

## **Annual Report and Financial Statements**

For the year ended:

31 August 2022

Company Limited by Guarantee  
Registration Number 010933839  
(England and Wales)

## Reference and Administrative Information

<b>Members</b> * founding member 1 <sup>st</sup> October 2017	Ms Joanna Carver* Ms Alison Foss (1 January 2022) Mr Andrew Harding* Mr Stephen Sheedy* Mr Jonathan Soar (1 January 2022)
<b>Trustees</b> <b>(date of company house registration)</b>  * founding Trustee 1 <sup>st</sup> October 2017 ** local authority associated person	Ms Julie McLatch Chair of Trustees (11 October 2017) Ms Alison Foss Chief Executive and Accounting Officer (14 March 2018 to 31 December 2021) Mr Mark Henderson Chief Executive and Accounting Officer (1 January 2022) Mr David Ayre (7 September 2022) Mr Roger Chung (13 July 2022) Mr Gordon Holdcroft (1 February 2022) Mr Stephen Lutener (27 April 2018 to 26 April 2022) Mr Michael O'Dwyer* Mr Jonathan Soar* to 31 August 2022 Dr Janice de Sousa (14 March 2018) Mr Peter Stagg (24 February 2020) Mr Neil Taylor (14 January 2021) Ms Jean Thorpe** (14 March 2018)
<b>Company Secretary</b>	Dr Toni Baldwin (7 February 2018)
<b>Senior Management</b> <b>(Senior Leadership Team)</b>	Mr Mark Henderson (Principal) Ms Kate Need (Deputy Principal) Mrs Helen Henderson (Assistant Principal) Dr Beth Linklater (Assistant Principal) Mrs Caroline Watson (Assistant Principal) Mrs Jane Coleman (Director of Finance and Business Development) Mrs Sally-Anne Spooner (Director of HR and Commercial Operations)
<b>Registered address</b>	Cliddesden Road Basingstoke Hampshire RG21 3HF
<b>Company registration number</b>	010933839
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and Administrative Information

**Bankers**      Lloyds Bank  
3 Town Quay  
Southampton  
Hampshire  
SO14 2AQ

**Solicitors**    Eversheds Sutherland  
1 Wood Street  
London  
EC2V 7WS  
United Kingdom

## **Trustees' Report for the year ended 31 August 2022**

The trustees of North Hampshire Education Alliance ('the Trust'/NHEA) present their annual report together with the financial statements and the auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report under charity law and a directors' report under company law.

The North Hampshire Education Alliance is a Multi Academy Trust (MAT) created on 1<sup>st</sup> October 2017. The Trust was established by Queen Mary's College (QMC) in Basingstoke, which previously held Sixth Form College status, and contains one 16-19 academy (QMC) and a subsidiary company (QM Leisure Ltd.). The Trust is structured to enable other academies to join in line with the Trust's strategy.

Queen Mary's College is an inclusive, high achieving Sixth Form College with over 2000 students - most of whom live in the Borough of Basingstoke and Deane. QMC provides a wide range of qualifications and opportunities; students study for A-Levels, and applied vocational qualifications at Level 3 as well as GCSEs, Level 2 applied vocational qualifications and foundation learning.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the Trust's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

### **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 trustees of North Hampshire Education Alliance are also the directors of the charitable company for the purposes of company law. The charitable company is the North Hampshire Education Alliance but also, for historical reasons, operates some aspects of its operations under the name 'Queen Mary's College'.

Details of the trustees who served during the year, and to the date these financial statements are approved, are included in the reference and administrative information on page 1 along with details of the members. Details of the current local governors for QMC can be found on the QMC website ([QMC.ac.uk](http://QMC.ac.uk)).

#### **Members' Liability**

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

## Trustees' Report for the year ended 31 August 2022

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the trustees. This cover is to indemnify a trustee / governor from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides up to £1,000,000 limit of indemnity in the aggregate with £nil excess including payment of legal representation. For the purposes of this cover, trustees/directors, local governors and officers are included.

#### Method of Recruitment and Appointment or Election of Members and Trustees

Members, trustees and local governors are recruited to provide the NHEA with a broad range of skills and knowledge and therefore the best possible advice and support in achieving its vision. For continuity, the founding members, trustees and local governors were recruited from members of the QMC sixth form college corporation, however, subsequent appointments have all been made in line with the requirements of a Trust.

Two new members were appointed on 1<sup>st</sup> January 2022, joining the Trust's three founding members. With the appointment of Mr Jonathan Soar a previous chair of trustees and Ms Alison Foss the outgoing CEO the Trust now has five members, the maximum membership, as set out in the articles of association and the number recommended in Department of Education guidance.

Trustees are recruited by the Trust on the basis of their skills and knowledge and either appointed by members in line with the articles of association or co-opted by the board. There were a number of changes to the Board of Trustees during 2021/22 and to the date of this report. A new Chair of trustees, previously the Vice-Chair of the Board, was appointed from 1 September 2021 and the incoming CEO replaced the outgoing CEO as a trustee from 1<sup>st</sup> January 2022. One trustee stepped down in April 2022 at the end of their term of office and a founding trustee who had previously chaired the Board of trustees stepped down at the end of August 2022. Two new trustees, 1) a previous chief executive of Basingstoke and Deane Council and 2) a director of a local firm of architects were appointed by the members. In addition, the Board of trustees co-opted a trustee with extensive knowledge in estates, sustainability, and health and safety. All appointments were informed by a review of the skills of the Board. The current membership of the Board of trustees is ten and the trust continues to review its membership as well as succession planning for future vacancies.

Directors for QM Leisure Ltd. are appointed by the Board of trustees and include NHEA trustees and members of the QMC senior leadership team along with an independent director.

Membership of the QMC local governing body is set out in the articles of association and consists of community governors who are appointed by the Board of trustees, on the basis of their skills and knowledge, as well as two elected parent governors and two elected staff governors. QMC students are also involved in College governance with two (non-voting) student representatives selected by the QMC Student's Union each year to attend local governing body meetings. In reviewing and approving new terms of reference for the local governing body in October 2022, the Board of trustees reduced the maximum size of the local governing body from 15 to 13 and focused the work of the LGB more on issues of teaching and learning and away from finance and estates matters.



## Trustees' Report for the year ended 31 August 2022

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Method of Recruitment and Appointment or Election of Members and Trustees (continued)

There have been a number of changes to the local governing body membership during 2021/22 and to the date of this report:

- ◆ Three community governors resigned or stepped down at the end of their terms of office. One staff governor stepped down due to leaving the college and a parent governor stepped down and was subsequently appointed as a trustee.
- ◆ One new community governor was appointed by the Board of trustees and both a staff governor and a parent governor were elected.
- ◆ a trustee who was also appointed as a local governor was replaced by another trustee/local governor as part of the trusts' approach to circulate trustees across committees.

#### Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust has an induction and training policy for trustees. Newly appointed trustees and local governors are briefed by the CEO/Principal and the Chair of Trustees and/or local governing body as well as being encouraged to attend the Wessex Group of Colleges induction training events. On-going training for trustees and all those involved in NHEA governance include briefings on different issues within meetings and on-line training on for example, safeguarding and child protection. The Trust also subscribes to the Sixth Form College Association who provide useful briefings and webinars for trustees and governors on a range of issues relevant to 16-19 academies. The Wessex Group also provides bespoke training for student representatives on governing bodies.

#### Organisational Structure

The trustees have overall responsibility for the management of the NHEA and have put in place a scheme of delegation setting out which decisions are delegated to the CEO, the QMC local governing body (LGB) and the senior leadership team (SLT) and which decisions are retained. The scheme of delegation was last approved in 2019. The local governing body's role, as set out in the scheme of delegation, is to exercise leadership on behalf of the Trust in the running of Queen Mary's College and to provide information to the Trust on the operation and performance of the Academy.

Day-to-day management of the Trust and QMC is delegated to the SLT which during 2021/22 consisted of the Principal of QMC (also CEO from 1<sup>st</sup> January 2022) and the Trust CFO along with the Deputy Principal of QMC, three Assistant Principals and the Director of Human Resources and Commercial Operations. The retiring CEO was retained on a part-time basis for the 2021 autumn term and was tasked with exploring opportunities to increase the financial sustainability of the trust through new areas of work and/or trust expansion and to encourage innovative collaboration with Basingstoke schools.

As a subsidiary company of the Trust, QM Leisure Ltd reports to the NHEA Board of trustees.

## Trustees' Report for the year ended 31 August 2022

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Organisational Structure (continued)

The outgoing NHEA CEO, who is also one of the Directors of QM Leisure Ltd., was the Accounting Officer for the Trust up to 31 December 2021. The new NHEA CEO and Accounting Officer for the Trust (from 1 January 2022) is the Accounting Officer for the Trust for the purposes of this report.

#### Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust designated the outgoing CEO the current CEO/Principal and the Deputy Principal appointed 1 September 2022 as 'senior post holders' during 2021/22. Decisions relating to these appointments and their remuneration are made by the trustees on the recommendation of the Senior Post Holders Employment Committee (previously the Remuneration Committee). This committee also makes recommendations to the Board of trustees regarding the employment and remuneration of the company secretary. Senior post holders and the company secretary are paid in line with the benchmarking data and salary scales produced by the Sixth Form Colleges Association as well as with reference to academy benchmarking reports.

Decisions regarding the employment and remuneration of other key management personnel (i.e. the senior leadership team) are delegated to the CEO/Principal with oversight from the Senior Post Holders Employment Committee. All key management personnel are paid in line with the salary scales and benchmarking data produced by the Sixth Form Colleges Association as are all staff within QMC.

