

**Annual Report and
Financial Statements**

For the year ended:

31 August 2023

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

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Reference and Administrative Information

Members	Ms Joanna Carver*
* founding member	Ms Alison Foss (1 January 2022)
1 st October 2017	Mr Andrew Harding*
** founding trustee	Mr Stephen Sheedy*
1 st October 2017	Mr Jonathan Soar** (1 January 2022)
Trustees	Ms Julie McLatch Chair of Trustees (11 October 2017)
(date of company house registration)	Mr Mark Henderson Chief Executive and Accounting Officer (1 January 2022)
* founding trustee	Mr Richard Ash (1 June 2023)
1 st October 2017	Mr David Ayre (7 September 2022)
** local authority associated person	Mr Roger Chung (13 July 2022)
	Mr Gordon Holdcroft (1 February 2022)
	Mr Michael O'Dwyer*
	Dr Janice de Sousa (14 March 2018)
	Mr Guy Sudron (19 October 2023)
	Mr Peter Stagg (24 February 2020)
	Mr Neil Taylor (14 January 2021)
	Ms Jean Thorpe** (14 March 2018)
Company Secretary	Dr Toni Baldwin (7 February 2018)
Senior Management (Senior Leadership Team)	Mr Mark Henderson (CEO and Principal)
	Ms Kate Need (Deputy Principal)
	Mrs Helen Henderson (Assistant Principal)
	Dr Beth Linklater (Assistant Principal) – to 1 st February 2023
	Mrs Caroline Watson (Assistant Principal)
	Mrs Jane Coleman (Director of Finance) – to 31 st March 2023
	Ms Amelia Nirmal (Director of Finance) – from 2 nd May 2023
	Mrs Sally-Anne Spooner (Director of HR and Commercial Operations)
Registered address	Cliddesden Road Basingstoke Hampshire RG21 3HF
Company registration number	010933839
Auditor	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 2023

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 2022 to 31 August 2023. 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 1st 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).

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 2023

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.

The Trust has five members all of whom have been associated with the Trust since its establishment. The members include two previous QMC principals/CEOs, the chair of the sixth form college corporation at academy conversion and a previous chair of the board of trustees.

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 two appointments to the Board of Trustees during 2022/23 and to the date of this report bringing the total membership of the Board of trustees to twelve. 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. There have been a number of changes to the local governing body membership during 2022/23 and to the date of this report:

- ◆ A trustee who was also appointed as a community governor was replaced by another trustee/community governor as part of the trusts' approach to circulate trustees across committees and ensure trustees understanding of the college.
- ◆ Two other community governors were appointed.
- ◆ A new staff governor and a new parent governor were elected.

Trustees' Report for the year ended 31 August 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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 of Colleges 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 reviewed and re-approved in May 2023. 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 2022/23 consisted of the Principal of QMC (also CEO) and the Trust CFO along with the Deputy Principal of QMC, three Assistant Principals (one of whom left during 2022/23) and the Director of Human Resources and Commercial Operations. The NHEA CEO is the Accounting Officer for the Trust.

QM Leisure Ltd., Company No: 12844595, (QM Leisure) is a wholly owned subsidiary company of the North Hampshire Education Alliance. QM Leisure Ltd. is based on the Queen Mary's College site and operates alongside the 16-19 Academy in the Trust. QM Leisure exists to provide first class leisure facilities for the students of QMC and the wider local community and was set up to assist the development of commercial opportunities within the Trust. QM Leisure's activities build on the sports centre, theatre and community lettings that have been in place at QMC for many years.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trust has designated the CEO/Principal and the Deputy Principal as 'senior post holders'. Decisions relating to these two appointments and their remuneration are made by the trustees on the recommendation of the Senior Post Holders Employment Committee and in line with the Education and Skills Funding Agency's guidance for academy trusts in setting executive salaries. 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.

Trustees' Report for the year ended 31 August 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for Setting Pay and Remuneration of Key Management Personnel

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 the Trust.

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%	
1% - 50%	3
51% - 99%	
100%	

Percentage of pay bill spent on facility time

Total cost of facility time	£4,397
Total pay bill	£9,565,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.047%

Paid trade union activities

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

Trustees' Report for the year ended 31 August 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Related Parties and other Connected Charities and Organisations (continued)

The Trust is part of the Wessex Group of Sixth Form Colleges. The Wessex Group office was housed at QMC during 2022/23 and remains housed at QMC for the foreseeable future.

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 last reviewed the vision, values and strategy of the Trust in June 2021 along with members of the SLT and local governing body and adopted a three-year strategy for 2021-24 in December 2021.

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.

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.

Trustees' Report for the year ended 31 August 2023

Objectives, strategies and activities (continued)

5. **To Enable** every member of the Trust community to achieve the extraordinary.

OBJECTIVES AND ACTIVITIES

The Trust has five overarching objectives under which actions and activities are monitored by the Board of trustees. Details of activities during 2022/23 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.

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.

Trustees' Report for the year ended 31 August 2023

Public Benefit (continued)

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: 2022/23 was a year of relative stability with both the Chair of trustees and CEO/ Principal in the second full year of their appointments. However, there were two changes to the senior leadership team during the year with an assistant principal leaving, reducing the size of the SLT as well as a change in CFO. The Trust has now been operational for five years during which time there has been a significant demographic dip in student numbers and the Covid-19 pandemic. In 2022/23 the Trust/College worked to move on from the effects of these and the theme of the annual strategy day in February 2023 was 'the next five years, developing a sustainable trust' looking at the potential growth of the trust and the need for the trust to have a sustainable future.

Financial Sustainability & Resource Management: The Trust continues to successfully recruit 16–18-year-old students. Student enrolment in September 2022 was in line with that in 2021 and 2023 is at a similar healthy level. Following the demographic dip from 2018-2020 Student cohorts are expected to continue to gradually 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. However, significant energy costs and inflationary pressures have continued to put pressure on the financial management of the Trust. The impact of these on the 2022/23 operating position is outlined in detail in the 'financial review' section of this report.

