

ALTERNATIVE LEARNING TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

ALTERNATIVE LEARNING TRUST

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ALTERNATIVE LEARNING TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Simon Barber Tony Brett-Young Kiran Gill Rachel Roxburgh Kate Vintiner
Trustees (Directors)	Nadia Abdullah Robin Bishop Joseph Blacker <i>(resigned 20 March 2019)</i> Victoria Blakeman <i>(resigned 04 December 2019)</i> Samantha Guy <i>(Chair)</i> David Johnston Tim Pollen <i>(Vice Chair)</i> Alexander (Sam) Young
Academies Operated	The Limes College, Sutton
Trust Leadership Team	
Executive Principal	Emma Bradshaw
Company Secretary	Nigel Bennett
Company registration number	11788031 (England and Wales)
Registered office	Alternative Learning Trust Sutton West Centre Robin Hood Lane Sutton SM1 2SD
Independent auditor	Baxter & Co Lynwood House Crofton Road Orpington Kent BR6 8QE
Bankers	Lloyds Bank plc 49/53 High Street Sutton SM1 1DT
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

ALTERNATIVE LEARNING TRUST

TRUSTEES' REPORT

FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 25 January 2019 to 31 August 2019. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charitable company's Memorandum and Articles of Association, the Companies Act 2006, the Statement of Recommended Practice 2015, "Accounting and Reporting by Charities", and the Academies' Accounts Direction 2018/19 issued by the ESFA.

The principal activity of the company is the operation of a Pupil Referral Unit (The Limes College), providing a state education for vulnerable pupils who have been excluded from mainstream education. It has a pupil capacity of 154 and had a roll of 144 in the school census on 16 May 2019.

Structure, governance and management

Constitution

The academy trust was incorporated as a company on 25 January 2019. The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees are also the directors of the charitable company for the purposes of company law and they are Trustees of the charitable company.

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

Members' liability

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

Trustees' indemnities

No indemnities have been given to any third parties on behalf of any Trustees.

Method of recruitment and appointment or election of Trustees

In accordance with the articles, the Trustees of the charitable company are the directors of the charitable company. They are appointed as follows:

- Up to nine Trustees appointed by the members;
- a minimum of two Parent Trustees where Local Governing Bodies (LGBs) have not been established or if no provision is made for at least two parent governors on each LGB;
- The Trustees may appoint Co-Opted Trustees

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training in charity, educational, legal and financial matters. All Trustees are provided with the information needed (including policies, minutes, budgets, etc.) to undertake their role as Trustees.

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TRUSTEES' REPORT

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Organisational structure

The Board of Trustees, all of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least three times a year and delegates specific financial responsibilities to the Finance, Resources and Audit Committee. Other committees are planned as the Trust expands and will deal with policies, developments and assessment of different areas of the running of the academies.

The Finance, Resources and Audit Committee is formally constituted with terms of reference and comprises appropriately qualified and experienced trustees. The activities of the committee are reported to and discussed at Trust Board meetings.

Day to day management of the Trust is undertaken by The Executive Principal, supported by the Executive Team. The Executive Principal is the Accounting Officer and the Business Manager is the Acting Chief Financial Officer.

Arrangements for setting pay and remuneration of key management personnel

The Executive Team are the key management personnel of the trust. Trustees are also leaders; however, they receive no pay or other remuneration in respect of their role as Trustees.

The pay of the Executive Principal is set annually by the Trust Board, having regards to performance against objectives set the previous year and within a stated ISR (pay range). Pay of other senior leaders is also set by the Trust Board having regard to performance against previously agreed objectives and any recommendations made by the Executive Principal with reference to the National Leadership pay scale.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total Cost of facility time	£0
Total Pay bill	£0
Percentage of the total pay bill spent on facility time	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours.	0%
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Related Parties and other Connected Charities and Organisations

During the period 25 January 2019 to 31 August 2019, there were no payments to related parties.

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TRUSTEES' REPORT

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Objectives and activities

Objects and Aims

The principal object of the Trust is defined in its Articles of Association. It is to advance for public benefit education in the UK by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of exclusion from school or otherwise, may not for any period receive suitable education unless provision is made for them. It achieved this object during the period from 25 January 2019 to 31 August 2019 by operating The Limes College.

