

The Elliot Foundation Academies Trust

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st August 2016

Company Registration No.8116706

The Elliot Foundation Academies Trust

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015-2016

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REFERENCE AND ADMINISTRATIVE DETAILS

Reference and administrative details

Members

Prof. Caroline Whalley
Henry Bedford
The Elliot Foundation
Hugh Greenway (resigned on 7th April 2016)

Trustees

Prof. Caroline Whalley (Chair)
Henry Bedford (Vice-Chair)
Hugh Greenway (CEO, Accounting Officer and Trustee ex officio)
Stuart Lester
Sue Nath
Damon Parker
David Gallie
Jemma Shuttleworth
Keith Wainwright (appointed 5th February 2016)
Kathy James (resigned 7th March 2016)

TEFAT Finance committee

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

TEFAT Audit committee

Stuart Lester (Chair)
Henry Bedford (Vice-chair)
Damon Parker
Hugh Greenway (ex officio)
Prof. Caroline Whalley

TEFAT Standards committee

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

Company secretary

Browne Jacobson LLP

Officers

CEO and Accounting officer – Hugh Greenway
Finance Director – Suthan Santhaguru (resigned November 2016)

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REFERENCE AND ADMINISTRATIVE DETAILS

HR & Governance Director – Robert Anderson
Regional Director West Midlands – Travis Latham
Regional Director East Anglia & Innovations Director – Rachel Jones
Regional Director London – Simon Adams
Development director – Dr Sue Robinson
Estates Director – Patricia Martin
Programme Director – Andy Kreppel

Principal and registered office

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

Company registration number

8116706 (England and Wales)

Independent auditor

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

Bankers

Lloyds Bank, 25 Gresham Street, London EC2V 7HN

Solicitors

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

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REFERENCE AND ADMINISTRATIVE DETAILS

Glossary of terms

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

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

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

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

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

Officers – Senior employees of TEFAT

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

TEF – The Elliot Foundation

TEFAT – The Elliot Foundation Academies Trust

The Trust – TEFAT

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TRUSTEES' REPORT

Trustees' report

The trustees present their annual report, including the strategic report, together with the financial statements and auditor's report of the charitable company for the year ended 31st August 2016. This serves the purpose of both the Trustees' Report and the Directors' Report under company law.

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

Structure, governance and management

Constitution

TEFAT is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association, dated 22nd June 2012, are the primary governing documents of 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 4.

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of Trustees

The Trustees of the Company shall comprise

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

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

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

- a) in the case of an individual, die or become legally incapacitated;

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- b) in the case of a corporate entity, cease to exist and are not replaced by a successor institution; or
- c) becomes insolvent or makes any arrangement or composition with their creditors generally their right to appoint Trustees under these Articles shall vest in the remaining Trustees.

Trusteeship will terminate automatically if a:

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

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

Policies and procedures adopted for the induction and training of trustees

The training and induction provided to new trustees will depend upon their existing experience. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as trustees. In addition, the CEO performs a one-to-one induction session with each new Trustee to acquaint them with the governing documents of the Trust and to familiarise them with its structure and processes. This process includes introducing each new trustee to the Academies Finance Handboork, Charity Commission Guidance for Trustees and the Trust's governing documents. 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.

