

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

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the period ended
31st August 2014

Company Registration No.8116706

The Elliot Foundation Academies Trust

REFERENCE AND ADMINISTRATIVE DETAILS

Members Dr C Whalley

Henry Bedford

H Greenway

The Elliot Foundation

Trustees Dr C Whalley (Chairman) appointed 25th September 2014

Henry Bedford (Vice Chairman) appointed 25th September 2014

H Greenway (Managing Director and Accounting Officer) (ex officio)

Kathy James appointed 25th September 2014

Sue Nath appointed 26th September 2014

Stuart Lester appointed 25th September 2014

Damon Parker appointed 25th September 2014

David Gallie appointed 25th September 2014

Dr R Barr (Director of Finance) resigned 26th September 2014

R Jones (Education Director) resigned 15th September 2014

R Anderson (HR & Governance Director) resigned 15th September 2014

P Martin (Estates Director) resigned 15th September 2014

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REFERENCE AND ADMINISTRATIVE DETAILS

Members of the Finance and Audit Committee reconstituted as separate Finance Committee and Audit Committee 29th September 2014

Prof C Whalley (Chair)
H Bedford (Vice Chair)
H Greenway (Managing Director and Accounting Officer)
Dr R Barr (Director of Finance)
R Jones (Education Director)
R Anderson (HR & Governance Director)
P Martin (Estates Director)
D Gallie (Co-opted member)

Finance Committee from 29th September 2014

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

Audit Committee from 29th September 2014

Stuart Lester (Chair) membership confirmed at the meeting of 7th November 2014
Henry Bedford (Vice chair)
Damon Parker
Sue Nath
Caroline Whalley

Company Secretary Browne and Jacobson LLP

Management Team:

Managing Director	H Greenway
Director of Finance	Dr R Barr
HR & Governance Director	R Anderson
Estates Director	P Martin
Education Director	R Jones

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REFERENCE AND ADMINISTRATIVE DETAILS

Programme Director	A Kreppel
Principal and Registered Office	1 Naoroji Street London WC1X 0GB
Company Registration Number	8116706 (England and Wales)
Independent Auditor	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 (continued)

The trustees present their annual report, including the strategic report, together with the financial statements and auditors' report of the charitable company for the year ended 31st August 2014.

The Elliot Foundation Academies Trust (TEFAT) is a charitable multi-academy trust building a 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.

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, 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.

Trustees' liability

Each trustee 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 trustee.

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

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;

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TRUSTEES' REPORT (continued)

- 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.

Method of recruitment and appointment or election of Trustees (continued)

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. 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.

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TRUSTEES' REPORT (continued)

The extension of Responsible Officer arrangements to TEFAT central function from Spring Term 2015 will include an assessment of the skills of the TEFAT Board to provide the basis for additional training for members of a multi academy trust.

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 Managing Director, who is also the TEFAT Accounting Officer, Directors and other employees of TEFAT.

In the 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 managing Director, ceased to be Trustees. This ensures that the Trust Board is overwhelmingly populated by independent volunteers.

Each academy 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. 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 Responsible Officer 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.

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TRUSTEES' REPORT (continued)

Risk management

The Board of TEFAT has established comprehensive risk assessment and management arrangements. These are summarised in the TEFAT Risk Management Statement 2014. 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 identified 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 management (continued)

Risk assessment and management is an essential part of the process of engaging with schools as prospective academies. A risk profile is established for all potential TEFAT Academies. 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.

TEFAT Risk Register includes over 80 risks. Only two score high in both impact and likelihood and about 1/3rd are in the category below the highest. These include:

- **Finance:** 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 this includes:
 - 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 TEF
 - Collaborating on targeted provision to support community cohesion

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TRUSTEES' REPORT (continued)

- The Colmore Teaching Schools Alliance with whom we are developing a range of CPD programmes
- Warwick University and the Institute of Education
- 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

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 second accounting period and included:

- DfE capacity grant
- Founder directors donating over 1,300 hours of pro-bono work
- Over £250,000 in donations from supporters of our work

The Trustees had four strategic objectives for the academic year 2013-14:

1. **Growth:** Secure TEFAT's future by growing to more than 5,500 pupils by Easter and 25 or more open academies by Christmas 2014
2. **Reputation:** Build DfE and wider system support for TEFAT's vision and model
3. **Achievement:** All academies to be above floor 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

TEFAT is continuing to grow in the three current areas where it has a presence: the West Midlands, East Anglia and London. The focus of work in this area has been to the continuing to strengthen our relationships with officials from the DfE and the new Regional School

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TRUSTEES' REPORT (continued)

Commissioners so that we are in a position to be considered as a sponsor for schools that are required to become academies.

We receive a steady level of interest from schools judged by Ofsted to be good or better that are interested in converting to academy status as a TEFAT Academy.

Over the year to 31st August 2014 an additional seven schools became TEFAT academies. Once the Hillingdon Primary joined the trust in the summer TEFAT reached the minimum 5,500 pupils to cover the costs of core services provided to its schools. However the EFA has moved the funding goalposts and the impact of the reduction in Education Services Grant from September 2015 will be severe.

The Trust is currently involved in wide-ranging lobbying to highlight to the EFA and DfE that £87 per pupil is insufficient to cover the minimum legal requirements of a 1 Form Entry Primary Academy. At the same time we are modelling reductions in the core services to ensure that the Trust remains a going concern if these approaches are unsuccessful.

The expectations of growth to 25 open academies at the beginning of the year have proved ambitious with the DfE and the EFA significantly slowing down the conversion process and diverting management time and resources into other areas.

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 academy is reported to the TEFAT Board. These rankings determine the extent and nature of future support.

The programme of monitoring and support for 2013-14 has benefitted from the implementation of a common MIS platform across all academies.

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 Croft and Rough Hay, the family of

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TRUSTEES' REPORT (continued)

schools as a whole continues to improve. TEFAT is amongst the strongest primary chains in the country.

Furthermore, our 'Ofsted ready' assessment identifies and sharpens priorities in the 4th term after conversion so that schools are good or better when re-inspected. At the time of writing only three of TEFAT's schools 'require improvement' but the remaining 14 (over 80%) are 'good' or 'outstanding'. This compares very favourably with the 75% of schools that were below floor or in category on conversion.

Achievement (all children)

	TEFAT Average	National Average	TEFAT High (Hyde School)	TEFAT Low (Croft)
L4+ R,W,M	76%	78%	90%	50%

Achievement (disadvantaged children)

	TEFAT Average	National Average	TEFAT High (Hillingdon)	TEFAT Low (Croft)
L4+ R,W,M	66%	63%	82%	30%

Progress (all children) making 2 levels or more progress

	TEFAT Average	National Average All Children	TEFAT High	TEFAT Low
Reading	93%	88%	100%	73%
Writing	96%	92%	100%	88%
Maths	92%	88%	100%	78%

Progress (disadvantaged children) making 2 levels or more progress

	TEFAT Average	National Average All Children	TEFAT High	TEFAT Low
Reading	93%	88%	100%	60%
Writing	95%	92%	100%	78%
Maths	89%	88%	100%	71%

Improvement, average uplift in L4+ RWM

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TRUSTEES' REPORT (continued)

	All TEFAT Schools 2013- 14	National Average 2013-14	On joining TEFAT (rolling average)
L4+ R,W,M	+10.2%	+2.6%	+26%

It is a credit to the teachers and school leaders that despite having four times the national average EAL, three times the national average Pupil Premium and working in communities in the 81st 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^{rds} of a year more progress than average and this is recognised in the OfSTED judgements we have had this year:

- Shirestone - Outstanding
- Kings Rise – Outstanding
- Billesey – Good with outstanding features
- Croft – Requires improvement (July) and Sponsor taking effective action (Sept.)
- Rough Hay – Requires improvement (July)
- Nene, Little Owls Nursery – Outstanding (October)

4. Quality

The strategic objectives of each TEFAT directorate during the second 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.