Objectives, strategies and activities

Our objectives for the year ended 31 August 2019 were as follows:

- To ensure all students and their families have access to quality relationships based on unconditional regard which enable them to develop holistically and flourish in all areas of their lives, taking a positive place in our community and in life-long learning.
- To provide a quality curriculum which is evident in meeting the needs of the vulnerable children who attend Special Schools, Alternative Provision and Pupil Referral Units (PRUs).
- To improve the quality of leadership at all levels (quality of education, safeguarding and resources) throughout each school including the development of an Executive Team in the Trust to monitor consistency across the Trust (impact of leadership and management will be measured through continued improved pupil outcomes and improvements to quality of education and balanced budgets).
- To ensure that pupils' progress continues to accelerate and outcomes are above national and that children's progress is accurately tracked in all subjects.
- To ensure all children make good progress and children commencing from low starting points make outstanding progress.
- To use target tracker effectively to track progress and identify next steps.
- To ensure that males, females and vulnerable groups make equally good progress, and that there are no gaps.
- Teaching is consistent across all year groups and is in line with our school's ethos.
- Reading, writing and maths are taught and tracked with rigour and forensic analysis (teachers also track combined scores).
- To develop a Trust-wide policy for maths and English.
- Children's progress is regularly tracked, monitored, analysed and targeted to ensure there are no gaps in learning.
- To plan and track destinations through Years 11, 12 and 13.
- To ensure voices of children and families are heard in relevant local, regional and national arenas.

Improve the quality of teaching and learning by:

- Ensuring that all teaching is at least good.
- Taking steps to improve pupils' SEN, language and communication skills in all lessons.
- Raising teachers' expectations of what pupils can do.
- Ensuring basic skills are taught well and pupils are given enough opportunities to practice and consolidate the things they have learned in English, maths and PSHE, SEMH in other subjects with a particular reference to writing across the curriculum.
- Ensuring that assessment is targeted, rigorous and used to move learning on and that it is used to target support and accelerate learning and achievement to gain strong and secure destinations.
- Ensuring that provision is rich and has breadth and depth, and that children are engaged, involved and active participants in their learning.
- Improving marking and feedback.
- Ensuring that all children make expected progress and many make accelerated progress (narrowing the gap for vulnerable groups).
- More able children are supported to ensure that they make accelerated progress.

Improve aspects of leadership, management and governance by:

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FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

- Ensuring that safeguarding is a thread which is woven through all the work of each provision within the Trust.
- Ensuring that each provision within the Trust applies behaviour and safeguarding policy consistently and that 'Keeping Children Safe' is at the core of what we do as the foundation for enabling children to learn, achieve and flourish.
- Ensuring that there is a clear, secure, distributive leadership in place across the Trust.
- Ensuring that Trustees have a clear, strategic understanding of the strengths and areas for development in all provisions.
- Developing a detailed cycle of monitoring and self-evaluation.
- Ensuring senior staff and co-ordinators work together so that clear systems are in place to monitor standards and teaching.
- Ensuring the results of lesson observations are used effectively to raise the level of teaching to improve standards.
- Ensuring that performance management arrangements are fulfilled according to legislation.
- Ensuring the Trust complies with financial systems and procedures laid down by the ESFA.

Improve the use of assessment information, target-setting and marking so that pupils know what they have to do to improve by:

- Ensuring there is effective target setting in place.
- Using tracking data to set targets for children that they know and understand and are shared with parents.
- Ensuring teachers are consistent in their practice of marking pupils' work so that they know how to improve.
- Ensuring senior teachers are rigorous in checking standards of work across the school.

Continue to embed involvement and engagement in learning and develop the characteristics of an effective learner by:

- Developing positive attitudes to learning by embedding the characteristics of effective learning.
- Ensuring that all staff have consistently high expectations of pupils' behaviour for learning.
- Ensuring that teachers improve the quality of teaching by systematically checking pupils' understanding and engagement and making appropriate interventions.
- Creating a positive environment for learning, in which all pupils are interested and engaged.
- Continuing to include students by reducing exclusion and promoting attendance.

