

The Elliot Foundation Academies Trust

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended
31st August 2017

Company Registration No.8116706

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The Elliot Foundation Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details

Members

Dr. Caroline Whalley
Henry Bedford
The Elliot Foundation
Deryn Harvey (appointed 5th January 2017)

Trustees

Dr. Caroline Whalley (Chair)
Henry Bedford (Vice-Chair)
Hugh Greenway (CEO, Accounting Officer and Trustee ex officio)
Stuart Lester (resigned 5th June 2017)
Sue Nath
Damon Parker
David Gallie
Jemma Shuttleworth (resigned 26th May 2017)
Keith Wainwright
Andrew Harper (appointed 7th April 2017)
Elaine Hedgecock (appointed 7th April 2017)
Jonathan Ford (appointed 1st September 2017)

TEFAT Finance committee

[The finance committee incorporates the remuneration committee]
David Gallie (Chair)
Dr. Caroline Whalley (Vice-chair)
Henry Bedford
Hugh Greenway (ex officio)
Sue Nath
Andrew Harper

TEFAT Audit committee

Stuart Lester (Chair) (resigned 5th June 2017)
Henry Bedford (Vice-chair)
Damon Parker
Dr. Caroline Whalley
Jonathan Ford

TEFAT Standards committee

Jemma Shuttleworth (Chair to May 2017 – replaced by Elaine Hedgecock)
Dr. Caroline Whalley (Vice-chair)
Hugh Greenway (ex officio)
Johanne Clifton (Principal Billesley Primary School)
Ann Bowen Breslin (Principal Hillingdon Primary School)
Elaine Hedgecock (Chair of Federation of Eyrescroft and Highlees Primary Schools)

Company secretary

Browne Jacobson LLP

The Elliot Foundation Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Officers

CEO and Accounting officer – Hugh Greenway
Finance Director – Julie Lombardo (appointed January 2017)
HR & Governance Director – Robert Anderson
Senior Regional Director West Midlands – Travis Latham
Regional Director London – Simon Adams
Regional Director East Anglia – Caroline Oliver (appointed August 2017)
Innovations Director – Rachel Jones
Development director – Dr Sue Robinson
Estates Director – Patricia Martin

Principal and registered office

Pyramid House, 252b Gray's Inn Road, London, WC1X 8JT

Company registration number

8116706 (England and Wales)

Independent auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Bankers

Lloyds Bank, 25 Gresham Street, London EC2V 7HN

Solicitors

Browne Jacobson LLP, Castle Meadow Road, Nottingham, NG2 1BJ

Glossary of terms

ARE – Age Related Expectations - a measure introduced by the government to identify the attainment expected in core subjects at different ages

Converter academy – a school which chooses to become an academy without any external coercion (cf. sponsored academy)

KS2 – Key stage 2 the period at the end of primary education which is assessed by tests in year six

KS1 – Key stage 1 – the period at the beginning of primary education which is assessed by tests in year three

Federation – Two or more schools run by a single local governing body often with an Executive Principal over all schools

MAT – Multi Academy Trust a term used to describe the type of company that sponsors academies

Officers – Senior employees of TEFAT

RWM – Reading, Writing and Mathematics

Sponsored academy – a school deemed to be struggling either in terms of results of its children or OFSTED judgements (cf. converter academy)

TEF – The Elliot Foundation

TEFAT – The Elliot Foundation Academies Trust

The Trust – TEFAT

The Elliot Foundation Academies Trust

TRUSTEES' REPORT

Trustees' report

The Trustees present their annual report, including the strategic report, together with the financial statements and auditor's report of the charitable company for the year ended 31st August 2017. This serves the purpose of both the Trustees' Report and the Directors' Report under company law.

The Elliot Foundation Academies Trust (TEFAT) is a charitable multi-academy trust improving outcomes for primary children across the country. TEFAT has academy clusters in the West Midlands, East Anglia and London. The head office is in Camden, London.

Structure, governance and management

Constitution

TEFAT is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association, dated 22nd June 2012, are the primary governing documents of TEFAT. The trustees are also the directors of the Charitable Company for the purposes of company law.

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 3.

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 Trustee, or within one year after they cease to be a trustee, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' indemnities

Trustees benefit from indemnity insurance purchased at TEFAT's expense. The limit of this indemnity is £10,000,000.

Method of recruitment and appointment or election of Trustees

The Trustees of the Company shall comprise

- a) the Sponsor who is a Member of the board of The Elliot Foundation (The Elliot Foundation Ltd is a registered charity and approved academy sponsor);
- b) up to five persons who may be appointed by the Sponsor;
- c) one person appointed by the Secretary of State, in the event that the Secretary of State appoints a person for this purpose
- d) the Chair of the Directors; and
- e) any person appointed under provisions of the paragraphs below.

Each of the persons entitled to appoint Trustees, set out above, shall have the right from time to time by written notice delivered to the Office to remove any Trustees appointed by them and to appoint a replacement Trustee to fill a vacancy whether resulting from such removal or otherwise.

If any of the persons entitled to appoint Trustees (set out above):

- a) in the case of an individual, die or become legally incapacitated;
- b) in the case of a corporate entity, cease to exist and are not replaced by a successor institution; or

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TRUSTEES' REPORT

- c) becomes insolvent or makes any arrangement or composition with their creditors generally their right to appoint Trustees under these Articles shall vest in the remaining Trustees.

Trusteeship will terminate automatically if a:

- a) Trustee (which is a corporate entity) ceases to exist and is not replaced by a successor institution;
- b) Trustee (which is an individual) dies or becomes incapable by reason of mental disorder, illness or injury of managing and administering his or her own affairs;
- c) Trustee becomes insolvent or makes any arrangement or composition with that trustee's creditors generally; or
- d) Trustee, who is also a Director, ceases to be a Director.

The Trustees may agree unanimously in writing to appoint such additional Trustees as they think fit and may unanimously (save that the agreement of the Trustees(s) to be removed shall not be required) in writing agree to remove any such additional Trustees.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided to new Trustees will depend upon their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. In addition, the CEO performs a one-to-one induction session with each new Trustee to acquaint them with the governing documents of the Trust and to familiarise them with its structure and processes. This process includes introducing each new Trustee to the Academies Finance Handbook, Charity Commission Guidance for Trustees and the Trust's governing documents. As there are at most two or three new Trustees per year, induction is informal and tailored specifically to the individual.

With the delegation of responsibility from the Trust Board to local governing bodies the priority for much of the training and development of Governors has been for those in academies. A comprehensive programme of training for members of local governing bodies has been established from the autumn term 2014 covering:

- managing data
- the role of Governors
- safeguarding
- financial management

There are also termly national and regional conferences. These sessions are relevant to the role of TEFAT Trustees and this training is made available to them.

Organisational structure

The Trustees establish the overall framework for the governance of the Trust and academies included within the Trust. The Board of TEFAT determines membership, terms of reference and procedures of Committees and other groups and approves all TEFAT policies. The delegation of responsibility and authority is set out within the comprehensive TEFAT Scheme of Delegation. This includes delegation to the CEO, who is also the TEFAT Accounting Officer, and to Officers and other employees of TEFAT. The Board of Trustees has delegated authority to the CEO and the Officers to make executive decisions over the day to day running of the organisation. The Board of Trustees is responsible for ensuring that TEFAT conforms to company and charity law, its memorandum of articles and association and to any other legislation and regulatory laws that may apply.

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In the late summer of 2014, following an independent review of the governance arrangements of TEFAT and The Elliot Foundation, all Officers paid or remunerated by TEFAT, apart from the CEO, ceased to be Trustees. This ensured that the Trust Board is overwhelmingly populated by independent volunteers.

Each academy or federation is required to establish a local governing body. The local governing body fulfils much the same role as the governing body of a maintained school within a local authority; holding the Principal to account on behalf of the local community. TEFAT local governing bodies are generally smaller than those of maintained schools and at the outset we aim to ensure that, where appropriate, previous governors have a place on the TEFAT local governing body.

The Board of TEFAT receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board of TEFAT may from time to time establish Working Groups to perform specific tasks over a limited timescale.

Currently there are three TEFAT Committees They are the Finance Committee, the Audit Committee and the Standards Committee.

- The Finance Committee meets at least once a term and follows a programme of work in line with the cycle of the Finance year. The remit of this committee will cover all Academies within TEFAT as well as the Head Office.
- The purpose of the Audit Committee is to assist the decision making of the Board including proper planning, monitoring and probity. It is also responsible for liaising with both the external auditor and internal audit function as well as receiving reports from both. The Audit Committee meets at least once a term so that the Trustees fulfil the objectives set out in the Trust's Master Funding Agreements and the Academies Financial Handbook (the AFH) of achieving internal scrutiny which delivers objective and independent assurance for the Trust
- The Standards Committee meets termly and holds the CEO and the Regional Directors to account in detail for the performance of each of the Trust's academies on behalf of all of their children

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- The National College with whom we have arranged school/academy conferences
- Teaching and non-teaching unions – we are the only sponsor to be endorsed by the National Association of Head Teachers (NAHT) and work through a National Joint Committee with all teaching and other relevant unions
- The Elliot Foundation which is an approved sponsor and whose relationship with TEFAT is governed by a members' agreement that was developed with the assistance of the ESFA.

Objectives, activities and outcomes

The Company's objectives are, "advancing for the public benefit education by:

- I. establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- II. providing childcare facilities and adult training to develop the capacity and skills of parents-to-be and parents with children primarily but not exclusively under five in such a way that they are better able to identify and help meet the needs of children."

TEFAT remains rare among charitable multi-academy trusts as a primary-only specialist. We are building a thriving alliance of both converter and sponsored primary academies which is recognised by the DfE as one of the strongest in the country.

Support by donations and grant contributions have continued into our fifth accounting period and included:

- DFE/RSA capacity grants in two regions

The Trustees maintained their four strategic objectives for the academic year 2016-17:

1. **Growth:** Secure TEFAT's future by growing to 10k pupils by Christmas 2017
2. **Reputation:** Build DfE and wider system support for TEFAT's vision and model
3. **Achievement:** All academies to be above DfE floor standards and improving academically
4. **Quality:** Improve the quality of shared services provided to TEFAT academies such that principals are net recommenders of TEFAT.

