure out of GAG and other capital grants. It also comprise any unspent capital grants and depreciation is charged against this fund.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	420,321	9,125,190	(8,990,366)	(26,080)	529,065
Other DfE / ESFA grants	30,000	635,538	(623,143)	-	42,395
Other government grants	-	1,322,881	(1,322,881)	-	-
Other restricted funds	89,000	685	(60,562)	-	29,123
Pension reserve	(3,822,000)	-	(430,000)	878,000	(3,374,000)
	<u>(3,282,679)</u>	<u>11,084,294</u>	<u>(11,426,952)</u>	<u>851,920</u>	<u>(2,773,417)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	16,282,652	-	(367,505)	-	15,915,147
DfE group capital grants	5,237,469	841,556	(163,101)	(83,580)	5,832,344
Capital expenditure from GAG	226,890	-	(70,472)	299,357	455,775
	<u>21,747,011</u>	<u>841,556</u>	<u>(601,078)</u>	<u>215,777</u>	<u>22,203,266</u>
<b>Total restricted funds</b>	<u>18,464,332</u>	<u>11,925,850</u>	<u>(12,028,030)</u>	<u>1,067,697</u>	<u>19,429,849</u>
<b>Unrestricted funds</b>					
General funds	<u>876,461</u>	<u>1,185,969</u>	<u>(1,184,879)</u>	<u>(189,697)</u>	<u>687,854</u>
<b>Total funds</b>	<u>19,340,793</u>	<u>13,111,819</u>	<u>(13,212,909)</u>	<u>878,000</u>	<u>20,117,703</u>

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 17 Funds

(Continued)

#### Total funds analysis by academy

	2019	2018
	£	£
Fund balances at 31 August 2019 were allocated as follows:		
The Heights Free School	287,728	166,902
Eden School	86,082	70,887
Pleckgate High School	455,114	492,408
Coal Clough Academy	587,067	486,527
Central services	42,527	71,713
	<hr/>	<hr/>
Total before fixed assets fund and pension reserve	1,458,518	1,288,437
Restricted fixed asset fund	28,089,724	22,203,266
Pension reserve	(5,656,000)	(3,374,000)
	<hr/>	<hr/>
Total funds	23,892,242	20,117,703
	<hr/>	<hr/>

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2019	Total 2018
	£	£	£	£	£	£
The Heights Free School	1,250,545	194,219	145,722	244,811	1,835,297	1,844,701
Eden School	580,551	94,357	121,526	137,264	933,698	728,523
Pleckgate High School	4,279,850	703,030	486,534	1,406,267	6,875,681	6,906,534
Coal Clough Academy	1,769,609	248,953	222,664	213,782	2,455,008	2,054,793
Central services	37,743	1,082,360	126,147	131,590	1,377,840	937,861
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,918,298	2,322,919	1,102,593	2,133,714	13,477,524	12,472,412
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	27,948,330	27,948,330
Current assets	704,836	1,840,186	141,394	2,686,416
Creditors falling due within one year	(13,836)	(1,072,668)	-	(1,086,504)
Defined benefit pension liability	-	(5,656,000)	-	(5,656,000)
<b>Total net assets</b>	<b>691,000</b>	<b>(4,888,482)</b>	<b>28,089,724</b>	<b>23,892,242</b>
	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	21,673,655	21,673,655
Current assets	684,588	1,528,720	529,611	2,742,919
Creditors falling due within one year	3,266	(928,137)	-	(924,871)
Defined benefit pension liability	-	(3,374,000)	-	(3,374,000)
<b>Total net assets</b>	<b>687,854</b>	<b>(2,773,417)</b>	<b>22,203,266</b>	<b>20,117,703</b>

### 19 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire County Pension Fund. 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 2016.

Contributions amounting to £54,240 were payable to the schemes at 31 August 2019 (2018: £53,045) 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.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

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

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

#### Scheme Changes

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

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

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

The employer's pension costs paid to the TPS in the period amounted to £693,304 (2018: £642,784).

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

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

#### Local Government Pension Scheme

The LGPS is a funded defined benefit pension 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 10.7% to 17.6% for employers and 5.5% to 12.5% for employees.

In addition deficit contribution payments are also payable alongside the future service contributions. The annual deficit contribution amounts for the three year valuation period are 2017/18: £110,200, 2018/19: £114,200 and 2019/20: £118,600.

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.