Teaching, Learning & Curriculum: Students coming to QMC continue to show the effects of the Covid-19 pandemic with gaps in skills and knowledge and an elevated need for wellbeing and social development support. During 2022/23 the college put in place 'four C's' to encourage students to be creative, courageous, curious and collaborative, and has provided students with a wide range of activities and enrichments to develop these 'golden threads of success'. During 2022/23 the college has also emphasised a 'back to basics' approach to teaching to ensure that any gaps in student knowledge are identified and resolved.

The college has two main areas of student facing support and for 2023/24 the work in each of these has been co-located into a separate area 'hub' and the teams for each strengthened:

- ◆ Progress Hub – developing on from a focus on personal development, the tutorial programme and the skills agenda, the Progress Hub brings together recruitment, careers, work experience, progression (university application, apprenticeship and employment) as well as links to the world of work.
- ◆ Support Hub – bringing together staff providing academic and emotional support for students providing early intervention for students and student study areas.

Trustees' Report for the year ended 31 August 2023

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

The SLT continue to monitor both the introduction of T Levels and the reduction in applied general qualifications. Some changes have been made to the curriculum - reducing applied vocational courses where there is overlap with A Levels and T Levels and introducing new qualifications in areas of growth.

Quality & Standards: QMC was inspected by Ofsted in December 2022 and received an outstanding grade for behaviour and attitudes with an overall grade of good.

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. For September 2022 QMC launched a new 'aspire' programme aimed at students who were not quite ready to start a full Level 3 programme but who, after a year taking a structured Level 2/Level 3, were likely to progress to a full Level 3 programme. Aspects of this programme worked well in 2022/23, as can be seen by the excellent GCSE results in the table below, and the programme has been refined for an increased cohort in 2023/24.

The table below highlights the continuing high academic performance of QMC across all levels of qualification. It should be noted that the results obtained by this cohort were impacted by the national return to 2019 levels of grading and nationally low levels of retention both of which make benchmarking against 2022 data unreliable. Benchmarking analysis will be reviewed once the 2023 national sixth form college benchmarks are produced.

Queen Mary's College Achievement Targets	Current Position against Target
<p>All course types above national Achievement rate for Sixth Form Colleges (SFC not including 16-19 academies)</p> <p>SFB: Sixth Form Benchmarks (compared against 21/22)</p>	<p>Overall achievement rate 83% (SFB 85%, QMC 83.7% in 21/22)</p> <p>A level: 82%: below SFB A level retention 3.1% below target (2019 pre-covid)</p> <p>L3 Diploma: 88.6%: above SFB. L3 Certificate: 79.3%: below SFB. Extended Project: 80%: below SFB.</p> <p>Foundation Learning: 100% in vocational studies courses</p>
<p>GCSE Maths and English significantly above 9-4 grade benchmarks</p>	<p>GCSE English 98.6% pass rate with 60% at grade 4+</p> <p>GCSE Maths 84.6% pass rate with 47% at 4+</p> <p>QMC ranked 12th out of 217 of colleges nationally for GCSE English results (top 6%) and 7th out of 222 colleges nationally for GCSE Maths results (top 3%).</p>

Trustees' Report for the year ended 31 August 2023

Queen Mary's College Achievement Targets	Current Position against Target
Overall Alps grade of 1-3 for all level 3 course types	2023 data unreliable due to students entering college with Teacher assessed grades (TAGs)/ exam adjustments
Attendance at classes >90%	Overall attendance: 89% (2022 90%, 2021 93%, 2020 92%, 2019 90%)
Positive destinations for all learners: including HE, apprenticeships and higher-level employment or training HESA: Higher Education data analytics 2021/22 degree results	2021/22 87% in positive destinations. 13% unknown, 1% unemployed 2020/21 93% in positive destinations. 5% unknown, 2% unemployed 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. 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.
Applicants gaining HE places in summer 2023: >90%	UCAS: 92.6% of applicants gained HE place (2022: 90%). 89% were placed in their first-choice institution. 66.2% of the eligible year group progressed to HE (2021: 66%)
Number of students enrolling by September 2022 50% of Basingstoke and Deane school leavers.	2022/23: 46% of Basingstoke schools' year 11 school leavers (2021/22: 48%, 2020/21: 42%).
90% of students progressing to the second year of a level 3 programme	2023/24: 97% (2022/23: 96%, 2021/22: 97%)

Reputation & Relationships: In line with other Trusts, the North Hampshire Education Alliance and Queen Mary's College have many stakeholders.

- ◆ Students;
- ◆ Local secondary schools and other local education institutions;
- ◆ Department of Education, Education Sector Funding Bodies, and the Regional Schools Commissioner and their team;
- ◆ Hampshire County Council and Basingstoke and Deane Council;
- ◆ The local community and local employers

Trustees' Report for the year ended 31 August 2023

STRATEGIC REPORT (continued)

Achievements and Performance (continued)

- ◆ Staff and Trade Unions; and
- ◆ The Bank and other Professional Bodies.

The Principal of QMC/ CEO of NHEA meets with heads of local secondary schools individually through the Basingstoke Heads and North Hampshire Heads meetings. Close links are also being re-established with Basingstoke and Deane Council. In addition to activities with schools and public bodies, other relationships include:

- ◆ links to the national debate on education through membership of the Sixth Form College's Association.
- ◆ regional links through the Wessex Group of colleges which facilitates discussion of national issues at a regional level, provides peer reviewed quality assurance assessments, networks for teachers based on subjects, and training for trustees and governors.
- ◆ 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.

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 8. Detailed objectives relating to financial sustainability and resource management are as follows:

Financial Objectives

- ◆ To keep the Trust financially stable and improve its financial capacity and resilience;
- ◆ Maintaining and improving the quality of outcome and experience for students;
- ◆ 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; 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.