Members, trustees and local governors are unpaid positions, however, reasonable expenses can be paid as set out in the NHEA finance policy.

#### Trade Union Facility Time

##### Relevant Union Officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
3	3

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

Percentage of time	Number of employees
0%	3
1% - 50%	
51% - 99%	
100%	

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

Total cost of facility time	£4,250
Total pay bill	£8,708,686
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.049%

## Trustees' Report for the year ended 31 August 2022

### STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

#### Trade Union Facility Time (continued)

##### *Paid trade union activities*

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Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	0
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(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time 18/hours) x 100

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#### **Related Parties and other Connected Charities and Organisations**

NHEA has a trading subsidiary, QM Leisure Ltd, which oversees the running of the commercial operations across the Trust. QM Leisure Ltd is a private company limited by shares with NHEA being the sole shareholder. NHEA has not transferred any of its fixed assets to QM Leisure Ltd and any profits generated by QM Leisure will be gifted to NHEA.

The Trust is part of the Wessex Group of Sixth Form Colleges. The Wessex Group office was housed at QMC during 2021/22 and remains housed at QMC for the foreseeable future.

The Trust continues to investigate opportunities for closer relationships with other organisations, including enlarging the MAT.

### **OBJECTIVES AND ACTIVITIES**

#### **Objects and aims**

The objects of the Trust, as set out in its Articles of Association, are:

- ♦ To advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing, mainstream Academies, alternative provision Academies, 16-19 Academies and/or Special Academies.
- ♦ To promote for the benefit of the inhabitants of the areas in which the Academies are situated and their surrounding areas, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

#### **Objectives, strategies and activities**

The NHEA Board of trustees challenged and confirmed the vision and values of the Trust and reviewed its strategy at a strategy day in June 2021 along with members of the SLT and local governing body. The Board adopted a three-year strategy for the Trust for 2021-24 in December 2021 which remains in place for 2021/22.

#### **Our Strategy:**

To use the capacity created by the Trust to work collaboratively with other educational institutions and stakeholders building on our collective strengths to give the regions' young people the opportunity to succeed, whatever their background.



## Trustees' Report for the year ended 31 August 2022

### OBJECTIVES AND ACTIVITIES (continued)

#### Our Vision:

For all young people within Basingstoke and North Hampshire to have the highest academic, social and practical skills to allow them to lead fulfilling lives.

#### Our Ethos:

Being aspirational and committed to pedagogic excellence, being supportive yet courageous in our approach.

#### Our Values:

1. **To Excel** in everything we do.
2. **To be Inclusive** in our approach to learner recruitment, teaching, learning and support.
3. **To Innovate and Inspire** in curriculum delivery and design: our best keeps getting better.
4. **To Respond** to the needs of every learner regardless of their starting points; we will empower them with the skills, knowledge and resilience necessary for success.
5. **To Enable** every member of the Trust community to achieve the extraordinary.

The Trust has five overarching objectives under which actions and activities are monitored by the Board of trustees. Details of activities during 2021/22 under each of these objectives are set out in the strategic report below.

1. **Leadership & Governance:** To use strategic leadership and governance to bring about sustainable development of the Trust and provide leadership and governance support to schools across the Basingstoke region.
2. **Financial Sustainability & Resource Management:** To deliver the best possible learning environments through a staffing and resource infrastructure of the highest calibre, whilst sustaining the financial stability of the Trust.
3. **Teaching, Learning & Curriculum:** To ensure that every school and college within the Trust provides a coherent and responsive curriculum that successfully meets the needs and interests of all their learners.
4. **Quality & Standards:** To ensure that every individual taught within the Trust aspires to and achieves the highest possible learning outcomes, irrespective of their academic starting points.
5. **Reputation & Relationships:** To work in partnership with key stakeholders, to the benefit of the Trust, all schools in Basingstoke and the wider community.

## Trustees' Report for the year ended 31 August 2022

### OBJECTIVES AND ACTIVITIES (continued)

#### Public Benefit

The North Hampshire Education Alliance is an exempt charity under Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education.

In setting the Trust's objectives and planning its activities, the Board of trustees have given careful consideration to the Charity Commission's general guidance on public benefit and particularly its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit. In delivering its mission, the Trust provides the following identifiable public benefits through the advancement of education:

- ◆ high quality teaching;
- ◆ widening participation and tackling social exclusion;
- ◆ excellent employment record for students;
- ◆ strong student support systems; and
- ◆ links with employers, industry and commerce.

The Trust also continues to provide public benefit to the local community through its many activities, including the wide use of its facilities, involving primary and secondary pupils in the area as well as a broad cross section of the general public. The delivery of public benefit is covered throughout this trustees' report.

### STRATEGIC REPORT

#### Achievements and Performance

Leadership and Governance: A new Principal and Deputy Principal were appointed for QMC in September 2021 and there were also a number of changes to the roles of the Senior Leadership Team. In addition, a new Chair was appointed for the Board of trustees. During 2021/22 the Trust worked to move on from the effects of the COVID-19 pandemic moving to a more outward looking approach. The theme of the annual strategy day in February 2022 was that of the Trust's role in an expanding Basingstoke.

Financial Sustainability & Resource Management: The Trust continues to successfully recruit and retain 16-18 year old students. Student enrolment in September 2021 was well above plan and enrolment in September 2022 was at a similar level. Student cohorts are expected to continue to expand going forwards in line with the increasing numbers of 16 year olds living in the local area and being educated in Basingstoke secondary schools.

Despite increasing student numbers and increasing income, significant energy costs and the cost of living crisis have resulted in pressure on the financial management of the Trust. The impact of these on the 2021/22 operating position is outlined in detail in the 'financial review' section of this report.

## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Achievements and Performance (continued)

Teaching, Learning & Curriculum: Trustees and local governors were kept updated with how the college adapted its provision following the COVID-19 pandemic. Students coming to QMC had missed areas of education and required support for wellbeing and social development. For 2021/22 the college moved back to face-to-face learning whilst keeping the best educational technology approaches from the pandemic including:

- ◆ moving to a three lesson a day timetable with additional 'tutorial' time and a focus on pastoral support and enrichment
- ◆ use of Google classroom and other technology to structure students' learning and assessment.
- ◆ Reviewing the structure of Level 2 teaching and learning to encourage, where appropriate, student progression to Level 3
- ◆ Review of the pastoral support available at QMC including a restructured approach to tutorials focusing on wellbeing and self-development in year 1 and encouraging students to look outwards to the future in year 2.

Quality & Standards: Summer 2022 saw the return to in person examinations following the COVID-19 pandemic. The 2022 cohort had had their GCSE examinations cancelled in 2020, however, the results obtained by this group compared favourably to both national and sixth form college benchmarks.

The Mission and Values of the Trust reflect its commitment to enabling every learner to succeed and progress irrespective of their prior achievement, and QMC provides a broad curriculum with a wide range of subjects and access and progression routes from pre-entry to level 3. Young people come to QMC with a wide range of starting points and students at all levels progress well at QMC. The table below highlights the continuing high academic performance of QMC across all levels of qualification:

## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Achievements and Performance (continued)

Queen Mary's College Achievement Targets	Current Position against Target
<p><b>All course types above national Achievement rate for Sixth Form Colleges</b></p> <p><b>SFB:</b> Sixth Form Benchmarks (compared against 18/19)</p> <p><b>MiDES:</b> Educational data analytics software used by Association of Colleges.</p>	<p><b>Headline achievement 82.7% (provider group 85% in 18/19)</b>  <b>A level:</b> 86.8%: 2.3% above SFB  A level in-year retention was below sector average at 90.4% (sector 93% MiDES)</p> <p><b>L3 Extended Dip Y2:</b> 80.9%: 5% above SFB. 64% HGs.  <b>L3 Vocational Single Y2:</b> 90.4%: 6.1% above SFB. 57% HGs.  <b>Extended Project:</b> 82.5%: 5.9% above SFB. 69% HGs.</p> <p><b>Foundation Learning:</b> 100% in vocational studies courses but Functional Skills Maths/English achievement are an area for improvement.</p>
<p><b>GCSE Maths and English significantly above 9-4 grade benchmarks</b></p>	<p>GCSE English 97% pass rate with 65% at grade 4+</p> <p>GCSE Maths 96% pass rate with 48% at 4+</p> <p>MiDES data shows that progress for QMC students with grade 2 and 3 in GCSE Maths and English is significantly higher than the sector average:</p>
<p><b>Overall Alps grade of 1-3 for all level 3 course types</b></p>	<p>A level Alps 4 in 21/22  4= Very Good;</p>
<p><b>Attendance at classes &gt;90%</b></p>	<p>Overall attendance: 90% (2021 93%, 2020 92%, 2019 90%)</p>
<p><b>Positive destinations for all learners: including HE, apprenticeships and higher-level employment or training</b></p> <p><b>HESA:</b> Higher Education data analytics</p>	<p>2020/21 93% in positive destinations. 5% unknown, 2% unemployed  2019/20 82% in positive destinations. 16% unknown, 2% unemployed.</p> <p>HESA data shows that the percentage of First and Upper Second Degrees obtained by QMC graduates is higher than the Sixth Form sector average in both all UK HEIs, and Russell Group Universities.</p> <p>The percentage of First and Upper Second Degrees obtained by QMC graduates is also higher than the Sixth Form sector average for QMC students from areas with the lowest HE participation rates and for students whose parents didn't obtain HE qualifications.</p>



## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Achievements and Performance (continued)

Queen Mary's College Achievement Targets	Current Position against Target
<b>Applicants gaining HE places in summer 2022: &gt;90%</b>	UCAS: 490 accepted (471 Firm) = 90% of applicants (2021: 91%, 2020: 93%). 96% placed in first choice and 4% insurance choice. 68% of eligible year group progressed to HE (2021: 66%, 2020: 69%)
<b>Number of students enrolling by September 2022 50% of Basingstoke and Deane school leavers.</b>	2022/23: 46% of Basingstoke schools' year 11 school leavers (2021/22: 48%, 2020/21: 42%, 2019/20: 46%).
<b>90% of students progressing to the second year of a level 3 programme</b>	2022/23: 96% (2021/22: 97%, 2020/21: 97%)

Reputation & Relationships: In line with other Trusts, the North Hampshire Education Alliance and Queen Mary's College have many stakeholders. During 2021/22 the Trust worked to re-engage relationships with all stakeholders that had been put on hold during the covid-19 pandemic:

- ◆ Students;
- ◆ Local secondary schools;
- ◆ Education Sector Funding Bodies;
- ◆ The Regional Schools Commissioner;
- ◆ Staff;
- ◆ Local employers;
- ◆ Hampshire County Council and Basingstoke and Deane Council;
- ◆ The local community;
- ◆ Other local education institutions;
- ◆ Trade Unions;
- ◆ Bank; and
- ◆ Professional Bodies.

## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Achievements and Performance (continued)

During the autumn term 2021 the outgoing Principal of QMC/ CEO of NHEA visited all the local secondary schools and met with other stakeholders such as Basingstoke and Deane Council, in order to re-establish close links. These links have been continued by the new Principal of QMC/ CEO of NHEA during 2021/22. Activities that had been in place with local schools before the pandemic were restarted and QMC continues to work across its area in line with the strategy of the trust.

- ◆ In addition to activities with schools and public bodies, other relationships include:
- ◆ supporting teacher training through the local Basingstoke SCITT (BASCITT – Basingstoke Alliance School Centred Initial Teacher Training). BASCITT is led by Dove House School Academy Trust an outstanding Basingstoke special school, the trainees are based at QMC for their core training and QMC also hosts a pedagogic library for the benefit of the trainees and all Basingstoke teachers.
- ◆ regional links through the Wessex Group of colleges which provides peer reviewed quality assurance, networks for teachers based on subjects and training for trustees and governors.
- ◆ links to the national debate on education through one of the NHEA Trustees who was, for 2021/22 a Director of the Sixth Form College's Association and a member of its governance committee, and the outgoing NHEA CEO who was a member of the Ofsted Referencing Group for Further Education and the Association of College's Quality Committee.

#### Key Financial Performance Indicators

The main purpose of NHEA's financial strategy is to ensure that the Trust's objectives as set out in the strategic plan are achieved whilst at the same time, maintaining the financial viability and sustainability of the Trust. The Trust's overarching objectives are set out on page XX. Detailed objectives relating to financial sustainability and resource management are as follows:

#### Financial Objectives

- ◆ To keep the Trust financially stable throughout the COVID-19 pandemic and the demographic dip (to 2021/22) during constrained government funding without compromising student outcomes.
- ◆ To recruit and retain high quality staff and support their professional development and health and wellbeing in order to ensure a highly motivated and well-equipped workforce.
- ◆ To develop and maintain high quality sustainable accommodation, learning resources and other technologies that inspire the whole Trust.
- ◆ To use the Trust's facilities and resources to maximise opportunities for increasing the financial resilience of the Trust, within the context of the vision and aims of the Trust.

## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Financial Objectives (continued)

- ◆ Maintaining and improving the quality of outcome and experience for students despite financial constraints; and
- ◆ Maintaining and improving the current high reputation of the Trust.

The Trust has responded to these challenges whilst balancing the need to maintain a broad and high quality curriculum offer.

Financial Performance Indicator	Actual (vs target) as at 31 <sup>st</sup> August 2022	Actual as at 31 <sup>st</sup> August 2021
Net Leverage: Net Debt to earnings before interest, tax, depn and amortization (EBITDA) as % of income	2.8 (<3.0)	0.30
Staff costs as % of income	74.4% (=68.9%)	75.1%
Cash in hand/liquidity (adjusted current ratio)	1.70 (>1.50)	2.10
Borrowing as % of income	19.3% (<30%)	22.7%
Reliance on ESFA Income	80% (=80%)	82%

#### Going Concern

The Board of trustees is aware that ESFA funding has increased by £1.8m in 2022/23 due to growth in student numbers. The Board has considered the uncertainties of operating in the current economic climate and plans to make savings during 2022/23 are underway. When taking into account student recruitment, our response to adapting to the current cost of living crisis, along with the forecast cash and reserves the Board of trustees has a reasonable expectation that the NHEA has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding adoption of the going concern basis can be found in the statement of accounting policies.

#### Financial Review

The results for the period are shown on page 34 in the statement of financial activities.

During the year, the total income for the year was £12,021k (2021: £12,234k).

A key challenge for the Trust during 2021/22 was the anticipated reduction in ESFA lagged funding resulting from the demographic dip in 16-19 year olds in the region. The impact of the war in Ukraine and the current economic crisis intensified this challenge as our energy costs increased by £100k. The Trust was successful in securing £400k growth funding which was used to fund additional teaching posts, IT staff and IT security costs.

During the year improvements were made to the QMC campus & facilities with the following projects:

- ◆ A Condition Improvement Fund (CIF) site security project commenced and is due for completion in November 2022.
- ◆ A CIF re-roofing project was completed (requiring a £25k contribution from reserves).

## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Financial Review (continued)

- ◆ Investment from our reserves in improving teaching & learning facilities including enhancing social spaces.

2021/22 saw commercial operations trading income improve with membership of the sports centre growing back to pre-pandemic levels. Our NHEA subsidiary company, QM Leisure Ltd (QML) generated a profit of £2k.

The net movement in funds for the year was £5.5m (2021: reduction of funds of £488k). The operational result, which excludes depreciation and year end defined benefit pension scheme adjustments, showed a deficit of £163k (2021: surplus of £27k). The results for the period are shown on page 33.

The balance of unrestricted funds and general restricted funds (excluding the pension reserve) was £17.0m (2021: £17.9m). The NHEA ended the year with unrestricted reserves of £0.4m (2021: £0.75m).

#### Reserves Policy

During 2021/22 a new NHEA Reserves Policy was approved to replace the reserves section of the previous Investments and Reserves Policy. The purpose of this reserves policy is to ensure the stability of the Trust operations and to protect it so that it has the ability to adjust quickly to financial circumstances. The Trust holds reserves in order to:

- ◆ Provide sufficient working capital to cover delays between spending and receipt of grant income
- ◆ Provide a cushion to deal with unexpected emergencies such as urgent maintenance or long-term staff sickness where unforeseen costs are incurred
- ◆ Support the working of the Trust through periods of change, for example, demographic change resulting in decreasing or increasing student numbers.
- ◆ Build up funding for strategic planning and investing in future capital projects including contributions/ match funding, for example, CIF bids (Condition Improvement Fund).

The Reserves Policy outlines the approval process for spending reserves along with arrangements for monitoring and reporting of reserves. The NHEA aims to have a minimum level of reserves of £500k. During 2022/23 plans are in place to replenish reserves by £100k.

#### Treasury Management Policy

During 2021/22 a new NHEA Treasury Management Policy was approved to replace the investments section of the previous Investment and Reserves policy. The Treasury Management Policy sets out the processes by which trustees meet their duties under the articles of association and academy trust handbook to invest monies surplus to operational requirements whilst ensuring that investment risk is properly and prudently managed.



## Trustees' Report for the year ended 31 August 2022

### STRATEGIC REPORT (continued)

#### Financial Review (continued)

The Treasury Management policy outlines the criteria used to manage risk, the procedures to be followed when making investment decisions and arrangements for monitoring and reporting of investment activity.

The Trust currently has no long term investments and has £1m invested in short to medium term investments with Lloyds Bank.

#### Preview of 2022/23

In agreeing the 2022/23 budget we have considered the impact of financial uncertainties upon the Trust. The budget operating position is a breakeven position with £100k allocated to replenish reserves. Whilst the Trust has additional £1.8m funding due to growth in student numbers, the current cost of living crisis will present a significant challenge during 2022/23. We have used ESFA benchmarking data to help focus on areas where savings could be achieved and have plans in place to secure our financial stability during uncertain economic times.

Whilst we are aware the future is uncertain we believe that the assumptions underpinning the budget are robust. We continue to monitor the financial situation including student recruitment in September 2022 and the impact of the war in Ukraine upon energy prices.

### PRINCIPAL RISKS AND UNCERTAINTIES

The NHEA has a robust risk management approach which is designed to protect the assets and reputation; and to ensure its ability to continue to function effectively for the benefit of its students and local community.

The Trust has a risk management policy in place in line with the Academy Trust Handbook and Charity Commission guidance on risk management. The policy was last approved in October 2019 and sets out the risk management process and format for the risk register along with reporting routes.

For 2021/22 the Trust continued with the shorter, more focused register of risks for both the NHEA and QMC that had been set up during 2020/21. The Trust also continued using a supplementary COVID-19 risk register monitoring the risks specific to the COVID-19 pandemic first produced during 2019/20. In July 2022, the Trust agreed to combine the few remaining risks on the supplementary COVID-19 risk register into the main risk register for 2022/23 onwards.

The highest risks identified and monitored through the main risk register during 2021/22 were:

- ◆ Financial – increasing utilities costs. Partially mitigated by improved forecasting, reduction in energy usage (including LED lighting) and use of an energy broker.
- ◆ Decreasing levels of reserves. Mitigated by budget allocation of £100k in 2022/23 budget to top up reserves along with using DfE benchmarking tools to review costs.

