

The Elliot Foundation Academies Trust  
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the Year ended  
31<sup>st</sup> August 2015

Company Registration No.8116706



# The Elliot Foundation Academies Trust

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Dr C Whalley  
Henry Bedford  
Hugh Greenway  
The Elliot Foundation

### Trustees

Dr Caroline Whalley (Chairman)  
appointed 25<sup>th</sup> September 2014

Henry Bedford (Vice Chairman) appointed  
25<sup>th</sup> September 2014

Hugh Greenway (Managing Director  
(appointed 24<sup>th</sup> September 2014) Chief  
Executive Officer (appointed on 1<sup>st</sup> January  
2015) and Accounting Officer) (ex officio)

Kathy James appointed 25<sup>th</sup> September  
2014

Sue Nath appointed 26<sup>th</sup> September 2014

Stuart Lester appointed 25<sup>th</sup> September  
2014

Damon Parker appointed 25<sup>th</sup> September  
2014

David Gallie appointed 25<sup>th</sup> September  
2014

Dr Rob Barr (Director of Finance) resigned  
26<sup>th</sup> September 2014

Rachel Jones (Education Director)  
resigned 15<sup>th</sup> September 2014

Robert Anderson (HR & Governance  
Director) resigned 15<sup>th</sup> September 2014

Patricia Martin (Estates Director) resigned  
15<sup>th</sup> September 2014

Jemma Shuttleworth appointed 10<sup>th</sup> April  
2015



# The Elliot Foundation Academies Trust

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Finance Committee

David Gallie (Chair)  
Dr Caroline Whalley (Vice Chair)  
Henry Bedford  
Hugh Greenway (ex officio)  
Sue Nath

### Audit Committee

Stuart Lester (Chair) membership confirmed at the meeting of 7 November 2014  
Henry Bedford (Vice chair)  
Damon Parker  
Hugh Greenway (ex officio)  
Dr Caroline Whalley

Company Secretary

Browne and Jacobson LLP

### Management Team:

Chief Executive Officer/Accounting Officer	Hugh Greenway
Director of Finance	Dr Rob Barr – until 3 <sup>rd</sup> March 2015
Director of Finance	Suthan Santhaguru – From 1 <sup>st</sup> October 2015 (Interim Director of Finance from 9 <sup>th</sup> March 2015 until 30 <sup>th</sup> September 2015)
HR & Governance Director	Robert Anderson
Estates Director	Patricia Martin
Education Director	Rachel Jones – Role changed 30 <sup>th</sup> April 2015
Innovation Director and Regional Director East Anglia	Rachel Jones – From on 1 <sup>st</sup> May 2015



# The Elliot Foundation Academies Trust

## REFERENCE AND ADMINISTRATIVE DETAILS

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Project & Procurement Director	Andy Kreppel
Development Director	Sue Robinson
Educational Regional Director – West Midlands & East Anglia	Travis Latham
Educational Regional Director - London	Simon Adams
Principal and Registered Office	1 Naoroji Street London WC1X 0GB
Company Registration Number	8116706 (England and Wales)
Independent Auditor	RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) 25 Farringdon Street London, EC4A 4AB
Bankers	Lloyds Bank plc. Registered Office 25 Gresham Street London EC2V 7HN
Solicitors	Browne Jacobson LLP Castle Meadow Road, Nottingham NG2 1BJ





# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT

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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 31<sup>st</sup> August 2015.

The Elliot Foundation Academies Trust (TEFAT) is a charitable multi-academy trust building clusters of both converter and sponsored primary academies. TEFAT has academy clusters in the West Midlands, East Anglia and London. The head office is in Islington London (also referred to as "Elliot Foundation" throughout the report).

### **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 the Academy Trust. 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 1.

### **Members' liability**

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a 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 the Academy Trust's expense to cover liability of Trustees by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust (please refer to note 11 in the accounts).

Any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not. Any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. 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;
- 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



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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- d. the chairman 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
- 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. As there are at most two or three new trustees a period, 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.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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### 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, Directors and other employees of TEFAT.

In the late summer of 2014, following an independent review of the governance arrangements of TEFAT and The Elliot Foundation, all Directors 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 two TEFAT Committees. They are the Finance Committee and the Audit 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, (by enabling more detailed consideration to each academy's finances and resources), 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.

Prior to September 2014 the Finance and Audit Committee reported to TEFAT Board and the remit of this Committee included that now covered by the Finance Committee and the Audit Committee.

The Audit Committee meets at least once a term so that the Trustees fulfil the objectives set out in the Academies Financial Handbook (the AFH) of achieving internal scrutiny which delivers objective and independent assurance for the Trust.

In addition to these two committees the Trustees have created an additional Standards Committee for the academic year 2015-16 which will meet at least twice a year and hold the CEO and Regional Directors to account for the educational performance of all TEFAT academies.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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### Risk management

The Board of TEFAT has established comprehensive risk assessment and management arrangements. These are summarised in the TEFAT Risk Management Statement 2015<sup>1</sup>. 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 Director. Each Director's risks are reviewed in rotation at the Directors' weekly operations meeting so that each risk is re-assessed at least once per term.

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 that is 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. Only two score high in both impact and likelihood and about 1/3<sup>rd</sup> are in the category below the highest. These include:

- **Finance:** Ineffective controls such as poor budget management and the impact of reductions in academy funding on sustainability and the reputational damage caused by a critical external audit
- **Human Resources and Governance:** the impact of the loss of key academy or central staff and the impact of poor performing staff
- **Education:** lack of improvement in educational performance or attendance, breakdown in relationship with an academy principal and changes to national assessment criteria
- **Premises and facilities management:** unaffordable building maintenance programmes, failure of academy building fabric and variable premises management expertise within academies
- **Overall risk for all Directors:** failure to deliver undermines confidence of Academy Governors and staff in TEFAT and changes in central government policy undermines TEFAT business model

### Connected organisations, including related third parties

TEFAT is founded upon a partnership ethos and is currently building partnerships with:

- Local Authorities (LAs) mainly in the West Midlands, East Anglia and London that includes:

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<sup>1</sup> <http://www.elliottfoundation.co.uk/workspace//uploads/documents/tefat-risk-management-statement-5614e42996e6d.pdf>





# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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- Signing of concordats and collaborative agreements
  - Developing integrated school-to-school support and building cross-LA networks
  - Working together to improve schools that are not part of TEFAT
  - Collaborating on targeted provision to support community cohesion
- The Colmore and Gateway Teaching Schools Alliances with whom we are developing a range of CPD
- Warwick University and the Institute of Education for the provision of bespoke MA programmes to our staff
- Hounslow Language Service, who support a number of our schools with high numbers of pupils with English as an Additional Language (EAL).
- The National College with whom we have arranged school/academy conferences
- ACS who run an international school in Hillingdon and whose educational charity the Centre for Inspiring Minds is working with us to support action research by our teachers
- Teaching and non-teaching unions – we are the only sponsor to be endorsed by the NAHT and we have a national agreement with all the 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 EFA

### 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 is still 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 voluntary contributions have continued into our third accounting period and included:

- DfE capacity grant
- Founder directors donating over 1,300 hours of pro-bono work, which included setting up governance, HR, finance structures and providing effectively training for senior and middle management
- Over £150,000 in donations from supporters of our work

The Trustees had four strategic objectives for the academic year 2014-15:

1. **Growth:** Secure TEFAT's future by growing to 25 or more open academies by Christmas 2015



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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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.

### 1. Growth

At 31 August 2015, TEFAT had 18 open academies serving almost 7,000 pupils, with four more schools expected to join before the end of the calendar year. This academic year growth has been slower than anticipated due to the complete overhaul of the DfE and the requirement to build relationships with multiple Regional Schools Commissioners and their teams. However, this has enabled the core directorates to consolidate their offering; the fruits of which can be seen clearly in the strong performance of all TEFAT academies and the high scores achieved in the Principals' Survey.

The CEO lobbied extensively throughout the year to impress upon the EFA & DfE the damage that the reduction in Education Services Grant to £87 per pupil would do to primary multi academy trusts. But our arguments fell on deaf ears. Consequently, the trust has reduced its corporate charge to 5% by cutting almost 18% out of central costs and revised its growth target to be greater than 10,000 pupils by December 2016.

In short if we wish to continue to provide the exceptional improvements that TEFAT has achieved in schools we need to continue to grow.

### 2. Reputation

We have continued to strengthen the networks we have with organisations and bodies relevant to our operations as a multi academy trust. This includes building constructive and mutually beneficial relationships with officials from the DfE and the Education Funding Agency. TEFAT is frequently consulted on a formal and informal basis on relevant developments.

We have also continued our policy of maintaining good relationships with the local authorities within which we have academies.

TEFAT is one of only five 'examples of success' that the DfE recommends on its website. Taken with the SATs results, OfSTED judgements and system leadership work being done on professional development, it is safe to say the Trust is establishing a system wide reputation for transforming outcomes for primary children and primary schools.

### 3. 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 Board. These rankings determine the extent and nature of future support.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

We set ourselves a challenging strategic objective. Although not all of the TEFAT schools are above floor this year with the dips in results at Parkfield and Lena Gardens, the family of schools as a whole continues to improve with combined L4+ Reading, Writing and Maths up to 80% from 75% in 2013-14 and 65% in 2012-13 (on a like for like basis). TEFAT remains one of the strongest primary chains in the country.

Considering the context of TEFAT Schools with twice the national average of pupil premium children and two and a half times the national average for EAL children, this performance is even more impressive. In the simplest terms children, on average, arrive at TEFAT academies about a year behind the national average. By the time they leave, they have caught up.