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,

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

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

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

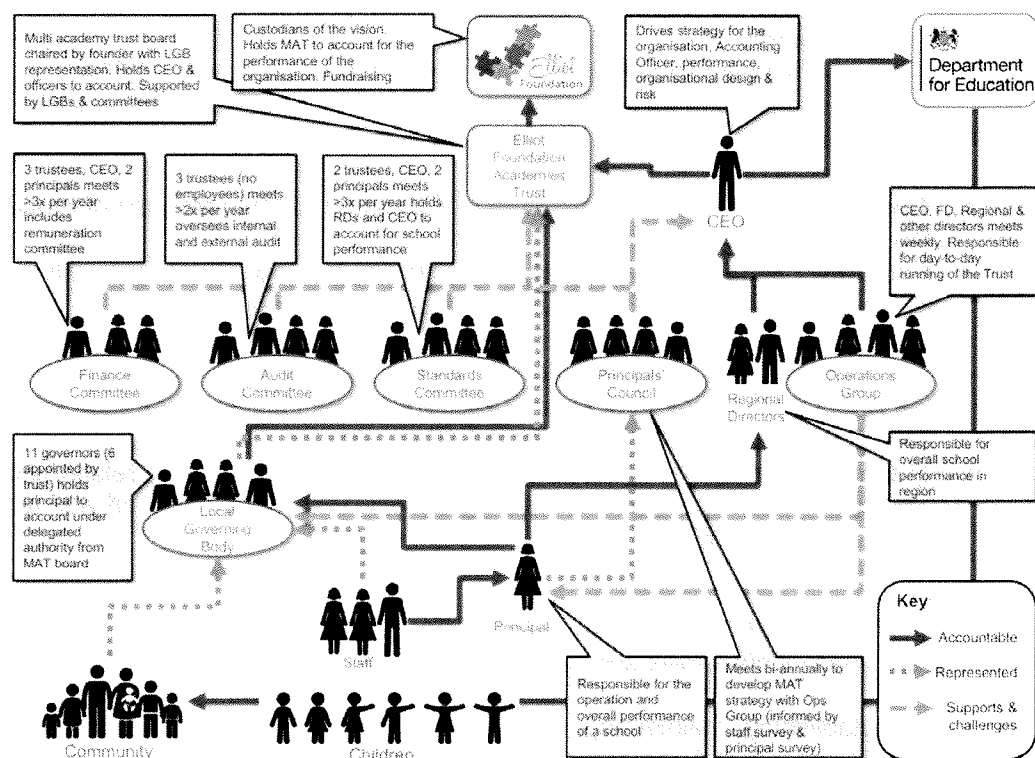
The Board of TEFAT receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board of TEFAT may from time to time establish Working Groups to perform specific tasks over a limited timescale.

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

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

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Key management personnel remuneration

The key management personnel for The Elliot Foundation Academies Trust consist of all the Trustees and Directors who form the management team as disclosed on page 2, which was recommended by the Audit Committee held 15th June 2016 and approved by the TEFAT Board 22nd July 2016. Although the Trustees control and manage the administration of TEFAT, the day to day management of its activities are delegated to the Directors who report to the Trustees.

TEFAT has nine Trustees (please refer to page 4), with the exception of Hugh Greenway all other Trustees are unremunerated.

Trustees receive no payment for their work with TEFAT. The CEO and directors pay is set and reviewed by the remuneration committee of the TEFAT Board once a year and is based on a benchmark against posts or work of a similar nature and scale within local authorities and other multi-academy trusts. Any increases that have been approved by the TEFAT Board have been in line with the national pay awards.

Connected organisations including related third parties

TEFAT is founded upon a partnership ethos and has partnerships with:

- Local Authorities (LAs) in the West Midlands, East Anglia and London.
- Partnership work includes:
- Signing of concordats and collaborative agreements

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- Developing integrated school-to-school support and building cross-LA networks
 - Working together to improve schools that are not part of TEFAT
 - Collaborating on targeted provision to support community cohesion
- The Colmore and Gateway Teaching Schools Alliances with whom we are developing a range of CPD
- Warwick University and the Institute of Education for the provision of bespoke MA programmes to our staff
- Hounslow Language Service, who support a number of our schools with high numbers of pupils with English as an Additional Language (EAL).
- The National College with whom we have arranged school/academy conferences
- Teaching and non-teaching unions – we are the only sponsor to be endorsed by the National Association of Head Teachers (NAHT) and work through a National Joint Committee with all teaching and other relevant unions
- The Elliot Foundation which is an approved sponsor and whose relationship with TEFAT is governed by a members' agreement that was developed with the assistance of the EFA.