Trustees' Report for the year ended 31 August 2023

STRATEGIC REPORT (continued)

Financial Objectives (continued)

Financial Performance Indicator	Actual (vs target) as at 31 st August 2023	Actual as at 31 st August 2022
Net Leverage: Net Debt to earnings before interest, tax, depn and amortization (EBITDA) as % of income	0.8 (<3.0)	2.8
Staff costs as % of income	73.9% (<68.9%)	74.4%
Cash in hand/liquidity (adjusted current ratio)	1.83 (>1.50)	1.70
Borrowing as % of income	16.6% (<30%)	19.3%
Reliance on ESFA Income	84% (<80%)	80%

Going Concern

After making appropriate enquiries, 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 32 in the statement of financial activities.

During the year, the total income for the year was £12,960k (2022: £12,021k). Student numbers were similar to 2022, however, the base funding rate per student increased for September 2022 resulting in additional income. With this additional funding, strict cost management and improved commercial operations trading income the Trust was able to:

- ◆ Invest in improving teaching and learning facilities including setting up the new progression hub and support hub.
- ◆ Fund additional teaching posts in areas of expansion as well as additional staffing for the progression hub and support hub.

During 2022/23 QM Leisure Ltd (QML) generated a profit of £2k (2022 £2k).

The net increase in funds for the year was £646k (2022 £5.5m). The operational result, which excludes depreciation and year end defined benefit pension scheme adjustments, showed a surplus of £146k (2022: deficit of £163k). The results for the period are shown on page 32.

The balance of unrestricted funds and general restricted funds (excluding the pension reserve) was £16.8m (2022: £17.0m). The NHEA ended the year with unrestricted reserves of £0.69m (2022; £0.4m).

Reserves Policy

The Trust Reserves Policy (approved July 2022) is in place to provide the Trust with stability in which to operate and give it the ability to adjust quickly to financial circumstances.

Trustees' Report for the year ended 31 August 2023

STRATEGIC REPORT (continued)

Financial Objectives (continued)

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.
- ◆ 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. In 2021/22 the Trust's reserves dipped below the minimum set out in the policy as the Trust used some of its reserves to minimise the effects of a reduced income resulting from the 2018-2020 demographic dip and lagged funding methodology. As of 2022/23 the Trust's free reserves have been replenished to £685k, which is above the minimum set out in the policy.

Treasury Management Policy

The NHEA Treasury Management Policy (approved July 2022) 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.

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 around £1.0m invested in short to medium term investments with Lloyds Bank.

Preview of 2023/24

The 2023/24 budget was agreed July 2023 after considering assumptions relating to learner number projections, premises and educational costs, staffing costs including pension requirements and allocation for capital projects. The budget operating position is that of a slight surplus after adjustment for depreciation, loan capital repayment, further replenishment of reserves (£100k) and capital projects.

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.

Trustees' Report for the year ended 31 August 2023

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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 sets out the risk management process and format for the risk register along with reporting routes. The risk management policy and processes are reviewed and approved by the Audit and Risk Committee and the Board of trustees at intervals, most recently March 2023.

The Trust has recently (October 2023) approved a supplementary estates risk register collating risks relating to the safety and management of the Trust's estates along with the cost of any potential remedial works. The Trust anticipates that, as with the previous supplementary Covid-19 risk register (now subsumed into main risk register), the estates risk register will continue to be updated and monitored as long as it proves a useful tool for the Board and SLT.

The highest risks identified and monitored through the main risk register during 2022/23 were:

- ◆ Changes in Government Policy adversely affect NHEA. i.e. Changes to applied general qualifications and expectation to grow the MAT.
- ◆ 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.

FUNDRAISING

The NHEA does not use any external fundraisers. No complaints were received regarding any fundraising activity carried out by the Trust during 2022/23.

ENERGY AND CARBON REPORTING

As the Trust does not meet the criteria of a 'large company', it is not required to report on its emissions, energy consumption or energy efficiency activities under these regulations.

PLANS FOR FUTURE PERIODS

In 2022/23 the Trust and QMC focused on supporting students adversely affected by the pandemic or whose learning had been disrupted.

In 2023/24 work 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:

- ◆ Continuing to improve both the physical estate and capacities of the Trust and QMC.
- ◆ Continuing to improve support and progression for QMC students
- ◆ 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.

Trustees' Report for the year ended 31 August 2023

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

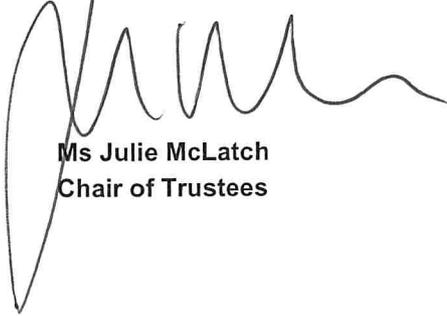
The NHEA does not act as custodian trustee on behalf of others.

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, was approved by order of the Board of trustees, as the company directors on 7 December 2023 and signed on the board's 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. The Board of trustees has formally met five times during the year and held one strategy day where the Board met with members of the SLT and the QMC Local Governing Body. Membership of the Board was very stable during 2022/23 with one new trustee co-opted in the summer term.

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

Trustee	Meetings attended	Out of a possible
Richard Ash**	1	1
David Ayre	4	5
Roger Chung	4	5
Mark Henderson (CEO/Principal)	5	5
Gordon Holdcroft	4	5
Julie McLatch (Chair)	5	5
Michael O'Dwyer (Vice-Chair)	5	5
Dr Janice de Sousa	5	5
Pete Stagg	5	5
Neil Taylor	5	5
Jean Thorpe	4	5

** part year only

The Board of trustees has four sub-committees and the QMC Local Governing Body. Terms of reference for all these were last reviewed and reapproved in October 2022:

- ◆ Finance Committee – details below
- ◆ Audit and Risk Committee – details below
- ◆ Search and Governance Committee – meets termly to consider potential trustees and local governors and to review governance arrangements such as governance documents, terms of reference and self-assessments.
- ◆ Senior Post Holders Employment Committee – meets annually to consider the employment and remuneration of the CEO/Principal and Deputy Principal as well as the company secretary.