Growth

At 31st August 2017 TEFAT had 27 open academies serving slightly over 9,600 pupils with at least three more academies in the process of converting over the autumn and winter. This is an increase of five schools in the year. Growth has met targets this year and medium term strategic goals have largely been achieved. Long term strategy is currently under review with the possible beginning of a fourth cluster in 2017-18.

The removal of Education Services Grant from September 2017-18 means growth remains critical to the success of the Trust although not at any cost. In the previous year Trustees had to introduce minimum size and additional risk criteria for schools wishing to join the trust (available on the Trust's website) as growth could not be allowed to threaten the services provided to existing members.

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Reputation

The Trust's reputation continues to grow as our networks extend and strengthen. It was enhanced this year by an extremely positive RSC peer review conducted by the CEO of Oasis Community Schools (and available on the Trust's website). The Government and several influential think tanks continue to ask for the 'Elliot view' or 'recipe' and we have been cited as an example of success in the latest edition of the Academies Annual Report (2015-16). It should be noted that this influence is fragile, easily lost and is no substitute for continued educational transformational success.

Achievement

TEFAT's approach to school improvement is the 'Step' programme of monitoring and intervention in inverse proportion to success. A baseline review on conversion by TEFAT education professionals provides a detailed analysis of strengths and weaknesses that provides the basis for a programme of ongoing support for the school. Termly monitoring by progress partners provides up to date information on progress and information on any matters that might affect school improvement. Termly ranking of the relative success of each school is reported to the TEFAT Standards Board. These rankings determine the extent and nature of future support.

This is the second year of the new primary curriculum and assessment models and it is safe to say the ripples are still being felt across the system.

At the time of writing the process of disapplication is incomplete but those academies who had joined the Trust before the end of December 2016 achieved a combined Age-Related Expectation (ARE) percentage of 54% compared with the average of established TEFAT academies in the prior year of 51% and a national average of 61%. So, an improvement of 3% points on prior year but the trust still lags the national average. Although a continued improvement this cannot be accepted as good enough and further targeted support has been directed to the weakest performing schools.

The ongoing strategic educational objective of the Trust, namely no school below floor or less than good in an OFSTED inspection remains. This year it is likely that Croft Academy, Walsall will be below floor, but the Trust has already acted to strengthen the leadership and support to the school which was recognised in its most recent OFSTED inspection in July.

In OFSTED terms the performance of the Trust remains exemplary. The Trust has not dropped a single OFSTED grade (e.g. from Outstanding to Good or from Good to RI) in any of its 27 academies in its five years of existence. In fact, after 17 OFSTED inspections TEFAT averages a whole point uplift in overall average judgement from RI to Good as can be seen in the table below.

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Name of School	Post Code	Date joined TEFAT	Sponsored or Converter	OFSTED on joining	Current OFSTED	OFSTED next due
Billesley	B13 0ES	01/11/2012	S	2	2	2017
Chandos	B12 0YN	01/02/2017	S	3	-	2020
Croft	WS2 8JE	01/09/2012	S	3	3	2018
George Betts	B66 1RE	01/07/2013	S	2	2	2018
Kings Rise	B44 0JL	01/11/2012	S	4	1	-
Rough Hay	WS10 8NQ	01/02/2013	C	3	2	2019
Shireland Hall	B66 4PW	01/07/2013	C	2	1	-
Shirestone	B33 0DH	01/11/2012	S	2	1	-
Tiverton	B29 6BW	01/05/2013	S	2	1	-
Claremont	NW2 1AB	01/04/2016	C	3	3	2019
Greenside	W12 9PT	01/04/2015	C	2	2	2018
Griffin	SW8 4JB	01/08/2017	S	3	-	2020
Hillingdon	UB10 0PH	01/07/2014	C	1	1	-
Hyde	NW9 3PJ	01/09/2013	S	4	1	-
John Locke	UB10 0FW	01/09/2014	New	-	1	-
Lena Gardens	W6 7PZ	01/03/2014	C	2	2	2019
Pinkwell	UB3 1PG	01/04/2014	S	3	3	2019
Parkfield	NW4 3PJ	01/08/2013	S	4	2	2019
Cavalry	PE15 9EQ	01/03/2017	C	2	2	2020
Elm Road	PE13 2TB	01/11/2015	C	3	3	2018
Eyrescroft	PE3 8EZ	01/12/2015	S	4	-	2018
Highlees	PE3 7ER	01/09/2013	S	4	2	2018
Millfield	CB6 1HW	01/12/2015	C	3	3	2018
Nene	PE13 2AP	01/11/2013	S	3	2	2018
Ramnoth	PE13 2JB	01/11/2013	S	4	2	2018
Ramsey Spinning	PE26 1AD	01/04/2017	S	2	2	2020
Ramsey Junior	PE26 1JA	01/04/2017	S	2	2	2020

- 88% of TEFAT sponsored academies inspected to date have been judged good or better (compared to a national average of 64%)
- As at 31st August 2017, 40% of all TEFAT OFSTED inspections to date have been outstanding (compared to a national average in primary schools of 19%)
- This is more than three times better than the national average for sponsored academies
- In fact, as of March 2017 there were only 22 outstanding sponsored primary schools in the most deprived quintile of the country, four of these are in the Elliot Foundation

Quality

The strategic objectives of each TEFAT directorate during the fifth full year of operation have continued to focus on developing capacity and improving quality. The continued strengthening of the TEFAT central teams has provided the impetus for improvements in central services. The autumn term 2016 survey of the views of Principals has provided the means to measure the effectiveness of central services. Of note is that every Principal in the Trust feels better supported than when they were heads of local authority maintained schools and 100% would join the Elliot Foundation again today.

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Regional Directors have been able to facilitate inter-academy support within each of our three clusters and, where appropriate, between clusters.

Whilst not being complacent about the work that remains to be done, the Trustees are proud that TEFAT Principals are net recommenders of the Trust and its services. This is particularly poignant given that the Trust is only five years' old and 16 of its 27 schools were sponsored academies.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the Charity Commissioners' general guidance on Public Benefit in exercising their powers and duties. They have referred to this guidance when reviewing the Trust's aims and objectives in planning its future activities. These are set out explicitly in TEFAT constitution and are described above.

Strategic report

Achievements and performance

The education performance of the Trust is set out in the above sections "Achievement" and "Quality"

Key financial performance indicators

Many of the Trust's KPIs reflect commercial risk, staffing ratios, academic performance, risk ratios and gearing:

Key Performance Indicator	Target	Actual
Number of Elliot Academies open or soon to open as at 31 st August 2017	30	27
Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) % of GAG income	Greater than or equal to 5%	9.5%
Total Pay as % of Total Revenue Income (excl: capital funding)	Between 70-80%	82%

The key education performance indicators are described above in the section on achievement which begins on page 10.

Macro-economic factors such as Brexit and key changes in the government have impacted on growth. Nevertheless, the revenue reserves for open academies were higher than anticipated. Tighter budgetary control by the TEFAT finance team coupled with a drive to create more efficient purchasing throughout the trust will help create a higher level of reserves over future periods.

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Going Concern

TEFAT has a well-established business model and the Trustees have carefully considered TEFAT's current financial position and future financial prospects

In excess of 95% of TEFAT funding for delivering education is provided by the Department for Education (DfE) and Local Authority combined. Funding for 2017/18 will remain flat and unadjusted for inflation. The reduction in ESG will continue until 2019 when it is phased out. Announcements on the new National Funding Formula indicate that per pupil funding will at minimum be maintained for all schools and will grow over the next two transition years. However, recent increases in teachers' pay are not fully funded. To mitigate the effects of this all academies are now producing 3-year plans to ensure that early action is taken to ensure each academy can operate within its available funding.

While uncertainties clearly exist, the Trustees have a reasonable expectation that TEFAT has adequate resources to continue operational existence for the foreseeable future. They therefore adopt a going concern basis of accounting in preparing the annual financial statements. Further details can be found in the Accounting Policies included in note 1 of the financial statements.

Financial review

The principal source of funding received by TEFAT is from the ESFA in the form of General Annual Grants. Excluding income derived from donated assets, income for the year rose by £5.9m to £48.8m (2016 - £42.9m). This comprised of £47.6m revenue funding and £1.2m capital funding. TEFAT receives a central allocation of capital funding for maintenance and development of all the estates - £782,000 in 2016-17.

All the academy buildings are leased from Local Authorities on 125-year leases for a peppercorn rent. The buildings are recognised as tangible fixed assets in the financial statements and the value of the buildings is treated as voluntary income. This amounted to £7,750k in 2016-17, representing the value of land and buildings of the 5 academies that joined during the year. This income is held within the fixed asset fund and depreciation is subsequently charged against this fund over the life of the asset.

When new schools join TEFAT their reserves balance at point of transfer is recognised as unrestricted donation income. This amounted to £1.5m in 2016-17 from the 5 schools that joined in the year.

Total expenditure in the year was £54.3m, funded from income (including donations from conversions) of £56.5m. The balance of income over expenditure was £2.2m, including income transferred at conversion.

TEFAT continues to operate a lean model of central services. The management services charge to schools is 5% of GAG income which was £1.9m in 2016-17 (£1.6m 2015-16).

TEFAT Central Services had a cumulative deficit of £128,000 at the end of 2016-17.

However, this included £231,000 of school improvement grants so the underlying Central Services operating deficit was £103,000. Planned recovery of this deficit is based on further growth of the Trust. There are currently 4 schools in the pipeline for joining in 2017-18.

The financial climate for all schools and academies is challenging as costs continue to rise through inflationary pressures on staffing (including pension costs) without being matched by similar levels of funding increases. We are therefore having to focus on sustainability through financial forecasting, rigorous future planning and addressing our cost base as early as possible to avoid redundancies.

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Cash balances at the year-end stood at £6.7m (2016: £4.8m). The increase is largely due to cash on conversion from the 5 schools that joined during the year (£1.5m)
Net pension liabilities rose by £5.5m to £30.8m. At present, this does not impact day to day operations, but reflects a challenging future climate for pension costs as cash contributions are likely to continue to rise.