Objectives, activities and outcomes

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

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

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

Support by donations and voluntary contributions have continued into our fourth accounting period and included:

- DfE capacity grant
- Over £150,000 in donations from supporters of our work

The Trustees maintained their four strategic objectives for the academic year 2015-16:

1. **Growth:** Secure TEFAT's future by growing to 25 or more open academies by Christmas 2017
2. **Reputation:** Build DfE and wider system support for TEFAT's vision and model

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3. **Achievement:** All academies to be above DfE floor standards and improving academically
4. **Quality:** Improve the quality of shared services provided to TEFAT academies such that principals are net recommenders of TEFAT.

Growth

At 31st August 2016 TEFAT had 22 open academies serving slightly over 8,000 pupils with at least three more academies in the process of converting over the autumn and winter. This is an increase of four schools in the year. Growth has lagged trustees' targets this year due to the impact of the Brexit vote and subsequent change of government. The medium term plans remain to reach more than 10,000 pupils by Christmas 2017 with the possible beginning of a fourth cluster in 2017.

With the removal of Education Services Grant still planned for 2017-18, growth remains critical to the success of the Trust although not at any cost. Reluctantly, the Trustees have introduced minimum size and additional risk criteria for schools wishing to join the trust (available on the Trust's website) as growth cannot be allowed to threaten the services provided to existing members.

Reputation

The Trust's reputation continues to grow as our networks extend and strengthen. The Government and a number of influential think tanks regularly ask for the 'Elliot view' or 'recipe' and we have been able to lessen or mitigate some of the larger risks in the continued programme of educational reform¹. It should be noted that this influence is fragile, easily lost and is no substitute for continued educational transformational success.

Achievement

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

The wholesale changes in the KS2 assessment introduced this year provoked entirely avoidable chaos in the system with 47% of eleven year olds being branded as failures. Even the former Secretary of State for Education said publicly that this years' results should not be compared to previous years.

¹ Publications which TEFAT has contributed to in the year include:
<http://www.reform.uk/publication/academy-chains-unlocked/>

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At the time of writing the process of disapplication is incomplete but it would appear that those academies who had joined the Trust before the end of October 2015 achieved a combined Age Related Expectation (ARE) percentage of 51% compared with a national average of 53%. Including the schools that joined the Trust after October 2015 this figure drops to 48%, which is to be expected.

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

In OFSTED terms the performance of the Trust remains exemplary. Of the 14 sponsored academies in the Trust, 11 have had OFSTED inspections since opening. Of these five have been judged as outstanding, none are in a category of concern and two are currently rated as RI. Overall:

- 91% of TEFAT sponsored academies inspected to date have been judged good or better (compared to a national average of 64%)
- 42% of all TEFAT OFSTED inspections to date have been outstanding (compared to a national average in primary schools of 18%)
- This is more than four times better than the national average for sponsored academies
- And two and a half times better than the national average for all primary schools

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

Quality

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

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

Whilst not being complacent about the work that remains to be done, the trustees are proud that TEFAT Principals are net recommenders of the Trust and its services. This is particularly poignant given that the Trust is only four years' old and 14 of its 22 schools were sponsored academies.

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Public benefit

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

Strategic report

Achievements and performance

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

Key financial performance indicators

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

Key Performance Indicator	Target	Actual
Number of Elliot Academies open or soon to open as at 31 st August 2016	24	22
Net Reserves (excluding Inherited Assets/Liabilities and Capital Commitments) % of GAG income	Greater than or equal to 5%	9%
Total Pay as % of Total Revenue Income (excl: capital funding)	Between 70-80%	77%

The key education performance indicators are described above in the section on achievement which begins on page 11.

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

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 15 across England. At 31st August 2016 TEFAT had 22 open academies (2015: 18 academies).

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

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(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 2016 and the associated expenditure are shown within Restricted Funds in the Statement of Financial Activities. The two other sources of income relate to the conversion of Trust academies and voluntary donations. Expenditure related to the conversion of academies and, where relevant, supporting improvement of an academy on conversion is met from DfE specific grants restricted to specific academies.

The total value of grants for capital additions for the year to 31st August 2016 was £463,000 (2015: £534,000).