## Trustees' Report for the year ended 31 August 2022

### PRINCIPAL RISKS AND UNCERTAINTIES (continued)

- ◆ Data Breach leading to data loss and loss of sensitive information. Mitigated by improvements to ICT infrastructure, cybersecurity and process documentation, along with additional ICT staffing resulting in additional improvements in cybersecurity.

The highest risk identified and monitored through the supplementary COVID-19 risk register during 2021/22 was:

- ◆ Current and incoming students have skills gaps as well as gaps in learning due to disrupted learning. Mitigated by work to identify gaps, an increase in transition support for students and places for additional skills support.

### FUNDRAISING

The Trust NHEA does not have any fundraising activity to report. The Trust does not use external fundraisers. No complaints were received regarding any fundraising activity carried out by the Trust during 2021/22.

### ENERGY AND CARBON REPORTING

As the Trust has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

### PLANS FOR FUTURE PERIODS

2021/22 saw the country start to move out of the COVID-19 pandemic and the Trust focus on supporting students adversely affected by the pandemic or whose learning had been disrupted.

For 2022/23 the Trust and QMC will continue in line with the NHEA strategy '*To use the capacity created by the Trust to work collaboratively with other educational institutions and stakeholders building on our collective strengths to give the regions' young people the opportunity to succeed, whatever their background.*' by collaborating with local schools and institutions with the aim of improving educational standards and the range and quality of provision in Basingstoke and the North Hampshire region, specifically:

- ◆ Reinstating and expanding a wide range of collaborative activities with and support for local secondary schools.
- ◆ Continuing to improve both the physical estate and capacities of the Trust and QMC.
- ◆ Working with all education stakeholders, Local Authorities, maintained schools, other academies and academy chairs to provide opportunities for young people in the Borough
- ◆ Continue to seek opportunities to develop and expand the Trust, in line with its strategy.

### FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The NHEA does not act as custodian trustee on behalf of others.

## Trustees' Report for the year ended 31 August 2022

### AUDITOR

In so far as the trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of trustees on 1 December 2022 and signed on its behalf by:



**Ms Julie McLatch**  
**Chair of Trustees**

# Governance Statement

## Scope of responsibility

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

The Board of trustees have delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the NHEA and the Secretary of State for Education. The Chief Executive as Accounting Officer is also responsible for reporting to the Board of trustees any material weaknesses or breakdowns in internal control.

## Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities.

## Conflicts of interest

The trust has processes in place to manage conflicts of interests, including, maintaining an up-to-date and complete register of interests and declaration of interests as an item on all agendas. A discussion of conflicts of interests forms part of the induction process for all trustees and local governors and is included in governance briefings to the Board and local governing body (most recently June/July 2022). The Trust avoids conflicts of interest in its ownership of QM Leisure with similar declarations as well as the appointment of a director independent to the Board of trustees.

## Meetings

The Board of trustees has held 5 formal meetings and one strategy day during the period from 1 September 2021 to 31 August 2022. The Board maintained effective oversight of funds with fewer than six meetings by, circulation of monthly management accounts to all trustees, regular communication between the Chair and CEO and regular communication between the Chair of the Finance Committee and Chief Financial Officer. Should the trustees have considered that an additional formal meeting of the Board of trustees had been needed there was the option for a formal meeting as part of the strategy day.

The most significant change to the composition of the Board of trustees took place on 1<sup>st</sup> January 2022 with Mark Henderson replacing Alison Foss as NHEA chief executive. Other changes and appointments to the Board of trustees are detailed in the reference and administrative information on page 1.



## Governance Statement

### Meetings (continued)

Attendance during the year at meetings of the Board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Roger Chung**	1	1
Alison Foss (CEO)**	1	2
Mark Henderson (CEO)**	3	3
Gordon Holdcroft**	3	3
Stephen Lutener**	2	3
Julie McLatch (Chair)	5	5
Michael O'Dwyer (Vice-Chair)	5	5
Dr Janice de Sousa	4	5
Jonathan Soar	5	5
Pete Stagg	5	5
Neil Taylor	4	5
Jean Thorpe	4	5
** part year only		

The Board of trustees has the following sub-committees, terms of reference for which were last reviewed and reapproved in October 2022:

- ♦ QMC Local Governing Body – details below
- ♦ Finance Committee – details below
- ♦ Audit and Risk Committee – details below
- ♦ Search and Governance Committee – this committee meets two or three times a year to consider potential trustees and to review governance arrangements, for example, by carrying out self-assessments.
- ♦ Senior Post Holders Employment Committee (Remuneration) – this committee usually meets once a year to consider the employment and remuneration of the two senior post holders (CEO/Principal and Deputy Principal) and the company secretary.

The NHEA Finance Committee meets three times a year with its main purposes being, to review the budget for recommendation to the Board of trustees, to review the monthly management accounts, to amend financial regulations and procedures, to monitor investments and to monitor the commercial operations of the Trust. During 2021/22 the newly appointed CEO replaced the outgoing CEO on the Finance Committee.

Attendance during the year at meetings of the Finance Committee was as follows:

Trustee	Meetings attended	Out of a possible
Alison Foss**	0	1
Mark Henderson**	2	2
Julie McLatch	3	3
Michael O'Dwyer (Chair)	3	3
Neil Taylor	2	2
Jean Thorpe	3	3
** part year only		

## Governance Statement

### Meetings (continued)

The NHEA Audit and Risk Committee meets three times a year with its main purposes being, to advise the Board of trustees on the adequacy and effectiveness of NHEA systems of internal control, to advise the Board of trustees on the appointment of the financial statements auditors and the internal auditors and to liaise with each of these auditors to progress their work. In addition, the audit and risk committee oversees the risk management process and the NHEA policies for anti-fraud and irregularity, anti-bribery, public disclosure internal scrutiny (whistleblowing) and GDPR. The terms of reference of the Audit and Risk Committee were amended in October 2022 to align with the DfE model terms of reference. The Audit and Risk Committee provides independent assurance to the Board that its financial and other controls, and risk management procedures, are operating effectively enabling the Board to report on to the ESFA.

Attendance during the year at meetings of the Audit Committee was as follows:

Trustee	Meetings attended	Out of a possible
Gordon Holdcroft**	2	2
Stephen Lutener** (Chair)	2	2
Jonathan Soar	3	3
Dr Janice de Sousa	1	3
Pete Stagg (Chair – part year)	2	3
** part year only		

The QMC Local Governing Body (LGB) meets six times a year and focuses on monitoring and reviewing QMC's teaching and learning activities and holding the College management team to account for teaching and learning quality and the progress and achievements of the students. Details of the responsibilities and delegated powers of the QMC Local Governing Body are set out in its Scheme of Delegation and its terms of reference.

The LGB consists of trustees and community governors appointed by the Trust, two staff members elected by the staff body, two parent governors elected by parents of students and the Principal. In addition, two QMC students attend LGB meetings to represent the student body. This membership ensures that the local governing body has an appropriate range of skills, knowledge, professional expertise, local connections and representation. Members of the LGB visit QMC regularly through the year to view teaching and learning as well as monitor specific areas such as safeguarding and special educational needs.

## **Governance Statement**

### **Governance Reviews**

From 2018/19 to 2020/21 the Search and Governance committee self-assessed and monitored its progress using the National Governance Association (NGA) document “twenty-one questions for Multi-Academy Trusts – key questions a MAT Board should ask themselves”. Having used the same approach to self-assessment for several years, the Search and Governance Committee reviewed alternative options for self-assessment including the DfE MAT assurance framework. However, following this review, the Search and Governance committee agreed to use the new/revised (March 2022) NGA documents “twenty-one questions for Multi-Academy Trust Boards” and “sixteen questions for academy committees” for 2021/22. All trustees and local governors were asked to score and comment on the relevant questions and the results were reviewed by the Search and Governance committee. A number of actions were identified including, focusing on demonstrating the impact of governance and increasing on-going training for trustees and local governors. The Search and Governance Committee intends to continue using the NGA documents for self-assessment during 2022-23 unless an academy specific code of governance is produced during the year.

During 2021/22 the Search and Governance committee considered the requirement, within some parts of the education sector, for regular external governance reviews of governance noting that this was not currently a requirement for multi academy trusts. The committee agreed that there was a culture of openness between the management and trustees and in their view, this combined with termly meetings of the Search and Governance Committee to consider issues relating to governance, annual self-assessment and the work of the Internal Auditors provided a sufficient overview of governance. On the recommendation of the Search and Governance committee, the Trust intends to carry out an external review of governance in 2023/24.

### **Review of Value for Money**

As Accounting Officer, the Chief Executive has responsibility for ensuring that the NHEA 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 considered how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of trustees where value for money can be improved. The Accounting Office for the NHEA has delivered improved value for money during the year by:

- ◆ Continuing to invest in infrastructure and proactive long term maintenance to improve the QMC estate and reduce ongoing maintenance costs.
- ◆ Continual systems development in finance enabling the Trust to improve financial reporting and automate procurement processes across the Trust. Implementation of new HR and Payroll systems during 2022/23 to improve the efficiency of the processes and allow for multi-site working.
- ◆ Significant investment in ICT security and ICT staff along with the leasing of specialist IT equipment to enhance teaching and learning.

## Governance Statement

### Review of Value for Money (continued)

- ◆ Undertaking annual benchmarking using ESFA tools. During 2021/22 we have worked closely with two other post-16 colleges to interrogate benchmarking data in areas where NHEA appears out of line with our cohort.
- ◆ Securing Condition Improvement Funding (CIF) during 2021/22 to improve roofing and security across our site.