Public benefit

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

Performance against targets and objectives;

- Continue to raise attendance for all children in the Trust: to be consistently above the national average for PRUs and Special Schools.
- Continue to deliver outcomes that exceed national outcomes for PRUs, Alternative Provision and Special Schools.
- Continue to deliver 100% destinations for all students in the Trust.
- Maintain and develop high integration rates with schools for excluded children and work with more students on a dual registered targeted basis, than those on single registration.

Key Performance Indicators

- 70% attendance
- GCSE A-C 5-10%
- GCSE A-G 70%
- GCSE A-G with English and maths 50%
- Key Stages 1, 2, 3 and 4 all attaining and/or exceeding 2 sub-levels per term, measured from the start

Key Financial Performance Indicators

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- Work clearly with the Commissioner for each provision to develop clear SLAs and funding.
- Ensure each provision is managing its own budget within the allocation it receives from the Trust.

Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Financial review

We receive our income from a number of different sources. The majority of our income comes in the form of grants from either central government via the Education and Skills Funding Agency (Shown under the income heading Dfe/ESFA grants), or from other government bodies (largely from Local Authorities) which appears under the income heading of Other Government Grants. Grant income is based largely on our student numbers to cover our staffing and other general running costs. Such income is collectively referred to as "Restricted Funds".

A small income is received from parents (for example as contributions to trip or other costs) and from third parties (for example from our bank for interest on our account balances or from others who are charged for their use of our facilities). Such other income may be restricted or unrestricted, depending on whether it comes to us with conditions as to its use or whether it is available for spending at the discretion of the Trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending.

Spendable funds are in turn sub-categorised between those which are available for spending at the discretion of Trustees ("Unrestricted Funds") and those which are subject to condition or restriction, ("Restricted Funds").

Funds not available for spending include the book value of fixed assets such as land, buildings and equipment. These have a value and are therefore included as assets in the accounts but clearly, we cannot spend this value. In common with all academies and Local Authorities, our share of the Local Government Pension Scheme (LGPS) deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS by paying over pension contributions due as calculated by the scheme's actuaries.

The following balances held were held at 31 August:

Fund	Category	2019 £'000
ESFA Grants (GAG)	Restricted General Funds	40
Other Government Grants	Restricted General Funds	194
Other Income	Restricted General Funds	-
Sub-total	General Restricted Funds	234
Unspent Capital Grants	Restricted Fixed Asset Fund	28
Other Income	Unrestricted General Fund	201
Sub-Total	Spendable Funds	463
Net Book Value of Fixed Assets	Restricted Fixed Asset Fund	5,960
Share of LGPS Deficit	Restricted Pension Reserve	(1,698)
Total	All Funds	4,725

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During the period under review, there was a surplus of £234k on general restricted funds, a surplus of £201k on unrestricted funds and after LGPS valuation adjustments, depreciation and capital income and expenditure, an overall surplus of £4,725k.

Reserves policy

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit.

Each year the Trustees review the resource requirements and grant and other income that is forecast for the coming year and an annual budget is formulated and approved.

Reserves should be sufficient to cover one month of salary costs.

Investment policy and powers

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to academic performance/finances/child welfare/admissions. The Trustees have implemented a number of systems to assess risks that the Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The principal financial risk faced by the company is that ongoing pressure on funding results in a risk that deficits may be experienced. The budgeting and reporting process, including scrutiny by the Trustees of actual financial performance, mitigates the risk.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Trustees consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's actuaries, specifically as regards the level of contributions payable, ensuring that annual budgets are drawn up to reflect the actuary's advice.

Most of the company's income is obtained from the DfE (via the Education and Skills Funding Agency) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Our fundraising practices

The trust does not use professional fundraisers or involve commercial participators.

Plans for future periods

The future aims for the Trust are to continue to consolidate distributive leadership across the school and secure financial stability by pooling resources and expertise before expanding the Trust to include other schools. We aim to have five schools in the Trust by 2021.

The Trust also plans to share its areas of excellence and expertise with failing schools in collaboration with the Regional Schools Commissioner, with a particular focus on teacher training and school-to-school support.