During the period ended 31st August 2016 total expenditure of £45,279,000 (2015: £39,594,000) was covered by recurrent grant funding from the EFA, together with incoming resources of £44,619,000 (2015: £37,535,000). The excess of income over expenditure for the period (excluding restricted fixed asset funds and the restricted pension reserve) was £652,000, leaving a balance on these reserves of £3,557,000 (2015: £3,253,000). This reflected robust budget management and provides adequate 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 2016.

At 31st August 2016 the net book value of fixed assets was £51,250,000 (2015: £42,615,000) and movements in tangible fixed assets are shown in note 12 and 13 to the financial statements. The assets were used exclusively for providing education and the associated support services for pupils of the Academies.

The land, buildings and other assets were transferred to the Trust in year upon conversion of four academies. Land was valued in September 2015 at £540,000 (2015: £485,000) and buildings were valued at the same time at £8,715,000 (2015: £8,625,000). Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful economic life.

The balance of former schools' budget share, £484,000 (2015: £193,688), was transferred across on conversion and is shown as Unrestricted Funds. TEFAT has introduced the deficit in the Local Government Pension Scheme in respect of its non-teaching staff transferred on conversion. The deficit is included within the balance sheet with details on note 24 to the financial statements.

Financial policies adopted or reviewed during the period cover debt recovery processes, write off procedures and use of reserves. TEFAT Finance Manual sets out the framework for financial management, including financial responsibilities of Trustees, Directors, Principals and finance staff centrally and in academies. Delegated financial responsibilities are set out within TEFAT scheme of delegation. Procedures and guidance on purchasing and procurement are described in TEFAT procurement guide.

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TEFAT has adopted an internal audit programme which has been undertaken via two assurance officers. Each officer will aim to visit each academy within their remit at least once a term. The programme is designed such that there is a consistent approach to reporting. The reports are then presented at the Audit Committee. This year the assurance officers did not assess head office which will be inspected next year. The Audit Committee will consider the overall process of internal audit at their next meeting after the new Finance Director starts work with the Trust.

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 10,000 pupils by December 2017. The Trust aims to keep central operations lean and limit the expenditure on central services. The management charge is 5% of General Annual Grant income which for 2015-16 amounts to £1,604,334. In 2015-16 the management fee was cut from 6% to 5% and it will remain at this level for the foreseeable future.

	% of management charge
TEFAT Central and Education	2.38%
Finance	1.37%
Human Resources and Governance	0.88%
Estates and facilities management	0.37%
Total	<hr/> 5.0%

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

Financial risk management and objectives

Risk management

The Board of TEFAT has established comprehensive risk assessment and management arrangements. These are summarised in the TEFAT Risk Management Statement 2016. 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

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delegated to a specific Trust Officer. Each Officer's risks are reviewed monthly in rotation by the Programme Director and the risk summary is a standing item on the weekly operations meeting.

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

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

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

- **Finance:** Poor finance feedback means that the DfE is reluctant to support expansion, prospective academies deterred and anxiety for existing academies. This has been mitigated by establishing a closer working relationship with the auditors and enhanced reporting, tighter budgetary and month end controls.
- **Human Resources and Governance:** the impact of the loss of key academy or central staff and the impact of poor performing staff. This has been mitigated by more robust business continuity plans.
- **Education:** lack of improvement in educational performance or attendance, breakdown in relationship with an academy principal and changes to national assessment criteria. This has been mitigated by the continual monitoring of educational performance by the Regional Directors and the establishment of the standards committee
- **Premises and facilities management:** unaffordable building maintenance programmes, failure of academy building fabric and variable premises management expertise within academies. All projects are managed by the Estates Director and all project risks are evaluated and scored on the risk register.
- **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. Each week at the Operational meetings, the Directors update their individual risk registers and evaluate all the risks. Any risks which are deemed significant are discussed and recommendations are made for improvements.

Principle risks and uncertainty

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

Three of the schools in the Trust currently face falling rolls and plans are in place to mitigate the risks associated. A third of open academies are working with the

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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.