### The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Trust's 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 at the Trust for the period from 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The Board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks (details in trustees' report from page 16). The Board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy Trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is reviewed by the Audit and Risk Committee and the Board of trustees at intervals.

### The Risk and Control Framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of trustees;
- ◆ regular reviews by the finance 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; and
- ◆ identification and management of risks.

The Board of trustees has considered the need for a specific internal audit function and continues to agree on the value of appointing an independent internal auditor. This position aligns with the revised FRC Ethical Standard for auditors which states that a firm providing external audit shall not also carry out internal audit functions. The Board of trustees re-appointed The Internal Audit Association (TIAA) as the NHEA internal auditor for 2021/22.



## Governance Statement

### **The Risk and Control Framework (continued)**

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems as well as auditing other areas of the Trust identified either from the risk register of the Trust or from emerging risks within the sector.

The following areas were reviewed during 2021/22,

- ◆ Student Recruitment
- ◆ Learner Numbers – Compliance Testing
- ◆ ICT Infrastructure
- ◆ HR Management and Payroll Controls

No material control issues were identified by TIAA during 2021/22 and the Board was reassured by TIAA providing substantial assurance for all areas tested. TIAA made the same number of recommendations in 2021/22 as in 2020/21, however, unlike in previous years all recommendations were at the lowest level (level 3, routine). The Audit and Risk Committee meets termly and continues to monitor the progress and completion of remedial actions arising from the recommendations of the internal auditors at each meeting. TIAA remains the NHEA's internal auditors for 2022-23. In line with the requirements set out in the Academy Trust Handbook, TIAA now produce an annual summary report outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. The Summary Internal Controls Assurance (SICA) report will be submitted to the ESFA along with this report and the report from the Audit and Risk Committee.

### **Review of Effectiveness**

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

- ◆ the work of the internal auditor;
- ◆ the school resources management self-assessment tool;
- ◆ the work of the external auditor;
- ◆ the work of the senior leadership team within NHEA/QMC who have responsibility for the development and maintenance of the internal control framework; and
- ◆ the work of lead Trustees with the senior management.

Approved by order of the Board of trustees on 1<sup>st</sup> December 2022 and signed on their behalf by:

  
**Chair of Trustees**  
**Ms Julie McLatch**

  
**Accounting Officer**  
**Mr Mark Henderson**

## Statement on Regularity, Propriety and Compliance

As Accounting Officer of North Hampshire Education Alliance, I have considered my responsibility to notify the NHEA Board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2021.

I confirm that I and the Board of trustees 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 2021.

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



**Accounting Officer**  
**Mr Mark Henderson**

## Statement of Trustees' Responsibilities

The trustees (who are also the directors of the NHEA for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

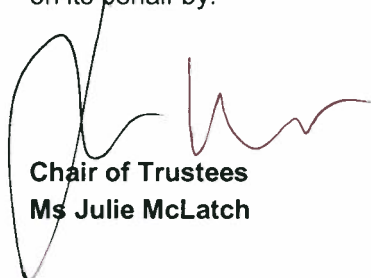
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

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

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

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the Trust's website (qmc.ac.uk). Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of trustees on 1 December 2022 and signed on its behalf by:



**Chair of Trustees**  
**Ms Julie McLatch**

## Group Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 August 2022

	Notes	Unrestricted general funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2022 total funds £'000	2021 total funds £'000
<b>Income and endowments from:</b>						
Donations and capital grants	2	52	—	474	526	732
Charitable activities:						
Funding for educational operations	3	137	10,202	—	10,339	10,896
Other trading activities	4	1,155	—	—	1,155	605
Investments	5	1	—	—	1	1
<b>Total income</b>		<b>1,345</b>	<b>10,202</b>	<b>474</b>	<b>12,021</b>	<b>12,234</b>
<b>Expenditure on:</b>						
Charitable activities:						
Educational operations	6	1,656	11,209	1,039	13,904	13,053
<b>Total expenditure</b>		<b>1,656</b>	<b>11,209</b>	<b>1,039</b>	<b>13,904</b>	<b>13,053</b>
<b>Net expenditure</b>	6	<b>(311)</b>	<b>(1,007)</b>	<b>(565)</b>	<b>(1,883)</b>	<b>(819)</b>
<b>Transfers between funds</b>	17	<b>(36)</b>	<b>69</b>	<b>(33)</b>	<b>—</b>	<b>—</b>
<b>Other recognised gains</b>						
Actuarial gain on defined benefit pension schemes	23	—	7,402	—	7,402	332
<b>Net movement in funds</b>		<b>(347)</b>	<b>6,464</b>	<b>(598)</b>	<b>5,519</b>	<b>(487)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		750	(7,618)	17,187	10,319	10,806
<b>Total funds carried forward</b>		<b>403</b>	<b>(1,154)</b>	<b>16,589</b>	<b>15,838</b>	<b>10,319</b>

All gains and losses are included in the Statement of Financial Activities.

All activities are continuing activities.



## Independent Reporting Accountant's Report on Regularity 31 August 2022

### Approach (continued)

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 assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

Date: 13 December 2022

# **Independent Reporting Accountant's Report on Regularity**

## **31 August 2022**

### **Independent reporting accountant's assurance report on regularity to North Hampshire Education Alliance and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by North Hampshire Education Alliance during the year from 1 September 2021 to 31 August 2022 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 North Hampshire Education Alliance and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the North Hampshire Education Alliance and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the North Hampshire Education Alliance and the ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of North Hampshire Education Alliance's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of North Hampshire Education Alliance's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2021 to 31 August 2022 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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.

# **Independent Auditor's Report on the Financial Statements**

## **31 August 2022**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

### **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.



Shachi Blakemore (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date: 13 December 2022

# **Independent Auditor's Report on the Financial Statements**

## **31 August 2022**

### **Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ we understood how the group and charitable parent company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the group and charitable parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and



# **Independent Auditor's Report on the Financial Statements**

## **31 August 2022**

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the group and charitable parent company'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 trustees either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the group and charitable parent company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the group and charitable parent company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;

# **Independent Auditor's Report on the Financial Statements**

## **31 August 2022**

### **Conclusions relating to going concern (continued)**

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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

We have nothing to report in this regard.

### **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 trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has 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 group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

# **Independent Auditor's Report on the Financial Statements**

## **31 August 2022**

### **Independent auditor's report to the members of North Hampshire Education Alliance**

#### **Opinion**

We have audited the financial statements of North Hampshire Education Alliance (the 'charitable parent company') and its subsidiaries (the "group") for the year ended 31 August 2022 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, 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), 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) (the Charities SORP 2019) and the Academies Accounts Direction 2021 to 2022.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group and charitable parent company's affairs as at 31 August 2022 and of the group's 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 2019 and Academies Accounts Direction 2021 to 2022.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## Balance Sheets as at 31 August 2022

	Notes	Group 2022 £'000	Academy 2022 £'000	Group 2021 £'000	Academy 2021 £'000
<b>Fixed assets</b>					
Intangible assets	12	—	—	11	11
Tangible assets	13	18,862	18,862	19,454	19,454
		<u>18,862</u>	<u>18,862</u>	<u>19,465</u>	<u>19,465</u>
<b>Current assets</b>					
Debtors	14	416	413	508	505
Cash at bank and in hand		1,119	1,110	2,140	2,119
		<u>1,535</u>	<u>1,523</u>	<u>2,648</u>	<u>2,624</u>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	15	(1,057)	(1,048)	(1,677)	(1,654)
<b>Net current assets</b>		<u>478</u>	<u>475</u>	<u>971</u>	<u>970</u>
<b>Total assets less current liabilities</b>		<u>19,340</u>	<u>19,337</u>	<u>20,436</u>	<u>20,435</u>
<b>Creditors: Amounts falling due after more than one year</b>	16	<u>(2,171)</u>	<u>(2,171)</u>	<u>(2,322)</u>	<u>(2,322)</u>
<b>Net assets excluding pension scheme liability</b>		<u>17,169</u>	<u>17,166</u>	<u>18,114</u>	<u>18,113</u>
Defined benefit pension scheme liability	23	(1,154)	(1,154)	(7,618)	(7,618)
Enhanced pensions liability	23	(177)	(177)	(177)	(177)
<b>Total net assets</b>		<u>15,838</u>	<u>15,835</u>	<u>10,319</u>	<u>10,318</u>
<b>Restricted funds</b>					
Fixed assets fund	17	16,589	16,589	17,187	17,187
Pension reserve	17	(1,154)	(1,154)	(7,618)	(7,618)
<b>Total restricted funds</b>		<u>15,435</u>	<u>15,435</u>	<u>9,569</u>	<u>9,569</u>
<b>Unrestricted income funds</b>					
General fund	17	400	400	749	749
Funds retained with subsidiary	17	3	—	1	—
<b>Total unrestricted funds</b>		<u>403</u>	<u>400</u>	<u>750</u>	<u>749</u>
<b>Total funds</b>		<u>15,838</u>	<u>15,835</u>	<u>10,319</u>	<u>10,318</u>

The financial statements were approved by the Board of trustees, and authorised for issue on 1/12/22 and are signed on their behalf by:

**Chair of Trustees**  
**Ms Julie McLatch**

North Hampshire Education Alliance  
Company Limited by Guarantee

Registration Number: 010933839 (England and Wales)