Unsurprisingly this transformational success is reflected in our OFSTED judgements. Of the 13 full section five inspections since TEFAT opened its doors in 2012, 10 have had outstanding features, 9 have had outstanding leadership and five have been outstanding in all categories. None has been inadequate.

This is three times better than the national average and four times better than the national average for schools working with the same levels of deprivation as TEFAT.

### Achievement (all children)

	TEFAT Average	National Average	TEFAT High (Greenside Primary)	TEFAT Low (Parkfield)
L4+ R,W,M	80%	80%	92%	56%

### Achievement (disadvantaged children)

	TEFAT Average	National Average	TEFAT High (Hyde)	TEFAT Low (Ramnoth)
L4+ R,W,M	76%	67%	92%	47%

### Progress (all children) making 2 levels or more progress

	TEFAT Average	National Average All Children	TEFAT High	TEFAT Low
Reading	90%	88%	100%	73%
Writing	97%	92%	100%	88%
Maths	91%	88%	100%	78%



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

### Progress (disadvantaged children) making 2 levels or more progress

	TEFAT Average	National Average All Children	TEFAT High	TEFAT Low
Reading	89%	91%	100%	53%
Writing	91%	93%	100%	83%
Maths	91%	89%	100%	69%

### Improvement, average uplift in L4+ RWM

	All TEFAT Schools 2014- 15	National Average 2014-15	On joining TEFAT (rolling average)
L4+ R,W,M	+5%	+2%	+26%

It is a credit to our teachers and school leaders that despite working in communities in the 80<sup>th</sup> percentile for multiple deprivation, TEFAT children leave primary school in line with the national average for attainment at KS2. They do this by making 2/3<sup>ds</sup> of a year more progress than average and this is recognised in the OfSTED judgements we have had this year:

- Nene, Little Owls Daycare – Outstanding
- George Betts – Good with outstanding leadership
- Tiverton – Outstanding
- Hyde - Outstanding
- Highlees – Good with outstanding support to disadvantaged pupils
- Nene Infant – Good with outstanding leadership, behaviour and early years provision
- Ramnoth – Good with outstanding leadership
- Parkfield Primary – Good with outstanding early years

#### 4. Quality

The strategic objectives of each TEFAT directorate during the third full year of operation have focused on developing capacity and improving quality. The recruitment of new staff in TEFAT central teams has provided the foundation for improvements in central services. The autumn term 2015 survey of the views of Principals has provided the means to measure the effectiveness of central services. Of particular note is that every principal in the Trust feels better supported than when they were heads of local authority maintained schools.

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





# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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Whilst not being complacent about the work that remains to be done, the trustees are proud that Elliot Foundation Principals are net recommenders of the Trust and its services. This is particularly poignant given that the Trust is only three years' old and 12 of its 18 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

### 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 <sup>st</sup> August 2015	20	18
Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) % of GAG income	Greater than or equal to 5%	10%
Total Pay as % of Total Revenue Income (excl: capital funding)	Less than 70%	77%

The key education performance indicators are described above in the section on achievement which begins on page 9.

The slower than anticipated growth in the number of academies this year was a result of more rigorous assessment by officials at the Department for Education, as it had been for the previous year. 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.

### Financial Review

TEFAT is a Multi Academy Trust including exclusively primary phase academies. It has no other business or charitable activity apart from the delivery of education to children from the



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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ages of 2 to 11 in a growing number of academies within clusters of 5 to 20 across England. At 31<sup>st</sup> August 2015 TEFAT had 18 academies open, one new build academy was opened on 1<sup>st</sup> September 2014 and there was more one more addition on 1<sup>st</sup> April 2015, in three clusters covering the West Midlands, London and East Anglia.

The vast majority of the Trust's income comes from the DfE via the Education Funding Agency (EFA) in the form of recurrent grants to the Trust's academies (Revenue and Capital), the use of which is restricted to particular educational purposes. The grants received from the DfE during the period ended 31<sup>st</sup> August 2015 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities. The three other sources of income relate to the conversion of Trust academies and voluntary donations. Expenditure related to the conversion of academies and, where relevant, supporting improvement of an academy on conversion is met from DfE specific grants restricted to specific academies.

TEFAT did not receive a Sponsor Capacity Grant in the period to 31<sup>st</sup> August 2015 (2014: £29,000). Sponsor donations totalling £176,600, (2014: £261,000) of which £157,600 were used to meet all of the deferred fees owed to Directors.

The total value of grants for capital additions for the period to 31<sup>st</sup> August 2015 was £534,000 (2014: £1,370,000). As well as devolved formula capital funding that each academy received TEFAT successfully bid for Academy Capital Maintenance Funding for schemes in the April 2014 to March 2015 funding round totalling £625,485 (2014: £598,964). For the April 2015 to March 2016 funding round, TEFAT received a block allocation based on pupil numbers of £581,271. These are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's Accounting Policies.

During the period ended 31<sup>st</sup> August 2015 total expenditure of £39,594,000 (2014: £28,191,000) was covered by recurrent grant funding from the EFA, together with incoming resources of £37,535,000 (2014: £29,303,000). The excess of income over expenditure for the period (excluding restricted fixed asset funds and the restricted pension reserve) was £3,253,000 (2014: £3,957,000). This reflected robust budget management and provides the first year foundation for reserves set aside to meet future priorities and capital projects. All of these surpluses relate to income and expenditure within academies in the period 31<sup>st</sup> August 2015.

At 31<sup>st</sup> August 2015 the net book value of fixed assets was £42,615,000 (2014: £33,978,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the Academy.

The land, buildings and other assets were transferred to the Trust upon conversion of each academy. Land was valued in September 2015 at £485,000 (2014: £855,000) and buildings were valued at the same time at £8,625,000 (2014: £15,149,000). Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful economic life.

The balance of former schools' budget share, £193,688 (2014: £1,212,814), was transferred across on conversion and is shown as Unrestricted Funds.

TEFAT has introduced the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is included within the balance sheet with details on note 25 to the financial statements.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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Key financial policies adopted or reviewed during the period cover Asset and Depreciation, Finance Procedures and regulations are set out within TEFAT Finance Manual. In addition the Trust has approved policies on Fraud, Whistle blowing, Hospitality and Expenses and charges. TEFAT Finance Manual sets out the framework for financial management, including financial responsibilities of Trustees, Directors, Principals and finance staff centrally and in academies. Delegated financial responsibilities are set out within TEFAT scheme of delegation. Procedures and guidance on purchasing and procurement are described in TEFAT procurement guide.

TEFAT has adopted Responsible Officer arrangements to undertake a programme of internal checks on financial controls and processes within its academies. A range of appropriate local organisations provide these services to individual academies. A programme of termly Responsible Officer visits to open academies, aiming where possible to start from the second term after opening, was implemented during the year to 31<sup>st</sup> August 2015. This will be extended to TEFAT central functions during the year from 1<sup>st</sup> September 2015.

TEFAT has a strategic approach to robust financial management and budgetary control whilst continuing to invest in Human and Physical resources to sustain development priorities. Our target is to continue to grow to 25 open Academies by August 2016. The Trust aims to keep central operations lean and limit the expenditure on central services. The management charge is 6% of General Annual Grant income which for 2014-15 amounts to £1,587,745. In 2015-16 there will be funding cuts and therefore the TEFAT board approved a reduction in the management fee from 6% to 5% to ease the financial burden on the academies, of which 0.25% will be allocated to reserves.

	% of management charge
Education	2.0%
Finance	1.5%
Human Resources and Governance	1.0%
Head office and business development	1.0%
Estates and facilities management	0.5%
Total	<hr/> 6.0%

Each academy is expected to maintain a level of reserves of between 2-7% of recurring income. This reserves level is monitored on a monthly basis through rolling monthly forecasting and is reported back to the TEFAT board. The TEFAT finance team and directorate work with the heads and governors of respective academies to ensure that all academies are working towards maintaining the correct level of reserves. Those academies reporting a deficit are requested to draft a plan to increase the level of reserves to the desired outcome.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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### **Financial and Risk Management Objectives and Policies**

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

No current or soon to open Trust academy faces any financial risk associated with falling rolls. A few academies had declining rolls on conversion and in all cases this decline has been reversed. A third of open academies are working with the relevant local authority to increase planned admission numbers to meet local shortages of primary places. It is anticipated that expansion of pupil numbers is an opportunity to strengthen finances of academies.

From September 2015 the squeeze on public expenditure will begin 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 will mean academy funding will fall in real terms. As well as maintaining robust levels of reserves (see next section), more robust school level financial planning and budgeting arrangements will be in place 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 expenditure against budget 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, financial self assessment by academy Principals and academy finance staff. These processes will be strengthened during 2016 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 lease instruments 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 25 to the financial statements, represents a significant potential liability. However, as the member Trustees of the Trust consider that TEFAT is able to meet its known annual deficit contribution commitments for the foreseeable future, the risk from this liability is minimised and is manageable.

### **Reserves and Investments Policy**

The Academy Trust adopts a pragmatic approach to the Academy reserves policy. Trustees monitor the level of reserves at each Trust meeting and will examine reserve levels of the Trust central operations in detail annually. The review encompasses the nature of income and expenditure streams, the need to match revenue income with commitments through budgetary control and also the various elements and strategic uses for different layers of reserves. Trustees take into consideration the future plans of the Trust, the uncertainty over future income streams and other key risks identified during the risk review. While the financial arrangements for academies are less complex each local governing body is required to undertake an examination of its level of reserves as part of its financial





# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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management arrangements. Those academies reporting deficit reserve balances are actively working on cost saving plans to recover the reserve position (please refer to note 15 in the management accounts).

For 2014-15 the target for Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) as a percentage of GAG income continued to be 5%. The outturn was £3,253,000, which represented some 9.88% of GAG income. Almost all of these reserves are attached to individual academies.