Governance Statement

Governance (continued)

- ◆ QMC Local Governing Body – meets six times a year and focuses on monitoring and reviewing QMC’s teaching and learning activities as well as holding the senior leadership team to account for teaching and learning quality and the progress and achievements of the students. The LGB also focuses on careers and progression, support for students with SEND, and safeguarding and prevent. Local governors regularly visit the college during the working day, visit lessons and observe quality assurance processes. Details of the responsibilities and delegated powers of the QMC Local Governing Body are set out in the Trust’s Scheme of Delegation and the LGB’s terms of reference.

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 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.

Governance Reviews

The Search and Governance committee self-assessed and monitored its progress using the National Governance Association (NGA) documents “twenty-one questions for Multi-Academy Trust Boards” and “sixteen questions for academy committees”. All trustees, members of SLT and local governors were asked to score and comment on the relevant questions and the results were reviewed by the Search and Governance committee to identify actions for improving governance. In addition, the Chair of trustees had individual meetings with each of the trustees during the year from which came further actions.

- ◆ An increase in challenge to members of senior management with all members of senior leadership team formally reporting to the Board at least once during the year.
- ◆ More opportunities for trustees/ local governors to visit QMC during the day and monitor the college’s activities.
- ◆ On-going training opportunities for trustees/local governors following on from their induction.
- ◆ A renewed focus on future strategy including the possible expansion of the MAT

Governance Statement

Governance Reviews (continued)

The Search and Governance Committee continues to monitor progress with these actions and intends to continue using the NGA documents for self-assessment during 2023-24 unless an academy specific code of governance is produced during the year. The Search and Governance committee has considered commissioning an independent external review of governance, noting that this is not currently a requirement for multi academy trusts and intends to carry out an external review of governance towards the end of 2023/24.

The **Finance Committee** is a sub-committee of the main board of trustees. Its main purposes are, 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 any capital expenditure. Attendance during the year at meetings of the Finance Committee was as follows:

Trustee	Meetings attended	Out of a possible
Michael O'Dwyer (Chair)	4	4
David Ayre	3	4
Mark Henderson	3	4
Julie McLatch	4	4
Neil Taylor	2	4
Jean Thorpe	4	4

The **Audit and Risk Committee** is also a sub-committee of the main board of trustees. Its main purposes are, 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 this to the ESFA. Attendance during the year at meetings of the Audit Committee was as follows:

Trustee	Meetings attended	Out of a possible
Pete Stagg (Chair)	4	4
Roger Chung	4	4
Gordon Holdcroft	4	4
Dr Janice de Sousa	3	4

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 as well as estates safety and management achieved in return for the taxpayer resources received.

Governance Statement

Review of Value for Money (continued)

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. During 2022/23 the Trust also benefited from the expertise of a School Resource Management Advisor (SRMA) who reviewed the Trust's overall financial position as well as the effectiveness of financial governance and integrated curriculum financial planning. The SRMA's report (December 2022) identified costed recommendations relating to teaching staff and administration staff costs which corroborated the actions already being carried out in the Trust to realise savings.

The Accounting Office for the NHEA has delivered improved value for money during the year by:

- ◆ Undertaking annual benchmarking and data analysis using ESFA tools and reviewing areas of expenditure with comparator institutions. Benchmarking, the SRMA recommendations and working closely with two other post-16 colleges resulted in a review of in-house cleaning staff and other support staff costs followed by in-year cost savings.
- ◆ Continuing to invest in infrastructure and proactive long-term maintenance to improve the estate and reduce ongoing maintenance costs.
- ◆ Using Condition Improvement Funding (CIF), secured during 2021/22, to install perimeter fencing/gates and entry systems on all buildings thus improving security across the site and reducing security costs.
- ◆ Continual systems development, including new HR and Payroll systems to improve the efficiency of the processes.
- ◆ Significant investment in ICT security and ICT staff along with the leasing of specialist IT equipment to enhance teaching and learning.
- ◆ Identifying opportunities for energy efficiencies

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 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Governance Statement

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 the trustees' report pages 3-16). The Board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the NHEA's significant risks that has been in place for the period 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

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 continued to employ The Internal Audit Association (TIAA) as the NHEA internal auditor for 2022/23 and TIAA remains the NHEA's internal auditors for 2023-24.

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 2022/23,

- ◆ Learner Numbers – Compliance Testing
- ◆ Risk Management – Assurance
- ◆ ICT Cyber maturity assessment – Appraisal
- ◆ Security survey report – Appraisal

Governance Statement

The Risk and Control Framework (continued)

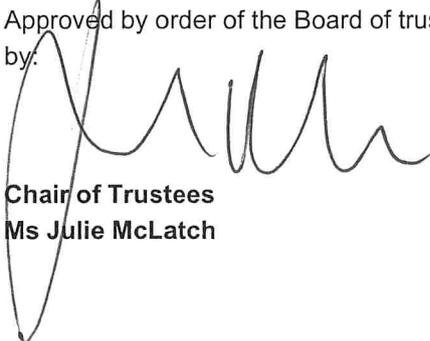
No material control issues were identified by TIAA during 2022/23. TIAA provided substantial assurance for the Trust's risk management and the other reviews were either compliance testing or appraisals and did not receive an assurance level. Both the security appraisal and cyber maturity assessments resulted in a number of recommendations that are being addressed. 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. In line with the requirements set out in the Academy Trust Handbook, TIAA produce an annual summary report outlining the areas reviewed, key findings, recommendations and conclusions. This Summary Internal Controls Assurance (SICA) report will be submitted to the ESFA along with the Annual 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 and the work of a school resources management advisor;
- ◆ the work of the senior leadership team within NHEA/QMC who have responsibility for the development and maintenance of the internal control framework;
- ◆ the work of the external auditor; and
- ◆ the work of lead Trustees with the senior management.