## Group Statement of Cash Flows for the year ended 31 August 2022

	Notes	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Net cash (used in) provided by operating activities	A	(968)	96
<b>Cash flows provided by investing activities</b>	C	91	1
<b>Cash flows used in financing activities</b>	B	(144)	(345)
<b>Change in cash and cash equivalents in the period</b>		<b>(1,021)</b>	<b>(248)</b>
<b>Cash and cash equivalents brought forward</b>		<b>2,140</b>	<b>2,388</b>
<b>Cash and cash equivalents at the end of the period</b>	D	<b>1,119</b>	<b>2,140</b>
<b>A Reconciliation of net expenditure to net cash flow from operating activities</b>			
		2022 £'000	2021 £'000
Net expenditure for the reporting period (as per the statement of financial activities)		(1,883)	(819)
Adjusted for:			
Amortisation		11	13
Depreciation charges		1,028	1,043
Capital grants from DfE and other capital income		(526)	(671)
Donated fixed assets		—	(61)
Interest receivable		(1)	(1)
Defined benefit pension scheme cost less contributions plus curtailments		813	562
Defined benefit pension scheme finance cost (note 23)		125	120
Decrease (increase) in debtors		92	(219)
(Decrease) increase in creditors		(627)	129
<b>Net cash (used in) provided by operating activities</b>		<b>(968)</b>	<b>96</b>
<b>B Cash flows from financing activities</b>			
		2022 £'000	2021 £'000
Repayments of borrowing		(144)	(345)
<b>Net cash used in financing activities</b>		<b>(144)</b>	<b>(345)</b>
<b>C Cash flows from investing activities</b>			
		2022 £'000	2021 £'000
Dividends, interest and rents from investments		1	1
Purchase of tangible fixed assets		(436)	(671)
Capital grants from DfE/ESFA		526	671
<b>Net cash provided by investing activities</b>		<b>91</b>	<b>1</b>

## Group Statement of Cash Flows for the year ended 31 August 2022

### D Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash in hand and at bank	119	640
Notice deposits (less than 3 months)	1,000	1,500
<b>Total cash and cash equivalents</b>	<b>1,119</b>	<b>2,140</b>

### E Analysis of changes in net debt

	At 1 September 2021 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 August 2022 £'000
Cash in hand and at bank	2,140	(1,021)	—	1,119
Loans falling due within one year	(146)	144	(152)	(154)
Loans falling due after more than one year	(2,305)	—	152	(2,153)
<b>Total</b>	<b>(311)</b>	<b>(877)</b>	<b>—</b>	<b>(1,188)</b>

# Principal Accounting Policies

## Year ended 31 August 2022

### 1. Statement of 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 financial statements 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The North Hampshire Education Alliance meets the definition of a public benefit entity under FRS 102.

#### 1.2 Basis of consolidation

The financial statements consolidate the financial statements of North Hampshire Education Alliance and its wholly owned subsidiary undertaking, QM Leisure Limited, drawn up to 31 August each year. No statement of financial activities is presented for North Hampshire Education Alliance, as permitted by section 408 of the Companies Act 2006.

The net surplus for North Hampshire Education Alliance, the parent company, was £5,517,000 (2021: deficit of £487,000).

#### 1.3 Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the 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 financial statements.

# Principal Accounting Policies

## Year ended 31 August 2022

### 1.4 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.

The 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected within carryover balances within the restricted fixed asset fund

- **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.

### 1.5 Expenditure on charitable activities

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

All costs incurred on the Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities. All resources expended are stated net of irrecoverable VAT.

### 1.6 Intangible Fixed Assets

Intangible assets costing £750 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.



# Principal Accounting Policies

## Year ended 31 August 2022

### 1.7 Tangible Fixed Assets

Assets costing £750 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 assets fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed assets 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.

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

- |                                    |  |
|------------------------------------|--|
| ◆ Freehold buildings               | Over their expected useful economic life to the Trust.   |
| ◆ Fixtures, fittings and equipment | Over their useful economic life of between 3 -15 years.  |
| ◆ Motor vehicles                   | Over their useful economic life of between 3 to 7 years. |

Depreciation is charged on a straight line basis from the month following capitalisation of the item.

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

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

### 1.8 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.

### 1.9 Provisions

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

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

## Principal Accounting Policies

### Year ended 31 August 2022

#### 1.10 Leased Assets

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

#### 1.11 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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

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

#### 1.12 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.

## **Principal Accounting Policies**

### **Year ended 31 August 2022**

#### **1.13 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.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded 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 is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

#### **1.14 Fund Accounting**

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

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

Restricted income funds comprise all other grants received from the ESFA and Department for Education.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority and Hampshire County Council.

## **Principal Accounting Policies**

### **Year ended 31 August 2022**

#### **1.15 Critical Accounting Estimates and Areas of Judgement**

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.

- The Trust has to determine where there are indicators of impairment of the tangible assets and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.
- Preparing the cash flow forecasts for the years ended 31 August 2023 and 2024 which have been used to determine NHEA's going concern assessment. These are based on budget and forecasts for the two years factoring in sensitivities for income streams that are variable by nature such as trading income.

In addition to the above, the full impact following the recent emergence of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the Trust's activities, beneficiaries, funders, suppliers and the wider economy.



## Notes to the Financial Statements for the year ended 31 August 2022

### 1. General Annual Grant (GAG)

The principal funding received from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreements 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 2022.

### 2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets £'000	2022 Total funds £'000	2021 Total funds £'000
Capital grants	—	—	460	460	671
Donated fixed assets	52	—	14	66	61
	52	—	474	526	732

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets £'000	2021 Total funds £'000
Capital grants	—	—	671	671
Donated fixed assets	—	—	61*	61
	—	—	732	732

\*Donated fixed assets consisting of:

- £40k - Esports gaming PCs and chairs donated as part of sponsorship agreements
- £21k – Department of Education laptops and Chromebooks issues during lockdown for use by vulnerable students



## Notes to the Financial Statements for the year ended 31 August 2022

### 3. Funding for Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
<b>DfE / EFA grants</b>				
General Annual Grant (GAG)	—	9,083	<b>9,083</b>	8,785
Other DfE / EFA grants	—	508	<b>508</b>	787
	—	9,591	<b>9,591</b>	9,572
<b>Other Government grants</b>				
Local authority grants	—	611	<b>611</b>	787
	—	611	<b>611</b>	787
Other income from the Academy Trust's educational operations	137	—	<b>137</b>	109
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up premium**	—	—	—	99
Other DfE/ESFA COVID-19 funding	—	—	—	50
<b>COVID-19 additional funding (non-DfE /ESFA)</b>				
Coronavirus Job Retention Scheme grant***	—	—	—	61
Other COVID-19 funding	—	—	—	218
	—	—	—	428
<b>2022 total funds</b>	<b>137</b>	<b>10,202</b>	<b>10,339</b>	<b>10,896</b>

## Notes to the Financial Statements for the year ended 31 August 2022

### 3. Funding for Educational Operations (continued)

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
<i>DfE / EFA grants</i>			
General Annual Grant (GAG)	—	8,785	8,785
Other DfE / EFA grants	—	787	787
	<u>—</u>	<u>9,572</u>	<u>9,572</u>
<i>Other Government grants</i>			
Local authority grants	—	787	787
	<u>—</u>	<u>787</u>	<u>787</u>
<i>Other income from the Academy Trust's educational operations</i>	109	—	109
<i>COVID-19 additional funding (DfE/ESFA)</i>			
Catch-up premium**	—	99	99
Other DfE/ESFA COVID-19 funding	—	50	50
<i>COVID-19 additional funding (non-DfE /ESFA)</i>			
Coronavirus Job Retention Scheme grant***	—	61	61
Other COVID-19 funding	—	218	218
	<u>—</u>	<u>428</u>	<u>428</u>
<i>2021 total funds</i>	<u>109</u>	<u>10,787</u>	<u>10,896</u>

\*\* The Trust received £99,000 of funding for catch-up premium and costs incurred in respect of this funding also totalled £99,000, with no residual amounts to be spent in 2021/22.

\*\*\*The Trust furloughed some of its lettings and hire staff under the Government's CJRS. The funding received of £61,000 relate to staff costs in respect of twenty staff which are included within staff costs (note 6).

## Notes to the Financial Statements for the year ended 31 August 2022

### 4. Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Catering income	229	—	229	99
Transport income	128	—	128	98
Hire of facilities income	107	—	107	237
Miscellaneous income	691	—	691	171
	<u>1,155</u>	<u>—</u>	<u>1,155</u>	<u>605</u>

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
<i>Catering income</i>	99	—	99
<i>Transport income</i>	98	—	98
<i>Hire of facilities income</i>	237	—	237
<i>Miscellaneous income</i>	171	—	171
	<u>605</u>	<u>—</u>	<u>605</u>

### 5. Investment Income

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Interest receivable	1	—	1	1
	<u>1</u>	<u>—</u>	<u>1</u>	<u>1</u>

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Interest receivable	1	—	1
	<u>1</u>	<u>—</u>	<u>1</u>

## Notes to the Financial Statements for the year ended 31 August 2022

### 6. Expenditure

	Staff costs £'000	Premises £'000	Other £'000	2022 Total funds £'000	2021 Total funds £'000
Trust's educational operations:					
Direct costs	6,370	1,039	860	8,269	7,683
Allocated support costs	3,559	1,159	917	5,635	5,370
	9,929	2,198	1,777	13,904	13,053

	Staff costs £'000	Premises £'000	Other £'000	2021 Total funds £'000
Trust's educational operations:				
Direct costs	5,597	1,056	1,030	7,683
Allocated support costs	3,607	801	962	5,370
	9,204	1,857	1,992	13,053

	2022 Total funds £'000	2021 Total funds £'000
<b>Net expenditure for the year includes:</b>		
Operating lease rentals	54	—
Depreciation	1,028	1,043
Amortisation of intangible fixed assets	11	13
Fees payable to auditor for		
External Audit	19	18
Internal Audit Fees	6	4

	2022 Total Funds £'000	2021 Total Funds £'000
Direct costs - educational operations	8,269	7,683
Support costs - educational operations	5,635	5,370
	13,904	13,053

	2022 Total Funds £'000	2021 Total Funds £'000
<b>Analysis of support costs</b>		
Support staff costs	3,559	3,607
Technology costs	138	190
Premises costs	1,159	801
Other support costs	754	742
Governance costs	25	30
<b>Total support costs</b>	5,635	5,370

## Notes to the Financial Statements for the year ended 31 August 2022

### 7. Staff

#### (a) Staff Costs

Staff costs during the year were:

	2022 Total Funds £'000	2021 Total Funds £'000
Wages and salaries	7,740	7,342
Social security costs	395	555
Pension costs	1,759	1,236
	<b>9,894</b>	<b>9,133</b>
Staff restructuring costs	35	71
	<b>9,929</b>	<b>9,204</b>

#### (b) Staff Severance Payments

The Academy Trust paid three severance payments in the year, within the band range of £0-£25,000.