TEFAT does not pool academy reserves. The minimum revenue reserve we would expect to see carried forward would be 2% of recurring income. There is no maximum limit but we will need the local governing body to give reasons if they are planning to agree to increase the carried forward revenue balances above 7%. For example building up a reserve to meet a substantial one off cost such as replacement of IT equipment.

Almost all academies net reserves are greater than the 5% target. While academies have a robust level of reserves we are conscious of cost implications of academy funding, teacher's pensions and national insurance contributions for the 2015-16 financial year. These together represent additional costs of approximately £600k or about 1/5<sup>th</sup> of the reserves as at 1<sup>st</sup> September 2015.

For the period to 31<sup>st</sup> August 2015 the Trust continued with a policy of keeping most of its cash reserves liquid in current accounts. There were no monies (2014: £500k) placed on deposit in a 'high' interest account. The liquidity of the trust will continue to be monitored and any available funds will be placed on deposit.

Furthermore, low interest rates meant that the financial benefits of investments are modest. Now these risks are understood and actively managed, the Trust is working with its bankers to determine an investment strategy that will enable the Trust investment income from its revenue reserves without increasing the risk of running out of cash.

The Trust's total reserves at the Balance Sheet date of 31<sup>st</sup> August 2015 was £32,649,000 (2014: £26,443,000).

The period (1<sup>st</sup> September 2014 to 31<sup>st</sup> August 2015) was the third period of trading for the Trust. Therefore this balance includes the net value of inherited Assets and Liabilities on conversion of Trust academies amounting to £ 8,679,000 (2014: £12,219,040). Excluding net inherited asset leaves residual reserves of £ 23,970,000 (2014: £14,223,960). (Net of depreciation of assets totalling £ 1,432,000). After allowance for Fixed Asset reserves of £42,615,000 (2014: £34,441,000) and Pension Deficit reserve of £ 13,219,000 (2014: £11,492,000) the remaining reserves amounts to £3,253,000 (2014: £3,494,000) which includes £2,547,000 (2013: £2,648,000) Unrestricted).

### Going Concern

TEFAT has a well established business model and the Trustees have carefully considered TEFAT's current financial position and future financial prospects. The Board believes that TEFAT has a reasonable expectation that TEFAT has adequate resources to continue in operational existence for the foreseeable future. For this reason the TEFAT Board continues to adopt the going concern basis in preparing the financial statements. Further details can be found in the Accounting Policies included in note 1 of the financial statements.

In excess of 95% of TEFAT funding for delivering education is provided by the Department for Education (DfE) and Local Authority combined. Funding for 2015-16 will see for the first time in many years a real term cuts in academy funding and the likelihood of, at best, flat funding settlements thereafter.



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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The carried forward revenue surplus as at 31 August 2016 is projected to be a healthy £2.017m, over 5.2% of revenue for 2015-16.

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.

### **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 18 academies open (as at 1<sup>st</sup> September 2015) and plans to have 25 open academies by August 2016. By this time it is planned that each of the three clusters will be thriving with 5 to 10 academies in each. We will work with local authorities to expand planned admission numbers in a third or more academies to meet basic need locally.

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.

During 2014-15, the TEFAT strategic maintenance plan was established and this will provide the basis of the TEFAT capital programme to maintain the fabric of buildings.

### **Funds held as Custodian Trustee on behalf of others**

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

### **Policy on Disabled Persons and Employee Engagement**

This is a key and sensitive area of policy. TEFAT is in the process of consulting with staff and trade unions/professional associations on a range of policies. Disability and Staff Access is one of these policies.

During the period before this policy is consulted on and approved by TEFAT Board the pre-existing policy relating to a specific academy remains in force. Since TEFAT has academies in eight local authority areas, there are eight such policies in force.

### **Other policies**

The Trust's policies for "Equality & diversity", "Safe working practices", "Behaviour", "Recruitment" and "Continuing professional development" can all be found on the Trust's website<sup>2</sup>

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<sup>2</sup> <http://www.elliottfoundation.co.uk/resources/academy-documents/>



# The Elliot Foundation Academies Trust

## TRUSTEES' REPORT (continued)

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### Auditors

RSM UK Audit LLP (Formerly Baker Tilly UK Audit LLP) has indicated its willingness to continue in office.

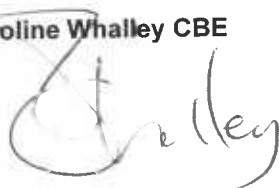
### Statement as to disclosure of information to auditor

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 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 11<sup>th</sup> December 2015 and signed on its behalf by:

**Prof. Caroline Whalley CBE**

Chair





# The Elliot Foundation Academies Trust

## Governance statement

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### 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

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

Trustee	Meetings attended	Out of possible
Henry Bedford (representing TEF)	6	8
Caroline Whalley (Chair)	6	8
Hugh Greenway (CEO)	8	8
Sue Nath (Education Child Psychologist)	6	8
Damon Parker (Legal Expert)	3	8
David Gallie (Finance Expert)	3	8
Kathy James (NAHT)	0	8
Stuart Lester (Governor: The Hyde School)	6	8
Jem Shuttleworth	2	2

#### Governance Reviews

Following a visit by representatives of the Education Funding Agency Risk Analysis Division in September 2014 the Trustees reconstituted the TEFAT Board and Committees to ensure they better complied with the requirements and guidance included in the Academy Financial Handbook. The new TEFAT Board and Committees now include:

Dr C Whalley (Chairman)  
Henry Bedford (Vice Chairman)  
H Greenway (CEO and Accounting Officer) (ex officio)  
Kathy James  
Sue Nath  
Stuart Lester  
Damon Parker  
David Gallie  
Jem Shuttleworth (appointed 10<sup>th</sup> April 2015)

All of the Trustees except the Managing Director are non-executive. The Trustees also commissioned an independent review, undertaken by a Solicitor with appropriate expertise, which confirmed that the new arrangements fully complied with all professional and statutory





# The Elliot Foundation Academies Trust

## Governance statement

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requirements included in the Academy Financial Handbook and the company's articles of association.

The finance and audit committee was a sub-committee of the main board of trustees. Its purpose was to assist the decision making of the Board, by enabling more detailed consideration to be given to each academy's finances and resources, including proper planning, monitoring and probity. During the year David Gallie, who is a Senior Finance Professional working for the Greater London Authority was chair of the Committee. attendance at meeting in the year is as follows:

Trustee	Meetings attended	Out of possible
D Gallie	1	1
Prof Caroline Whalley	1	1
Henry Bedford	1	1
Hugh Greenway	1	1

In September 2014, in response to a recommendation of the external auditor following the audit of the TEFAT accounts for the period to 31 August 2013, the Finance and Audit Committee was reconstituted as separate Finance and Audit Committees in line with the requirements of the Education Funding Agency Financial Handbook 2013 for Multi Academy Trusts. The attendance at both committees was as follows:-

### Finance Committee

The purpose of the Finance Committee is; to safeguard funds and ensure propriety, efficiency and effectiveness in their use, to ensure the financial reports and management accounts are accurate and adequate and provide a good basis for financial planning and to provide the TEFAT board with draft annual budgets for its consideration.

Committee Members	Meetings attended	Out of possible
D Gallie (Chair)	3	3
Prof Caroline Whalley	3	3
Henry Bedford	2	3
Sue Nath	2	3
Hugh Greenway	3	3

### Audit Committee

The purpose of the Audit Committee is to provide assurance and recommendations to the TEFAT board on the effectiveness of its governance and of its risk management framework.

Committee Members	Meetings attended	Out of possible
S Lester (Chair)	3	3
Prof Caroline Whalley	3	3
Henry Bedford	3	3
Hugh Greenway	3	3
Damon Parker	2	3



# The Elliot Foundation Academies Trust

## Governance statement

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### Value For Money

**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 rationale for demonstrating this has been set out below.

#### A. 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. It is through this lens that any assessment of Value for Money must be viewed. The performance of Elliot Foundation Academies has been covered in detail above (pp 9-11). Due to the deprivation in the communities that they serve, Elliot Foundation Academies receive children who are, on average, between 9 months and a year behind where they should be at the age of four. By the time these children leave the Elliot Foundation, at the age of eleven, they have caught up with national averages.

#### B. Improving qualitative judgements

Of the 18 Elliot Foundation Academies open at August 31<sup>st</sup> 2015, 12 were sponsored academies, 5 were converters and one was a new build. Put simply this means that 67% of schools were below floor or judged inadequate prior to joining the Elliot Foundation.

To August 31<sup>st</sup> 2015, Elliot Foundation Academies have undergone 13 full Section Five OFSTED inspections.

- 10 found 'Outstanding Features'
- 9 found 'Outstanding Leadership'
- and 5 were 'Outstanding' in all categories
- In summary, despite being roughly three times more deprived than the national average, Elliot Foundation Academies are more than three times more likely to be judged as 'Outstanding'

#### C. Better purchasing

The TEFAT board commissioned and approved a Procurement Guide before the first academy was opened. Under its governance the Trust has completed a number of OJEU compliant procurement exercises this year:

- A trust wide HR and payroll service from EPM which has achieved savings for 15 of the 18 academies in the trust
- A trust wide IT equipment and services contract with RM which has achieved savings for all academies in the trust
- A retender of the Facilities management and estates service from EC Harris which has achieved savings for more than 2/3<sup>rd</sup>s of academies



# The Elliot Foundation Academies Trust

## Governance statement

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### D. Reviewing controls and managing risk

The Elliot Foundation 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:

- Monthly review of trust wide risk by the operations group captured in the the Trust Risk Register which is owned by the CEO and Programme Director
- Annual review of Academy Principals' opinion of the services provided by the Trust (in Dec 2014 over 90% of TEFAT principals believed that the services they received from TEFAT were better than those provided when they were LA maintained schools)
- Consultation on all 'Trust wide' procurement exercises with all Academy Principals
- Comprehensive internal Audit Programme developed with our external partners QED

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in TEFAT for the period ended 31<sup>st</sup> August 2015 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 the Academy Trust's significant risks that has been in place for the period ending 31<sup>st</sup> August 2015 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the TEFAT Board.

### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Finance 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;



# The Elliot Foundation Academies Trust

## Governance statement

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- 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 independent checking 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 programme was successfully completed in the summer term 2014-15. This programme covered all eighteen schools. The Head Office function is due to be covered in early 2016. A consolidated report on all the schools and one for each individual school was submitted to the Board on 25<sup>th</sup> September 2015. Each report covered the following areas; Governance, Accounting, Cash Management, Budgeting, Income, Purchasing, Payroll and Fixed Assets.

The independent checking service 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 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:

- Responsible 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 Managing Director has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- Independent checking service 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 EFA officials relating to TEFAT.





# The Elliot Foundation Academies Trust

## Governance statement

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

Approved by order of the members of the Board of Trustees on 11<sup>th</sup> December 2015 and signed on its behalf by:

**Caroline Whalley**  
**Chair of Trustees**

**Hugh Greenway**  
**Accounting Officer**





# The Elliot Foundation Academies Trust

## Statement on regularity, propriety and compliance

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### Statement on Regularity, Propriety and Compliance

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

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

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

- As already declared in the financial statements of 2013-14 for a part of the financial year September 2014 to August 2015 there was a technical breach of the Trust's Articles of Association and Funding Agreement in that a majority of the Trust's Board were remunerated. This position was swiftly rectified by the resignation of remunerated directors and the appointment of additional unremunerated directors. The EFA, which is the Trust's regulator, has made it clear to me that it is entirely satisfied that the Trust acted swiftly to address the issues and prevent their reoccurrence. It is also satisfied that those directors who were remunerated were paid not for their positions on the trust board but for the provision of professional services.
- In the financial statements of 2013-14 I drew attention to a number of potential procurement irregularities, these have all now been investigated and cleared and no further action is required.

**Hugh Greenway**

Accounting Officer

11<sup>th</sup> December 2015



# The Elliot Foundation Academies Trust

## Statement of trustees' responsibilities

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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 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
- 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 EFA/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 **11<sup>th</sup> December 2015** and signed on its behalf by:

  
**Henry Bedford**  
Trustee



# The Elliot Foundation Academies Trust

Notes to the financial statements  
for the year ended 31<sup>st</sup> August 2015

Company no. 08116706

We have audited the financial statements of TEFAT for the year ended 31 August 2015 on pages 29 to 56. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

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.

## **Respective responsibilities of governors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 26, the governors (who act as trustees for the charitable activities of the charitable company, and 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

## **Opinion on financial statements**

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 2015 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 Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 to 2015 issued by the Education Funding Agency.

## **Opinion on other requirement of the Companies Act 2006**

In our opinion the information given in the Governors' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.





# The Elliot Foundation Academies Trust

Notes to the financial statements  
for the year ended 31<sup>st</sup> August 2015

Company no. 08116706

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## **Matters on which we are required to report by exception**

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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK AUDIT LLP), Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

.....17..... December 2015



The Elliot Foundation Academies Trust

Statement of Financial Activities (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

For the year ended 31 August 2015

Company no. 08116706

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	-	177	534	711	2,071
Transferred upon conversion	27	194	(625)	9,110	8,679	12,222
Activities for generating funds	3	1,755	-	-	1,755	762
Investment income	4	7	-	-	7	9
<i>Incoming resources from charitable activities</i>						
Academy's educational operations	5	-	35,063	-	35,063	26,461
<b>Total incoming resources</b>		<b>1,956</b>	<b>34,615</b>	<b>9,644</b>	<b>46,215</b>	<b>41,525</b>
<b>Resources expended</b>						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		252	-	-	252	159
Fundraising trading		1,489	147	-	1,635	1,189
<i>Charitable activities</i>						
Academy trust's educational operations	7	316	35,705	1,432	37,453	26,614
Governance costs	8	-	253	-	253	229
<b>Total resources expended</b>	6	<b>2,057</b>	<b>36,104</b>	<b>1,432</b>	<b>39,594</b>	<b>28,191</b>
<b>Net incoming / (outgoing) resources before transfers</b>		<b>(102)</b>	<b>(1,489)</b>	<b>8,212</b>	<b>6,621</b>	<b>13,334</b>
Gross transfers between funds	15	-	38	(38)	-	-
<b>Net income / (expenditure) for the year</b>		<b>(102)</b>	<b>(1,451)</b>	<b>8,174</b>	<b>6,621</b>	<b>13,334</b>
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	15,25	-	(415)	-	(415)	(1,226)
<b>Net movement in funds</b>		<b>(102)</b>	<b>(1,866)</b>	<b>8,174</b>	<b>6,206</b>	<b>12,108</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	15	2,648	(10,646)	34,441	26,443	14,335
<b>Total funds carried forward</b>		<b>2,547</b>	<b>(12,512)</b>	<b>42,615</b>	<b>32,649</b>	<b>26,443</b>

Notes: All of the Academy Trust's activities derive from continuing operations or arose from acquisitions in the financial period.



The Elliot Foundation Academies Trust

Balance Sheet

As at 31 August 2015

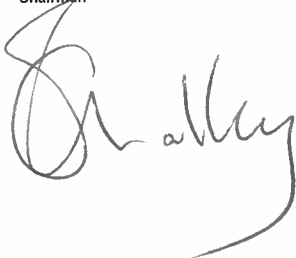
Company no. 08116706

	Notes	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Tangible Assets	12		42,615		33,978
<b>Current assets</b>					
Debtors	13	2,135		2,815	
Current asset investments		-		500	
Cash at bank and in hand		<u>3,804</u>		<u>4,484</u>	
		5,939		7,799	
<b>Liabilities</b>					
Creditors: Amount falling due within one year	14	<u>(2,685)</u>		<u>(3,842)</u>	
<b>Net current assets</b>			3,254		3,957
<b>Total assets less current liabilities</b>			45,868		37,935
<b>Net assets excluding pension liability</b>			45,868		37,935
Pension scheme liability	25		(13,219)		(11,492)
<b>Net assets including pension liability</b>			<u>32,649</u>		<u>26,443</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund(s)	15		42,615		34,441
General fund(s)	15		<u>706</u>		<u>846</u>
Restricted funds excluding pension reserve			43,321		35,287
Pension reserve	15		<u>(13,219)</u>		<u>(11,492)</u>
<b>Total restricted funds</b>			<u>30,102</u>		<u>23,795</u>
<b>Total unrestricted income funds</b>	15		2,547		2,648
<b>Total funds</b>			<u>32,649</u>		<u>26,443</u>

The financial statements on pages 29 to 56 were approved by the trustees and authorised for issue on 11 December 2015 and signed on their behalf by:

Signature:

Caroline Whalley  
Chairman





The Elliot Foundation Academies Trust

Cash Flow Statement

For the year ended 31 August 2015

	Notes	Year ended 31 August 2015 £'000	Year ended 31 August 2014 £'000
Net cash flow from operating activities	18	(458)	888
Returns on investments and servicing of finance	19	7	9
Cash transferred on conversion to an Academy Trust	20	194	1,212
Capital expenditure	21	(425)	255
Cash (outflow)/inflow before use of liquid resources		<u>(681)</u>	<u>2,364</u>
Management of liquid resources	22	(500)	500
Increase/(Decrease) in cash in the year	23	<u>(1,181)</u>	<u>2,864</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at beginning of year		4,984	2,120
Net funds at end of year		<u>3,804</u>	<u>4,984</u>





## 1. Statement of Accounting Policies

### **Basis of Preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Account Direction 2014 to 2015 issued by the Education Funding Academy and the Companies Act 2006. The Statement of Financial Activities as set out on page 29 identifies the identical information as that of the Income and Expenditure Statement. As such, no separate Income and Expenditure Statement has been prepared.

A summary of the principal accounting policies, which have applied consistently, except where noted, is set out below.

### **Conversion to an Academy trust**

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for Enl consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from each school to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Elliot Foundation Academies Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 27.

### **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 approval of the financial statements. A cost savings plan is being implemented for those academies which have reported a budget deficit.

Judgement of the Trustees that TEFAT remains a going concern is based on agreeing academy budgets that will ensure that they will collectively carry forward prudent revenue reserves as at 31 August 2015. Those individual schools which have a deficit carry forward reserve position are addressing this issue by delivering appropriate cost saving plans.

### **Incoming resources**

All incoming resources are recognised when the trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

### **Grants receivable**

Grants are included in the Statement of Financial Activities on an accruals basis. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued. The balance of income received for specific purposes but not matched to relevant expenditure during the period is shown in the restricted income fund on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

The general annual grant ('the GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities, incoming resources from charitable activities, to the extent of the entitlement of the funds with any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement.

Other grants from government agencies and other bodies are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

### **Sponsorship Income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt.

### **Donations**

Donations are recognised on a receivable basis where there is entitlement and certainty of receipt and the amount can be reliably measured.

### **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

### **Interest receivable**

Interest receivable is included within the statement of financial activities on an accruals basis.

### **Donated services and gifts in kind**

The value of donated services and gifts in kind provided to the Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed assets category and depreciated over the useful economic life in accordance with the Academy Trust's accounting policies.



# 1. Statement of Accounting Policies (continued)

## Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

## Cost of generating funds

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

## Charitable activities

These are costs incurred on the trust's educational operations.