Reserves Policy

In the Trustees' view, the reserves should provide the charity with adequate financial stability and the means for it to meet its charitable objectives for the foreseeable future. The TEFAT Board propose to maintain the charity's reserves at a level which is at least equivalent to four weeks operational expenditure (TEFAT Head Office) The Trustees review the amount of reserves that are required to ensure that they are adequate to fulfil the charity's continuing obligations on a quarterly basis at their finance meeting.

TEFAT is mainly funded by grants from the Department for Education, the use of which is regulated by its Funding Agreement. TEFAT academies are expected to use funding received from the DfE in the accounting year for which it is given. However, we also set aside funds for future use in both revenue and capital. Our policy on reserves recognises the difficult financial climate we are in and the fact that there is much less capacity to build up capital funds for longer term needs. Total reserves at the Balance Sheet date were £33.6m. Of this, £58.9m was in respect of the Fixed Assets Reserve (reserve set aside for future depreciation of the company's assets), a deficit of £30.8m in respect of future potential pension liabilities and restricted capital funds of £927,000 in respect of capital grants received and not yet spent. Revenue Reserves.

Revenue reserves are maintained in separate restricted and unrestricted balances.

However, in day to day terms, both are considered in aggregate in managing the overall financial position of the trust. At the end of the year, revenue reserves stood at £4.6m of which £2.7m was unrestricted and £1.9m restricted. Current reserves are at 9.5% which in absolute terms is £2.1m above our target

A rigorous financial planning process is in place to ensure that all our academies are able to operate within their agreed funding allocation. Deficits on individual academies are covered by reserves in total and a process of licensed cumulative deficits operates for those academies. The licensed deficit is approved on the basis of a clear plan for financial recovery over the following 3 years. At the end of the financial year 4 of our academies had deficits on their overall revenue reserves:

Lena Gardens Academy Hammersmith – This academy has a reserves deficit of £57,000. The academy suffers from low pupil numbers (153 at Nov 2017) and numbers have been falling. This is despite the school having been judged Good at its Ofsted inspection during this financial year and having achieved very good key stage 2 results. We are currently reviewing options for supporting this academy in the future including communications with the Local Authority.

Croft Primary Academy, Walsall – reserves deficit £4,000 and Elm Road Primary School, Wisbech – reserves deficit £4,000. These two schools are one form entry primary schools with small pupil numbers. Croft Primary Academy is part of a federation of three schools in the West Midlands and we are focussed on achieving greater cost savings from the federation model by reviewing opportunities for cost sharing by deploying staff across the federation. This will support the smaller schools by giving them access to expertise that they would otherwise be unaffordable for them as a stand-alone school. We are moving towards a federation model for Elm Road.

Woods Bank Primary School – reserves deficit £26,000. The deficit has largely arisen as a result of investment in the site over the course of this year. It does not represent an

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underlying structural deficit and so will be recovered to a surplus reserves position over the course of 2018.

Investment Policy

The Academy/Trust operates an interest bearing current account with Lloyds bank. Sufficient balances are maintained to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments. Monies surplus to the working requirements are invested in order to generate the best possible low risk returns. The Academy will not take out any long-term investments until a reliable cash flow pattern is established, monies will only be paid into term deposits not exceeding six months. Approval is required from the TEFAT board & Finance Committee before any investment engagements are made and investments will be in line with the guidelines in the Academies Handbook. All investment decisions will be made on a risk averse basis.

Financial risk management and objectives

Risk management

The Board of TEFAT has established comprehensive risk assessment and management arrangements. These are summarised in the TEFAT Risk Management Statement 2017. All known risks associated with the operations of TEFAT are included in the TEFAT risk register along with an assessment of likelihood, impact and details of any mitigating action. Ownership of risks is delegated to a specific Trust Officer. Each Officer's risks are reviewed monthly in rotation by the Programme Director and the risk summary is a standing item on the weekly operations meeting.

Risk assessment and management is an essential part of the process of engaging with schools as prospective academies. A conversion risk profile is established for all potential TEFAT Academies prior to commencement of any conversion project. This profile is used to inform decisions on prospective TEFAT academies.

Each conversion of a school into an academy is managed as a project with its own dedicated risk register, reviewed at project meetings, which are held at least every two weeks. Upon opening, the academy's relevant risks are then transferred to the central risk register.

The TEFAT Risk Register includes over 100 risks and issues. Currently 20 of these (or roughly 20%) score high in both impact and likelihood These include:

- **Finance:** the impact of poor financial management resulting in cessation of growth, loss of confidence from ESFA and TEFAT academies. This has been mitigated by tighter budgetary and reporting controls. TEFAT has embarked on a review of financial capability across the academies and a programme of improvement where weakness is identified.
- **Human Resources and Governance:** the impact of the loss of key academy or central staff and the impact of poor performing staff. This has been mitigated by more robust business continuity plans and succession planning undertaken across the Trust.
- **Education:** lack of improvement in educational performance or attendance, breakdown in relationship with an academy principal and changes to national assessment criteria.

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This has been mitigated by the continual monitoring of educational performance by the Regional Directors and the establishment and embedding of the standards committee. We have also established the Team around the academy process to support relevant academies.

- **Premises and facilities management:** unaffordable building maintenance programmes, failure of academy building fabric and variable premises management expertise within academies. All projects are managed by the Trust Estates Director, all project risks are evaluated and scored on the risk register and we have undertaken a programme of work to improve the building fabric of the academies.
- **Overall risk for all Officers:** failure to deliver undermines confidence of Academy Governors and staff in TEFAT and changes in central government policy undermines TEFAT business model. Each week at the Operational meetings, the Officers update their individual risk registers and evaluate all the risks. Any risks which are deemed significant are discussed and recommendations are made for improvements.

Principal risks and uncertainty

TEFAT has a risk management strategy and risk registers covering its major areas of activity and the TEFAT risk statement is available on the Trust's website. The key current risks are described above in the section on risk management.

The squeeze on public expenditure continues to bite for schools. The combined impact of increases in teachers' pension contributions, increasing national insurance contributions for school staff and a sharp reduction in the Education Services Grant has meant that academy funding continues to fall in real terms. As well as maintaining robust levels of reserves (see next section), more robust school level financial planning and budgeting arrangements have been implemented to ensure local and TEFAT wide financial challenges are identified and addressed early.

The Trust examines the financial health of each academy at each Board meeting, once a term reviewing financial forecasts and reports by exception on academy financial performance. More detailed scrutiny is undertaken by the Finance Committee, at least termly, where information from review of management accounts is considered with other information from: Independent checking reviews; monitoring of financial activity by central Trust finance staff. These processes will continue to be strengthened during 2018 to ensure TEFAT has the capacity to meet future financial challenges.

At the period end the Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity. Future commitments to operating leases are detailed in the notes to the accounts and are modest in comparison to total expenditure for each academy and for the Trust overall.

The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 24 to the financial statements, represents a significant potential liability. However, if TEFAT were to cease operating this deficit is underwritten by the Secretary of State.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT

Plans for future periods

The Trust will continue to strive to provide outstanding education and improve the levels of performance and progress at all levels. To achieve this, we will aim to continue to attract high quality teachers and support staff and develop our employees to achieve their potential.

TEFAT aims to grow beyond the 27 academies open (as at 1st September 2017) and plans to have 31 open academies by the end of March 2018.

Improvement targets for each academy, at the outset, will be for each academy converting with a 'required to improve' or worse Ofsted judgement to be 'good' within 18 months. The quality of financial administration is expected to show similar improvement within 18 months of opening.

Driven by the removal of the Education Services Grant (a loss of £750k from September 2017) the Trust is spinning out its conference and CPD activities into a sister company (The Elliot Foundation Learning Alliance - TEFLA). The aim will be to protect and continue the training provided to Trust staff by offering it for sale to schools and academies outside the Trust, thus distributing the costs over a wider membership base. TEFLA will be limited by share capital and financed initially by loan capital from the Elliot Foundation Ltd.

The Trust has also been successful in obtaining a 'Teaching School' designation for one of its academies and expects more to follow. To meet these responsibilities, it will create The Elliot Foundation Teaching Schools (TEFTS). This will be a trading name and separate division within the Trust itself

During 2016-17, the TEFAT strategic maintenance plan was continued which forms the basis of the TEFAT capital programme to maintain the fabric of buildings. TEFAT also secured a Salix loan for £1.25m for installation of LEDs across all its schools. Work will commence early in 2018.

Funds held as custodian Trustee on behalf of others

The Trust and its Trustees do not act as Custodian Trustees of any other Charity

Employment of disabled persons

The Trust encourages the involvement of its employees, receiving their views on important matters of policy. The trust will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. There is a training scheme in operation so that employees who have been injured or disabled in the course of their employment can, where possible, continue in employment with the trust.

Disclosure of information to auditor

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT

The Trustees' report is approved by order of the board of Trustees and the Strategic Report (included therein) is approved by the board of Trustees in their capacity as the directors at a meeting on 15th December 2017 and signed on its behalf by:

Dr. Caroline Whalley CBE
Chair

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

Governance statement

Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that TEFAT 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 CEO as Accounting Officer, for ensuring that 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 TEFAT and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance TEFAT

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 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

TEFAT Board

	Attendance
Dr.Caroline Whalley, (Chair) Education Systems Leadership	5/6
Henry Bedford, (Vice chair) representing TEF, International Finance Expert	2/6
Stuart Lester, Finance & Governance expert – resigned 5 th June 2017	4/5
David Gallie, Finance expert	2/6
Jemma Shuttleworth, Governance expert- resigned 26 th May 2017	4/5
Susan Nath, Education Child Psychologist	3/6
Hugh Greenway, CEO TEFAT, ex officio	6/6
Damon Parker, Legal Expert	0/6
Keith Wainwright, Policing & community engagement	5/6
Andrew Harper - appointed 7 th April 2017	1/2
Elaine Hedgecock – appointed 7 th April 2017	2/2

Following an 18-month consultation process with school leaders and governors Trustees have now agreed a number of recommendations with reference to Local Governing Body composition and working practices. All recommendations are being actioned across the 17/18 academic year. The Scheme of Delegation has also been reviewed and a number of changes made so as to support greater clarity, understanding and delivery of the trust wide governance model

TEFAT Finance committee

The main purpose of the TEFAT Finance Committee is to review or investigate any other matters referred to the Committee by the Trust Board and draw any significant matters of concern to the attention of the Trust Board. During the year the TEFAT Finance

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

Committee reviewed the budgets for all the academies and recommended them to the TEFAT Board. At each meeting the Finance Committee also reviews the latest set of management accounts for the Trust and challenge the Finance Director on any areas of concern. The TEFAT Finance Committee met 3 times during the year. Attendance during the year at TEFAT finance committee meetings was as follows:

	Attendance
David Gallie (Chair)	3/3
Henry Bedford	2/3
Dr. Caroline Whalley	2/3
Susan Nath	1/3
Hugh Greenway	3/3
Andrew Harper (appointed 7 th April 2017)	1/1

TEFAT Audit committee

The main purpose of the TEFAT Audit Committee is to review, appraise and recommend the audited statutory accounts to the TEFAT Board and to review, plan and appraise the work of the internal audit function. The TEFAT Audit Committee will also review or investigate any other matters referred to the Committee by the Trust Board and draw any significant recommendations and matters of concern to the attention of the Trust Board. The TEFAT Audit committee has met 3 times during the year. Attendance during the year at TEFAT Audit Committee meetings was as follows:

	Attendance
Stuart Lester - (Chair up to 5 th June 2017)	2/2
Henry Bedford	2/3
Dr. Caroline Whalley	3/3
Damon Parker	2/3

TEFAT Standards committee

The TEFAT Standards committee holds the CEO and Regional Directors to account for the performance of all the TEFAT academies. Its purpose is to assist the TEFAT board in understanding the performance and progress of all children in detail and in context and to make recommendations on the allocation of scarce resources to arrest decline or accelerate improvement.