#### (c) Staff Numbers

The average numbers of persons (including senior management team) employed by the Trust during the year was as follows:

	2022 No.	2021 No.
Teachers	108	109
Administration and support	106	97
Management	7	8
	<b>221</b>	<b>214</b>

#### (c) Staff Numbers (continued)

Full Time Equivalent basis:	2022 No.	2021 No.
Teachers	96	95
Administration and support	84	77
Management	7	8
	<b>187</b>	<b>180</b>

#### (d) Higher Paid Staff

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

	2022 No.	2021 No.
£60,001 - £70,000	4	5
£70,001 - £80,000	2	—
£90,001 - £100,000	—	1
£120,001 - £130,000	1	1



## Notes to the Financial Statements for the year ended 31 August 2022

### 7 Staff (continued)

#### (e) Key Management Personnel

The key management personnel of the Trust comprise the trustees and the college management team as listed on page 1. Trustees only receive remuneration in their capacity as employees of the Trust, not as trustees. The total amount of employee benefits (including employer pension contributions and national insurance contributions) received by key management personnel for their services to the Trust was £682,099 (2021: £808,694).

### 8. Related Party Transactions including Trustees' remuneration and expenses

The CEO acts as a Trustee and is paid remuneration from their employment with the academy trust. The Trust had two employees who acted as CEO in the financial year. Their remuneration is only in respect of services they provide under their contract of employment. The CEO's in the year and their remuneration (within band) is as follows:

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Ms Alison Foss, CEO and Trustee 1 September 2021 until 31 December 2021

Remuneration 2022: £10,000 – 15,000 (2021: £120,001-£125,000)

Employer's pension contributions 2022: £0 (2021: £25,001 – £30,000)

Mark Henderson, CEO and Trustee 1 January 2022 onwards (Principal from 1<sup>st</sup> September 2022 onwards)

Remuneration 2022: £65,001 - £70,000 (2021 n/a)

Employer's pension contributions 2022: £15,001 - £20,000 (2021: n/a)

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Mrs Helen Henderson, spouse of Mr Mark Henderson, CEO/Principal, is employed by the Academy Trust and is a member of the Senior Leadership Team. Mrs Henderson is not line managed by the CEO/Principal. Mrs Henderson is paid in line with the Sixth Form Colleges Association salary scales and benchmarking data for her role and receives no special treatment as a result of her relationship with the CEO/Principal.

### 9. Trustees' and Officer's insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1 million on any one claim and the cost for the year ended 31 August 2022 was £500 (2021: £500).

# Notes to the Financial Statements for the year ended 31 August 2022

## 7. Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

	Notes	Unrestricted general funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2021 total funds £'000
<i>Income and endowments from:</i>					
Donations and capital grants	2	—	—	732	732
<i>Charitable activities:</i>					
Funding for educational operations	3	109	10,787	—	10,896
Other trading activities	4	605	—	—	605
Investments	5	1	—	—	1
<b>Total income</b>		<b>715</b>	<b>10,787</b>	<b>732</b>	<b>12,234</b>
<i>Expenditure on:</i>					
<i>Charitable activities:</i>					
Educational operations	6	706	11,291	1,056	13,053
<b>Total expenditure</b>		<b>706</b>	<b>11,291</b>	<b>1,056</b>	<b>13,053</b>
<b>Net income (expenditure)</b>	6	<b>9</b>	<b>(504)</b>	<b>(324)</b>	<b>(819)</b>
Transfers between funds	17	(323)	(178)	501	—
<i>Other recognised gains</i>					
Actuarial gain (loss) on defined benefit pension schemes	23	—	332	—	332
<b>Net movement in funds</b>		<b>(313)</b>	<b>(350)</b>	<b>177</b>	<b>(487)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		1,064	(7,268)	17,010	10,806
<b>Total funds carried forward</b>		<b>750</b>	<b>(7,618)</b>	<b>17,187</b>	<b>10,319</b>

## Notes to the Financial Statements for the year ended 31 August 2022

### 8. Commercial trading operations

QM Leisure Limited, a company limited by shares (Company Registration Number 12844595 (England and Wales)), with an issued share capital of 1 ordinary £1 equity shares is a wholly owned subsidiary of North Hampshire Education Alliance.

The summarised financial information on QM Leisure Limited is given below:

	2022 £'000	2021 £'000
Turnover	462	255
Administrative expenses	(460)	254
Profit on ordinary activities before and after taxation	2	1

The assets and liabilities of the subsidiary were:

	2022 £'000	2021 £'000
Current assets	17	33
Creditors: amounts falling due within one year	(15)	(32)
<b>Total assets less current liabilities</b>	<b>2</b>	<b>1</b>

### 9. Intangible Fixed Assets

	Computer Software £'000	2022 £'000
<b>Cost</b>		
At 1 September 2021	66	66
At 31 August 2022	66	66
<b>Amortisation</b>		
At 1 September 2021	55	55
Charge in year	11	11
At 31 August 2022	66	66
<b>Carrying amount</b>		
At 31 August 2022	—	—
At 31 August 2021	11	11

# Notes to the Financial Statements for the year ended 31 August 2022

## 10. Tangible Fixed Assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
<b>Cost / Valuation</b>				
At 1 September 2021	22,003	—	1,630	<b>23,633</b>
Additions	317	14	105	<b>436</b>
At 31 August 2022	<u>22,320</u>	<u>14</u>	<u>1,735</u>	<u><b>24,069</b></u>
<b>Depreciation</b>				
At 1 September 2021	3,079	—	1,100	<b>4,179</b>
Charge in year	779	—	249	<b>1,028</b>
At 31 August 2022	<u>3,858</u>	<u>—</u>	<u>1,349</u>	<u><b>5,207</b></u>
<b>Net book value</b>				
At 31 August 2022	<u>18,462</u>	<u>14</u>	<u>386</u>	<u><b>18,862</b></u>
At 31 August 2021	<u>18,924</u>	<u>—</u>	<u>530</u>	<u><b>19,454</b></u>

The freehold land and buildings represent the freehold land and buildings of Queen Mary's College which was transferred to the Trust on 1 October 2017 at a value of £21,541,000.

## 11. Debtors

	Group 2022 £'000	Academy 2022 £'000	Group 2021 £'000	Academy 2021 £'000
Trade debtors	57	56	88	80
VAT recoverable	70	69	75	75
Amount due from subsidiary	—	—	—	6
Other debtors	7	6	5	5
Prepayments and accrued income	<u>282</u>	<u>282</u>	<u>340</u>	<u>340</u>
	<u><b>416</b></u>	<u><b>413</b></u>	<u><b>508</b></u>	<u><b>506</b></u>

## 12. Creditors: Amounts falling due within One Year

	Group 2022 £'000	Academy 2022 £'000	Group 2021 £'000	Academy 2021 £'000
Trade creditors	130	127	209	206
Taxation and social security	324	319	207	202
Loan (see note 16)	154	154	146	146
Amount due to subsidiary	—	6	—	—
LGPS & Teachers' Pension	—	—	114	114
Other creditors	2	2	35	35
Accruals and deferred income	<u>447</u>	<u>440</u>	<u>966</u>	<u>951</u>
	<u><b>1,057</b></u>	<u><b>1,048</b></u>	<u><b>1,677</b></u>	<u><b>1,654</b></u>

Included above is deferred income of £16,629 which relates to income for future financial years (2021: £213,000).

## Notes to the Financial Statements for the year ended 31 August 2022

### 13. Creditors: Amounts Falling due in Greater than One Year

	2022 £'000	2021 £'000
Loans	2,153	2,305
Other creditors	18	17
	<b>2,171</b>	<b>2,322</b>
<b>Loan maturity</b>		
Debt due in one year or less	154	146
In more than one year but not more than two years	164	154
In more than two years but not more than five years	557	524
In five years or more	1,432	1,627

The Trust has one bank loan taken out to fund building projects prior to academy conversion. It is an unsecured fixed rate loan at 6.855% and is due to be repaid on 29 July 2033.