## Governance costs

These include the costs attributable to the trust's compliance with constitutional and statutory requirements, including audit, legal advice, strategic management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

## Tangible fixed assets

Assets costing £5,000 (including transferred assets) and with an expected useful life exceeding one year are capitalised as tangible fixed assets. Items procured in batches or collectively are considered separately for these purposes. All land and buildings transferred over as part of the conversion process are subject to an independent valuation as at the date of conversion.

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 costs and depreciated over their expected useful economic life. The related grants are credited to a restricted fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Leasehold buildings	1% - 12.5% straight line
Leasehold land	over the useful economic life of the lease
Computer equipment	33.3% straight line
Furniture and Equipment	25% straight line
Assets under construction	Not depreciated

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

Impairment losses are recognised in the Statement of Financial Activities.

A full years' depreciation is charged in the year of acquisition/purchase

## Leased assets

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

## Taxation

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

## Pension Benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme (TPS), the Local Government Pension Scheme (LGPS) and a defined contribution pension scheme. The first two are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme (SERPS) (until April 2016), and the assets are held separately from those of the trust.

## Teachers' Pension Scheme

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 25, the TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## Local Government Pension Schemes

The LGPS is a funded scheme and the assets are held separately from those of the trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

## Defined contribution scheme

### Head office Pension Scheme

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 Company in the period.



**1. Statement of Accounting Policies (continued)**

**Fund Accounting**

The unrestricted general fund represents those resources which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency or the Department for Education.

Non teaching members of academy staff are offered membership of the Local Government Pension Schemes (LGPS). The LGPSs are defined benefit pension schemes and are able to identify the company's share of assets and liabilities such that the requirements of FRS 17, Retirement Benefits, have been followed.

The company's share of the LGPS assets are measured at fair value at each balance sheet date. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any net movements in the assets or liabilities between balance sheet dates is reflected in the statement of financial activities.

More details of these schemes are given in note 25.

**Management of liquid resources**

Liquid resources are current asset investments which are disposable without curtailing or disrupting the Academy Trust and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.



## 2 Voluntary Income

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2015 £'000	Total 2014 £'000
DfE/EFA capital grants	-	-	534	534	-
Surplus transferred upon conversion	194	(625)	9,110	8,679	12,222
Other Donations	-	177	-	177	701
	194	(448)	9,644	9,390	14,293

## 3 Activities for Generating Funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Hire of facilities	22	-	22	18
Catering	296	-	296	404
Breakfast and after school club	220	-	220	141
Uniform	49	-	49	23
Sales of goods and services	11	-	11	1
Consultancy services	163	-	163	70
Other income	994	-	994	105
	1,755	-	1,755	762

## 4 Investment Income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Short term deposit interest	7	-	7	9
	7	-	7	9

## 5 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
<b>DfE/EFA revenue grant</b>				
General Annual Grant (GAG)	-	30,417	30,417	23,130
Start Up Grants	-	25	25	193
Other DfE/EFA grants	-	1,481	1,481	331
	-	31,922	31,922	23,654
<b>Other Government grants</b>				
Local Authority / Other	-	3,141	3,141	2,368
Special educational projects	-	-	-	439
	-	3,141	3,141	2,807
	-	35,063	35,063	26,461

## 6 Resources Expended

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2015 £'000	Total 2014 £'000
Cost of generating voluntary income	-	-	252	252	159
Fundraising trading	210	-	1,425	1,635	1,189
Academy Trust's educational operations					
Direct costs (note 7)	25,078	-	2,561	27,638	19,397
Allocated support costs (note 7)	3,504	1,788	4,523	9,815	7,217
	28,792	1,788	8,761	39,341	27,962
Governance costs including allocated support costs (note 8)	-	-	253	253	229
	28,792	1,788	9,014	39,594	28,191

## Incoming/outgoing resources for the year include:

	Total 2015 £'000	Total 2014 £'000
Depreciation	1,432	858
Operating leases - plant and machinery	47	35
Fees payable to RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) and its associates for	-	-
- audit	172	40
- comparison study	-	22
- other services	23	13

The audit fees of £172k included £108k of fees which related to prior year.





## 7 Charitable Activities

	Total 2015 £'000	Total 2014 £'000
<b>Direct costs</b>	<b>25,078</b>	<b>17,463</b>
Teaching and educational support staff costs	929	567
Technology costs	1,494	1,033
Educational supplies	387	253
Staff development	61	81
Educational consultancy	27,638	19,397
<b>Allocated support costs</b>	<b>3,504</b>	<b>2,264</b>
Support staff costs	1,432	858
Depreciation	69	69
Technology costs	60	55
Recruitment and support	536	609
Maintenance of premises and equipment	311	242
Cleaning	162	125
Rent & Rates	531	382
Energy costs	222	257
Insurance	83	81
Security and transport	7	6
Catering	1,863	1,622
Legal and professional fees	1	1
Bank interest and charges	342	306
Other finance cost - pension finance cost	701	338
Other support costs	9,815	7,217
	37,453	26,614

## 8 Governance Costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2015 £'000	Total 2014 £'000
Legal and professional fees	-	58	58	79
Auditor's remuneration	-	172	172	40
Audit of financial statements	-	-	-	22
Comparison study	-	23	23	13
Other services	-	-	-	75
Support costs	-	253	253	229

## 9 Staff

## a. Staff costs

	Total 2015 £'000	Total 2014 £'000
Staff costs during the year were:	23,079	16,023
Wages and salaries	1,495	1,542
Social security costs	3,558	2,285
Pension costs	28,130	19,850
Supply Staff costs	547	108
Staff restructuring costs	115	21
	28,792	19,979

## b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £114,978 (2014: £21,000). Three non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £16,883 and £27,000 and £71,095

## 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:



## 9 Staff (continued)

	Total 2015 No.	Total 2014 No.
<b>Charitable Activities</b>		
Teachers	280	238
Administration and support	499	463
Management	67	49
	<b>846</b>	<b>750</b>

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

	Total 2015 No.	Total 2014 No.
£60,001 - £70,000	7	8
£70,001 - £80,000	5	2
£80,001 - £90,000	3	1
£90,001 - £100,000	-	2
£100,001 - £110,000	2	-

16 of the above employees participated in the Teachers' Pension Scheme (2014: 10). During the year ended 31 August 2015, pension contributions for these staff amounted to £167,021 (2014: £98,217). 1 (2014: 1) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £0 (2014: £3,583). None (2014:nil) of the above employees participated in the defined contribution scheme, pension contributions amounted to £nil (2014: £nil).

## 10 Related Party Transactions - Trustees' Remuneration and Expenses

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

Hugh Greenway, Managing Director, received a basic salary of £141,796 in 2015 (2014:£151,904) and is not accruing retirement benefits. There was £nil outstanding as at 31 August 2015 (2014:£nil). In addition Hugh Greenway also received the sum of £49,580 in respect of deferred fees relating to prior years.

Robert Anderson, HR Director (staff trustee), received; £59,616 (2014: £nil) from a basic salary, £40,000 from consultancy fees (2014: £112,702) and £61,729 (2014: £44,721) from deferred fees which related to prior years.

Robert Barr (staff trustee) received remuneration of £122,063 (2014:£126,404) with employer contributions of £4,399 (2014:£3,583). Included within the remuneration is payment for loss of office of £35,503

Related party transactions involving the trustees are set out in note 26.

## 11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover, on any one claim.

The cost of this insurance is included in the total insurance costs as it was in 2014.

## 12 Tangible Fixed Assets

	Assets under construction £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total 2015 £'000
<b>Cost</b>					
At 1 September 2014	562	34,219	80	223	35,084
Additions	-	9,673	143	253	10,069
Transfers	(562)	562			-
At 31 August 2015	-	44,454	223	476	45,153
<b>Depreciation</b>					
At 1 September 2014	-	962	38	106	1,106
Charged in year	-	1,239	51	143	1,432
At 31 August 2015	-	2,201	89	249	2,538
<b>Net book values</b>					
At 31 August 2015	-	42,253	134	227	42,615
At 31 August 2014	562	33,257	42	117	33,978

Included in Leasehold land and buildings is £1,900,000 (2014: £1,415,000) of leasehold land which is depreciated over the useful economic life of the asset



## 13 Debtors

	Total 2015 £'000	Total 2014 £'000
Trade Debtors	83	137
Prepayments	365	435
VAT Due from HMRC	243	240
Accrued income	1,444	2,003
	<u>2,135</u>	<u>2,815</u>

## 14 Creditors: Amounts Falling due within one Year

	Total 2015 £'000	Total 2014 £'000
Trade Creditors	862	2,643
Other taxation and social security	433	236
EFA creditor: Abatement of GAG	88	0
Other creditors	538	171
Accruals and deferred income	764	792
	<u>2,685</u>	<u>3,842</u>

## Deferred Income

	Total 2015 £'000	Total 2014 £'000
Deferred income at 1 September 2014	530	101
Resources deferred in year	448	530
Amounts released from previous years	(530)	(101)
Deferred income at 31 August 2015	<u>448</u>	<u>530</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.