The TEFAT Standards committee has met twice during the year. Attendance during the year at TEFAT Standards committee meetings was as follows:

	Attendance
Jemma Shuttleworth (Chair) - up to 26 May 2017	1/2
Elaine Hedgecock (Chair) – from 19 June 2017	2/3
Dr. Caroline Whalley – resigned from committee 13 July 2017	3/3
Hugh Greenway	3/3
Ann Bowen-Breslin - London Principal Representative	2/3
Joanne Clifton – W. Midlands Principal Representative	3/3
Graham Lockwood – E. Anglia Principals Representative – from 13 July 2017	1/1

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

Value for money

As Accounting Officer, the Chief Executive Officer has responsibility for ensuring that TEFAT 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 Elliot Foundation Academies Trust receives the majority of its revenue from public funds and understands that Value for Money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer (signed below) is personally responsible for ensuring that the funds are used for their intended purposes and that Value for Money has been achieved. 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 appropriate. The Accounting Officer for TEFAT has delivered improved value for money during the year by:

- I. Improving educational outcomes for all children. The principal goal of The Elliot Foundation Academies trust is to improve outcomes for all pupils in its academies. That the trust has maintained the transformational change in its school despite real terms cuts in its funding is by and of itself 'value for money'. Although more difficult to support this claim than in previous years due to the entirely new assessment framework at KS2. It remains clear from the OFSTED judgements which have continued to improve that the upward trend continues
- II. Improving qualitative judgments. As explained above TEFAT schools are 250% more effective than the national average according to OFSTED and almost 500% more effective than sponsored academies in the most deprived communities (which represents the majority of TEFAT academies). Reducing the cost of an 'outstanding' OFSTED judgement is, by and of itself, 'value for money'
- III. Better purchasing. This year the Trust has continued to focus on improving procurement with opportunities being taken for combining academies spending to secure improved pricing.
- IV. Leveraging the trust's assets: TEFAT has yet to develop significant income streams from renting its assets for sporting or community occasions and the focus in 2018 will be to develop income generation strategies for all academies in the Trust.
- V. Reviewing operation structures. Models of federations of schools will continue to be a focus for TEFAT with a view to implementing operational and leadership structures that facilitate more effective recruitment and deployment of staffing.
- VI. Reviewing controls and managing risk. TEFAT understands that Value for Money should be balanced against risk. The Trust's Risk Management Statement is available on its website and its approach to risk is outlined below. However, in the context of Value for Money the methodology for ensuring that the quest for savings does not prejudice the quality of service is as follows:
 - a. Monthly review of trust wide risk by the operations group captured in the Trust Risk Register which is owned by the CEO and Programme Director
 - b. Annual review of Academy Principals' opinion of the services provided by the Trust (in Dec 2015 over 90% of TEFAT principals believed that the services they received from TEFAT were better than those provided when they were LA maintained schools)
 - c. Consultation on all 'Trust wide' procurement exercises with all Academy Principals
 - d. Comprehensive internal Audit Programme developed with our external partners QED

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

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 TEFAT for the period ended 31st August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The TEFAT Board 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 TEFAT's significant risks that has been in place for the period ending 31st August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the TEFAT Board.

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 and Audit Committees and TEFAT Board 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 and procurement (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 has decided to appoint for each academy an Assurance Officer or Responsible Officer service to provide the TEFAT Board with independent oversight of the financial reporting and wider internal controls vested in the management and overseen by the Board, at both Head Office and individual Academies. A new Assurance Officer programme was successfully completed in the summer term 2016-17. A consolidated report on all the schools and one for each individual school was submitted to the Audit Committee on 1st December 2017. Each report covered the following areas; Governance, Accounting, Cash Management, Budgeting, Income, Purchasing, Payroll and Fixed Assets.

The Assurance Officer arrangements will provide reports to the local governing body concurrently with reporting to the TEFAT Board so that the local governing body receives independent assurance on the effectiveness or otherwise of financial administration within each TEFAT academy.

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

The Audit Committee has a systematic approach to assessing and reporting on the quality of financial administration of academies following conversion. Thereafter each academy would be the subject of a termly assessment using information from:

- Assurance Officer reports
- a review of financial transactions and activity by central TEFAT finance staff
- attendance at Local Governing Body Finance Committee meetings by central finance staff
- application of the school financial value standard and
- other relevant information

Reports to TEFAT Board, TEFAT Finance and Audit Committees include an assessment using Red, Amber or Green indicators for each academy and TEFAT centrally covering Finance, Finance Administration and Finance Prospects.

Review of effectiveness

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

- the RSC Peer Review conducted in January 2017, which is available from the Trust's website
- the annual Principals' Survey which invites Headteachers to assess the performance of the Trust as a whole and specifically
- the work of the senior managers within TEFAT who have responsibility for the development and maintenance of the internal control framework;
- Assurance Officer reviews completed within the year
- the work of the external auditor;
- the financial management and governance self-assessment process and the processes described above; and
- the specific work of National Audit Office and ESFA officials relating to TEFAT.

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

Approved by order of the members of the Board of Trustees on 15th December 2017 and signed on its behalf by:

Hugh Greenway
CEO & Accounting Officer

Dr. Caroline Whalley
Chair

The Elliot Foundation Academies Trust

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

Statement on regularity, propriety and compliance

As accounting officer of TEFAT I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between TEFAT and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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

I am satisfied that there were no material instances of irregularity, impropriety or non-compliance in the year in question.

Hugh Greenway
Accounting Officer
15th December 2017

The Elliot Foundation Academies Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Statement of Trustees' responsibilities

The Trustees of TEFAT are also the directors of the charitable company (for the purposes of company law) and are responsible for preparing the Trustees' Report, including the Strategic Report, and the financial statements in accordance with the Annual Accounts Direction 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 2016-2017
- make judgments 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring 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 15th December 2017 and signed on its behalf by:

Dr Caroline Whalley
Trustee

Independent auditor's report to the members of The Elliot Foundation Academies Trust

Opinion on financial statements

We have audited the financial statements of The Elliot Foundation Academies Trust (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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, United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

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

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 charitable company'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.

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report and 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

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

- the charity has not kept adequate accounting records, 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 set out on page 25, Trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company 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 charitable 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

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

the Trustees either intend to liquidate the charitable 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.

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.

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.

HANNAH CATCHPOOL (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
25 Farringdon Street
London, EC4A 4AB

Date

The Elliot Foundation Academies Trust

Statement of Financial Activities (Including Income and Expenditure Account)

For the year ended 31 August 2017

Company no. 08116706

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2017 £'000	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2016 £'000
Income From:									
Donations & Capital Grants	2	-	105	1,131	1,236	-	113	463	576
Transferred upon conversion	26	1,494	(4,961)	7,750	4,283	484	(2,231)	9,255	7,508
Charitable Activities									
Funding for the Academy Trust's educational operations	5	-	48,927	-	48,927	-	41,789	-	41,789
Other trading activities	3	2,078	-	-	2,078	2,252	-	-	2,252
Investments	4	4	-	-	4	6	-	-	6
Total Income		3,576	44,071	8,881	56,528	2,742	39,671	9,718	52,131
Expenditure on:									
Raising Funds		0	2,944	-	2,944	2,299	220	-	2,519
Charitable activities									
Academy trust's educational operations	7	3,576	46,019	1,743	51,338	242	42,092	1,425	43,759
Total Expenditure	6	3,576	48,963	1,743	54,282	2,541	42,312	1,425	46,277
Net income/ (expenditure)		0	(4,892)	7,138	2,246	201	(2,641)	8,293	5,854
Gross transfers between funds	16	-	(1,022)	1,022	-	-	(347)	347	-
Other recognised gains and losses									
Remeasurement of defined benefit pensions obligations	16,24	-	1,864	-	1,864	-	(9,003)	0	(9,003)
Net movement in funds		0	(4,050)	8,160	4,110	201	(11,991)	8,640	(3,149)
Reconciliation of funds									
Total funds brought forward	16	2,748	(24,503)	51,255	29,500	2,547	(12,512)	42,615	32,649
Total funds carried forward		2,748	(28,553)	59,415	33,610	2,748	(24,503)	51,255	29,500

The Elliot Foundation Academies Trust

Balance Sheet

As at 31 August 2017

Company no. 08116706

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Intangible Fixed Assets	12		6		3
Tangible Assets	13		58,888		51,247
Current assets					
Debtors	14	2,926		2,375	
Cash at bank and in hand		6,698		4,833	
		<u>9,624</u>		<u>7,208</u>	
Current Liabilities					
Creditors: Amounts falling due within one year	15	(4,060)		(3,644)	
Net current assets			<u>5,564</u>		<u>3,564</u>
Total assets less current liabilities			<u>64,458</u>		<u>54,814</u>
Net Assets			<u>64,458</u>		<u>54,814</u>
Defined Benefit Pension scheme liability	24		(30,848)		(25,314)
Total net assets			<u><u>33,610</u></u>		<u><u>29,500</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16		59,824		51,255
General fund	16		1,885		811
Pension reserve	16		(30,848)		(25,314)
Total restricted funds			<u><u>30,862</u></u>		<u><u>26,752</u></u>
Total unrestricted income funds	16		<u>2,748</u>		<u>2,748</u>
Total funds			<u><u>33,610</u></u>		<u><u>29,500</u></u>

The financial statements on pages 29 to 58 were approved by the trustees and authorised for issue on 16 December 2017 and signed on their behalf by:

Signature:

Dr. Caroline Whalley CBE
Chair

The Elliot Foundation Academies Trust

Statement of Cash flows

For the year ended 31 August 2017

	Notes	Year ended 31 August 2017 £'000	Year ended 31 August 2016 £'000
Net cash flow provided by/(used in) operating activities	19	1,453	881
Investing activities			
Interest received		4	6
Purchase of tangible fixed assets		(1,205)	(800)
Purchase of intangible assets		(7)	(6)
Capital grants from DfE/EFA		1,131	463
Cash transferred in on conversion (note 21)	21	489	484
Cash flows from investing activities	20	412	148
		1,865	1,029
Change in cash and cash equivalents in the reporting period	22	1,865	1,029
Cash and cash equivalents at 1 September		4,833	3,804
Cash and cash equivalents at 31 August		6,698	4,833

Notes to the financial statements

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.