Funds held as custodian trustee on behalf of others

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The academy trust is not acting as custodian for any other external body.

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.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 23 December 2019 and signed on its behalf by.



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Samantha Guy
Chair of Trustees

ALTERNATIVE LEARNING TRUST

GOVERNANCE STATEMENT

FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Executive Principal, 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 Alternative Learning Trust and the Secretary of State for Education. The 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 three times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
Nadia Abdullah	0	3
Robin Bishop	3	3
Victoria Blakeman	0	3
Samantha Guy	3	3
David Johnston	3	3
Tim Pollen	3	3
Alexander (Sam) Young	3	3

There have been no changes to the composition of the Board since its formation in January 2019, other than the resignation of Joseph Blacker on 20 March 2019.

Governance reviews:

The Board of Trustees completed a governance review during the year which comprised a skills audit. Where gaps were identified plans were implemented to address these through Trustee training and recruitment.

The Finance, Resources and Audit Committee is a committee to which the main Board of Trustees has delegated responsibility. Its Terms of Reference outline delegated duties.

Attendance during the year at meetings of the Finance, Resources and Audit Committee was as follows:

Trustees	Meetings attended	Out of possible
Robin Bishop	1	2
Samantha Guy	2	2
David Johnson	2	2
Tim Pollen	1	2
Sam Young	2	2

Review of Value for Money

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

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

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GOVERNANCE STATEMENT

FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

- Re-negotiating the funding service level agreement with Sutton LA to increase the number of students with whom the Trust has worked and to secure higher funding for working with more vulnerable students;
- Proposing a restructure of leadership posts to build capacity for the Trust;
- Securing a sponsorship capacity grant from the Regional Schools Commissioner to expand capacity to cover due diligence processes during the expansion of the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Trust for the period from 25 January 2019 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 25 January 2019 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

In particular it includes:

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

The Board of Trustees has considered the need for a specific internal audit function and plans to appoint Baxter & Co, the external auditor, to perform this function for the first full year to ensure all systems are compliant. In addition, Sam Young (Chair of the Finance, Resources and Audit Committee) has been appointed to review internal processes and procedures in an interim capacity.

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

- testing of payroll systems including third party payments;
- testing of purchase systems including segregation of duties and spending limits;
- testing of bank reconciliations and control accounts;

The reviewer reports to the Board of Trustees, through the Finance, Resources and Audit Committee, on the operation of the systems of control and on the discharge of the Trust's financial responsibilities.

Internal reviews identified the need to strengthen the monthly reporting process, which would be more effective as staff become familiar with the new accounting software.

Review of effectiveness

ALTERNATIVE LEARNING TRUST

GOVERNANCE STATEMENT

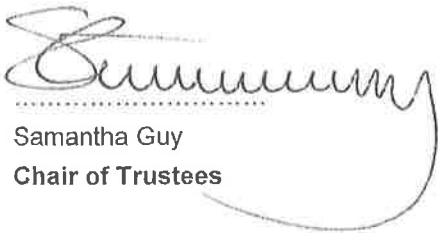
FOR THE PERIOD FROM 25 JANUARY 2019 TO 31 AUGUST 2019

As accounting officer the Executive Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:


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

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

Approved by order of the Board of Trustees on 23 December 2019 and signed on its behalf by:



.....
Samantha Guy
Chair of Trustees



.....
Emma Bradshaw
Accounting Officer

ALTERNATIVE LEARNING TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE PERIOD ENDED 31 AUGUST 2019

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA;

Non-financial issue: Throughout the period ended 31 August 2019, the Academy Trust operated without having in place a formal process for internal scrutiny, as required by the ESFA's Academies Financial Handbook.



Emma Bradshaw
Accounting Officer

23 December 2019

ALTERNATIVE LEARNING TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 AUGUST 2019

The Trustees (who are also the Directors of Alternative Learning Trust for the purposes of company law) are responsible for preparing the trustees' Report and the Financial Statements in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 23 December 2019 and signed on its behalf by:



Samantha Guy
Chair of Trustees

ALTERNATIVE LEARNING TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2019

Opinion

We have audited the Financial Statements of Alternative Learning Trust for the period ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the Financial Statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Material uncertainty related to going concern

Attention is drawn to the disclosure within note 20 regarding the academy's status as a going concern. These disclosures indicate that a material uncertainty exists which may cast significant doubt on the academy's ability to continue as a going concern. In forming our opinion above, which is not modified, we have considered the adequacy of those disclosures.