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

The Trust examines the financial health of each academy at each Board meeting, once a term reviewing expenditure against budget and reports by exception on academy financial performance. More detailed scrutiny is undertaken by the Finance Committee, at least termly, where information from review of management accounts is considered with other information from: Independent checking reviews; monitoring of financial activity by central Trust finance staff; financial self-assessment by academy Principals and academy finance staff. These processes will be strengthened during 2017 to ensure TEFAT has the capacity to meet future financial challenges.

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

The Trust recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in note 24 to the financial statements, represents a significant potential liability. However, 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.

Going concern

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

In excess of 95% of TEFAT funding for delivering education is provided by the Department for Education (DfE) and Local Authority combined. Funding for 2016/17 will remain flat and unadjusted for inflation. The reduction in ESG will continue until 2019 when it is phased out.

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The projected cash balance as at December 2017 is expected to be £2.3m which assumes inflation of between 1%-2% and an increase in payroll costs of 1%.

While uncertainties clearly exist the Trustees have a reasonable expectation that TEFAT has adequate resources to continue operational existence for the foreseeable future. They therefore adopt a going concern basis of accounting in preparing the annual financial statements.

Plans for future periods

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

TEFAT aims to grow beyond the 22 academies open (as at 1st September 2016) and plans to have 25 open academies by December 2017. By this time, it is planned that each of the three clusters will be thriving with 5 to 10 academies in each. We will work with local authorities to expand planned admission numbers in a third or more academies to meet basic need locally.

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

During 2015-16, the TEFAT strategic maintenance plan was continued which forms 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

Policies

All key policies can be found on The Elliot Foundation Academies Trust website.

Note on Reserves Policy

The Board of Directors are responsible for carrying out this policy. The Reserves Policy will be reviewed annually by the Finance Committee and any recommendations will be made to the Board for authorisation. The appropriate level of free reserves for the Academy Trust should be for four weeks operational spend to provide sufficient working capital to cover delays between spending and receipt of management fee income from grants and provide a buffer to deal with unexpected one off expenditure. If the reserves that are lower than target the Academy Trust will continue building up free reserves until they reach it. The cumulative reserves of all the entities within The Elliot Foundation Academies Trust (TEFAT) form the reserves of the Trust. TEFAT can use the "free reserves" to benefit the Trust as it sees fit. Any intercompany transfers made should be accompanied by a robust recovery plan within an agreed timeframe and should be authorised by the Finance Director. The definition of "free reserves" is the reserves which are not attributed to working capital and/or any capital or IT spend by any entity within the Trust in a twelve-month period

The Elliot Foundation Academies Trust

TRUSTEES' REPORT

from the beginning of the current financial year. The brought forward central deficit for TEFAT head office stands at £150,000 which fails to meet the Trustees' target. However, Trustees are satisfied that the deficit will be recovered through growth in 2016-17 and that this approach is preferable than to reduce the services offered to the Trust's academies.

Changes to other relevant policies

Policy on disabled persons and employee engagement

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.

Reserves Policy

The reserves policy has been adjusted during the period to reflect the use of free reserves (please refer to page 18 above). The updated policy can be found on the Elliot Foundation Academies Trust website. It has been approved by the TEFAT Board.

Write Off Policy

The Write Off policy has been created in line with the requirements of the EFA Academies Financial Handbook 2016 (from 1/9/2016) and formed part of the audit findings report 2015. This policy can be found on The Elliot Foundation Academies Trust website. It has been approved by the TEFAT Board.

Debt Collection Policy

A formal debt collection policy has been approved by the TEFAT Board. This policy was created to provide the academies with a consistent and appropriate method of collecting debts. This policy can be found on the Elliot Foundation Academies Trust website.

Other policies

The Trust's policies for "Equality & diversity", "Safe working practices", "Behaviour", "Recruitment" and "Continuing professional development" can all be found on the Trust's website².

The Trust's Reserves and Investments policies can be found below at appendix a and b respectively.