Approved by order of the Board of trustees on 7th December 2023 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, including for estates safety and management, 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the NHEA 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 Academy Trust Handbook 2022.

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.

A handwritten signature in black ink, appearing to read 'Mark Henderson', with a long horizontal flourish extending to the right.

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:

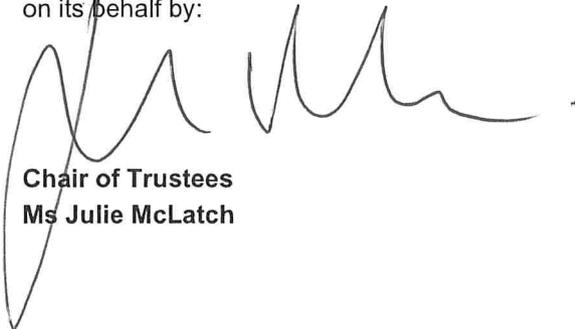
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website (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 7 December 2023 and signed on its behalf by:



Chair of Trustees
Ms Julie McLatch

Independent Auditor's Report on the Financial Statements

31 August 2023

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 2023 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 2022 to 2023.

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 2023 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 2022 to 2023.

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.

Independent Auditor's Report on the Financial Statements

31 August 2023

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 2023

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 2022 to 2023, the Academies Financial Handbook 2022, 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 2023

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 2023

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. 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

15/12/2023

Independent Reporting Accountant's Report on Regularity

31 August 2023

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 2022 to 2023, 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 2022 to 31 August 2023 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 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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 Reporting Accountant's Report on Regularity 31 August 2023

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 2022 to 31 August 2023 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

15/12/2023

Group Statement of Financial Activities (including Income and Expenditure Account) for the year ended 31 August 2023

	Notes	Unrestricted general funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2023 total funds £'000	2022 total funds £'000
Income and endowments from:						
Donations and capital grants	2	15	—	272	287	526
Charitable activities:						
Funding for educational operations	3	142	11,421	—	11,563	10,339
Other trading activities	4	1,094	—	—	1,094	1,155
Investments	5	16	—	—	16	1
Total income		1,267	11,421	272	12,960	12,021
Expenditure on:						
Charitable activities:						
Educational operations	6	960	11,672	951	13,583	13,904
Total expenditure		960	11,672	951	13,583	13,904
Net income/(expenditure)		307	(251)	(679)	(623)	(1,883)
Transfers between funds	16	(161)	—	161	—	—
Other recognised gains						
Actuarial gain on defined benefit pension schemes	22	136	1,133	—	1,269	7,402
Net movement in funds		282	882	(518)	646	5,519
Reconciliation of funds						
Total funds brought forward		403	(1,154)	16,589	15,838	10,319
Total funds carried forward		685	(272)	16,070	16,483	15,838

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

All activities are continuing activities.

Balance Sheets as at 31 August 2023

	Notes	Group 2023 £'000	Academy 2023 £'000	Group 2022 £'000	Academy 2022 £'000
Fixed assets					
Tangible assets	12	18,136	18,136	18,862	18,862
		<u>18,136</u>	<u>18,136</u>	<u>18,862</u>	<u>18,862</u>
Current assets					
Short-term investments		253	253	—	—
Debtors	13	381	584	416	413
Cash at bank and in hand		1,159	938	1,119	1,110
		<u>1,793</u>	<u>1,775</u>	<u>1,535</u>	<u>1,523</u>
Liabilities					
Creditors: Amounts falling due within one year	14	(1,143)	(1,130)	(1,057)	(1,048)
Net current assets		<u>650</u>	<u>645</u>	<u>478</u>	<u>475</u>
Total assets less current liabilities		<u>18,786</u>	<u>18,781</u>	<u>19,340</u>	<u>19,337</u>
Creditors: Amounts falling due after more than one year	15	<u>(1,990)</u>	<u>(1,990)</u>	<u>(2,171)</u>	<u>(2,171)</u>
Net assets excluding pension scheme liability		<u>16,796</u>	<u>16,791</u>	<u>17,169</u>	<u>17,166</u>
Defined benefit pension scheme liability	22	(272)	(272)	(1,154)	(1,154)
Enhanced pension liability	22	(41)	(41)	(177)	(177)
Total net assets		<u>16,483</u>	<u>16,478</u>	<u>15,838</u>	<u>15,835</u>
Restricted funds					
Fixed assets fund	17	16,070	16,070	16,589	16,589
Pension reserve	17	(272)	(272)	(1,154)	(1,154)
Total restricted funds		<u>15,798</u>	<u>15,798</u>	<u>15,435</u>	<u>15,435</u>
Unrestricted income funds					
General fund	17	680	680	400	400
Funds retained with subsidiary	17	5	—	3	—
Total unrestricted funds		<u>685</u>	<u>680</u>	<u>403</u>	<u>400</u>
Total funds		<u>16,483</u>	<u>16,478</u>	<u>15,838</u>	<u>15,835</u>

The financial statements were approved by the Board of trustees, and authorised for issue on 7th December 2023 and are signed on their behalf by:

Chair of Trustees

Ms Julie McLatch

North Hampshire Education Alliance

Company Limited by Guarantee

Registration Number: 010938839 (England and Wales)

Group Statement of Cash Flows for the year ended 31 August 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	A	386	(968)
Cash flows from investing activities			
	B	62	91
Cash flows from financing activities			
	C	(155)	(144)
Change in cash and cash equivalents in the period		293	(1,021)
Cash and cash equivalents at start of the year		1,119	2,140
Cash and cash equivalents at the end of the year		1,412	1,119

A Reconciliation of net expenditure to net cash flow from operating activities

	2023 £'000	2022 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(623)	(1,883)
Adjusted for:		
Amortisation	—	11
Depreciation charges (note 6)	951	1,028
Capital grants from DfE and other capital income	(272)	(526)
Interest receivable (note 5)	(16)	(1)
Defined benefit pension scheme cost less contributions	201	813
Defined benefit pension scheme finance cost (note 24)	50	125
Decrease in debtors	35	92
Increase/(decrease) in creditors	59	(627)
Net cash provided by / (used in) Operating Activities	386	(968)