## 15 Funds

	Balance at 1 September 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2015 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	383	30,417	(30,447)	0	352
Pension reserve	(11,492)	(625)	(687)	(415)	(13,219)
Start Up Grant	0	25	(25)		0
Other DfE/EFA grants	463	4,622	(4,768)	38	355
Voluntary Income	0	177	(177)	0	0
	<u>(10,646)</u>	<u>34,615</u>	<u>(36,103)</u>	<u>(377)</u>	<u>(12,512)</u>
<b>Restricted fixed asset funds</b>					
DfE/EFA capital grants	1,305	534	(74)	(38)	1,726
Capital expenditure from GAG	229	-	(290)	0	(61)
Inherited fixed assets	32,907	9,110	(1,069)	0	40,948
	<u>34,441</u>	<u>9,644</u>	<u>(1,432)</u>	<u>(38)</u>	<u>42,616</u>
<b>Total restricted funds</b>	<u>23,795</u>	<u>44,259</u>	<u>(37,537)</u>	<u>(415)</u>	<u>30,102</u>
<b>Unrestricted funds</b>					
Unrestricted funds	2,648	1,956	(2,057)	0	2,547
<b>Total unrestricted funds</b>	<u>2,648</u>	<u>1,956</u>	<u>(2,057)</u>	<u>0</u>	<u>2,547</u>
<b>Total funds</b>	<u>26,443</u>	<u>46,215</u>	<u>(39,594)</u>	<u>(415)</u>	<u>32,649</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 EFA 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 2015. 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/EFA to assist with the costs incurred by the school during the process on conversion to academy status.

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

The Voluntary income fund relates to the donations received by the Academy Trust to be used for specific activities. The £176,600 of income comprises of a specific donation of £157,600 to cover deferred fees and £19,000 received from Shine Support and Help in Education. However, accounting records are maintained for each donation to document the expenditure incurred with those monies.

The DfE/EFA 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.



## 15 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 2015 £'000	Balance at 31 August 2014 £'000
Fund balances at 31 August 2015 were allocated as follows:		
Billesley Primary School	39	88
Croft Academy	104	192
The Elliot Foundation Academies Trust	(75)	43
George Betts Primary Academy	82	187
Hillingdon Primary Academy	273	306
Highlees Primary School	279	298
Kings Rise Academy	290	223
Lena Gardens Primary School	79	83
Nene Infant and Nursery School	368	178
Parkfield Primary School	128	96
John Locke Academy	(23)	0
Greenside Primary School	111	0
Pinkwell Primary School	184	435
Pinkwell Children Centre	15	21
Rough Hay Primary Academy	282	201
Ramoth Junior School	70	149
Shireland Hall Primary Academy	228	282
The Shirestone Academy	204	201
The Hyde School	378	325
Tiverton Primary Academy	239	186
Total before fixed assets and pension reserve	3,253	3,494
Restricted fixed asset fund	42,615	34,441
Pension Reserve	(13,219)	(11,492)
	32,649	26,443

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. For those academies with deficit reserves, cost saving plans are being developed to address this issue. In the case of John Locke, this is a brand new school Hillingdon local authority have agreed to provide diseconomies funding.

## Analysis of academies by cost:

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Year ended 31 August 2015 £'000	Period ended 31 August 2014 £'000
Billesley Primary School	2,005	313	152	565	3,038	2,574
Croft Academy	864	124	51	222	1,261	1,196
The Elliot Foundation Academies Trust	(46)	591	1	1,538	2,084	1,700
George Betts Primary Academy	1,576	166	136	452	2,329	2,093
Hillingdon Primary Academy	2,005	273	133	330	2,741	376
Highlees Primary School	1,374	191	79	299	1,944	1,807
Kings Rise Academy	938	150	87	381	1,557	1,366
Lena Gardens Primary School	987	117	59	156	1,320	719
Nene Infant and Nursery School	1,025	86	29	215	1,355	1,182
Parkfield Primary School	1,571	123	78	432	2,203	2,119
John Locke Academy	393	68	205	150	816	-
Greenside Primary School	404	48	29	105	586	-
Pinkwell Primary School	4,319	335	143	777	5,574	2,113
Pinkwell Children Centre	26	106	4	9	145	65
Rough Hay Primary Academy	1,251	170	64	286	1,771	1,711
Ramoth Junior School	797	126	26	183	1,132	947
Shireland Hall Primary Academy	1,865	181	117	519	2,682	2,323
The Shirestone Academy	893	96	38	298	1,326	1,296
The Hyde School	1,730	131	85	481	2,427	2,325
Tiverton Primary Academy	753	111	27	295	1,186	1,113
LGPS pension finance cost	-	-	-	687	687	308
	24,733	3,504	1,545	8,380	38,161	27,333





The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2015

Company no. 08116706

16 Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Balance at 31 August 2015 £'000	Balance at 31 August 2014 £'000
Tangible Fixed Assets	-	-	42,615	42,615	33,978
Current assets	4,648	1,291	-	5,939	7,799
Current liabilities	(2,101)	(584)	-	(2,685)	(3,842)
Pension scheme liability	-	(13,219)	-	(13,219)	(11,492)
<b>Total net assets</b>	<b>2,547</b>	<b>(12,512)</b>	<b>42,615</b>	<b>32,649</b>	<b>26,443</b>

17 Financial Commitments

Operating Leases

At 31 August the Academy had annual commitments under non-cancellable operating leases as follows:

	Total 2015 £'000	Total 2014 £'000
<u>Other</u>	<u>21</u>	<u>16</u>
Expiring within one year	13	70
Expiring within two and five years inclusive	34	86

18 Reconciliation of Net Income to Net Cash inflow from Operating Activities

	Total 2015 £'000	Total 2014 £'000
(Outgoing)/Incoming Resources	6,621	13,334
Cash impact of transfer on conversion (note 2)	(8,679)	(12,222)
Depreciation (note 12)	1,432	858
Capital grants from DfE and other capital income	(534)	(1,370)
Interest receivable (note 4)	(7)	(9)
FRS 17 pension cost less contributions payable (note 25)	345	81
FRS 17 pension finance income (note 25)	342	308
(Increase)/decrease in debtors	680	(2,453)
(Increase)/decrease in investments	500	(500)
Increase/(decrease) in creditors	(1,157)	2,861
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(458)</b>	<b>888</b>

19 Returns on Investments and Servicing of Finance

Interest received	7	1
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>7</b>	<b>1</b>

20 Cash Transferred on conversion to an Academy

Cash balance transferred on conversion (note 27)	194	1,212
	<b>194</b>	<b>1,212</b>

21 Capital Expenditure and Financial Investment

Purchase of tangible fixed assets	(959)	(1,115)
Capital grants from DfE/EFA	534	1,370
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b>(425)</b>	<b>255</b>

22 Management of Liquid Resources

(Decrease)/Increase in deposits	(500)	500
<b>Net cash (outflow)/inflow from management of liquid resources</b>	<b>(500)</b>	<b>500</b>

23 Analysis of Changes in Net Funds

	At 1 September 2014 £'000	Cash flows £'000	At 31 August 2015 £'000	At 31 August 2014 £'000
Cash in hand and at bank	4,484	(680)	3,804	4,484
Current asset investments	500	(500)	-	500
	<b>4,984</b>	<b>(1,180)</b>	<b>3,804</b>	<b>4,984</b>

24 Members' Liability

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



**25 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 defined-benefit schemes.

As described in note 26, 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2013.

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

	Balance at 31 August 2015 £	Balance at 31 August 2014 £
Teachers' Pension Scheme	222,455	108,808
Local Government Pension Scheme	164,444	27,102
	<u>386,899</u>	<u>135,910</u>

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Memberships automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

**Valuation of the Teachers' Pension Scheme**

Not less than every four years 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 by the Department for Education on 9 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 (currently 14.1%) • total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with 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% 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% During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, 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 £1,581,518 (2014: £1,208,519).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.



**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2015 was £2,206,410 (2014: £1,316,000), of which employer's contributions totalled £1,629,530 (2014: £1,014,000) and employees' contribution totalled £576,880 (2014: £302,000). 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.

The organisation operates six 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	Total £'000
<b>2015</b>							
Fair value of plan assets	3,580	1034	542	1508	1054	38	7,756
Present value of funded defined benefit obligations	(9,528)	(2,434)	(1,619)	(3,965)	(3,375)	(54)	(20,975)
<b>Surplus/(deficit) in schemes</b>	<b>(5,948)</b>	<b>(1,400)</b>	<b>(1,077)</b>	<b>(2,457)</b>	<b>(2,321)</b>	<b>(16)</b>	<b>(13,219)</b>
<b>2014</b>							
Fair value of plan assets	3,089	832	216	893	713	0	5,743
Present value of funded defined benefit obligations	(8,349)	(2,114)	(738)	(3,191)	(2,843)	0	(17,235)
<b>Surplus/(deficit) in schemes</b>	<b>(5,260)</b>	<b>(1,282)</b>	<b>(522)</b>	<b>(2,298)</b>	<b>(2,130)</b>	<b>0</b>	<b>(11,492)</b>



## 25 Pension and similar obligations (continued)

## Local Government Pension Schemes (continued)

## WEST MIDLANDS PENSION FUND

Principal actuarial assumptions

	2015	2014
Rate of increase in salaries	4.14%	3.95%
Rate of increase for pensions in payment	2.4%	2.2%
Discount rate	4.0%	4.0%
Inflation (CPI)	2.4%	2.2%

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

	2015 Years	2014 Years
Retiring today:		
Males	23.0	22.9
Females	25.2	25.5
Retiring in 20 years:		
Males	25.6	25.1
Females	28.0	27.8

The Academy Trust's share of the assets and liabilities in the West Midlands scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	2,139	7.0%	1,393
Government bonds	266	3.4%	244
Other bonds	361	4.4%	317
Property	304	5.7%	267
Cash/liquidity	180	0.5%	136
Other	330	7.0%	732
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>3,580</b>		<b>3,089</b>
Present value of scheme liabilities			
- Funded	(9,528)		(8,349)
<b>DEFICIT IN THE SCHEME</b>	<b>(5,948)</b>		<b>(5,260)</b>

The actual return on the scheme assets was £148,000 (2014: £360,000).

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 4.0% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:	2015 £'000	2014 £'000
Current service cost	569	523
Total operating charge	569	523
Analysis of pension finance income/(costs):	2015 £'000	2014 £'000
Expected return on pension scheme assets	190	92
Interest on pension liabilities	(342)	(185)
Pension finance cost	(152)	(93)

The actuarial gains and losses for the current period are recognised in the SOFA.