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

Whilst not being complacent about the work that remains to be done, the trustees are proud that the Elliot Foundation Principals are net recommenders of the Trust and its services. This is particularly poignant given that the Trust is only two years' old and 12 of its 17 schools were sponsored academies. It is worth noting that at the date of publication OfSTED inspections combined with self-assessment rated 80% of the Trust's schools as 'Good' or better compared to 75% RI or below floor before joining the Trust. This is a testament to the commitment of the school leadership teams in all our 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.

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TRUSTEES' REPORT (continued)

STRATEGIC REPORT

Key financial performance indicators

The start-up phase for TEFAT continued into the second year of operation and finished in July with the opening of the 16th academy. As the brought balances of new academies could not be established accurately until some 12 weeks after the academies open, any financial targets relating to financial reserves cannot be precise.

Many of the KPI's for this period are reflective of these circumstances. Nevertheless, they reflect commercial risk, staffing ratios, academic performance, risk ratios and gearing:

Key Performance Indicator	Target	Actual
Number of Elliot Academies open or soon to open as at 31 st August 2014	20	16
Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) % of GAG income	Greater than or equal to 5%	15%
Total Pay as % of Total Revenue Income	Greater than 60%	72%

STRATEGIC REPORT (continued)

Key financial performance indicators (continued)

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. The consequence of this was a shortfall in management charge income for TEFAT central operations leading to a net revenue deficit for the period. Nevertheless, the revenue reserves for open academies were higher than anticipated. The net reserves figure is therefore almost double the target.

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 ages of 2 to 11 in a growing number of academies within clusters of 5 to 20 across England. At 31st August 2014 TEFAT had 16 academies open, and one new build academy opening on 1st September, 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 31st August 2014 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities. The three other sources of income relate to the start-up of TEFAT and the conversion of Trust

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TRUSTEES' REPORT (continued)

academies. Expenditure related to the conversion of academies and, where relevant, supporting improvement of academy on conversion is met from DfE specific grants restricted to specific academies.

TEFAT received £29,000 Sponsor Capacity Grant in the period to 31st August 2014 (2013: £150,000). Sponsor donations totalling £261,000 (2013: £251,800) were used to meet some 40% of deferred fees owed to Directors with the remaining £87,000 to support start-up costs of TEFAT.

In addition to the funding described above, the start-up of TEFAT continued to rely upon contributions in the form of deferred fees relating to the work of Trustees. This ended in January 2014 and the total value of these contributions for the period to 31st August 2014 was £30,500 (2013: £464,950).

The total value of grants for capital additions for the period to 31st August 2014 was £1,370,000 (2013: £29,721) and was substantially greater than in the previous period. As well as devolved formula capital funding that each academy received TEFAT successfully bid for Academy Capital Maintenance Funding for schemes at three academies in the April 2013 to March 2014 funding round totalling £598,964. For the April 2014 to March 2015 funding round TEFAT received a block allocation based on pupil numbers of £625,485. 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 31st August 2014 total expenditure of £28,191,000 (2013: £8,216,613) was covered by recurrent grant funding from the EFA, together with incoming resources of £29,303,000 (2013: £8,570,000). The excess of income over expenditure for the period (excluding restricted fixed asset funds and the restricted pension reserve) was £3,957,000 (2013: £1,501,000). 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 31st August 2014. .

At 31st August 2014 the net book value of fixed assets was £33,970,000 (2013: £18,085,287) 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 2014 at £855,000 (2013: £560,000) and buildings were valued at the same time at £15,149,000 (2013: £17,655,000). Other assets have been included in the financial statement s at a best estimate, taking into account purchase price and remaining useful economic life.

The balance of former schools' budget share, £1,212,814 (2013: £848,207), 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 included within the Statement of Financial Activities with details in note 25 to financial statements.

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

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TRUSTEES' REPORT (continued)

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 31st August 2014. This will be extended to TEFAT central functions during the year from 1st September 2014.

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 21 open Academies by August 2015. 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 £1,870,000. Trustees have allocated £250,000 of this as a contribution to reserves; the remaining £1,620,000 is allocated to Directorates in the following proportions

	% 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	6.0%

Each academy is expected to maintain a level of reserves of between 2-7% of recurring income.

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. Irrespective of the result of the forthcoming general election the squeeze on public spending will almost certainly continue.

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TRUSTEES' REPORT (continued)

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 Responsible Officer 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 2015 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, these 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 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 management arrangements.

For 2013-14 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 £3,510,912, which represented some 15% 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.

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TRUSTEES' REPORT (continued)

Almost all academies net reserves are substantially greater than the 5% target. While academies have a robust level of reserve 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 that of approximately £1.1m or about 1/3rd of the reserves as at 1st September 2014.

For the period to 31st August 2014 the Trust continued with a policy of keeping most of its cash reserves liquid in current accounts. Only £500,000 (2013 £nil) was placed on deposit in a 'high' interest account. Plans for further investment were postponed following the sudden failure of the roof of one academy that resulted in a costly urgent repair.

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 31st August 2014 was £26,443,000 (2013: £14,335,321).

The period (1st September 2013 to 31st August 2014) was the second 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 £ 12,219,040 (2013: £13,995,412). Excluding net inherited asset leaves residual reserves of £ 14,223,960 (2013: £308,864). (Net of depreciation of assets totalling £ 858,000). After allowance for Fixed Asset reserves of £34,441,000 (2013: £18,115,008) and Pension Deficit reserve of £11,492,000 (2013: £5,251,000) the remaining reserves amounts to £3,494,000 (2013: £1,470,318). (£846,000 (2013: £757,568) restricted and £2,648,000 (2013: £712,750) 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.

Some 97% of TEFAT funding for delivering education is provided by the Department for Education (DfE). 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 carried forward revenue surplus as at 31 August 2015 is projected to be a healthy £3m, over 7% of revenue for 2014-15.

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.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (continued)

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 17 academies open (as at 1st September 2014) and plans to have 21 open academies by August 2015. By this time it is planned that each of the three clusters will be thriving with 5 to 10 academies in each. We will be 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 2013-14, 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.

The Elliot Foundation Academies Trust

TRUSTEES' REPORT (continued)

Auditors

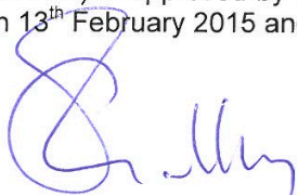
Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are 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 13th February 2015 and signed on its behalf by:

[Signed]



[Name to be typed] Prof. Caroline Whalley CBE

[Chair]

The Elliot Foundation Academies Trust

Governance statement

GOVERNANCE STATEMENT

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Managing Director, 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 9 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)	9	9
Caroline Whalley (Chair)	8	9
Hugh Greenway (Managing Director)	9	9
Dr Robert Barr (Director of Finance)	8	9
Robert Anderson (Director of Human Resources and Governance)	7	9
Rachel Jones (Director of Education)	8	9
Patricia Martin (Director of Asset Management & Health and Safety)	2	9
Kathy James (National Association of Head Teachers)	0	9
Stuart Lester (Governor: The Hyde School)	5	5

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 includes:

Dr C Whalley (Chairman)
Henry Bedford (Vice Chairman)
H Greenway (Managing Director and Accounting Officer) (ex officio)
Kathy James
Sue Nath
Stuart Lester
Damon Parker
David Gallie

The Elliot Foundation Academies Trust

Governance statement (continued)

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 requirements included in the Academy Financial Handbook.