B Cash flows from investing activities

	2022 £'000	2022 £'000
Dividends, interest and rents from investments	16	1
Purchase of tangible fixed assets	(226)	(436)
Capital grants from DfE/ESFA	272	526
Net cash provided by investing activities	62	91

C Cash flows from financing activities

	2023 £'000	2022 £'000
Repayments of borrowing	(155)	(144)
Net cash used in financing activities	(155)	(144)

Group Statement of Cash Flows for the year ended 31 August 2023

D Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash in hand and at bank	393	119
Notice deposits (less than 3 months)	766	1,000
Short-term deposits (included in current asset investments)	253	—
Total cash and cash equivalents	1,412	1,119

E Analysis of changes in net debt

	At 1 September 2022 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 August 2023 £'000
Cash and cash equivalents	1,119	293	—	1,412
Loans falling due within one year	(155)	155	(164)	(164)
Loans falling due after more than one year	(2,153)	—	164	(1,989)
Total	(1,189)	448	—	(741)

Principal Accounting Policies

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 2022 to 2023 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 QM Leisure Ltd., as permitted by section 408 of the Companies Act 2006.

The net surplus for North Hampshire Education Alliance, the parent company, was £646,000 2022 (£5,517,000).

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.

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.

Principal Accounting Policies

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

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

- **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.

Principal Accounting Policies

1.6 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.

1.7 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.

1.8 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

1.9 Leased Assets

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

1.10 Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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.

1.11 Taxation

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

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

1.12 Pensions 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.

Principal Accounting Policies

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.

1.13 Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

1.14 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 asset. 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. 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

Notes to the Financial Statements for the year ended 31 August 2023

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 2023.

2. Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets £'000	2023 Total funds £'000	2022 Total funds £'000
Capital grants	—	—	272	272	460
Donated fixed assets	—	—	—	—	66
Other donations	15	—	—	15	—
	15	—	272	287	526

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

3. Funding for Educational Operations

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
DfE / EFA grants				
General Annual Grant (GAG)	—	10,495	10,495	9,083
Other DfE / EFA grants	—	400	400	508
	—	10,895	10,895	9,591
Other Government grants				
Local authority grants	—	526	526	611
	—	526	526	611
Other income from the Academy Trust's educational operations	142	—	142	137
2022 total funds	142	11,421	11,563	10,339

Notes to the Financial Statements for the year ended 31 August 2023

3. Funding for Educational Operations (continued)

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2022 Total funds £'000</i>
<i>DfE / EFA grants</i>			
<i>General Annual Grant (GAG)</i>	—	9,083	9,083
<i>Other DfE / EFA grants</i>	—	508	508
	<u>—</u>	<u>9,591</u>	<u>9,591</u>
<i>Other Government grants</i>			
<i>Local authority grants</i>	—	611	611
	<u>—</u>	<u>611</u>	<u>611</u>
<i>Other income from the Academy Trust's educational operations</i>	137	—	137
<i>2022 total funds</i>	<u>137</u>	<u>10,202</u>	<u>10,339</u>

Notes to the Financial Statements for the year ended 31 August 2023

4. Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Hire of facilities income	142	—	142	107
Income from other charitable activities	548	—	548	691
Catering income	299	—	299	229
Transport income	105	—	105	128
	1,094	—	1,094	1,155

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
Hire of facilities income	107	—	107
Income from other charitable activities	691	—	691
Catering income	229	—	229
Transport income	128	—	128
	1,155	—	1,155

5. Investment Income

	Unrestricted funds £'000	Restricted funds £'000	2023 Total funds £'000	2022 Total funds £'000
Interest receivable	16	—	16	1
	16	—	16	1

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000
Interest receivable	1	—	1
	1	—	1

Notes to the Financial Statements for the year ended 31 August 2023

6. Expenditure

	Staff costs £'000	Premises £'000	Other £'000	2023 Total funds £'000	2022 Total funds £'000
Trust's educational operations:					
Direct costs	6,302	951	1,020	8,273	8,269
Allocated support costs	3,407	1,014	889	5,310	5,635
	<u>9,709</u>	<u>1,965</u>	<u>1,909</u>	<u>13,583</u>	<u>13,904</u>

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

	2023 Total funds £'000	2022 Total funds £'000
Net expenditure for the year includes:		
Operating lease rentals	136	54
Depreciation	951	1,028
Amortisation of intangible fixed assets	—	11
Fees payable to auditor for		
External Audit	31	19
Internal Audit Fees	9	6

	2023 Total Funds £'000	2022 Total Funds £'000
Direct costs - educational operations	8,273	8,269
Support costs - educational operations	5,310	5,635
	<u>13,583</u>	<u>13,904</u>

	2023 Total Funds £'000	2022 Total Funds £'000
Analysis of support costs		
Support staff costs	3,407	3,559
Technology costs	124	138
Premises costs	1,014	1,159
Other support costs	725	754
Governance costs	40	25
Total support costs	<u>5,310</u>	<u>5,635</u>

Notes to the Financial Statements for the year ended 31 August 2023

7. Staff

(a) Staff Costs

Staff costs during the year were:

	2023 Total Funds £'000	2022 Total Funds £'000
Wages and salaries	7,004	7,740
Social security costs	595	395
Pension costs	1,945	1,759
Apprenticeship levy	21	—
	9,565	9,894
Staff restructuring costs	144	35
	9,709	9,929

(b) Staff Severance Payments

The Academy Trust paid fourteen severance payments in the year, within the band range of £0-£25,000 and one severance payment within the band range of £25,001 - £50,000.