**25 Pension and similar obligations (continued)****Local Government Pension Schemes (continued)****WEST MIDLANDS PENSION FUND (continued)**

The cumulative amount of actuarial gains/(losses) recognised in the statement of recognised gains and losses since the adoption of FRS17 is £(779,000) (2014: £371,000).

**Movements in present value of defined benefit obligations**

	2015 £'000	2014 £'000
At 1 September	8,349	7,741
Upon conversion	-	-
Current Service Cost	565	523
Interest Cost	342	366
Actuarial (gains)/losses	366	(404)
Contribution by members	175	159
Benefits paid	(225)	-36
Losses (gains) on curtailments and settlements	6	-
Liabilities assumed / (extinguished) on settlements	(50)	-
<b>At 31 August</b>	<b>9,528</b>	<b>8,349</b>

**Movements in fair value of plan assets**

	2015 £'000	2014 £'000
At 1 September	3,089	3,092
Upon conversion	-	-
Expected return on plan assets	190	199
Actuarial gains/(losses)	(42)	(829)
Contributions by employer	441	504
Contributions by members	175	159
Benefits paid	(225)	-36
Settlement rises received / (paid)	(48)	-
<b>At 31 August</b>	<b>3,580</b>	<b>3,089</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £503,000 (2015: £593,000).

The five-year history of experience adjustments is as follows:

	2015 £'000	2014 £'000	2013 £'000
Present value of defined benefit obligations	(9,528)	(8,349)	(7,741)
Fair value of share of scheme assets	3,580	3,089	3,092
<b>Deficit in the scheme</b>	<b>(5,948)</b>	<b>(5,260)</b>	<b>(4,649)</b>
Experience adjustments on share of scheme assets: Amount £'000	42	(829)	94
Experience adjustments on scheme liabilities: Amount £'000	-	839	-

**BARNET PENSION FUND****Principal actuarial assumptions**

	2015	2014
Rate of increase in salaries	4.5%	4.5%
Rate of increase for pensions in payment	2.7%	2.7%
Discount rate	4.0%	4.0%
Inflation (CPI)	2.7%	2.7%



**25 Pension and similar obligations (continued)****Local Government Pension Schemes (continued)****BARNET PENSION FUND (continued)**

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

	2015 Years	2014 Years
Retiring today:		
Males	22.1	22.0
Females	24.4	24.3
Retiring in 20 years:		
Males	24.2	24.1
Females	26.8	26.7

The Academy Trust's share of the assets and liabilities in the Barnet scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	696	7.0%	561
Other bonds	331	3.6%	267
Cash/liquidity	7	2.9%	4
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>1,034</b>		<b>832</b>
Present value of scheme liabilities			
- Funded	(2,434)		(2,114)
<b>DEFICIT IN THE SCHEME</b>	<b>(1,400)</b>		<b>(1,282)</b>

The actual return on the scheme assets was £2,000 (2014: £51,000).

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 4.0% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:	2015 £'000	2014 £'000
Current service cost	188	179
<b>Total operating charge</b>	<b>188</b>	<b>179</b>
Analysis of pension finance income/(costs):	2015 £'000	2014 £'000
Expected return on pension scheme assets	55	42
Interest on pension liabilities	(90)	(86)
<b>Pension finance cost</b>	<b>(35)</b>	<b>(44)</b>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £209,000 (2014: £153,000).



The Elliot Foundation Academies Trust

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For the year ended 31 August 2015

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25 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

BARNET PENSION FUND (continued)

Movements in present value of defined benefit obligations

	2015	2014
	£'000	£'000
At 1 September	2,114	900
Upon conversion	-	823
Current Service Cost	188	179
Interest Cost	90	86
Actuarial (gains)/losses	(1)	95
Contribution by members	45	44
Benefits paid	(2)	(13)
<b>At 31 August</b>	<b>2,434</b>	<b>2,114</b>

Movements in fair value of plan assets

	2015	2014
	£'000	£'000
At 1 September	832	298
Upon conversion	-	274
Expected return on plan assets	55	42
Actuarial gains/(losses)	(57)	9
Contributions by employer	161	178
Contributions by members	45	44
Benefits paid	(2)	(13)
<b>At 31 August</b>	<b>1,034</b>	<b>832</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £173,000 (2015: £176,000).

The five-year history of experience adjustments is as follows:

	2015	2014	2013
	£'000	£'000	£'000
Present value of defined benefit obligations	(2,434)	(2,114)	(900)
Fair value of share of scheme assets	1,034	832	298
<b>Deficit in the scheme</b>	<b>(1,400)</b>	<b>(1,282)</b>	<b>(602)</b>
Experience adjustments on share of scheme assets: Amount £'000	(57)	9	-
Experience adjustments on scheme liabilities: Amount £'000	-	-	-

HAMMERSMITH AND FULHAM PENSION FUND

Principal actuarial assumptions

	2015	2014
Rate of increase in salaries	4.5%	4.5%
Rate of increase for pensions in payment	2.7%	2.7%
Discount rate	4.0%	4.0%
Inflation (CPI)	2.7%	2.7%

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

	2015	2014
	Years	Years
Retiring today:		
Males	22.8	22.7
Females	25.2	25.1



The Elliot Foundation Academies Trust

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25 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND (continued)

Retiring in 20 years:

Males	25.1	24.9
Females	27.6	27.4

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

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	306	6.7%	119
Government bonds	38	3.0%	9
Other bonds	45	4.9%	82
Property	26	-	-
Cash/liquidity	14	2.9%	6
Other	113	-	-
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>542</b>		<b>216</b>
Present value of scheme liabilities			
- Funded	(1,619)		(738)
<b>DEFICIT IN THE SCHEME</b>	<b>(1,077)</b>		<b>(522)</b>

The actual return on the scheme assets was £6,000 (2014: £5,000).

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 4.0% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:

	2015 £'000	2014 £'000
Current service cost	82	38
<b>Total operating charge</b>	<b>82</b>	<b>38</b>
Analysis of pension finance income/(costs):		
	2015 £'000	2014 £'000
Expected return on pension scheme assets	20	6
Interest on pension liabilities	(43)	(15)
<b>Pension finance cost</b>	<b>(23)</b>	<b>(9)</b>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £19,000 (2014: £55,000).

Movements in present value of defined benefit obligations

	2015 £'000	2014 £'000
At 1 September	738	-
Upon conversion	826	623
Current Service Cost	82	38
Interest Cost	43	15
Actuarial (gains)/losses	(88)	54
Contribution by members	18	8
<b>At 31 August</b>	<b>1,619</b>	<b>738</b>





**25 Pension and similar obligations (continued)****Local Government Pension Schemes (continued)****HAMMERSMITH AND FULHAM PENSION FUND (continued)****Movements in fair value of plan assets**

	2015	2014
	£'000	£'000
At 1 September	216	0
Upon conversion	235	185
Expected return on plan assets	20	6
Actuarial gains/(losses)	(14)	(1)
Contributions by employer	67	18
Contributions by members	18	8
<b>At 31 August</b>	<b>542</b>	<b>216</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £113,000 (2015: £68,000).

The five-year history of experience adjustments is as follows:

	2015	2014
	£'000	£'000
Present value of defined benefit obligations	(1,619)	(738)
Fair value of share of scheme assets	542	216
<b>Deficit in the scheme</b>	<b>(1,077)</b>	<b>(522)</b>
Experience adjustments on share of scheme assets: Amount £'000	(14)	(1)
Experience adjustments on scheme liabilities: Amount £'000	-	-

**HILLINGDON PENSION FUND****Principal actuarial assumptions**

	2015	2014
Rate of increase in salaries	3.57%	3.45%
Rate of increase for pensions in payment	2.7%	2.7%
Discount rate	3.8%	3.7%
Inflation (CPI)	n/a	n/a

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

	2015	2014
	Years	Years
Retiring today:		
Males	22.7	22.7
Females	24.7	24.7
Retiring in 20 years:		
Males	24.3	24.3
Females	26.9	26.9



## Notes to the financial Statements

For the year ended 31 August 2015

Company no. 08116706

## 25 Pension and similar obligations (continued)

## Local Government Pension Schemes (continued)

## HILLINGDON PENSION FUND (continued)

The Academy Trust's share of the assets and liabilities in the Hillingdon scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	874	6.4%	580
Other bonds	347	3.5%	205
Property	197	4.5%	81
Cash/liquidity	90	3.3%	27
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>1,508</b>		<b>893</b>
Present value of scheme liabilities			
- Funded	(3,965)		(3,191)
<b>DEFICIT IN THE SCHEME</b>	<b>(2,457)</b>		<b>(2,298)</b>

The actual return on the scheme assets was £34,000 (2014: £36,000)

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 3.8% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:	2015 £'000	2014 £'000
Current service cost	515	119
<b>Total operating charge</b>	<b>515</b>	<b>119</b>
Analysis of pension finance income/(costs):	2015 £'000	2014 £'000
Expected return on pension scheme assets	65	14
Interest on pension liabilities	(131)	(40)
<b>Pension finance cost</b>	<b>(66)</b>	<b>(26)</b>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £214,000 (2014: £211,000).