The finance and audit committee was a sub-committee of the main board of trustees. Its purpose is 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	6	6
Henry Bedford	3	6
Hugh Greenway	6	6
Dr Robert Barr	6	6
Robert Anderson	3	6
Rachel Jones	5	6

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. This was to comply with the requirements of the Education Funding Agency Financial Handbook 2013 for Multi Academy Trusts.

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 31st August 2014 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 31st August 2014 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:

The Elliot Foundation Academies Trust

Governance statement (continued)

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

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint for each academy a Responsible Officer or Responsible Officer service to provide the TEFAT Board with independent oversight of the financial reporting and wider internal controls vested in the management and overseen by the Board, at both Head Office and individual Academies. Responsible Officer visits commence in the second term after opening. Academies opening in the spring and summer terms 2013-14 are due to have Responsible Officer visits in the Autumn and Spring Terms 2014-15. Responsible Officer reviews did not include the Head Office and Responsible Officer arrangements are being extended to the Head Office in the spring of 2015. Consideration is being to replacing these arrangements with an Internal Audit service during 2015.

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

The 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 and 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;
- Responsible Officer reviews completed within the year
- the work of the external auditor;
- the financial management and governance self-assessment process and the processes described above; and
- the specific work of National Audit Office and EFA officials relating to TEFAT.

The Elliot Foundation Academies Trust

Governance statement (continued)

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

Approved by order of the members of the Board of Trustees on 13th February 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

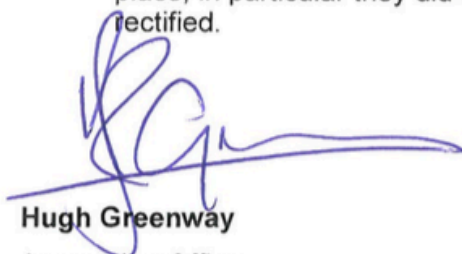
Statement on Regularity, Propriety and Compliance

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

- For a part of the financial year September 2013 to August 2014 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.
- It has also been brought to our attention that during the year there have been a number of procurement issues identified regarding non-compliance of our financial regulations, which we are investigating to understand their scale and quantum
- In addition the Responsible Officer arrangements for academies were not fully in place; in particular they did not cover central functions. This is currently being rectified.



Hugh Greenway

Accounting Officer
13th February 2015

The Elliot Foundation Academies Trust

Statement of trustees' responsibilities

The Trustees of TEFAT are also the directors of the charitable company (for the purposes of company law) and are responsible for preparing the Trustees' Report, including the Strategic Report, and the financial statements in accordance with the Annual Accounts Direction published by the Education 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:

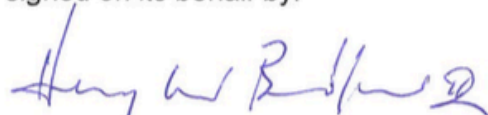
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 **13th February 2015** and signed on its behalf by:



Henry Bedford
Trustee

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

We have audited the financial statements of TEFAT for the year ended 31 August 2014 on pages 27 to 67. 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 2013 to 2014 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 trustees and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 24, 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 2014 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 2013 to 2014 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.

Independent auditor's report to the members of the Elliot Foundation Academies Trust (continued)

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.

Baker Tilly UK Audit LLP

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

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The Elliot Foundation Academies Trust

Statement of financial activities (including income and expenditure and statement of total recognised gains and losses)

Company no. 08116706

			Restricted	Restricted	Year ended	Period 22
		Unrestricted	General	Fixed	31 August	June 2012 to
	Notes	Funds	Funds	Asset	2014	31 August
		£'000	£'000	Funds	£'000	2013
				£'000		£'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary income	2	338	363	1,370	2,071	363
Transferred upon conversion	2	1,213	(4,626)	15,635	12,222	13,995
Activities for generating funds	3	762	-	-	762	191
Investment income	4	9	-	-	9	1
<i>Incoming resources from charitable activities</i>						
Academy's educational operations	5	-	26,461	-	26,461	8,015
Total incoming resources		2,322	22,198	17,005	41,525	22,565
Resources expended						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		114	45	-	159	44
Fundraising trading		35	1,154	-	1,189	306
<i>Charitable activities</i>						
Academy trust's educational operations	7	238	25,518	858	26,614	7,657
Governance costs	8	-	229	-	229	210
Total resources expended	6	387	26,946	858	28,191	8,217
Net incoming / (outgoing) resources before transfers		1,935	(4,748)	16,147	13,334	14,348
Gross transfers between funds	15	-	(179)	179	-	-
Net income / (expenditure) for the year		1,935	(4,927)	16,326	13,334	14,348
Other recognised gains and losses						
Actuarial losses on defined benefit pension schemes	15,25	-	(1,226)	-	(1,226)	(13)
Net movement in funds		1,935	(6,153)	16,326	12,108	14,335
Reconciliation of funds						
Total funds brought forward	15	713	(4,493)	18,115	14,335	-
Total funds carried forward		2,648	(10,646)	34,441	26,443	14,335

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 31st August 2014

Company no. 08116706

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible Assets	12		33,978		18,085
Current assets					
Debtors	13	2,815		362	
Current asset investments		500		-	
Cash at bank and in hand		<u>4,484</u>		<u>2,120</u>	
		7,799		2,482	
Liabilities					
Creditors: Amount falling due within one year	14	<u>(3,842)</u>		<u>(981)</u>	
Net current assets			<u>3,957</u>		<u>1,501</u>
Total assets less current liabilities			<u>37,935</u>		<u>19,586</u>
Net assets excluding pension liability			<u>37,935</u>		<u>19,586</u>
Pension scheme liability	25		(11,492)		(5,251)
Net assets including pension liability			<u>26,443</u>		<u>14,335</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund(s)	15		34,441		18,115
General fund(s)	15		<u>846</u>		<u>758</u>
Restricted funds excluding pension reserve			<u>35,287</u>		<u>18,873</u>
Pension reserve	15		<u>(11,492)</u>		<u>(5,251)</u>
Total restricted funds			<u>23,795</u>		<u>13,622</u>
Total unrestricted income funds	15		<u>2,648</u>		<u>713</u>
Total funds			<u>26,443</u>		<u>14,335</u>

The financial statements on pages 27 to 67 were approved by the trustees and authorised for issue on 13 February 2015 and signed on their behalf by:

Signature:

Caroline Whalley
Chairman

The Elliot Foundation Academies Trust

Cash flow statement
for the year ended 31st August 2014

Company no. 08116706

	Notes	Year ended 31 August 2014 £'000	Period 22 June 2012 to 31 August 2013 £'000
Net cash inflow from operating activities	18	888	1,348
Returns on investments and servicing of finance	19	9	1
Cash transferred on conversion to an Academy Trust	20	1,212	788
Capital expenditure	21	255	(17)
Cash inflow before use of liquid resources		2,364	2,120
Management of liquid resources	22	500	-
Increase in cash in the year	23	2,864	2,120
Reconciliation of net cash flow to movement in net funds			
Net funds at beginning of year		2,120	-
Net funds at end of year		4,984	2,120

The Elliot Foundation Academies Trust

Notes to the financial statements
for the year ended 31st August 2014

Company no. 08116706

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 2013 to 2014 issued by the Education Funding Academy and the Companies Act 2006. The Statement of Financial Activities as set out on page 15 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 £nil 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

Judgement of the Trustees that TEFAT remains a going concern is based on agreeing academy budgets that will ensure that they will individually and collectively carry forward prudent revenue reserves as at 31 August 2015. In the TEFAT central operations budgeted income will exceed expenditure by £12,620 in the period to 31st August 2015.