(c) Staff Numbers

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

	2023 No.	2022 No.
Teachers	109	108
Administration and support	99	106
Management	6	7
	214	221

Full Time Equivalent basis:	2023 No.	2022 No.
Teachers	95	96
Administration and support	77	84
Management	6	7
	178	187

Notes to the Financial Statements for the year ended 31 August 2023

7 Staff (continued)

(c) Higher Paid Staff

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

	2023 No.	2022 No.
£60,001 - £70,000	2	4
£70,001 - £80,000	1	2
£80,000 - £90,000	1	—
£90,001 - £100,000	—	—
£100,001 - £110,000	1	1

(d) 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 £673,368 (2022: £682,099).

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. Their remuneration is only in respect of services they provide under their contract of employment and (within band) is as follows:

Mark Henderson, CEO and Trustee
Remuneration 2023: £100,001 - £110,000 (2022: £60,001 - £70,000 part-year)
Employer's pension contributions 2023: £20,000-£30,000 (2022: £15,001 - £20,000)

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 2023 was £500 (2022: £500).

Notes to the Financial Statements for the year ended 31 August 2023

10. Comparative information

Analysis of income and expenditure in the year ended 31 August 2022 between restricted and unrestricted funds:

	Notes	Unrestricted general funds £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2022 total funds £'000
<i>Income and endowments from:</i>					
<i>Donations and capital grants</i>	2	52	—	474	526
<i>Charitable activities:</i>					
<i>Funding for educational operations</i>	3	137	10,202	—	10,339
<i>Other trading activities</i>	4	1,155	—	—	1,155
<i>Investments</i>	5	1	—	—	1
<i>Total income</i>		<u>1,345</u>	<u>10,202</u>	<u>474</u>	<u>12,021</u>
<i>Expenditure on:</i>					
<i>Charitable activities:</i>					
<i>Educational operations</i>	3	1,656	11,209	1,039	13,904
<i>Total expenditure</i>		<u>1,656</u>	<u>11,209</u>	<u>1,039</u>	<u>13,904</u>
<i>Net income (expenditure)</i>	6	(311)	(1,007)	(565)	(1,883)
<i>Transfers between funds</i>	16	(36)	69	(33)	—
<i>Other recognised gains</i>					
<i>Actuarial gain (loss) on defined benefit pension schemes</i>	23	—	7,402	—	7,402
<i>Net movement in funds</i>		(347)	6,464	(598)	5,519
<i>Reconciliation of funds</i>					
<i>Total fund balances brought forward at 1 September 2021</i>		750	(7,618)	17,187	10,319
<i>Total fund balances carried forward at 31 August 2022</i>		<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 2023

11. 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:

	2023 £'000	2022 £'000
Turnover	553	462
Administrative expenses	(551)	(460)
Profit on ordinary activities before and after taxation	<u>2</u>	<u>2</u>

The assets and liabilities of the subsidiary were:

	2023 £'000	2022 £'000
Current assets	224	17
Creditors: amounts falling due within one year	(222)	(15)
Total assets less current liabilities	<u>2</u>	<u>2</u>

12. Tangible Fixed Assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total funds £'000
Cost / Valuation				
At 1 September 2022	22,320	14	1,735	24,069
Additions	155	26	45	226
At 31 August 2023	<u>22,475</u>	<u>40</u>	<u>1,780</u>	<u>24,295</u>
Depreciation				
At 1 September 2022	3,858	—	1,349	5,207
Charge in year	762	3	187	951
At 31 August 2023	<u>4,620</u>	<u>3</u>	<u>1,536</u>	<u>6,159</u>
Net book value				
At 31 August 2023	<u>17,855</u>	<u>37</u>	<u>244</u>	<u>18,136</u>
At 31 August 2022	<u>18,462</u>	<u>14</u>	<u>386</u>	<u>18,862</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.

Notes to the Financial Statements for the year ended 31 August 2023

13. Debtors

	Group 2023 £'000	Academy 2023 £'000	Group 2022 £'000	Academy 2022 £'000
Trade debtors	73	73	57	56
VAT recoverable	48	49	70	69
Amount due from subsidiary	—	203	—	—
Other debtors	1	—	7	6
Prepayments and accrued income	259	259	282	282
	381	584	416	413

14. Creditors: Amounts falling due within One Year

	Group 2023 £'000	Academy 2023 £'000	Group 2022 £'000	Academy 2022 £'000
Trade creditors	108	108	130	127
Taxation and social security	311	308	324	319
Loan (see note 15)	164	164	154	154
Amount due to subsidiary	—	—	—	6
Other creditors	325	322	2	2
Accruals and deferred income	235	228	447	440
	1,143	1,130	1,057	1,048

Included above is deferred income of £49,114 which relates to income for future financial years (2022: £16,629).

15. Creditors: Amounts Falling due in Greater than One Year

	2023 £'000	2022 £'000
Loans	1,990	2,153
Other creditors	—	18
	1,990	2,171
Loan maturity		
Debt due in one year or less	164	154
In more than one year but not more than two years	174	164
In more than two years but not more than five years	591	557
In five years or more	1,225	1,432

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 2023

16. Funds

	Balance at 1 September 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2023 £'000
Restricted general funds					
General Annual Grant (GAG)	—	10,495	(10,495)	—	—
Other grants	—	421	(421)	—	—
Pension reserve	(1,154)	505	(756)	1,133	(272)
	<u>(1,154)</u>	<u>11,421</u>	<u>(11,672)</u>	<u>1,133</u>	<u>(272)</u>
Restricted fixed asset funds					
Transfer on conversion	17,197	—	—	—	17,197
Depreciation	(3,188)	—	(951)	—	(4,140)
Capital expenditure from GAG	1,585	272	—	6	1,863
Repayments of debt	995	—	—	155	1,150
	<u>16,589</u>	<u>272</u>	<u>(951)</u>	<u>161</u>	<u>16,070</u>
Total restricted funds	<u>15,435</u>	<u>11,693</u>	<u>(12,624)</u>	<u>1,294</u>	<u>15,798</u>
Unrestricted funds					
General funds	400	714	(409)	(25)	680
QM Leisure Ltd	3	553	(551)	—	5
Total unrestricted funds	<u>403</u>	<u>1,267</u>	<u>(960)</u>	<u>(25)</u>	<u>685</u>
Total funds	<u>15,838</u>	<u>12,960</u>	<u>(13,583)</u>	<u>1,269</u>	<u>16,483</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 2023