## Movements in present value of defined benefit obligations

	2015 £'000	2014 £'000
At 1 September	3,191	—
Upon conversion	44	2,768
Current Service Cost	515	119
Interest Cost	131	40
Actuarial (gains)/losses	(29)	233
Contribution by members	113	31
<b>At 31 August</b>	<b>3,965</b>	<b>3,191</b>



**25 Pension and similar obligations (continued)****Local Government Pension Schemes (continued)****HILLINGDON PENSION FUND (continued)****Movements in fair value of plan assets**

	2015	2014
	£'000	£'000
At 1 September	893	—
Upon conversion	10	711
Expected return on plan assets	65	14
Actuarial gains/(losses)	(32)	22
Contributions by employer	459	115
Contributions by members	113	31
<b>At 31 August</b>	<b>1,508</b>	<b>893</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £464,000 (2014: £360,000).

The five-year history of experience adjustments is as follows:

	2015	2014
	£'000	£'000
Present value of defined benefit obligations	(3,965)	(3,191)
Fair value of share of scheme assets	1,508	893
<b>Deficit in the scheme</b>	<b>(2,457)</b>	<b>(2,298)</b>
Experience adjustments on share of scheme assets: Amount £'000	(31)	22
Experience adjustments on scheme liabilities: Amount £'000	—	—

**CAMBRIDGESHIRE PENSION FUND****Principal actuarial assumptions**

	2015	2014
Rate of increase in salaries	4.57%	4.47%
Rate of increase for pensions in payment	2.7%	2.7%
Discount rate	3.8%	3.7%
Inflation (CPI)	n/a	n/a

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

	2015	2014
	Years	Years
Retiring today:		
Males	22.5	22.5
Females	24.5	24.5
Retiring in 20 years:		
Males	24.4	24.4
Females	26.9	26.9



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25 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

CAMBRIDGESHIRE PENSION FUND (continued)

The Academy Trust's share of the assets and liabilities in the Cambridgeshire scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000
Equities	778	6.3%	528
Other bonds	159	2.9%	113
Property	85	4.5%	50
Cash/liquidity	32	3.3%	22
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>1,054</b>		<b>713</b>
Present value of scheme liabilities			
- Funded	(3,375)		
<b>DEFICIT IN THE SCHEME</b>	<b>(2,321)</b>		<b>713</b>

The actual return on the scheme assets was £12,000 (2014: £53,000).

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 3.8% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:	2015 £'000	2014 £'000
Current service cost	369	236
<b>Total operating charge</b>	<b>369</b>	<b>236</b>
Analysis of pension finance income/(costs):	2015 £'000	2014 £'000
Expected return on pension scheme assets	49	29
Interest on pension liabilities	(113)	(91)
<b>Pension finance cost</b>	<b>(64)</b>	<b>(62)</b>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £465,000 (2014: £449,000).

Movements in present value of defined benefit obligations

	2015 £'000	2014 £'000
At 1 September	2,843	-
Upon conversion	-	1,982
Current Service Cost	369	236
Interest Cost	113	91
Actuarial (gains)/losses	(21)	474
Contribution by members	71	60
<b>At 31 August</b>	<b>3,375</b>	<b>2,843</b>





## 25 Pension and similar obligations (continued)

## Local Government Pension Schemes (continued)

## CAMBRIDGESHIRE PENSION FUND (continued)

## Movements in fair value of plan assets

	2015 £'000	2014 £'000
At 1 September	713	-
Upon conversion	-	400
Expected return on plan assets	49	29
Actuarial gains/(losses)	(37)	25
Contributions by employer	258	199
Contributions by members	71	60
<b>At 31 August</b>	<b>1,054</b>	<b>713</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £274,000 (2015: £244,000).

The five-year history of experience adjustments is as follows:

	2015 £'000	2014 £'000
Present value of defined benefit obligations	(3,375)	(2,843)
Fair value of share of scheme assets	1,054	713
<b>Deficit in the scheme</b>	<b>(2,321)</b>	<b>(2,130)</b>
Experience adjustments on share of scheme assets: Amount £'000	(37)	25
Experience adjustments on scheme liabilities: Amount £'000	-	-

## ISLINGTON PENSION FUND

## Principal actuarial assumptions

	2015
Rate of increase in salaries	3.95%
Rate of increase for pensions in payment	2.2%
Discount rate	4.0%
Inflation (CPI)	2.2%

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

	2015 Years
Retiring today:	
Males	22.5
Females	25.2
Retiring in 20 years:	
Males	24.7
Females	27.5



The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2015

Company no. 08116706

25 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

ISLINGTON PENSION FUND (continued)

The Academy Trust's share of the assets and liabilities in the Islington scheme and the expected rates of return were:

	Fair value at 31 August 2015 £'000
Equities	20
Other bonds	8
Property	6
Cash/liquidity	4
<b>TOTAL MARKET VALUE OF ASSETS</b>	<b>38</b>
Present value of scheme liabilities	
- Funded	(54)
<b>DEFICIT IN THE SCHEME</b>	<b>(16)</b>

The actual return on the scheme assets was £0.

For accounting years beginning on or after 1 January 2015, the expected return and the interest cost will be replaced with a single net interest cost, which will effectively set the expected return equal to the discount rate.

Therefore the expected return assumption for the year to 31 August 2016 has not been disclosed. For the year to 31 August 2015, the expected return was 4.7% per annum, which has been used to determine the profit and loss charge for the year ended 31 August 2015

Amounts recognised in the statement of financial activities:	2015 £'000
Current service cost	27
<b>Total operating charge</b>	<b>27</b>
Analysis of pension finance income/(costs):	2015 £'000
Expected return on pension scheme assets	0
Interest on pension liabilities	(2)
<b>Pension finance cost</b>	<b>(2)</b>

The actuarial gains and losses for the current period are recognised in the SOFA.

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £6,000.

Movements in present value of defined benefit obligations

	2015 £'000
Upon conversion	8
Current Service Cost	27
Interest Cost	2
Actuarial (gains)/losses	6
Contribution by members	19
<b>At 31 August</b>	<b>54</b>



The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2015

Company no. 08116706

25 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

ISLINGTON PENSION FUND (continued)

Movements in fair value of plan assets

	2015
	£'000
Upon conversion	-
Expected return on plan assets	-
Actuarial gains/(losses)	-
Contributions by employer	19
Contributions by members	19
<b>At 31 August</b>	<b>38</b>

The estimated value of employer contributions for the year ended 31 August 2016 is £14,000.

The five-year history of experience adjustments is as follows:

	2015
	£'000
Present value of defined benefit obligations	(54)
Fair value of share of scheme assets	38
<b>Deficit in the scheme</b>	<b>(16)</b>
Experience adjustments on share of scheme assets: Amount £'000	-
Experience adjustments on scheme liabilities: Amount £'000	-

CONSOLIDATED LOCAL GOVERNMENT PENSION SCHEMES

	2015	2014
	£'000	£'000
Present value of defined benefit obligations	(20,975)	(17,235)
Fair value of share of scheme assets	7,756	5,743
<b>Deficit in the scheme</b>	<b>(13,219)</b>	<b>(11,492)</b>
Amounts recognised in the statement of financial activities:		
	2015	2014
	£'000	£'000
Current service cost	1,750	1,095
Employer contributions	(1,405)	(1,014)
<b>Total operating charge</b>	<b>345</b>	<b>81</b>
Analysis of pension finance income/(costs):		
	2015	2014
	£'000	£'000
Expected return on pension scheme assets	379	290
Interest on pension liabilities	(721)	(598)
<b>Pension finance income/(cost)</b>	<b>(342)</b>	<b>(308)</b>

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £1,654,000 (2014: £1,239,000).



## 26 Related Party Transactions

**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

One Trustee, Hugh Greenway was engaged as an employee during the year to August 2015. 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 the Elliot Foundation Academies Trust for the year to August 2015. She was paid a total of £36,454 (2014:£34,111). There was £nil outstanding as at 31 August 2015 (2014:£nil).

During the year restricted donations of £157,500 were received from the Elliot Foundation. There was £nil outstanding as at 31 August 2015 (2014:£nil). For the period to 31 August 2014 £261,000 donations were received from the Elliot Foundation.

During the year donations of £19,000 (2014: £34,000) were received from Shine Support and Help in Education. Henry Bedford (The Vice Chair of the Elliot Foundation) is currently a trustee of this organisation.

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

## 27 Conversion to an Academy Trust

## GREENSIDE PRIMARY SCHOOL

On 1 April 2015 the Greenside 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 London Borough of Hammersmith 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	825,000	-	-	825,000
School budget surplus	169,380	-	169,380	-
LGPS pension deficit	(591,000)	-	(591,000)	-
Net assets/(liabilities)	403,380	-	(421,620)	825,000

The above net assets include £169,380 transferred as cash.





## 27 Conversion to an Academy Trust (continued)

## JOHN LOCKE ACADEMY

On 1 September 2014 the John Locke Academy 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 Hillingdon County Council for £Nil consideration. John Locke Academy is a brand new build and work was completed on 1st September 2014

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	8,285,000			8,285,000
School budget surplus	0			
LGPS pension deficit	(34,000)		(34,000)	
Net assets/(liabilities)	8,251,000		(34,000)	8,285,000



## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ELLIOT FOUNDATION ACADEMIES TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 9 November 2013 and further to the requirements of the Education Funding Agency ('EFA') as included in the Academies Accounts Direction 2014 to 2015, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Elliot Foundation Academies Trust during the period 1 September 2014 to 31 August 2015 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Elliot Foundation Academies Trust and the EFA in accordance with the terms of our engagement letter dated 9 November 2013. Our work has been undertaken so that we might state to The Elliot Foundation Academies Trust and the EFA 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 EFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of The Elliot Foundation Academies Trust Limited's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Elliot Foundation Academies Trust's funding agreement with the Secretary of State for Education dated 29 August 2012 and the Academies Financial Handbook extant from 1 September 2014, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2014 to 2015. 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 2014 to 31 August 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2014 to 2015 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

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

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 high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion.



**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2014 to 31 August 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

**RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)**

Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

.....17.....December 2015