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, 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.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

1. Statement of Accounting Policies (continued)

Grants receivable (continued)

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

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.

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.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

1. Statement of Accounting Policies (continued)

Tangible fixed assets

Assets costing £5,000 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.

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 lifetime 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.

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.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

1. Statement of Accounting Policies (continued)

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.

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.

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 18.

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 funds £'000	Restricted fixed asset funds £'000	Total 2014 £'000	Total 2013 £'000
DfE/EFA capital grants	-	-	1,370	1,370	30
Private sponsorship	-	-	-	-	252
Surplus transferred upon conversion	1,213	(4,626)	15,635	12,222	13,995
Other Donations	338	363	-	701	81
	1,551	(4,263)	17,005	14,293	14,358

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

3. Activities for generating funds

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 £'000
Hire of facilities	18	-	18	-
Catering	404	-	404	98
Breakfast and after school club	141	-	141	65
Uniform	23	-	23	1
Sales of goods and services	1	-	1	6
Consultancy services	70	-	70	21
Other Income	105	-	105	-
	762	-	762	191

4. Investment income

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 £'000
Short term deposit interest	9	-	9	1
	9	-	9	1

5. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 £'000
DfE/EFA revenue grant				
General Annual Grant (GAG)	-	23,130	23,130	6,611
Start Up Grants	-	193	193	500
Project management grants	-	-	-	297
Other DfE/EFA grants	-	331	331	-
	-	23,654	23,654	7,408
Other Government grants				
Local Authority / Other	-	2,368	2,368	517
Special educational projects	-	439	439	90
	-	2,807	2,807	607
	-	26,461	26,461	8,015

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

6. Resources Expended

	Staff Costs	Non Pay Expenditure		Total 2014	Total 2013
	£'000	Premises £'000	Other Costs £'000	£'000	£'000
Cost of generating voluntary income	-	-	159	159	44
Fundraising trading	177	-	1,012	1,189	306
Academy Trust's educational operations					
Direct costs (note 7)	17,463	-	1,934	19,397	5,091
Allocated support costs (note 7)	2,264	1,953	3,000	7,217	2,566
	<u>19,904</u>	<u>1,953</u>	<u>6,105</u>	<u>27,962</u>	<u>8,007</u>
Governance costs including allocated support costs (note 8)	75	-	154	229	210
	<u>19,979</u>	<u>1,953</u>	<u>6,259</u>	<u>28,191</u>	<u>8,217</u>

Incoming/outgoing resources for the year include:

	Total 2014 £'000	Total 2013 £'000
Depreciation	858	248
Operating leases - plant and machinery	35	11
Fees payable to Baker Tilly UK Audit LLP and its associates for		
- audit	40	34
- comparison study assurance work	22	-
- other services	13	8

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

7. Charitable Activities

	Total 2014 £'000	Total 2013 £'000
Direct costs		
Teaching and educational support staff costs	17,463	4,459
Technology costs	567	198
Educational supplies	1,033	306
Staff development	253	69
Educational consultancy	81	57
Other direct costs	-	2
	19,397	5,091
Allocated support costs		
Support staff costs	2,264	733
Depreciation	858	248
Technology costs	69	10
Recruitment and support	55	-
Maintenance of premises and equipment	609	273
Cleaning	242	79
Rent & Rates	125	40
Energy costs	382	99
Insurance	257	90
Security and transport	81	30
Catering	6	-
Legal and professional fees	1,622	-
Bank interest and charges	1	-
Other finance cost - pension finance cost	308	95
Other support costs	338	869
	7,217	2,566
	26,614	7,657

8. Governance Costs

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2014 £'000	Total 2013 £'000
Legal and professional fees	-	79	79	136
Auditor's remuneration				
Audit of financial statements	-	40	40	34
Comparison study assurance work	-	22	22	-
Other services	-	13	13	8
Support costs	-	75	75	32
	-	229	229	210

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

9. Staff

a. Staff costs

Staff costs during the year were:	Total 2014 £'000	Total 2013 £'000
Wages and salaries	16,023	4,273
Social security costs	1,542	284
Pension costs	2,285	563
	19,850	5,120
Supply Staff costs	108	208
Staff restructuring costs	21	-
	19,979	5,328

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £21,000 (2013: nil). Two of the non-statutory/non-contractual payments exceeded £5,000 individually, and these were for £13,000 and £8,000.

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:

	Total 2014 No.	Total 2013 No.	Total 2014 FTE	Total 2013 FTE
Charitable Activities				
Teachers	259	120	238	111
Administration and support	683	320	463	248
Management	53	22	49	20
	995	462	750	379

The number of employees whose emoluments fell within the following bands were:

	Total 2014 No.	Total 2013 No.
£60,001 - £70,000	8	-
£70,001 - £80,000	2	-
£80,001 - £90,000	1	-
£90,001 - £100,000	2	-

10 of the above employees participated in the Teachers' Pension Scheme (2013: nil). During the year ended 31 August 2014, pension contributions for these staff amounted to £98,217 (2013: £nil). 1 (2013: nil) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £3,583 (2013: £nil). None (2013:nil) of the above employees participated in the defined contribution scheme, pension contributions amounted to £nil (2013: £nil).

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

10a. Related Party Transactions – Trustees' Remuneration and Expenses

Directors of The Elliot Foundation Academies Trust who are also trustees only receive remuneration in respect of services they provide undertaking the roles of Managing Director and Directors under their contracts of employment or service contracts and not in respect of their services as trustees. Other trustees did not receive any payments from the Academy Trust in respect of their role as trustees, or as noted below.

Hugh Greenway, Managing Director, received remuneration and fees of £151,904 in 2014 (2013: £84,500 as contract services) and is not accruing retirement benefits. There was £nil outstanding as at 31 August 2014 (2013:£nil). Hugh became an employee of TEFAT on 1 June 2014.

Dr Robert Barr, Finance Director, received remuneration of £126,404 in 2014 (2013: £84,500 as contract services) and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in the year amounted to £3,583 (2013: £nil), the contributions have been made for less than 6 months and a specific statement of accrued entitlement for this period was not sought. There was £nil outstanding as at 31 August 2014 (2013:£nil). Rob became an employee of TEFAT on 1 September 2013.

Robert Anderson, Director of Human Resources and Governance, received remuneration of £157,423 in 2014 (2013:£74,000) and is not accruing retirement benefits. There was £nil outstanding as at 31 August 2014 (2013:£nil).