# Notes to the Financial Statements for the year ended 31 August 2022

## 14. Funds

	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	9,083	(9,152)	69	—
Other grants	—	1,119	(1,119)	—	—
Pension reserve	(7,618)	—	(938)	7,402	(1,154)
	<u>(7,618)</u>	<u>10,202</u>	<u>(11,209)</u>	<u>7,471</u>	<u>(1,154)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	17,197	—	—	—	17,197
Depreciation	(2,149)	—	(1,039)	—	(3,188)
Capital expenditure from GAG	1,290	474	—	(179)	1,585
Repayments of debt	849	—	—	146	995
	<u>17,187</u>	<u>474</u>	<u>(1,039)</u>	<u>(33)</u>	<u>16,589</u>
<b>Total restricted funds</b>	<u>9,569</u>	<u>10,676</u>	<u>(12,248)</u>	<u>7,438</u>	<u>15,435</u>
<b>Unrestricted funds</b>					
General funds	749	883	(1,196)	(36)	400
QM Leisure Ltd	1	462	(460)	—	3
<b>Total unrestricted funds</b>	<u>750</u>	<u>1,344</u>	<u>(1,655)</u>	<u>(36)</u>	<u>403</u>
<b>Total funds</b>	<u>10,319</u>	<u>12,020</u>	<u>(13,903)</u>	<u>7,402</u>	<u>15,838</u>

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

### **ESFA Revenue Grant Fund and Other Restricted Funds**

#### **General Annual Grant (GAG)**

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 the year end.

#### **Fixed Asset Fund**

The Restricted Fixed Asset Fund includes GAG amounts received from the ESFA and the Local Authority towards purchase of fixed assets less the loan funding obtained by Queen Mary's College prior to academy conversion to fund building projects

#### **Pension Reserve**

The Pension Reserve relates to the Trust's share of the deficit of the Local Government Pension Scheme Overseen by Hampshire Pensions Fund.

# Notes to the Financial Statements for the year ended 31 August 2022

## 17. Funds (continued)

### Comparative funds note

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<i>Restricted general funds</i>					
General Annual Grant (GAG)	—	8,785	(8,607)	(178)	—
Catch-up premium	—	99	(99)	—	—
Other DfE/ESFA COVID-19 funding	—	50	(50)	—	—
Coronavirus Job Retention Scheme grant	—	61	(61)	—	—
Other COVID-19 funding	—	218	(218)	—	—
Other grants	—	1,574	(1,574)	—	—
Pension reserve	(7,268)	—	(682)	332	(7,618)
	<u>(7,268)</u>	<u>10,787</u>	<u>(11,291)</u>	<u>154</u>	<u>(7,618)</u>
<i>Restricted fixed asset funds</i>					
Transfer on conversion	17,136	61	—	—	17,197
Depreciation	(1,093)	—	(1,056)	—	(2,149)
Capital expenditure from GAG	465	671	—	154	1,290
Repayments of debt	502	—	—	347	849
	<u>17,010</u>	<u>732</u>	<u>(1,056)</u>	<u>501</u>	<u>17,187</u>
<i>Total restricted funds</i>	<u>9,742</u>	<u>11,519</u>	<u>(12,347)</u>	<u>655</u>	<u>9,569</u>
<i>Unrestricted funds</i>					
General funds	1,064	460	(452)	(323)	749
QM Leisure Ltd	—	255	(254)	—	1
<i>Total unrestricted funds</i>	<u>1,064</u>	<u>715</u>	<u>(706)</u>	<u>(323)</u>	<u>750</u>
<i>Total funds</i>	<u>10,806</u>	<u>12,234</u>	<u>(13,053)</u>	<u>332</u>	<u>10,319</u>

## 18. Analysis of net assets between Funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2022 Total funds £'000
<b>Fund balances at 31 August 2022 are represented by:</b>				
Tangible fixed assets	—	—	18,862	18,862
Current assets	417	1,118	—	1,535
Current liabilities	(14)	(889)	(154)	(1,057)
Non-current liabilities	—	(229)	(2,119)	(2,348)
Pension scheme liabilities	—	(1,154)	—	(1,154)
<b>Total net assets</b>	<u>403</u>	<u>(1,154)</u>	<u>16,589</u>	<u>15,838</u>

# Notes to the Financial Statements for the year ended 31 August 2022

## 15. Analysis of Net Assets between Funds (continued)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total funds £'000
<i>Fund balances at 31 August 2021 are represented by:</i>				
<i>Intangible fixed assets</i>	—	11	—	11
<i>Tangible fixed assets</i>	—	—	19,454	19,454
<i>Current assets</i>	750	4,166	(2,267)	2,648
<i>Current liabilities</i>	—	(1,677)	—	(1,677)
<i>Non-current liabilities</i>	—	(2,322)	—	(2,322)
<i>Pension scheme liabilities</i>	—	(7,795)	—	(7,795)
<i>Total net assets</i>	750	(7,618)	17,187	10,319

## 16. Capital Commitments

	2022 £'000	2021 £'000
Contracted for, but not provided in the financial statements	168	—

## 17. Commitments under Operating Leases

### Operating Leases

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

	2022 £'000	2021 £'000
Amounts due within one year	82	13
Amounts due between one and five years	148	27
	230	40

## 18. Guarantees, Letters of Comfort and Indemnities

The Trust has not provided any guarantees, letters of comfort or indemnities during the period ended 31 August 2021.

## 19. Members' Liability

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

## Notes to the Financial Statements for the year ended 31 August 2022

### 20. 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 Hampshire Pensions Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £163,000 (2021: £114,000) were payable to the schemes at 31 August 2022 and are included within creditors.

#### ***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### ***Valuation of the Teachers' Pension Scheme***

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £643,000 (2021: £910,000).

# Notes to the Financial Statements for the year ended 31 August 2022

## 23. Pension and Similar Obligations (continued)

### **Valuation of the Teachers' Pension Scheme (continued)**

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

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

### **Local Government Pension Scheme (LGPS)**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2022 was £552,000 (2021: £516,000), of which employer's contributions totalled £412,000 (2021: £401,000) and employees' contributions totalled £140,000 (2021: £115,000). The agreed contribution rates for future years are 18% of employers.

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

<b>Principal actuarial assumptions</b>	<b>At 31 August 2022</b>	<b>At 31 August 2021</b>
Rate of increase of salaries	3.8%	3.7%
Rate of increase for pensions in payment/inflation	2.8%	2.7%
Discount rate for scheme liabilities	4.1%	1.7%
Inflation assumption (CPI)	2.8%	2.7%
Commutation of pensions to lump sums	75.0%	75.0%

### **Local Government Pension Scheme (LGPS)**

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

	<b>At 31 August 2022</b>	<b>At 31 August 2021</b>
<i>Retiring today</i>		
Males	22.9	23.1
Females	25.4	25.5
<i>Retiring in 20 years</i>		
Males	24.7	24.8
Females	27.1	27.3



## Notes to the Financial Statements for the year ended 31 August 2022

### 23. Pension and Similar Obligations (continued)

#### **Local Government Pension Scheme (LGPS) (continued)**

The Trust's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equities	7,056	7,382
Bonds	1,852	2,328
Property	951	785
Multi asset credit	1,072	—
Other	1,146	2,277
Cash	110	90
<b>Total market value of assets</b>	<b>12,187</b>	<b>12,862</b>
<b>Present value of scheme liabilities</b>		
- Funded	(13,298)	(20,437)
- Unfunded	(43)	(43)
<b>Deficit in the scheme</b>	<b>(1,154)</b>	<b>(7,618)</b>
<b>Enhanced Pensions Liability</b>		
Provision at start of year	(177)	(177)
<b>Provision at end of year</b>	<b>(177)</b>	<b>(177)</b>
<b>Total pension liabilities</b>		
LGPS	(1,154)	(7,618)
Enhanced pensions liabilities	(177)	(177)
	<b>(1,331)</b>	<b>(7,795)</b>

The enhanced pension provision relates to the cost of staff who have already left the Trust's employment and commitments for reorganisation costs from which the Trust cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies. The principal assumptions for this calculation are:

	2021/22	2020/21
Price inflation	2.8%	2.7%
Discount rate	4.1%	1.7%

	At 31 August 2022 £'000	At 31 August 2021 £'000
Discount rate +0.1%	(293)	(450)
Discount rate -0.1%	293	450
Mortality assumption - 1 year increase	(359)	(756)
Mortality assumption - 1 year decrease	359	777
CPI rate +0.1%	27	41
CPI rate -0.1%	(27)	(41)

## Notes to the Financial Statements for the year ended 31 August 2022

### 23. Pension and Similar Obligations (continued)

#### *Local Government Pension Scheme (LGPS) (continued)*

<b>Amount recognised in the statement of financial activities</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Current service cost (net of employee contributions)	1,225	911
Curtailment cost	—	52
Interest income	221	(183)
Net interest cost	125	120
<b>Total operating charge</b>	<b>1,571</b>	<b>900</b>
<b>Analysis of pension finance costs</b>		
Expected return on pension scheme assets	221	183
Interest on pension liabilities	(346)	(303)
<b>Pension finance costs</b>	<b>(125)</b>	<b>(120)</b>

<b>Changes in the present value of funded defined benefit obligations were as follows:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Scheme obligations as at 1 October	20,437	17,866
Current service cost	1,225	911
Interest cost	346	303
Employee contributions	140	116
Actuarial loss	(8,569)	1,470
Benefits paid	(281)	(281)
Plan introductions, benefit changes, curtailments and settlements	—	52
<b>At 31 August</b>	<b>13,298</b>	<b>20,437</b>

<b>Changes in the fair value of Trust's share of scheme assets:</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
Fair value of scheme assets at 1 October	12,862	10,641
Interest income	221	183
Actuarial gain	(1,167)	1,802
Employer contributions	412	401
Employee contributions	140	116
Benefits paid	(281)	(281)
<b>At 31 August</b>	<b>12,187</b>	<b>12,862</b>

### 24. Agency Arrangements

The Trust distributes the ESFA discretionary 16-19 bursary to students as an agent for the ESFA. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not lose control of the economic benefit of the transfer.