Conclusions relating to going concern

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

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

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

FOR THE PERIOD ENDED 31 AUGUST 2019

Other information

The trustees are responsible for the other information, which 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 including the incorporated Strategic Report for the financial period for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the trustees' Report including the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' Report, including the incorporated Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees 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 academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

ALTERNATIVE LEARNING TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2019

Auditor's responsibilities for the audit of the Financial Statements

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

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

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.



David John Walsh FCCA (Senior Statutory Auditor)

For and on behalf of Baxter & Co

Statutory Auditor

Chartered Certified Accountants

Lynwood House

Crofton Road

Orpington

Kent

BR6 8QE

Dated: 23 December 2019

ALTERNATIVE LEARNING TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 11 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alternative Learning Trust during the period 25 January 2019 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Alternative Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Alternative Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Alternative Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Alternative Learning Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of Alternative Learning Trust's funding agreement with the Secretary of State for Education dated 22 May 2019 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 25 January 2019 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of payments to staff;
- Review of payments to suppliers and other third parties;
- Review of grant and other income streams;
- Review of some key financial control procedures;
- Discussions with finance staff;
- Consideration of the record maintained by the Accounting Officer of the oversight they have exercised;
- Consideration of the programme of risk review and checking of financial controls implemented by the Academy Trust in order to comply with its obligations under 2.9.6 of the Academies Financial Handbook 2018, issued by the ESFA.

ALTERNATIVE LEARNING TRUST

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

FOR THE PERIOD ENDED 31 AUGUST 2019

Conclusion

In the course of our work, except for the matters described below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 25 January 2019 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1 : Throughout the period ended 31 August 2019, the academy trust operated without having in place a process for internal scrutiny, as required by the ESFA's Academies Financial Handbook.



Baxter & Co
Independent Reporting Accountants
Chartered Certified Accountants
Lynwood House
Crofton Road
Orpington
Kent
BR6 8QE

Dated: 23 December 2019

ALTERNATIVE LEARNING TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2019 £'000
Income and endowments from:					
Donations - transfer from local authority on conversion	19	200	(1,381)	5,926	4,745
Charitable activities:					
- Funding for educational operations	3	1	1,148	-	1,149
Total		<u>201</u>	<u>(233)</u>	<u>5,926</u>	<u>5,894</u>
Expenditure on:					
Charitable activities:					
- Educational operations	5	-	990	13	1,003
Total	4	<u>-</u>	<u>990</u>	<u>13</u>	<u>1,003</u>
Net income/(expenditure)		201	(1,223)	5,913	4,891
Transfers between funds	12	-	(75)	75	-
Other recognised gains/(losses)					
Actuarial losses on defined benefit pension schemes	14	-	(166)	-	(166)
Net movement in funds		201	(1,464)	5,988	4,725
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward		<u>201</u>	<u>(1,464)</u>	<u>5,988</u>	<u>4,725</u>

ALTERNATIVE LEARNING TRUST

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019	
		£'000	£'000
Fixed assets			
Tangible assets	9		5,960
Current assets			
Debtors	10	335	
Cash at bank and in hand		232	
		567	
Current liabilities			
Creditors: amounts falling due within one year	11	(104)	
Net current assets			463
Net assets excluding pension liability			6,423
Defined benefit pension scheme liability	14		(1,698)
Total net assets			4,725
Funds of the Academy Trusts:			
Restricted funds	12		
- Fixed asset funds			5,988
- Restricted income funds			234
- Pension reserve			(1,698)
Total restricted funds			4,524
Unrestricted income funds	12		201
Total funds			4,725

The Financial Statements on pages 19 to 38 were approved by the trustees and authorised for issue on 23 December 2019 and are signed on their behalf by:


Samantha Guy
Chair of Trustees

Company Number 11788031

ALTERNATIVE LEARNING TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2019

	Notes	2019 £'000	£'000
Cash flows from operating activities			
Net cash provided by operating activities	15		279
Cash flows from investing activities			
Purchase of tangible fixed assets		(47)	
Net cash used in investing activities			<u>(47)</u>
Net increase in cash and cash equivalents in the reporting period			232
Cash and cash equivalents at beginning of the year			<u>-</u>
Cash and cash equivalents at end of the year			<u>232</u>

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

The Financial Statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

These Financial Statements have been prepared for the period 25 January 2019 to 31 August 2019 which is a period of less than twelve months. Academy trusts are required by the Education & Skills Funding Agency to report annually to 31 August and the Academy Trust is not permitted under the Companies Act 2006 to extend its accounting reference date to more than eighteen months but it may shorten it.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

1.3 Conversion to an academy trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the Limes College to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities. Further details of the transaction are set out in note 19.

1.4 Income

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

Grants

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

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

1 Accounting policies

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

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

Sponsorship income

Sponsorship income provided to the 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 Academy Trust has provided the goods or services.

Donated goods, facilities and services

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

Donated fixed assets

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

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

1 Accounting policies

Expenditure on raising funds

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

Charitable activities

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

1.6 Tangible fixed assets and depreciation

Assets costing £5,000 or more per item (or less if they form part of a larger purchase or project where the total cost exceeds £25,000) are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Where tangible fixed assets have been acquired / funded by other income, the fixed asset fund is also credited. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Leasehold land & buildings	Over the term of the lease
Computer equipment	3 Years
Fixtures, fittings & equipment	10 Years
Motor vehicles	5 Years

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 Academy Trusts 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 Leased assets

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

1.9 Financial instruments

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

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

1 Accounting policies

Financial assets

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

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

Financial liabilities

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

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

1.10 Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.11 Pensions benefits

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

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

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

1.12 Fund accounting

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

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

1 Accounting policies

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 14, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

In preparing these Financial Statements, the trustees have not needed to exercise any subjective judgements that would be critical to the Academy Trust's Financial Statements.

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
DfE / ESFA grants			
General annual grant (GAG)	-	352	352
Other government grants			
Local authority grants	-	376	376
Other local authority income		196	196
Special educational needs (LA)	-	92	92
Other government grants		72	72
	-	736	736
Other funding			
Other incoming resources	1	60	61
Total funding	1	1,148	1,149

4 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2019 £'000
		Premises £'000	Other £'000	
Academy's educational operations				
- Direct costs	604	11	87	702
- Allocated support costs	208	42	51	301
	812	53	138	1,003
Net income/(expenditure) for the period includes:				2019 £'000
Fees payable to auditor for:				
- Audit				4
- Other services				5
Operating lease rentals				3
Depreciation of tangible fixed assets				13
Net interest on defined benefit pension liability				9

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

5 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000
Direct costs			
Teaching and educational support staff costs	-	604	604
Depreciation	-	11	11
Technology costs	-	9	9
Educational supplies and services	-	43	43
Examination fees	-	2	2
Staff development	-	4	4
Educational consultancy	-	28	28
Other direct costs	-	1	1
	<u>-</u>	<u>702</u>	<u>702</u>
Allocated support costs			
Support staff costs	-	94	94
Defined benefit scheme (FRS102) - Pension costs	-	114	114
Depreciation	-	2	2
Maintenance of premises and equipment	-	22	22
Cleaning	-	7	7
Energy costs	-	3	3
Rent and rates	-	7	7
Insurance	-	1	1
Security and transport	-	1	1
Catering	-	3	3
Defined benefit scheme (FRS102) - Finance costs	-	9	9
Other support costs	-	17	17
Governance costs	-	21	21
	<u>-</u>	<u>301</u>	<u>301</u>
Total costs	<u>-</u>	<u>1,003</u>	<u>1,003</u>

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

6 Staff

Staff costs

Staff costs during the period were:

	2019 £'000
Wages and salaries	536
Social security costs	55
Pension costs	86
Defined benefit pension scheme - staff costs (FRS102 adjustment)	114
	<hr/>
Amounts paid to employees	791
Agency staff costs	8
Staff restructuring costs	13
	<hr/>
Total staff expenditure	812
	<hr/>

Staff restructuring costs comprise:

Severance payments	13
	<hr/>

Staff numbers

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

	2019 Number
Teachers	23
Administration and support	53
Management	1
	<hr/>
	77
	<hr/>

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

	2019 Number
Teachers	19
Administration and support	47
Management	1
	<hr/>
	67
	<hr/>

Higher paid staff

There were no employees whose remuneration was £60,000 or more in the period.