Rachel Jones, Director of Education received remuneration of £112,817 in 2014 (2013:£55,700) and is not accruing retirement benefits. There was £nil outstanding as at 31 August 2014 (2013:£nil)

Patricia Martin, Director of Estates received remuneration of £56,883 in 2014 (2013:£4,000) and is not accruing retirement benefits. There was £nil outstanding as at 31 August 2014 (2013:£nil)

The Chairman of the Elliot Foundation Academies Trust, Professor Caroline Whalley's company CEW Associates was repaid £35,810 in of expenses incurred by her company CEW in setting up the Elliot Foundation Academies Trust. These expenses were incurred prior to April 2012. There was £nil outstanding as at 31 August 2014 (2013:£nil)

No other trustees were paid expenses for their role as trustees.

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

10b. 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 cover up to £10,000,000 on any one claim.

11. Central services

The academy trust has provided the following central services to its academies during the year:

- Education
- Finance
- Human resources and governance
- Head office and business development
- Estates and facilities management

The trust charges for these services on a flat basis.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

11. Central services (continued)

The actual amounts charged during the year were as follows:

	2014 £
Billesley Primary School	68,918
Croft Academy	55,180
George Betts Primary Academy	105,050
Hillingdon Primary Academy	21,784
Highlees Primary School	97,116
Kings Rise Academy	60,261
Lena Gardens Primary School	33,949
Nene Infant and Nursery School	43,923
Parkfield Primary School	103,302
Pinkwell Primary School	101,087
Rough Hay Primary Academy	85,652
Ramnoth Junior School	49,588
Shireland Hall Primary Academy	113,714
The Shirestone Academy	63,759
The Hyde School	113,008
Tiverton Primary Academy	55,800
	<u>1,172,091</u>

12. Tangible Fixed Assets

	Assets under construction £'000	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total 2014 £'000
Cost					
At 1 September 2013	-	18,215	24	94	18,333
Assets inherited on conversion	-	15,635	-	-	15,635
Additions	562	369	56	129	1,116
At 31 August 2014	<u>562</u>	<u>34,219</u>	<u>80</u>	<u>223</u>	<u>35,084</u>
Depreciation					
At 1 September 2013	-	182	10	56	248
Charged in year	-	780	28	50	858
At 31 August 2014	<u>-</u>	<u>962</u>	<u>38</u>	<u>106</u>	<u>1,106</u>
Net book values					
At 31 August 2014	<u>562</u>	<u>33,257</u>	<u>42</u>	<u>117</u>	<u>33,978</u>
At 31 August 2013	<u>-</u>	<u>18,033</u>	<u>14</u>	<u>38</u>	<u>18,085</u>

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

13. Debtors

	Total 2014 £'000	Total 2013 £'000
Trade debtors	137	2
Prepayments	435	258
VAT recoverable	240	102
Accrued income	2,003	-
	2,815	362

14. Creditors: amounts falling due within one year

	Total 2014 £'000	Total 2013 £'000
Trade creditors	2,643	572
Other tax and social security	236	104
Other creditors	171	156
Accruals and deferred income	792	149
	3,842	981

Deferred income

	Total 2014 £'000	Total 2013 £'000
Deferred income at 1 st September 2013	101	-
Resources deferred in year	530	101
Amounts released from previous years	(101)	-
Deferred income at 31 st August 2014	530	101

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.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

15. Funds

	Balance at 1 September 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2014 £'000
<i>Restricted general funds</i>					
General Annual Grant (GAG)	518	23,130	(23,086)	(179)	383
Pension reserve	(5,251)	(4,626)	(389)	(1,226)	(11,492)
Start Up Grant	-	193	(193)	-	-
Other DfE/EFA grants	240	3,138	(2,915)	-	463
Voluntary Income	-	363	(363)	-	-
	(4,493)	22,198	(26,946)	(1,405)	(10,646)
<i>Restricted fixed asset funds</i>					
DfE/EFA capital grants	30	1,370	(23)	(72)	1,305
Capital expenditure from GAG	31	-	(53)	251	229
Inherited fixed assets	18,054	15,635	(782)	-	32,907
	18,115	17,005	(858)	179	34,441
Total restricted funds	13,622	39,203	(27,804)	(1,226)	23,795
Unrestricted funds					
Unrestricted funds	713	2,322	(387)	-	2,648
Total unrestricted funds	713	2,322	(387)	-	2,648
Total funds	14,335	41,525	(28,191)	(1,226)	26,443

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 2014. 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 has been created 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 has been created to recognise 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 has been created to recognise the restricted grant funding received from the DfE/EFA which fall outside the scope of core funding.

The Voluntary income fund has been created to recognise the donations received by the Academy Trust to be used for specific activities. The £363,289 of income comprises lots of small amounts which, in the opinion of the Academy Trust, do not warrant disclosure for the specific purpose of each individual donation received. However, accounting records are maintained for each donation to document the expenditure incurred with those monies.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

15. Funds (continued)

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.

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 2014 £'000	Balance at 31 August 2013 £'000
Fund balances at 31 August 2014 were allocated as follows:		
Billesley Primary School	88	42
Croft Academy	192	251
The Elliot Foundation Academies Trust	43	(64)
George Betts Primary Academy	187	173
Hillingdon Primary Academy	306	-
Highlees Primary School	298	-
Kings Rise Academy	223	185
Lena Gardens Primary School	83	-
Nene Infant and Nursery School	178	-
Parkfield Primary School	96	85
Pinkwell Primary School	435	-
Pinkwell Children Centre	21	-
Rough Hay Primary Academy	201	245
Ramnoth Junior School	149	-
Shireland Hall Primary Academy	282	213
The Shirestone Academy	201	182
The Hyde School	325	-
Tiverton Primary Academy	186	159
Total before fixed assets and pension reserve	3,494	1,471
Restricted fixed asset fund	34,441	18,115
Pension Reserve	(11,492)	(5,251)
	26,443	14,335

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

15. Funds (continued)

Analysis of academies by cost:

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

	Other Support Staff £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation) £'000	Year ended 31 August 2014 £'000	Period ended 31 August 2013 £'000
Billesley Primary School	230	159	520	2,574	1,896
Croft Academy	80	54	217	1,196	1,033
TEFAT	274	-	1,380	1,700	1,071
George Betts Primary Academy	159	116	360	2,093	284
Hillingdon Primary Academy	57	6	39	376	-
Highlees Primary School	162	95	292	1,807	-
Kings Rise Academy	113	87	299	1,366	1,104
Lena Gardens Primary School	61	30	137	719	-
Nene Infant and Nursery School	81	21	193	1,182	-
Parkfield Primary School	125	64	402	2,119	153
Pinkwell Primary School	131	55	281	2,113	-
Pinkwell Children Centre	34	-	15	65	-
Rough Hay Primary Academy	137	86	405	1,711	780
Ramnoth Junior School	105	16	167	947	-
Shireland Hall Primary Academy	139	122	434	2,323	308
The Shirestone Academy	67	47	348	1,296	936
The Hyde School	129	82	422	2,325	-
Tiverton Primary Academy	86	76	282	1,113	309
LGPS pension finance cost	-	-	308	308	95
	2,170	1,116	6,501	27,333	7,969

16. Analysis of Net Assets Between Funds

Fund balances at 31 August 2014 are represented by:

	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	31 August 2014 £'000	31 August 2013 £'000
Tangible Fixed Assets	-	-	33,978	33,978	18,085
Current assets	5,560	1,776	463	7,799	2,482
Current liabilities	(2,912)	(930)	-	(3,842)	(981)
Pension scheme liability	-	(11,492)	-	(11,492)	(5,251)
Total net assets	2,648	(10,646)	34,441	26,443	14,335

17. Financial Commitments

Operating leases

At 31st August 2014 the Trust had annual commitments under non-cancellable operating leases as follows:

	Total 2014 £'000	Total 2013 £'000
Other		
Expiring within one year	16	21
Expiring within two and five years inclusive	70	12
	86	33

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

18. Reconciliation of Net Income to Net Cash Inflow From Operating Activities

	Total 2014 £'000	Total 2013 £'000
Net income	13,334	14,348
Cash impact of transfer on conversion (note 2)	(12,222)	(13,995)
Depreciation (note 12)	858	248
Capital grants from DfE and other capital income	(1,370)	(30)
Interest receivable (note 4)	(9)	(1)
FRS 17 pension cost less contributions payable (note 25)	81	4
FRS 17 pension finance income (note 25)	308	95
(Increase)/decrease in debtors	(2,453)	(302)
(Increase)/decrease in investments	(500)	-
Increase/(decrease) in creditors	2,861	981
Net cash inflow from operating activities	888	1,348

19. Returns on Investments and Servicing of Finance

	Total 2014 £'000	Total 2013 £'000
Interest received	9	1
Net cash inflow from returns on investment and servicing of finance	9	1

20. Cash Transferred on Conversion to an Academy

	Total 2014 £'000	Total 2013 £'000
Cash balance transferred on conversion (note 27)	1,212	788
	1,212	788

21. Capital Expenditure and Financial Investment

	Total 2014 £'000	Total 2013 £'000
Purchase tangible fixed assets	(1,115)	(47)
Capital grants from capital DfE/EFA	1,370	30
Net cash inflow/(outflow) from capital expenditure and financial investment	255	(17)

22. Management of Liquid Resources

	Total 2014 £'000	Total 2013 £'000
Increase in deposits	500	-
Net cash inflow from management of liquid resources	500	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

23. Analysis of Changes in Net Funds

	At 1 st September 2013 £'000	Cash flows £'000	At 31 st August 2014 £'000	At 31 st August 2013 £'000
Cash at bank and in hand	2,120	2,364	4,484	2,120
Current asset investments	-	500	500	-
	<u>2,120</u>	<u>2,864</u>	<u>4,984</u>	<u>2,120</u>

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:

	Total 2014 £'000	Total 2013 £'000
Teachers' Pension Scheme	108,808	5,602
Local Government Pension Scheme	27,102	19,051
	<u>135,910</u>	<u>24,653</u>

Teachers' Pension Scheme

The Teachers' Pensions Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pensions Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001 to 31 March 2011, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pensions Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. 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. Many of these were being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, scheme valuations had been suspended since the last valuation in 2004.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

Valuations of the TPS are now required under the Public Service Pensions Act 2013 every 4 years and are required to be carried out in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury.

An actuarial valuation of the TPS in accordance with these Directions was published in June 2014 assessing the TPS as at 31 March 2012. The GA's report revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million. 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%.

Employer and employee contribution rates

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

From 1 April 2013 to 31 March 2014, the employee contribution rate ranged between 6.4% and 11.2%, depending on a member's Full Time Equivalent salary and for 2014/15 will range between 6.4% and 12.4%. Thereafter members will be expected to pay an average contribution rate of 9.6%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015 and an employee cost cap of 10.9%, both to be set in regulations. The employer contribution rate 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.

There will be further reforms and changes to the TPS with a new 2015 scheme.

The pension costs paid to TPS in the year amounted to £ 1,208,519 (2013: £297,980).

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Teachers' Pension Scheme (continued)

Employer and employee contribution rates (continued)

Under the definitions set out in Financial Standards (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the Academy Trust has taken the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The Academy Trust has set out above the information available on the scheme and the implications for the Academy Trust in terms of the anticipated rates.

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 2014 was £1,316,000 (2013: £342,000), of which employer's contributions totalled £1,014,000 (2013: £261,000) and employees' contribution totalled £302,000 (2013: £81,000). 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 five defined pension plans. A summary of the plans is as follows.

	West Midlands £'000	Barnet £'000	Hammer- smith & Fulham £'000	Hillingdon £'000	Cambridge -shire £'000	Total £'000
2014						
Fair value of plan assets	3,089	832	216	893	713	5,743
Present value of funded defined benefit obligations	(8,349)	(2,114)	(738)	(3,191)	(2,843)	(17,235)
Surplus/(deficit) in schemes	(5,260)	(1,282)	(522)	(2,298)	(2,130)	(11,492)
2013						
Fair value of plan assets	3,092	298	-	-	-	3,390
Present value of funded defined benefit obligations	(7,741)	(900)	-	-	-	(8,641)
Surplus/(deficit) in schemes	(4,649)	(602)	-	-	-	(5,251)

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	3.95%	4.15%
Rate of increase for pensions in payment	2.2%	2.4%
Discount rate	4.0%	4.6%
Inflation (CPI)	2.2%	2.4%

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

	2014 Years	2013 Years
Retiring today:		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years:		
Males	25.1	23.9
Females	27.8	26.7

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.0%	1,393	7.0%	1,309
Government bonds	2.9%	244	3.4%	260
Other bonds	3.8%	317	4.4%	347
Property	6.2%	267	5.7%	269
Cash/liquidity	0.5%	136	0.5%	127
Other	7.0%	732	7.0%	780
TOTAL MARKET VALUE OF ASSETS		<u>3,089</u>		<u>3,092</u>
Present value of scheme liabilities				
- Funded		(8,349)		(7,741)
DEFICIT IN THE SCHEME		<u>(5,260)</u>		<u>(4,649)</u>

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND (continued)

The actual return on the scheme assets was £360,000 (2013: £188,000).

Amounts recognised in the statement of financial activities:	2014 £'000	2013 £'000
Current service cost	523	258
Total operating charge	523	258
Analysis of pension finance income/(costs):	2014 £'000	2013 £'000
Expected return on pension scheme assets	199	92
Interest on pension liabilities	(366)	(185)
Pension finance cost	(167)	(93)

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

The cumulative amount of actuarial gains/(losses) recognised in the statement of recognised gains and losses since the adoption of FRS17 is £(132,000) (2013: £54,000).

Movements in present value of defined benefit obligations

	2014 £'000	2013 £'000
At 1 September	7,741	-
Upon conversion	-	7,176
Current Service Cost	523	258
Interest Cost	366	185
Actuarial (gains)/losses	(404)	40
Contribution by members	159	79
Benefits paid	(36)	3
At 31 August	8,349	7,741

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND (continued)

Movements in fair value of plan assets

	2014	2013
	£'000	£'000
At 1 September	3,092	-
Upon conversion	-	2,570
Expected return on plan assets	199	92
Actuarial gains/(losses)	(829)	94
Contributions by employer	504	254
Contributions by members	159	79
Benefits paid	(36)	3
At 31 August	3,089	3,092

The estimated value of employer contributions for the year ended 31 August 2015 is £593,000 (2014: £454,000).