Basis of Preparation

The financial statements of TEFAT, 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 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

TEFAT meets the definition of a public benefit entity under FRS 102.

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 TEFAT has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about TEFAT's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- Grants

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year 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.

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

- Donations

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

- Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent TEFAT 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'.

- Transfer on conversion

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income.

- Transfer of existing academies into the trust

Where assets are received on the transfer of an existing academy into the trust, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust, which is on signing of the transfer agreement with the transferring trust. An equal amount of income is recognised for the Transfer of an existing academy into the trust within Donations and capital grant income.

Donated fixed assets (excluding Transfers on conversion/into trust)

Where the donated good is a fixed asset it is measured at fair value. 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 TEFAT 's accounting policies.

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.

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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 based on time spent, and depreciation charges allocated on the portion of the asset's use.

- Expenditure on Raising Funds

This includes all expenditure incurred by TEFAT 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 TEFAT's educational operations, including support costs and costs relating to the governance of TEFAT apportioned to charitable activities. All resources expended are inclusive of irrecoverable VAT.

Intangible Fixed Assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable, and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Tangible Fixed Assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold buildings	1% - 12.5%
Leasehold land	over the useful economic life of the lease
Computer equipment	33%
Furniture and Equipment	25%

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls

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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.

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 TEFAT 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.

Provisions

Provisions are recognised when the 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.

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

Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of TEFAT 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 as detailed in note 14. 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 as detailed in notes 15 and 17. 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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

TEFAT 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

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purposes.

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

Pensions Benefits

Retirement benefits to employees of TEFAT 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 TEFAT 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. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Head office employees have the option of joining a defined contribution scheme operated by Islington LGPS. The pension costs for the scheme represent the contributions payable by the TEFAT in the period.

Fund Accounting

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

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 ESFA / DfE.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience

The Elliot Foundation Academies Trust

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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 several 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, which are disclosed in note 24, 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 2017. 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.

2 Donations & Capital Grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2017 £'000	Total 2016 £'000
EFSA capital grants	-	-	1,131	1,131	463
Surplus transferred upon conversion	1,494	-	7,750	9,244	7,508
Other Donations	-	105	-	105	113
	<u>1,494</u>	<u>105</u>	<u>8,881</u>	<u>10,480</u>	<u>8,084</u>

3 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	134	-	134	83
Catering	382	-	382	335
Breakfast and after school club	289	-	289	235
Uniform	77	-	77	65
Sales of goods and services	56	-	56	21
Consultancy services	331	-	331	300
Other income	809	-	809	1,214
	<u>2,078</u>	<u>-</u>	<u>2,078</u>	<u>2,252</u>

4 Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposit interest	4	-	4	6
	<u>4</u>	<u>-</u>	<u>4</u>	<u>6</u>

5 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
DfE/EFSA revenue grant				
General Annual Grant (GAG)	-	43,047	43,047	36,605
Start Up Grants	-	125	125	75
Other EFSA grants	-	2,342	2,342	1,748
	<u>-</u>	<u>45,514</u>	<u>45,514</u>	<u>38,429</u>
Other Government grants				
Local Authority / Other	-	3,412	3,412	3,360
	<u>-</u>	<u>3,412</u>	<u>3,412</u>	<u>3,360</u>
	<u>-</u>	<u>48,926</u>	<u>48,926</u>	<u>41,789</u>

6 Expenditure

	Staff Costs £'000	Non Pay Expenditure		Total 2017 £'000	Total 2016 £'000
		Premises £'000	Other Costs £'000		
Expenditure on Raising Funds	552	-	2,391	2,943	2,517
Academy Trust's educational operations					
Direct costs (note 7)	36,145	-	3,093	39,238	32,584
Allocated support costs (note 7)	5,508	2,352	4,243	12,103	11,178
	<u>42,205</u>	<u>2,352</u>	<u>9,727</u>	<u>54,283</u>	<u>46,279</u>

Net income/(expenditure) for the year include:

	Total 2017 £'000	Total 2016 £'000
Amortisation	4	12
Depreciation	1,315	1,413
Operating leases rentals	48	47
Fees payable to RSM UK Audit LLP(formerly Baker Tilly UK Audit LLP) and its associates for	-	-
- current year audit	80	77
- prior year's audit	-	0
- other services	14	3
	<u>1,461</u>	<u>1,552</u>

7 Charitable Activities

	Total 2017 £'000	Total 2016 £'000
Teaching and educational support staff costs	36145	30,016
Depreciation	-	-
Technology costs	704	695
Educational supplies	1590	1,410
Examination fees	55	-
Staff development	489	358
Educational consultancy	252	104
Other direct costs	-	-
Direct costs	39,234	32,584
Support costs	12,103	11,178
	<u>51,337</u>	<u>43,762</u>

Notes to the financial Statements

For the year ended 31 August 2017

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Allocated support costs			
Support staff costs		5,508	4,043
Depreciation		1,315	1,413
Amortisation		4	12
Technology costs		123	95
Recruitment and support		124	114
Maintenance of premises and equipment		759	745
Cleaning		478	422
Rent & Rates		239	205
Energy costs		597	562
Insurance		301	246
Security and transport		101	92
Catering		11	8
Legal and professional fees		1,172	1,743
Bank interest and charges		0	1
Other finance cost - pension finance cost		617	572
Other support costs		601	774
Governance Costs		152	131
		12,103	11,178

8 Staff

a. Staff costs

Staff costs during the year were:

	Total 2017 £'000	Total 2016 £'000
Wages and salaries	31,991	27,333
Social security costs	2,676	1,938
Pension costs	7,053	4,582
	41,719	33,852
Supply Staff costs	468	535
Staff restructuring costs	18	19
	42,206	34,407

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,917 (2016: £19,046.05). Two non-statutory/non-contractual payments exceeded £5,000 individually, and was for £10,900 and £6,500.

c. Staff numbers

The average number of persons (including senior management team) employed by the Academy during the year expressed as full time equivalents was as follows:

8 Staff (continued)

	Total 2017 No.	Total 2016 No.
Charitable Activities		
Teachers	401	328
Administration and support	715	575
Management	104	71
	1,220	974

The number of employees whose emolument fell within the following bands was:

	Total 2017 No.	Total 2017 No.
£60,001 - £70,000	10	9
£70,001 - £80,000	9	6
£80,001 - £90,000	8	6
£90,001 - £100,000	2	-
£100,001 - £110,000	4	3
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-
£160,001 - £170,000	1	1

25 of the above employees participated in the Teachers' Pension Scheme (2016: 20). During the year ended 31 August 2017, pension contributions for these staff amounted to £292,954 (2016: £221,717). 11 (2016: 3) employees participated in the Local Government Pension Scheme, pension contributions amounted to £50,836 (2016: £14,105). 1 (2016:1) of the above employees participated in the defined contribution scheme, pension contributions amounted to £8,784.00 (2016: £1,464).

Key Management Personnel

The key management personnel of the Academy Trust comprise the trustees (pg 3) and the senior management team (page 4) . The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £956,116 (2016:£828,460)

9 Central Services

The management charge is 5% of General Annual Grant income which for 2016-17 amounts to £1,891,785 (2016: £1,604,334). In 2017/18 the TEFAT Board is committed to keeping the management charge at 5% due to funding cuts

TEFAT Central and Educational Support	2.38%
Finance	1.37%
Human Resources	0.88%
Estates and Facilities	0.37%
Total	5%

Management Charge Per School

	£'s
Billesley Primary School	121,380
Cavalry Primary School	36,569
Chandos Primary School	57,996
Claremont Primary School	98,366
Croft Academy	53,474
Elm Road Primary School	50,551
Eyrescroft Primary School	73,014
George Betts Primary School	92,807
Griffin Primary School	7,320
Greenside Primary School	54,729
Highlees Primary School	84,023
Hillingdon Primary School	115,800
John Locke Academy	54,825

Notes to the financial Statements

For the year ended 31 August 2017

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Kinfgs Rise Academy	68,354
Lena Gardens Academy	45,707
Millfield Primary School	53,868
Nene Infants	41,014
Parkfield Primary School	89,662
Pinkwell Primary School	196,296
Ramsey Juniors	18,381
Ramnoth Primary School	50,504
Woods Bank Primary Academy (formerly Rough Hay)	78,643
Ramsey Infants	14,345
Shireland Hall Academy	129,763
Shirestone Academy	53,545
The Hyde Primary School	98,605
Tiverton Primary School	52,244
	<u>1,891,785</u>

10 Related Party Transactions - Trustees' Remuneration and Expenses

There was one Director of TEFAT who is also a Trustee in receipt of remuneration in respect of services they provide for undertaking the role of Accounting Officer and CEO under a contract of employment and not in respect of their services as Trustee. Other Trustees did not receive any payments from the Academy Trust in respect of their role as trustees.