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

6 Staff

Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £27,285.

7 Trustees' remuneration and expenses

No Trustee's received remuneration or any other benefits during the period.

8 Trustees and officers insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance from London Borough of Sutton to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance cover and the cost for the period ended 31 August 2019 is included in the total insurance cover and cost. The amounts are not separately identified.

9 Tangible fixed assets

	Leasehold land & buildings	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 25 January 2019	-	-	-	-	-
Transfer on conversion	5,886	15	17	8	5,926
Additions	47	-	-	-	47
	<u>5,933</u>	<u>15</u>	<u>17</u>	<u>8</u>	<u>5,973</u>
At 31 August 2019	5,933	15	17	8	5,973
Depreciation					
At 25 January 2019	-	-	-	-	-
Charge for the period	12	1	-	-	13
	<u>12</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>13</u>
At 31 August 2019	12	1	-	-	13
Net book value					
At 31 August 2019	<u>5,921</u>	<u>14</u>	<u>17</u>	<u>8</u>	<u>5,960</u>

Leasehold land is included above at a nominal value of £3, reflecting legal restrictions as to its use.

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

10 Debtors				2019
				£'000
Trade debtors				60
VAT recoverable				29
Other debtors				242
Prepayments and accrued income				4
				<u>335</u>
11 Creditors: amounts falling due within one year				2019
				£'000
Other taxation and social security				58
Accruals and deferred income				46
				<u>104</u>
12 Funds				
	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2019
	£'000	£'000	£'000	£'000
Restricted general funds				
General Annual Grant (GAG)	352	(265)	(47)	40
Other government grants	736	(542)	-	194
Other restricted funds	88	(60)	(28)	-
Pension reserve	(1,409)	(123)	(166)	(1,698)
	<u>(233)</u>	<u>(990)</u>	<u>(241)</u>	<u>(1,464)</u>
Restricted fixed asset funds				
Inherited on conversion	5,926	(13)	28	5,941
Capital expenditure from GAG and other funds	-	-	47	47
	<u>5,926</u>	<u>(13)</u>	<u>75</u>	<u>5,988</u>
Total restricted funds	<u>5,693</u>	<u>(1,003)</u>	<u>(166)</u>	<u>4,524</u>
Unrestricted funds				
General funds	201	-	-	201
Total funds	<u>5,894</u>	<u>(1,003)</u>	<u>(166)</u>	<u>4,725</u>

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

12 Funds

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

The Restricted General Funds are used to fund the general operating costs of the Academy.

The Restricted Fixed Asset Fund represents investment in fixed assets, net of related depreciation. Unspent capital grants are also held in this fund and their use is restricted to the capital projects for which the grant was paid.

The Restricted LGPS Fund represents the Academy's share of the LGPS Pension Fund deficit. Unrestricted Funds represent balances held at period end that can be applied at the discretion of the Governors, to support any of the Academy's charitable purposes.

13 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	5,960	5,960
Current assets	201	338	28	567
Creditors falling due within one year	-	(104)	-	(104)
Defined benefit pension liability	-	(1,698)	-	(1,698)
Total net assets	201	(1,464)	5,988	4,725

14 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at the end of the financial year.

Teachers' Pension Scheme

Introduction

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

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

14 Pension and similar obligations

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 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% employer administration charge)
- 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
- an employer cost cap of 10.9% of pensionable pay; and
- the assumed real rate of return is 2.4% in excess of prices. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

Scheme Changes

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

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

The employer's pension costs paid to the TPS in the period amounted to £42k.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17.2% for employers and 5.5% - 12.5% for employees.