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

	2014	2013
	£'000	£'000
Present value of defined benefit obligations	(8,349)	(7,741)
Fair value of share of scheme assets	3,089	3,092
Deficit in the scheme	(5,260)	(4,649)
Experience adjustments on share of scheme assets:	(829)	94
Experience adjustments on scheme liabilities:	839	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

BARNET PENSION FUND

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions in payment	2.7%	2.9%
Discount rate	4.0%	4.7%
Inflation (CPI)	2.7%	2.9%

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

	2014 Years	2013 Years
Retiring today:		
Males	22.0	20.1
Females	24.3	24.1
Retiring in 20 years:		
Males	24.1	22.1
Females	26.7	26.0

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	7.0%	561	7.1%	200
Other bonds	3.6%	267	4.4%	95
Cash/liquidity	2.9%	4	0.5%	3
TOTAL MARKET VALUE OF ASSETS		832		298
Present value of scheme liabilities				
- Funded		(2,114)		(900)
DEFICIT IN THE SCHEME		(1,282)		(602)

The actual return on the scheme assets was £51,000 (2013: £1,000).

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

BARNET PENSION FUND (continued)

Amounts recognised in the statement of financial activities:	2014	2013
	£'000	£'000
Current service cost	179	7
Total operating charge	179	7
Analysis of pension finance income/(costs):	2014	2013
	£'000	£'000
Expected return on pension scheme assets	42	1
Interest on pension liabilities	(86)	(3)
Pension finance cost	(44)	(2)

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 £153,000 (2013: £67,000).

Movements in present value of defined benefit obligations

	2014	2013
	£'000	£'000
At 1 September	900	-
Upon conversion	823	821
Current Service Cost	179	7
Interest Cost	86	3
Actuarial (gains)/losses	95	67
Contribution by members	44	2
Benefits paid	(13)	-
At 31 August	2,114	900

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

BARNET PENSION FUND (continued)

Movements in fair value of plan assets

	2014	2013
	£'000	£'000
At 1 September	298	-
Upon conversion	274	288
Expected return on plan assets	42	1
Actuarial gains/(losses)	9	-
Contributions by employer	178	7
Contributions by members	44	2
Benefits paid	(13)	-
At 31 August	832	298

The estimated value of employer contributions for the year ended 31 August 2015 is £176,000 (2014: £454,000).

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

	2014	2013
	£'000	£'000
Present value of defined benefit obligations	(2,114)	(900)
Fair value of share of scheme assets	832	298
Deficit in the scheme	(1,282)	(602)
Experience adjustments on share of scheme assets:	9	-
Experience adjustments on scheme liabilities:	-	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	4.5%	-
Rate of increase for pensions in payment	2.7%	-
Discount rate	4.0%	-
Inflation (CPI)	2.7%	-

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

	2014 Years	2013 Years
Retiring today:		
Males	22.7	-
Females	25.1	-
Retiring in 20 years:		
Males	24.9	-
Females	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:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.7%	119	0.0%	-
Government bonds	3.0%	9	0.0%	-
Other bonds	4.9%	82	0.0%	-
Cash/liquidity	2.9%	6	0.0%	-
TOTAL MARKET VALUE OF ASSETS		216		-
Present value of scheme liabilities				
- Funded		(738)		-
DEFICIT IN THE SCHEME		(522)		-

The actual return on the scheme assets was £5,000.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND (continued)

Amounts recognised in the statement of financial activities:	2014	2013
	£'000	£'000
Current service cost	38	-
Total operating charge	38	-
Analysis of pension finance income/(costs):	2014	2013
	£'000	£'000
Expected return on pension scheme assets	6	-
Interest on pension liabilities	(15)	-
Pension finance cost	(9)	-

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 £55,000.

Movements in present value of defined benefit obligations

	2014	2013
	£'000	£'000
Upon conversion	623	-
Current Service Cost	38	-
Interest Cost	15	-
Actuarial (gains)/losses	54	-
Contribution by members	8	-
At 31 August	738	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND (continued)

Movements in fair value of plan assets

	2014	2013
	£'000	£'000
Upon conversion	185	-
Expected return on plan assets	6	-
Actuarial gains/(losses)	(1)	-
Contributions by employer	18	-
Contributions by members	8	-
At 31 August	216	-

The estimated value of employer contributions for the year ended 31 August 2015 is £68,000.

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

	2014
	£'000
Present value of defined benefit obligations	(738)
Fair value of share of scheme assets	216
Deficit in the scheme	(522)
Experience adjustments on share of scheme assets:	(1)
Experience adjustments on scheme liabilities:	-

HILLINGDON PENSION FUND

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	3.45%	-
Rate of increase for pensions in payment	2.7%	-
Discount rate	3.7%	-
Inflation (CPI)	n/a	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HILLINGDON 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:

	2014	2013
	Years	Years
Retiring today:		
Males	22.7	-
Females	24.7	-
Retiring in 20 years:		
Males	24.3	-
Females	26.9	-

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

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.4%	580	0.0%	-
Other bonds	3.5%	205	0.0%	-
Property	4.5%	81	0.0%	-
Cash/liquidity	3.3%	27	0.0%	-
TOTAL MARKET VALUE OF ASSETS		893		-
Present value of scheme liabilities				
- Funded		(3,191)		-
DEFICIT IN THE SCHEME		(2,298)		-

The actual return on the scheme assets was £36,000.

	2014	2013
	£'000	£'000
Amounts recognised in the statement of financial activities:		
Current service cost	119	-
Total operating charge	119	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HILLINGDON PENSION FUND (continued)

Analysis of pension finance income/(costs):	2014 £'000	2013 £'000
Expected return on pension scheme assets	14	-
Interest on pension liabilities	(40)	-
Pension finance cost	<u>(26)</u>	<u>-</u>

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 £211,000.

Movements in present value of defined benefit obligations

	2014 £'000	2013 £'000
Upon conversion	2,768	-
Current Service Cost	119	-
Interest Cost	40	-
Actuarial (gains)/losses	233	-
Contribution by members	31	-
At 31 August	<u>3,191</u>	<u>-</u>

Movements in fair value of plan assets

	2014 £'000	2013 £'000
Upon conversion	711	-
Expected return on plan assets	14	-
Actuarial gains/(losses)	22	-
Contributions by employer	115	-
Contributions by members	31	-
At 31 August	<u>893</u>	<u>-</u>

The estimated value of employer contributions for the year ended 31 August 2015 is £360,000.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

HILLINGDON PENSION FUND (continued)

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

	2014
	£'000
Present value of defined benefit obligations	(3,191)
Fair value of share of scheme assets	893
Deficit in the scheme	(2,298)
Experience adjustments on share of scheme assets:	22
Experience adjustments on scheme liabilities:	-

CAMBRIDGESHIRE PENSION FUND

Principal actuarial assumptions

	2014	2013
Rate of increase in salaries	4.47%	-
Rate of increase for pensions in payment	2.7%	-
Discount rate	3.7%	-
Inflation (CPI)	n/a	-

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

	2014	2013
	Years	Years
Retiring today:		
Males	22.5	-
Females	24.5	-
Retiring in 20 years:		
Males	24.4	-
Females	26.9	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

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:

	Expected return at 31 August 2014	Fair value at 31 August 2014 £'000	Expected return at 31 August 2013	Fair value at 31 August 2013 £'000
Equities	6.3%	528	0.0%	-
Other bonds	2.9%	113	0.0%	-
Property	4.5%	50	0.0%	-
Cash/liquidity	3.3%	22	0.0%	-
TOTAL MARKET VALUE OF ASSETS		713		-
Present value of scheme liabilities				
- Funded		(2,843)		-
DEFICIT IN THE SCHEME		(2,130)		-

The actual return on the scheme assets was £53,000.