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	459,000	447,000
Employees' contributions	146,000	141,000
Total contributions	605,000	588,000

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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

	2019 Years	2018 Years
Retiring today		
- Males	22.8	22.7
- Females	25.5	25.4
Retiring in 20 years		
- Males	25.1	25.0
- Females	28.2	28.0

Scheme liabilities would have been affected by changes in assumptions as follows:

Sensitivity analysis:	Central £000	Sensitivity 1 + 0.1% p.a. discount rate £000	Sensitivity 2 + 0.1% p.a. inflation £000	Sensitivity 3 + 0.1% p.a. pay growth £000	Sensitivity 4 1 yr increase in life expectancy £000
Liabilities	10,504	10,271	10,742	10,554	10,689
Assets	(4,848)	(4,848)	(4,848)	(4,848)	(4,848)
Deficit	5,656	5,423	5,894	5,706	5,841
Projected service cost for next year	996	969	1,024	996	1,015
Projected net interest cost for next year	97	98	102	98	101

# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

#### The Trust's share of the assets in the scheme

	2019 Fair value £	2018 Fair value £
Equities	2,317,000	1,648,000
Government bonds	-	128,000
Other bonds	78,000	23,000
Cash	87,000	34,000
Property	427,000	345,000
Other assets	1,939,000	1,577,000
Total market value of assets	4,848,000	3,755,000

The actual return on scheme assets was £523,000 (2018: £198,000).

#### Amount recognised in the Statement of Financial Activities

	2019 £	2018 £
Current service cost	684,000	779,000
Past service cost	323,000	-
Interest income	(113,000)	(79,000)
Interest cost	201,000	166,000
Benefit changes, curtailments and settlements gains or losses	(11,000)	(11,000)
Administration expenses	11,000	11,000
Total operating charge	1,095,000	866,000

#### Changes in the present value of defined benefit obligations

	2019 £	2018 £
At 1 September 2018	7,129,000	6,823,000
Current service cost	684,000	779,000
Interest cost	201,000	166,000
Employee contributions	146,000	141,000
Actuarial loss/(gain)	2,045,000	(759,000)
Benefits paid	(24,000)	(21,000)
Past service cost	323,000	-
At 31 August 2019	10,504,000	7,129,000



# EDUCATION PARTNERSHIP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

### 19 Pension and similar obligations

(Continued)

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

	2019 £	2018 £
At 1 September 2018	3,755,000	3,001,000
Interest income	113,000	79,000
Actuarial gain	410,000	119,000
Employer contributions	459,000	447,000
Employee contributions	146,000	141,000
Benefits paid	(24,000)	(21,000)
Administration expenses	(11,000)	(11,000)
At 31 August 2019	4,848,000	3,755,000

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

	2019 £	2018 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	5,409,539	(101,090)
Adjusted for:		
Capital grants from DfE and other capital income	(6,049,448)	(841,556)
Investment income receivable	(986)	(1,090)
Defined benefit pension costs less contributions payable	559,000	343,000
Defined benefit pension scheme finance cost	88,000	87,000
Depreciation of tangible fixed assets	623,526	601,078
(Increase) in debtors	(37,812)	(251,528)
Increase/(decrease) in creditors	161,633	(409,776)
Net cash provided by/(used in) operating activities	753,452	(573,962)

## EDUCATION PARTNERSHIP TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

#### 21 Commitments under operating leases

At 31 August 2019 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	1,057,300	1,047,994
Amounts due in two and five years	4,086,709	3,960,686
Amounts due after five years	12,163,323	12,818,096
	<u>17,307,332</u>	<u>17,826,776</u>

Included in the above is an annual PFI commitment for Pleckgate High School of £986,007 which will be indexed linked over the period of the commitment.

#### 22 Capital commitments

	2019 £	2018 £
Expenditure contracted for but not provided in the accounts	<u>141,394</u>	<u>566,617</u>

#### 23 Related party transactions

Owing to the nature of the Trust's operations 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 Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

D J Callaghan is the Headteacher at St Bede's RC High School (St Bede's) and was a director until 15 March 2019. During the year St Bede's were charged £74,004 (2018: £44,947) for alternative provision services provided by the Trust and £265 (2018: £315) for room hire. At the year end £18,600 (2018: £nil) was due from St Bede's.

Director S Roscoe is a governor at St Barnabas & St Pauls CE School. During the year they paid £nil (2018: £80) to EPT for her services.

Director J Hughes is an assistant principal at Blackburn College. During the year EPT paid £5,000 (2018: £300) for her services.

#### 24 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he 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.