Hugh Greenway, CEO, received remuneration of £168,000 in 2017 (2016 : £165,000). Employers pension contributions paid were £15,000

4 trustees were paid expenses for their role as trustees. Total amount paid £514 relating to travel expenses (2016:£nil).

Related party transactions involving the Trustees are set out in note 25.

11 Trustees' and Officers' Insurance

The Academy Trust has entered into the Risk Protection Arrangement (RPA) to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business.

The Risk Protection Arrangement (RPA) is provided by the Department for Education and covers the major insurance needs for the Trust. For items not covered by the RPA the Trust has procured commercial insurance via Marsh Insurance Brokers. The payment made to the RPA in 2016/17 was £176,966 (2015/16 : £178,172).

12 Intangible Fixed Assets

	Computer Software £'000	Total 2017 £'000	Total 2016 £'000
Cost			
At 1 September 2016	72	72	66
Additions	7	7	6
At 31 August 2017	<u>79</u>	<u>79</u>	<u>72</u>
Amortisation			
At 1 September 2016	69	69	57
Charged in year	4	4	12
At 31 August 2017	<u>73</u>	<u>73</u>	<u>69</u>
Net book values			
At 31 August 2017	<u>6</u>	<u>6</u>	<u>3</u>

13 Tangible Fixed Assets

	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total 2017 £'000
Cost				
At 1 September 2016	54,332	247	563	55,142
Additions	921	80	203	1,204
Transfers	7,750			7,750
At 31 August 2017	<u>63,003</u>	<u>327</u>	<u>766</u>	<u>64,096</u>
Depreciation				
At 1 September 2016	3,391	142	360	3,893
Charged in year	1,135	44	136	1,315
At 31 August 2017	<u>4,526</u>	<u>186</u>	<u>496</u>	<u>5,208</u>
Net book values				
At 31 August 2017	<u>58,477</u>	<u>141</u>	<u>270</u>	<u>58,888</u>
At 31 August 2016	<u>50,940</u>	<u>104</u>	<u>203</u>	<u>51,247</u>

The trust's transactions relating to land and buildings during the year include:

- The taking up of a leasehold on land buildings for Cavalry Primary School for £2.1m over a term of 18 years
- The taking up of a leasehold on land buildings for Chandos Primary School for £1.05m over a term of 11 years
- The taking up of a leasehold on land buildings for Ramsey Juniors Primary School for £2.3m over a term of 25 years
- The taking up of a leasehold on land buildings for Ramsey Spinning Primary School for £1.075m over a term of 20 years
- The taking up of a leasehold on land buildings for Griffin Primary School for £2m over a term of 20 years

14 Debtors

	Total 2017 £'000	Total 2016 £'000
Trade debtors	135	260
Prepayments	348	398
VAT recoverable	292	290
Accrued income	2,151	1,426
	<u>2,926</u>	<u>2,375</u>

15 Creditors: Amounts Falling due within one Year

	Total 2017 £'000	Total 2016 £'000
Trade creditors	1,307	1,385
Other taxation and social security	755	604
Other creditors	867	599
Accruals and deferred income	1,131	1,056
	<u>4,060</u>	<u>3,644</u>

Notes to the financial Statements

For the year ended 31 August 2017

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Deferred income	Total 2017 £'000	Total 2016 £'000
Deferred income at 1 September	605	446
Resources deferred in year	802	605
Amounts released from previous years	(605)	(446)
Deferred income at 31 August	<u>802</u>	<u>605</u>

Deferred income is income received in the reported financial year which is intended for use within a future year. The deferred income balance at the end of the financial year was almost all due to the academy trust holding funds received in advance for the new universal free school meals provision for infant pupils..

16 Funds

	Balance at 1 September 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	615	43,047	(41,557)	-	2,105
Pension reserve	(25,314)	(4,961)	(2,437)	1,864	(30,848)
Start Up Grant	-	125	(125)	-	-
Other EFSA grants	195	5,755	(5,147)	(1,022)	(219)
Voluntary Income	0	105	(105)	-	-
	<u>(24,503)</u>	<u>44,071</u>	<u>(49,372)</u>	<u>842</u>	<u>(28,962)</u>
Restricted fixed asset funds					
DfE/EFSA capital grants	2,457	1,131	(79)	1,022	4,531
Capital expenditure from GAG	(168)	-	(18)	-	(186)
Inherited fixed assets	48,966	7,750	(1,237)	-	55,479
	<u>51,255</u>	<u>8,881</u>	<u>(1,334)</u>	<u>1,022</u>	<u>59,824</u>
Total restricted funds	<u>26,752</u>	<u>52,951</u>	<u>(50,706)</u>	<u>1,864</u>	<u>30,862</u>
Unrestricted funds					
Unrestricted funds	2,748	3,576	(3,576)	-	2,748
Total unrestricted funds	<u>2,748</u>	<u>3,576</u>	<u>(3,576)</u>	<u>-</u>	<u>2,748</u>
Total funds	<u>29,500</u>	<u>56,528</u>	<u>(54,283)</u>	<u>1,864</u>	<u>33,610</u>

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the academy via the EFSA by the DfE. The GAG fund has been set up because the GAG must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the GAG that it could carry forward at 31 August 2017. A transfer of funds represents the amount of revenue income spent over and above the capital funding received by schools in the purchase of fixed assets.

The Pension reserve relates to separately identify the pension deficit inherited from the local authority upon conversion to academy status, and through which all the pension scheme movements are recognised.

The Start Up Grant Fund relates to the restricted grant funding received from the DfE/FEA to assist with the costs incurred by the school during the process on conversion to academy status.

The Other EFSA fund relates to the restricted grant funding received from the EFSA which fall outside the scope of core funding.

The EFSA capital grant fund represents the total amount of capital grants received. The monies spent on fixed assets and refurbishment works are therefore allocated to this fund. Depreciation charge on the fixed asset purchases is allocated to the fund. The fund balance carried forward represent the carrying value of the fixed assets purchased using the capital grants received, together with the value of capital grants unspent by the reporting date.

The Capital expenditure from GAG fund has been created to reflect the value of tangible fixed assets purchased from GAG funding. Depreciation charged to the assets purchased with the GAG funding is allocated to this fund.

16 Funds (continued)

The Inherited Fixed Assets Fund has been set up to recognise the tangible assets gifted to the academy upon conversion by the local authority which represent the school site inherited from the local authority including the freehold land and buildings and all material items of plant and machinery included therein. Depreciation charged on those inherited assets is allocated to the fund.

Analysis of academies by fund balance

	Balance at 31 August 2017 £'000	Balance at 31 August 2016 £'000
Fund balances at 31 August 2016 were allocated as follows:		
Billesley Primary School	124	86
Claremont Primary	49	90
Croft Academy	(4)	29
The Elliot Foundation Academies Trust	128	186
Elm Road Primary School	(4)	59
Eyrescroft Primary School	6	(61)
George Betts Primary Academy	150	145
Hillingdon Primary Academy	25	75
Highlees Primary School	256	253
Kings Rise Academy	57	223
Lena Gardens Primary School	(57)	-42
Millfield Primary	210	279
Nene Infant and Nursery School	345	325
Parkfield Primary School	20	25
John Locke Academy	25	33
Greenside Primary School	296	254
Pinkwell Primary School	458	449
Woods Bank Primary Academy (formerly Rough Hay)	0	165
Ramnoth Junior School	121	115
Shireland Hall Primary Academy	309	141
The Shirestone Academy	252	216
The Hyde School	270	346
Tiverton Primary Academy	166	170
Chandos Primary School	111	-
Cavalry Primary School	209	-
Ramsey Infants	48	-
Ramsey Juniors	55	-
Griffin Primary School	1,036	-
Total before fixed assets and pension reserve	<u>4,660</u>	<u>3,559</u>
Restricted fixed asset fund	<u>59,824</u>	<u>51,255</u>
Pension Reserve	<u>(30,848)</u>	<u>(25,314)</u>
	<u>33,636</u>	<u>29,500</u>

The schools (including the Elliot Foundation Academies Trust) with a deficit carry forward position will be developing appropriate cost saving plans to increase their reserves.

Analysis of academies by cost:

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

	Teaching & Educational Support Staff Costs	Other Support Staff	Educational Supplies	Other Costs (Excluding Depreciation & Amortisation)	Year ended 31 August 2017	Year ended 31 August 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Billesley Primary School	2,657	284	68	675	3,683	3,205
Claremont Primary	1,730	102	172	426	2,430	1,250
Croft Academy	909	106	43	243	1,301	1,293
The Elliot Foundation Academies Trust	35	1,287	20	915	2,257	2,088
Elm Road Primary School	861	63	39	246	1,209	986
Eyrescroft Primary School	1,116	197	54	294	1,661	1,373
George Betts Primary Academy	1,567	155	83	362	2,167	2,227
Hillingdon Primary Academy	2,189	416	93	320	3,018	3,021
Highlees Primary School	1,459	182	53	299	1,992	1,991
Kings Rise Academy	1,320	156	174	447	2,097	1,780
Lena Gardens Primary School	803	109	52	190	1,154	1,422
Millfield Primary	880	143	40	249	1,313	945
Nene Infant and Nursery School	1,120	136	23	226	1,506	1,422
Parkfield Primary School	1,699	150	75	334	2,258	2,180
John Locke Academy	933	96	50	303	1,382	1,000
Greenside Primary School	972	98	52	219	1,341	1,283
Pinkwell Primary School	3,570	386	173	642	4,771	4,976
Woods Bank Primary Academy (formerly Rough Hay)	1,408	147	170	300	2,025	1,994
Ramnoth Junior School	874	115	15	184	1,187	1,107
Shireland Hall Primary Academy	2,211	202	114	579	3,105	3,140
The Shirestone Academy	846	120	62	380	1,407	1,303
The Hyde School	1,951	121	101	459	2,631	2,684
Tiverton Primary Academy	812	113	30	334	1,289	1,322
Cavalry Primary School	755	57	37	177	1,026	0
Chandos Primary School	954	199	15	242	1,411	0
Griffin Primary School	105	14	20	6	145	0
Ramsey Juniors	317	33	10	59	419	0
Ramsey Infants	273	18	7	43	340	0
LGPS pension cost	1,820	-	-	615	2,435	861
	36,145	5,206	1,843	9,769	52,962	44,855