16. 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
Restricted general funds					
General Annual Grant (GAG)	—	9,083	(9,152)	69	—
Other grants	—	1,119	(1,119)	—	—
Pension reserve	(7,618)	—	(938)	7,402	(1,154)
	(7,618)	10,202	(11,209)	7,471	(1,154)
Restricted fixed asset funds					
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
	17,187	474	(1,039)	(33)	16,589
Total restricted funds	9,569	10,676	(12,248)	7,438	15,435
Unrestricted funds					
General funds	749	883	(1,196)	(36)	400
QM Leisure Ltd	1	462	(460)	—	3
Total unrestricted funds	750	1,344	(1,655)	(36)	403
Total funds	10,319	12,020	(13,903)	7,402	15,838

17. Analysis of net assets between Funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2023 Total funds £'000
Fund balances at 31 August 2023 are represented by:				
Tangible fixed assets	—	—	18,136	18,136
Current assets	685	3,133	(2,066)	1,752
Current liabilities	—	(1,143)	—	(1,143)
Non-current liabilities	—	(1,990)	—	(1,990)
Pension scheme liabilities	—	(272)	—	(272)
Total net assets	685	(272)	16,070	16,483

Notes to the Financial Statements for the year ended 31 August 2023

17. Analysis of Net Assets between Funds (continued)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2022 Total funds £'000
Fund balances at 31 August 2022 are represented by:				
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)
Total net assets	403	(1,154)	16,589	15,838

18. Capital Commitments

	2023 £'000	2022 £'000
Contracted for, but not provided in the financial statements	—	168

19. 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:

	2023 £'000	2022 £'000
Amounts due within one year	173	82
Amounts due between one and five years	330	148
Amounts due after five years	5	—
	508	230

20. Guarantees, Letters of Comfort and Indemnities

The Trust has not provided any guarantees, letters of comfort or indemnities during the period ended 31 August 2023.

21. 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 2023

22. 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.

Prior to 31 August 2023, the latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2022. A further valuation of the TPS scheme, relating to the period ended 31 March 2020 was published in October 2023.

Contributions amounting to £159,000 (2022: £163,000) were payable to the schemes at 31 August 2023 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 latest actuarial TPS valuation results, as at 31 March 2020, were released in October 2023. The valuation result is due to be implemented from 1 April 2024, from this date employer contribution rates will increase to 28.6% (including a 0.08% administration levy).

The employer's pension costs paid to TPS in the period amounted to £1,027,000 (2022: £643,000).

Notes to the Financial Statements for the year ended 31 August 2023

22. 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 2023 was £584,000 (2022: £552,000), of which employer's contributions totalled £414,000 (2022: £412,000) and employees' contributions totalled £149,000 (2022: £140,000). 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.

Principal actuarial assumptions	At 31 August 2023	At 31 August 2022
Rate of increase of salaries	4.0%	3.8%
Rate of increase for pensions in payment/inflation	3.0%	2.8%
Discount rate for scheme liabilities	5.2%	4.1%
Inflation assumption (CPI)	3.0%	2.8%
Commutation of pensions to lump sums	70%	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:

	At 31 August 2023	At 31 August 2022
<i>Retiring today</i>		
Males	22.1	22.9
Females	24.7	25.4
 <i>Retiring in 20 years</i>		
Males	22.6	24.7
Females	25.7	27.1

Notes to the Financial Statements for the year ended 31 August 2023

22. 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 2023 £'000	Fair value at 31 August 2022 £'000
Equities	7,428	7,056
Bonds	4,028	1,852
Property	755	951
Multi asset credit	—	1,072
Other	—	1,146
Cash	378	110
Total market value of assets	12,589	12,187
Present value of scheme liabilities		
- Funded	(12,818)	(13,298)
- Unfunded	(43)	(43)
Deficit in the scheme	(272)	(1,154)
Enhanced Pensions Liability		
Provision at start of year	(177)	(177)
Fair value gains/(losses)	136	—
Provision at end of year	(41)	(177)
Total pension liabilities		
LGPS	(272)	(1,154)
Enhanced pensions liabilities	(41)	(177)
	(313)	(1,331)

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:

	2022/23	2021/22
Price inflation	3.0%	2.8%
Discount rate	5.2%	4.1%

	At 31 August 2023 £'000	At 31 August 2022 £'000
Discount rate +0.1%	(232)	(293)
Discount rate -0.1%	232	293
Mortality assumption - 1 year increase	(513)	(359)
Mortality assumption - 1 year decrease	513	359
CPI rate +0.1%	226	27
CPI rate -0.1%	(226)	(27)

Notes to the Financial Statements for the year ended 31 August 2023

22. Pension and Similar Obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Amount recognised in the statement of financial activities	2023 £'000	2022 £'000
Current service cost (net of employee contributions)	714	1,225
Interest income	505	221
Net interest cost	50	125
Total operating charge	1,269	1,571
Analysis of pension finance costs		
Expected return on pension scheme assets	505	221
Interest on pension liabilities	(555)	(346)
Pension finance costs	(50)	(125)

Changes in the present value of funded defined benefit obligations were as follows:	2023 £'000	2022 £'000
Scheme obligations as at 1 September	13,298	20,437
Current service cost	714	1,225
Interest cost	555	346
Employee contributions	163	140
Actuarial gain	(1,517)	(8,569)
Benefits paid	(395)	(281)
At 31 August	12,818	13,298

Changes in the fair value of Trust's share of scheme assets:	2023 £'000	2022 £'000
Fair value of scheme assets at 1 September	12,187	12,862
Interest income	505	221
Actuarial loss	(384)	(1,167)
Employer contributions	513	412
Employee contributions	163	140
Benefits paid	(395)	(281)
At 31 August	12,589	12,187

23. 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.