Amounts recognised in the statement of financial activities:	2014 £'000	2013 £'000
Current service cost	236	-
Total operating charge	236	-
Analysis of pension finance income/(costs):	2014 £'000	2013 £'000
Expected return on pension scheme assets	29	-
Interest on pension liabilities	(91)	-
Pension finance cost	(62)	-

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 £449,000.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

CAMBRIDGESHIRE PENSION FUND (continued)

Movements in present value of defined benefit obligations

	2014	2013
	£'000	£'000
Upon conversion	1,982	-
Current Service Cost	236	-
Interest Cost	91	-
Actuarial (gains)/losses	474	-
Contribution by members	60	-
At 31 August	2,843	-

Movements in fair value of plan assets

	2014	2013
	£'000	£'000
Upon conversion	400	-
Expected return on plan assets	29	-
Actuarial gains/(losses)	25	-
Contributions by employer	199	-
Contributions by members	60	-
At 31 August	713	-

The estimated value of employer contributions for the year ended 31 August 2015 is £244,000.

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

	2014
	£'000
Present value of defined benefit obligations	(2,843)
Fair value of share of scheme assets	713
Deficit in the scheme	(2,130)
Experience adjustments on share of scheme assets:	25
Experience adjustments on scheme liabilities:	-

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

25. Pension and Similar Obligations (continued)

Local Government Pension Schemes (continued)

CAMBRIDGESHIRE PENSION FUND (continued)

CONSOLIDATED LOCAL GOVERNMENT PENSION SCHEMES

	2014	2013
	£'000	£'000
Present value of defined benefit obligations	(17,235)	(8,641)
Fair value of share of scheme assets	5,743	3,390
Deficit in the scheme	(11,492)	(5,251)
Amounts recognised in the statement of financial activities:	2014	2013
	£'000	£'000
Current service cost	1,095	265
Employer contributions	(1,014)	(261)
Total operating charge	81	4
Analysis of pension finance income/(costs):	2014	2013
	£'000	£'000
Expected return on pension scheme assets	290	93
Interest on pension liabilities	(598)	(188)
Pension finance income/(cost)	(308)	(95)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses since the adoption of FRS17 is £1,239,000 (2013: £13,000).

The expected return on assets is based on the long-term future expected investment return for each asset class. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

26. Related Party Transactions

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

Four Trustees, Robert Anderson, Hugh Greenway, Rachel Jones and Dr Robert Barr were engaged as employees or contractors during the year to 31 August 2014. 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 31 August 2014. She was paid a total of £34,111 (2013: £nil) during this period and is accruing retirement benefits under the Local Government Pension Scheme. The contributions paid in the year amounted to £1,300 (2013: £nil). There was £nil outstanding as at 31 August 2014 (2013:£nil).

Archie Jones is the son of Rachel Jones, the Education Director, and he was employed as an Administrative Assistant for The Elliot Foundation Academies Trust for the year to 31 August 2014. He was paid a total of £6,914 (2013: £nil) during this period and there were no pension payments in respect of this remuneration (2013: £nil). There was £Nil outstanding as at 31 August 2014 (2013:£nil).

Donations of £261,000 were received from the Elliot Foundation in November 2014 relating to the period to 31 August 2014. There was £nil outstanding as at 31 August 2014. For the period to 31 August 2013 £251,800 donations were received from the Elliot Foundation. There was £nil outstanding as at 31 August 2013.

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

27. Conversion to an Academy Trust

THE HYDE SCHOOL

On 1 September 2013 the Hyde 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 Barnet 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	4,930,000	-	-	4,930,000
School budget surplus	60,168	-	60,168	-
LGPS pension deficit	(549,000)	-	(549,000)	-
Net assets/(liabilities)	4,441,168	-	(488,832)	4,930,000

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

27. Conversion to an academy trust (continued)

THE HYDE SCHOOL (continued)

The above net assets include £60,168 transferred as cash.

HIGHLEES PRIMARY SCHOOL

On 1 September 2013 the Highlees 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 Peterborough City Council for £nil consideration.

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

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

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	1,320,000	-	-	1,320,000
School budget surplus	154,634	-	154,634	-
LGPS pension deficit	(682,000)	-	(682,000)	-
Net assets/(liabilities)	792,634	-	(527,366)	1,320,000

The above net assets include £154,634 transferred as cash.

NENE INFANT AND NURSERY SCHOOL

On 1 October 2013 the Nene Infant and Nursery School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £nil consideration.

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

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

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

27. Conversion to an academy trust (continued)

NENE INFANT AND NURSERY SCHOOL (continued)

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	570,000	-	-	570,000
School budget surplus	213,243	-	213,243	-
LGPS pension deficit	(583,000)	-	(583,000)	-
Net assets/(liabilities)	200,243	-	(369,757)	570,000

The above net assets include £213,243 transferred as cash.

RAMNOTH JUNIOR SCHOOL

On 1 October 2013 the Ramnoth Junior School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £nil consideration.

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

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

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	600,000	-	-	600,000
School budget surplus	85,921	-	85,921	-
LGPS pension deficit	(317,000)	-	(317,000)	-
Net assets/(liabilities)	368,921	-	(231,079)	600,000

The above net assets include £85,921 transferred as cash.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

27. Conversion to an academy trust (continued)

LENA GARDENS PRIMARY SCHOOL

On 1 March 2014 the Lena Gardens 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 and Fulham 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	350,000	-	-	350,000
School budget surplus	27,185	-	27,185	-
LGPS pension deficit	(438,000)	-	(438,000)	-
Net assets/(liabilities)	(60,815)	-	(410,815)	350,000

The above net assets include £27,185 transferred as cash.

PINKWELL PRIMARY SCHOOL

On 1 April 2014 the Pinkwell 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 Hillingdon 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.

The Elliot Foundation Academies Trust

Notes to the financial statements (continued)
for the year ended 31st August 2014

Company no. 08116706

27. Conversion to an academy trust (continued)

PINKWELL PRIMARY SCHOOL (continued)

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	5,200,000	-	-	5,200,000
School budget surplus	433,907	-	433,907	-
LGPS pension deficit	(1,381,000)	-	(1,381,000)	-
Net assets/(liabilities)	4,252,907	-	(947,093)	5,200,000

The above net assets include £433,907 transferred as cash.

HILLINGDON PRIMARY ACADEMY

On 1 July 2014 the Hillingdon Primary 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 London Borough of Hillingdon for £nil consideration.

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

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

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	2,665,000	-	-	2,665,000
School budget surplus	234,982	-	234,982	-
LGPS pension deficit	(676,000)	-	(676,000)	-
Net assets/(liabilities)	2,223,982	-	(441,018)	2,665,000

The above net assets include £234,982 transferred as cash.

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 2013 to 2014, 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 2013 to 31 August 2014 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 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 Academy Trust'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 2013, 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 2013 to 2014. 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 2013 to 31 August 2014 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 2013 to 2014 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.

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

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter

As noted on page 23, it has also been brought to the attention of The Elliot Foundation Academies Trust that during the year there have been a number of procurement issues, to the value of £387,398.93 based on our samples tested, identified regarding non-compliance of their financial regulations, which they are investigating to understand the scale and quantum of these issues.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

13 February 2015