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted Funds	Restricted General funds	Restricted Fixed Asset Funds	Balance at 31 August 2017	Balance at 31 August 2016
	£'000	£'000	£'000	£'000	£'000
Tangible Fixed Assets	-	-	58,888	58,888	51,247
Intangible Fixed Assets	-	-	6	6	3
Current assets	5,399	3,704	521	9,624	7,208
Current liabilities	(2,651)	(1,409)	-	(4,060)	(3,644)
Pension scheme liability	-	(30,848)	-	(30,848)	(25,314)
Total net assets	2,748	(28,554)	59,415	33,610	29,500

18 Financial Commitments

Operating Leases

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

	Total 2017	Total 2016
	£'000	£'000
Other		
Expiring within one year	27	9
Expiring within two and five years inclusive	42	56
	69	65

19 Reconciliation of Net Income to Net Cashflow from Operating Activities

	Total 2017	Total 2016
	£'000	£'000
Net income for the reporting period	2,246	5,854
Amortisation (note 12)	4	12
Depreciation (note 13)	1,315	1,413
Capital grants from DfE and other capital income	(8,881)	(9,718)
Cash transferred in on conversion (note 21)	(489)	(484)
Interest receivable (note 4)	(4)	(6)
Defined Benefit pension cost less contributions payable (note 24)	1,820	289
Defined Benefit Pension finance income (note 24)	617	572
Defined benefit pension scheme obligation inherited (note 26)	4,961	2,231
Increase in debtors	(551)	(240)
Increase in creditors	417	959
Net cash provided by/ (used in) operating activities	1,453	881

20 Cash Flows from Investing Activities

	Total 2017	Total 2016
	£'000	£'000
Interest received	4	6
Purchase of tangible fixed assets	(1,205)	(800)
Purchase of intangible assets	(7)	(6)
Capital grants from DfE/EFSA	1,131	463
Cash balance transferred on conversion (note 21)	489	484
Net cash inflow from investing activities	412	148

21 Cash Transferred on conversion to an Academy

	Total 2017	Total 2016
	£'000	£'000
Cash balance transferred on conversion (note 26)	489	484
	489	484

22 Analysis of Changes in Net Funds

	At 1 September 2016 £'000	Cash flows £'000	At 31 August 2017 £'000	At 31 August 2016 £'000
Cash in hand and at bank	4,833	1,865	6,698	4,833
Current asset investments				
	<u>4,833</u>	<u>1,865</u>	<u>6,698</u>	<u>4,833</u>

23 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.

24 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 the local County Council's, both of which are multi-employer defined-benefit schemes.

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to and did join 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.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions were payable to the schemes as follows at 31 August 2017 and are included within other creditors:

	Balance at 31 August 2017	Balance at 31 August 2016
	£	£
Teachers' Pension Scheme	373,467	263,964
Local Government Pension Scheme	358,824	216,747
	<u>732,291</u>	<u>480,711</u>

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2014). 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.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published in June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (previously 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits of £191,500 million, and notional assets (estimated future contributions together with the proceeds for the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2.0% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.48% (including a 0.08% administration fees), which was payable from September 2015. The next valuation of the TPS is currently underway based on March 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £2,715,000 (2016: £2,230,153).

The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme as a defined benefit plan so it is accounted for as a defined contribution plan.

24 Pension and similar obligations (continued)**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £3,232,000 (2016: £2,503,000), of which employer's contributions totalled £2,518,000 (2016: £1,971,000) and employees' contribution totalled £714,000 (2016: £532,000). The agreed rates for future years are 10.8 - 24.8 per cent for employers and between 5.5 - 6.8 per cent for employees.

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

The organisation operates seven defined pension plans. A summary of the plans is as follows.

	West Midlands £'000	Barnet £'000	Hammersmith & Fulham £'000	Hillingdon £'000	Cambridge- shire £'000	Islington £'000	Wandsworth £'000	Total £'000
2017								
Fair value of plan assets	6,933	2,005	1,552	3,290	3,467	215	386	17,848
Present value of funded defined benefit obligations	(21,735)	(4,890)	(2,908)	(7,355)	(10,731)	(455)	(622)	(48,696)
Deficit in schemes	(14,802)	(2,885)	(1,356)	(4,065)	(7,264)	(240)	(236)	(30,848)
Amounts recognised in the statements of financial activities								
Current service cost	1,433	528	225	759	1,162	217	14	4,338
Net interest cost	252	73	41	84	160	7	-	617
Total	1,685	601	266	843	1,322	224	14	4,955
2016								
Fair value of plan assets	4,934	2,269	742	2,392	2,092	92	-	12,521
Present value of funded defined benefit obligations	(14,286)	(5,795)	(2,640)	(6,341)	(8,592)	(181)	-	(37,835)
Deficit in schemes	(9,352)	(3,526)	(1,898)	(3,949)	(6,500)	(89)	-	(25,314)
Amounts recognised in the statements of financial activities								
Current service cost	740	268	140	510	562	40	-	2,260
Net interest cost	229	62	40	94	145	2	-	572
Total	969	330	180	604	707	42	-	2,832

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	4.2%	3.8%
Rate of increase for pensions in payment/ inflation	2.7%	2.0%
Discount rate for scheme liabilities	2.6%	2.2%
Inflation rate (CPI)	2.7%	2.0%

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

	2017 Years	2016 Years
Retiring today:		
Males	21.8	23.1
Females	24.3	25.8
Retiring in 20 years:		
Males	24.0	25.3
Females	26.6	28.1

The Academy Trust's share of the assets in the West Midlands scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	4,384	2,930
Government bonds	507	342
Other bonds	269	422
Property	507	391
Cash/liquidity	345	317
Other	921	532
FAIR VALUE OF ASSETS	6,933	4,934

The actual return on the scheme assets was £918,000 (2016: £749,000).

Amounts recognised in the statement of financial activities:	2017 £'000	2016 £'000
Current service cost	1,433	740
Net interest cost	252	229
Total operating charge	1,685	969

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

WEST MIDLANDS PENSION FUND (continued)

Changes in present value of defined benefit obligations

	<u>2017</u>	<u>2016</u>
	£'000	£'000
At 1 September	14,286	9,528
Upon conversion	3,066	-
Current Service Cost	1,433	740
Interest Cost	369	381
Actuarial losses	2,524	3,702
Contribution by members	253	186
Benefits paid	(196)	(251)
At 31 August	21,735	14,286

Changes in the fair value of academy trust's share of scheme assets

	<u>2017</u>	<u>2016</u>
	£'000	£'000
At 1 September	4,934	3,580
Interest income	117	153
Return on plan assets (excluding net interest on the defined pension liability)	912	595
Contributions by employer	913	671
Contributions by members	253	186
Benefits paid	(196)	(251)
At 31 August	6,933	4,934

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

BARNET PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	2.7%	3.5%
Rate of increase for pensions in payment/ inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.0%
Inflation rate (CPI)	2.5%	2.0%

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

	2017 Years	2016 Years
Retiring today:		
Males	21.9	22.1
Females	24.3	24.3
Retiring in 20 years:		
Males	23.9	24.1
Females	26.5	26.6

The Academy Trust's share of the assets in the Barnet scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	1,423	1,724
Other bonds	582	522
Cash/liquidity	-	23
TOTAL FAIR VALUE OF ASSETS	2,005	2,269

The actual return on the scheme assets was £(596,000) (2016: £394,000).

Amounts recognised in the statement of financial activities:	2017 £'000	2016 £'000
Current service cost	528	268
Net interest cost	73	62
Total operating charge	601	330

Changes in present value of defined benefit obligations

	2017 £'000	2016 £'000
At 1 September	5,795	2,434
Upon conversion	-	828
Current Service Cost	528	268
Interest Cost	122	120
Actuarial (gains)/losses	(1,608)	2,086
Contribution by members	72	61
Benefits paid	(19)	(2)
At 31 August	4,890	5,795

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

BARNET PENSION FUND - continued

Changes in the fair value of academy trust's share of scheme assets

	<u>2017</u>	<u>2016</u>
	£'000	£'000
At 1 September	2,269	1,034
Upon conversion	-	514
Interest income	49	58
Return on plan assets (excluding net interest on the defined pension liability)	(645)	336
Contributions by employer	279	268
Contributions by members	72	61
Benefits paid	(19)	(2)
At 31 August	<u>2,005</u>	<u>2,269</u>

24 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	4.2%	4.1%
Rate of increase for pensions in payment/ inflation	2.7%	2.3%
Discount rate for scheme liabilities	2.6%	2.2%
Inflation rate (CPI)	2.7%	2.3%

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

	2017 Years	2016 Years
Retiring today:		
Males	24.4	22.9
Females	26.0	25.3
Retiring in 20 years:		
Males	26.7	25.2
Females	28.3	27.7

The Academy Trust's share of the assets in the Hammersmith and Fulham scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	810	373
Property	84	40
Cash/liquidity	30	42
Other	628	287
TOTAL FAIR VALUE OF ASSETS	1,552	742

The actual return on the scheme assets was £95,000 (2016: £52,000).

	2017 £'000	2016 £'000
Amounts recognised in the statement of financial activities:		
Current service cost	225	140
Net interest cost	41	40
Total operating charge	266	180

Changes in present value of defined benefit obligations

	2017 £'000	2016 £'000
At 1 September	2,640	1,619
Current Service Cost	225	140
Interest Cost	61	65
Actuarial (gains)/losses	(243)	786
Contribution by members	32	30
Benefits paid	193	-
At 31 August	2,908	2,640

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

HAMMERSMITH AND FULHAM PENSION FUND (continued)

Changes in the fair value of academy trust's share of scheme assets

	2017	2016
	£'000	£'000
At 1 September	742	542
Interest income	20	25
Return on plan assets (excluding net interest on the defined pension liability)	441	27
Contributions by employer	124	118
Contributions by members	32	30
Benefits paid	193	-
At 31 August	1,552	742

HILLINGDON PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	2.8%	3.1%
Rate of increase for pensions in payment/ inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%
Inflation rate (CPI)	2.5%	2.1%

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

	2017	2016
	Years	Years
Retiring today:		
Males	22.6	22.7
Females	24.6	24.7
Retiring in 20 years:		
Males	24.0	24.3
Females	26.5	26.9

The Academy Trust's share of the assets in the Hillingdon scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	2,039	1,387
Other bonds	790	598
Property	395	288
Cash/liquidity	66	119
TOTAL FAIR VALUE OF ASSETS	3,290	2,392

The actual return on the scheme assets was £344,000 (2016: £320,000).