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

14 Pension and similar obligations

As described in note 19 the LGPS obligation relates to the employees of the Academy Trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Total contributions made	2019 £'000
Employer's contributions	44
Employees' contributions	14
Total contributions	58

Principal actuarial assumptions	2019 %
Rate of increase in salaries	3.15
Rate of increase for pensions in payment/inflation	2.15
Discount rate for scheme liabilities	1.90
RPI Increase	3.15
CPI Increase	2.15

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

	2019 Years
Retiring today	
- Males	21.8
- Females	24.3
Retiring in 20 years	
- Males	23.2
- Females	25.8

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

Defined benefit pension scheme net liability

Scheme assets	1,335
Scheme obligations	(3,033)
Net liability	(1,698)

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

14 Pension and similar obligations

The Academy Trust's share of the assets in the scheme	2019 Fair value £'000
Equities	802
Gilts	259
Other Bonds	107
Property	157
Other assets	10
Total market value of assets	1,335

The actual return on scheme assets was £56,000 (: £-).

Amount recognised in the Statement of Financial Activities	2019 £'000
Current service cost	104
Past service cost	54
Interest income	(7)
Interest cost	16
Total operating charge	167

Changes in the present value of defined benefit obligations	2019 £'000
Obligations transferred in on conversion	2,630
Current service cost	104
Interest cost	16
Employee contributions	14
Actuarial loss	215
Past service cost	54
At 31 August 2019	3,033

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

14 Pension and similar obligations

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

	2019 £'000
Assets transferred in on conversion	1,221
Interest income	7
Actuarial gain	49
Employer contributions	44
Employee contributions	14
At 31 August 2019	<u>1,335</u>

15 Reconciliation of net income to net cash flow from operating activities

	2019 £'000
Net income for the reporting period (as per the statement of financial activities)	4,891
Adjusted for:	
Net surplus on conversion to academy	(4,745)
Defined benefit pension costs less contributions payable	114
Defined benefit pension scheme finance cost	9
Depreciation of tangible fixed assets	13
(Increase) in debtors	(335)
Increase in creditors	104
Funds transferred on conversion (excluding Fixed Assets)	228
Net cash provided by operating activities	<u>279</u>

16 Commitments under operating leases

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

	2019 £'000
Amounts due within one year	7
Amounts due in two and five years	5
	<u>12</u>

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

17 Related party transactions

The academy trust received income of £1,925 during the period from Carshalton Boys Sports College, an academy trust (incorporated in the UK - England and Wales company number 07635432). This is a related party by virtue of S Barber, a member, also being a Trustee at Carshalton Boys Sports College. At the 31 August 2019 £1,225 was due to the academy trust.

18 Members' liability

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

19 Conversion to an academy

On 01/06/2019 the Limes College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Alternative Learning Trust from the London Borough of Sutton Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the statement of financial activities as donations – transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

				2019
Net assets transferred:				£'000
Leasehold land and buildings				5,886
Other tangible fixed assets				40
Pension scheme deficit				(1,409)
Cash - Revenue				200
Cash - Capital				28
				<u>4,745</u>
				<u>4,745</u>
	Unrestricted	Restricted funds:		Total
	Funds	General	Fixed asset	2019
Funds surplus/(deficit) transferred:	£'000	£'000	£'000	£'000
Fixed assets funds	-	-	5,926	5,926
LA budget funds	200	28	-	228
LGPS pension funds	-	(1,409)	-	(1,409)
	<u>200</u>	<u>(1,381)</u>	<u>5,926</u>	<u>4,745</u>
	<u>200</u>	<u>(1,381)</u>	<u>5,926</u>	<u>4,745</u>

ALTERNATIVE LEARNING TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 AUGUST 2019

20 Going Concern

The Trustees have adopted the going concern basis of accounting in respect of these accounts. This assumes that the academy trust will be able to continue to operate for a period of at least one year from the date of approval of the accounts. The budget forecast submitted to the ESFA showed in year revenue deficits for 2019/20, 2020/21 and 2021/22. There is some uncertainty surrounding levels of Local Authority funding in these years. Trustees are however confident that reserves and future funding levels, combined with cost control measures, will ensure that the Trust will continue as a going concern.