Amounts recognised in the statement of financial activities:

	2017	2016
	£'000	£'000
Current service cost	759	510
Net interest costs	84	94
Total operating charge	843	604

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

HILLINGDON PENSION FUND (continued)

Changes in present value of defined benefit obligations

	2017	2016
	£'000	£'000
At 1 September	6,341	3,965
Current Service Cost	759	510
Interest Cost	139	161
Actuarial losses	36	1,590
Contribution by members	123	115
Benefits paid	(43)	-
At 31 August	7,355	6,341

Changes in the fair value of the academy trust's share of scheme assets

	2017	2016
	£'000	£'000
At 1 September	2,392	1,508
Interest income	55	67
Return on plan assets (excluding net interest on the defined pension liability)	289	253
Contributions by employer	474	449
Contributions by members	123	115
Benefits paid	(43)	-
At 31 August	3,290	2,392

CAMBRIDGESHIRE PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	2.7%	4.1%
Rate of increase for pensions in payment/ inflation	2.4%	2.1%
Discount rate for scheme liabilities	2.5%	2.1%
Inflation rate (CPI)	2.5%	2.1%

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

	2017	2016
	Years	Years
Retiring today:		
Males	22.4	22.5
Females	24.3	24.5
Retiring in 20 years:		
Males	24.1	24.4
Females	26.3	26.9

The Academy Trust's share of the assets in the Cambridgeshire scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	2,670	1,569
Other bonds	450	314
Property	243	146
Cash/liquidity	104	63
TOTAL FAIR VALUE OF ASSETS	3,467	2,092

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

CAMBRIDGESHIRE PENSION FUND (continued)

The actual return on the scheme assets was £(221,000) (2016: £286,000).

Amounts recognised in the statement of financial activities:	2017 £'000	2016 £'000
Current service cost	1,162	562
Net interest cost	160	145
Total operating charge	1,322	707

Changes in present value of defined benefit obligations	2017 £'000	2016 £'000
At 1 September	8,592	3,375
Upon conversion	2,494	2,111
Current Service Cost	1,162	562
Interest Cost	220	201
Actuarial (gains)/losses	(1,853)	2,228
Contribution by members	160	115
Benefits paid	(44)	-
At 31 August	10,731	8,592

Changes in the fair value of the academy trust's share of scheme assets	2017 £'000	2016 £'000
At 1 September	2,092	1,054
Upon conversion	819	194
Interest income	60	56
Return on plan assets (excluding net interest on the defined pension liability)	(281)	230
Contributions by employer	661	443
Contributions by members	160	115
Benefits paid	(44)	-
At 31 August	3,467	2,092

ISLINGTON PENSION FUND

Principal actuarial assumptions

	2017	2016
Rate of increase in salaries	3.7%	3.7%
Rate of increase for pensions in payment/ inflation	2.2%	2.0%
Discount rate for scheme liabilities	2.5%	2.2%
Inflation rate (CPI)	2.2%	1.9%

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

	2017 Years	2016 Years
Retiring today:		
Males	22.9	22.6
Females	26.1	25.3
Retiring in 20 years:		
Males	25.1	24.8
Females	28.4	27.6

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

ISLINGTON PENSION FUND (continued)

The Academy Trust's share of the assets in the Islington scheme were:

	Fair value at 31 August 2017 £'000	Fair value at 31 August 2016 £'000
Equities	122	51
Other bonds	41	19
Property	30	14
Cash/liquidity	1	8
Other	21	-
TOTAL FAIR VALUE OF ASSETS	215	92

The actual return on the scheme assets was £15,000 (2016: £7,000).

Amounts recognised in the statement of financial activities:	2017 £'000	2016 £'000
Current service cost	217	40
Net interest cost	7	2
Total operating charge	224	42

Changes in present value of defined benefit obligations

	2017 £'000	2016 £'000
At 1 September	181	54
Current Service Cost	217	40
Interest Cost	5	2
Actuarial losses	3	60
Contribution by members	72	25
Benefits paid	(23)	-
At 31 August	455	181

Changes in the fair value of the academy trust's share of scheme assets

	2017 £'000	2016 £'000
At 1 September	92	38
Interest income	(2)	-
Return on plan assets (excluding net interest on the defined pension liability)	15	7
Contributions by employer	61	22
Contributions by members	72	25
Benefits paid	(23)	-
At 31 August	215	92

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

WANDSWORTH PENSION FUND

Principal actuarial assumptions

	2017
Rate of increase in salaries	4.2%
Rate of increase for pensions in payment/ inflation	2.7%
Discount rate for scheme liabilities	2.6%
Inflation rate (CPI)	2.7%

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

	2017 Years
Retiring today:	
Males	24.4
Females	26.0
Retiring in 20 years:	
Males	26.7
Females	28.3

The Academy Trust's share of the assets in the Wandsworth scheme were:

	Fair value at 31 August 2017 £'000
Equities	281
Government bonds	16
Other bonds	40
Property	12
Cash/liquidity	3
Other	34
TOTAL FAIR VALUE OF ASSETS	386

The actual return on the scheme assets was £11,000.

	2017 £'000
Amounts recognised in the statement of financial activities:	
Current service cost	14
Net interest cost	-
Total operating charge	14

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)**

WANDSWORTH PENSION FUND - continued

Changes in present value of defined benefit obligations

	<u>2017</u>
	<u>£'000</u>
Upon conversion	587
Current Service Cost	14
Interest Cost	1
Actuarial losses	18
Contribution by members	2
At 31 August	<u><u>622</u></u>

Changes in the fair value of the academy trust's share of scheme assets

	<u>2017</u>
	<u>£'000</u>
Upon conversion	367
Interest income	1
Return on plan assets (excluding net interest on the defined pension liability)	10
Contributions by employer	6
Contributions by members	2
At 31 August	<u><u>386</u></u>

25 Related Party Transactions

Owing to the nature of the Academy's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academies financial regulations and normal procurement procedures.

One Trustee, Hugh Greenway was engaged as an employee during the year to August 2017. Details of relevant payments are included in note 10.

Marianne Linden is the mother in law of the Managing Director, Hugh Greenway, and she was employed as Office Manager for TEFAT for the year to August 2017. She was paid a total of £40,888.48 (2016: £30,166.05). There was £nil outstanding as at 31 August 2017 (2016:£nil).

There are no other related party transactions other than as disclosed above. All transactions were undertaken on an arm's length basis.

26 Conversion to an Academy Trust**CHANDOS PRIMARY SCHOOL**

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Voluntary income analysis:			
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	1,050,000	-	-	1,050,000
School budget surplus	100,340	100,340	-	-
LGPS pension deficit	(3,066,000)	-	(3,066,000)	-
Net assets/(liabilities)	<u>(1,915,660)</u>	<u>100,340</u>	<u>(3,066,000)</u>	<u>1,050,000</u>

CAVALRY PRIMARY SCHOOL

On 1 March 2017 Cavalry Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Voluntary income analysis:			
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	2,100,000	-	-	2,100,000
School budget surplus	275,291	275,291	-	-
LGPS pension deficit	(924,000)	-	(924,000)	-
Net assets/(liabilities)	<u>1,451,291</u>	<u>275,291</u>	<u>(924,000)</u>	<u>2,100,000</u>

RAMSEY COMMUNITY JUNIORS SCHOOL

On 1 April 2017 Ramsey Community Juniors School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Voluntary income analysis:			
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	1,525,000	-	-	1,525,000
School budget surplus	51,789	51,789	-	-
LGPS pension deficit	(251,000)	-	(251,000)	-
Net assets/(liabilities)	<u>1,325,789</u>	<u>51,789</u>	<u>(251,000)</u>	<u>1,525,000</u>

RAMSEY SPINNING INFANTS SCHOOL

On 1 April 2017 Ramsey Spinning Infants School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from Cambridgeshire County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Voluntary income analysis:			
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	1,075,000	-	-	1,075,000
School budget surplus	61,735	61,735	-	-
LGPS pension deficit	(500,000)	-	(500,000)	-
Net assets/(liabilities)	<u>636,735</u>	<u>61,735</u>	<u>(500,000)</u>	<u>1,075,000</u>

GRIFFIN PRIMARY SCHOOL

On 1 August 2017 Griffin Primary School was transferred converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £Nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the Statement of Financial Activities as voluntary income.

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

	Voluntary income analysis:			
	TOTAL	Unrestricted funds	Restricted general fund	Restricted fixed asset funds
	£	£	£	£
Tangible fixed assets:				
Leasehold land and buildings	2,000,000	-	-	2,000,000
School budget surplus	1,004,747	1,004,747	-	-
LGPS pension deficit	(220,000)	-	(220,000)	-
Net assets/(liabilities)	<u>2,784,747</u>	<u>1,004,747</u>	<u>(220,000)</u>	<u>2,000,000</u>

The Elliot Foundation Academies Trust

AUDITORS' ASSURANCE REPORT ON REGULARITY

Independent Reporting Accountant's assurance report on regularity to the Elliot Foundation Academies Trust and the Educations and Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 13 March 2017 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2016 to 2017, to obtain limited assurance about whether the expenditure disbursed and income received by The Elliot Foundation Academies Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2016 to 2017 Part 9: Regularity Reporting. We are independent of The Elliot Foundation Academies Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of The Elliot Foundation Academies Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of The Elliot Foundation Academies Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook extant from 1 September 2016, 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. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees¹ (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Elliot Foundation Academies Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

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 2016 to 2017.

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 the procedures performed vary in

The Elliot Foundation Academies Trust

AUDITORS' ASSURANCE REPORT ON REGULARITY

nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2016 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2016 to 2017.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

This report is made solely to The Elliot Foundation Academies Trust and the ESFA in accordance with the terms of our engagement letter dated 13 March 2017. Our work has been undertaken so that we might state to The Elliot Foundation Academies Trust 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 Elliot Foundation Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK AUDIT LLP
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