Auditors

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

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

The Elliot Foundation Academies Trust

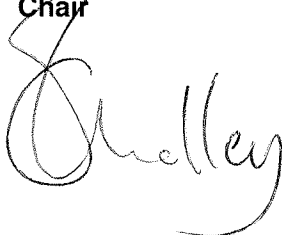
TRUSTEES' REPORT

Statement as to disclosure of information to auditor

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

The Trustees' report is approved by order of the board of trustees and the Strategic Report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 16th December 2016 and signed on its behalf by:

Prof. Caroline Whalley CBE
Chair

A handwritten signature in black ink, appearing to read 'Whalley', written over the printed name.

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

Governance statement

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO as Accounting Officer, for ensuring that financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the Funding Agreement between TEFAT and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance TEFAT

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

TEFAT Board

Prof. Caroline Whalley, (Chair) Education Systems Leadership 6/6
Henry Bedford, (Vice chair) representing TEF, International Finance Expert 3/6
Stuart Lester, Finance & Governance expert 6/6
David Gallie, Finance expert 2/6
Jemma Shuttleworth, Governance expert 5/6
Susan Nath, Education Child Psychologist 3/6
Hugh Greenway, CEO TEFAT, ex officio 5/6
Damon Parker, Legal Expert 3/6
Keith Wainwright, Policing & community engagement 3/3
Kathy James (resigned 7th March 2016) 0/6

The Trustees last commissioned a full independent review of governance from Stone King LLP in October 2014 (a copy of which can be found on the Trust's website) and implemented all of the review's recommendations. A further review of governance is not planned at this point in time.

TEFAT Finance committee

The main purpose of the TEFAT Finance Committee is to review or investigate any other matters referred to the Committee by the Trust Board and draw any significant matters of concern to the attention of the Trust Board. During the year the TEFAT Finance Committee reviewed the budgets for all the academies and recommended them to the TEFAT Board. At each meeting the Finance Committee also reviews

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

the latest set of management accounts for the Trust and challenge the Finance Director on any areas of concern. The TEFAT Finance Committee met 3 times during the year. Attendance during the year at TEFAT finance committee meetings was as follows:

David Gallie (Chair) 3/3
Henry Bedford 1/3
Prof. Caroline Whalley 3/3
Susan Nath 2/3
Hugh Greenway 2/3

TEFAT Audit committee

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

Stuart Lester (Chair) 3/3
Henry Bedford 2/3
Prof Caroline Whalley 3/3
Damon Parker 1/3

TEFAT Standards committee

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

The TEFAT Standards committee has met 2 times during the year. Attendance during the year at TEFAT Standards committee meetings was as follows:

Jemma Shuttleworth (Chair) 1/2
Prof Caroline Whalley 2/2
Elaine Hedgecock 2/2
Anne Bowen- Breslin 2/2
Joanne Clifton 2/2
Hugh Greenway 2/2

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

Value for money

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

The Elliot Foundation Academies Trust receives the majority of its revenue from public funds and understands that Value for Money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The Accounting Officer (signed below) is personally responsible for ensuring that the funds are used for their intended purposes and that Value for Money has been achieved. The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- I. Improving educational outcomes for all children. The principal goal of The Elliot Foundation Academies Trust is to improve outcomes for all pupils in its academies. That the trust has maintained the transformational change in its school despite real terms cuts in its funding is by and of itself 'value for money'. Although more difficult to support this claim than in previous years due to the entirely new assessment framework at KS2. It remains clear from the OFSTED judgements which have continued to improve that the upward trend continues
- II. Improving qualitative judgments. As explained above TEFAT schools are 250% more effective than the national average according to OFSTED and almost 500% more effective than sponsored academies in the most deprived communities (which represents the majority of TEFAT academies). Reducing the cost of an 'oustanding' judgement is by and of itself 'value for money'
- III. Better purchasing. This year the Trust jointly procured energy for its schools making an average saving of 13%. It has also reclaimed almost £50,000 of historical overcharging on utilities
- IV. Leveraging the trust's assets: TEFAT has yet to develop significant income streams from renting its assets for sporting or community occasions and the Trustees have charged the Finance Director to look into this in 2017
- V. Reviewing controls and managing risk. TEFAT understands that Value for Money should be balanced against risk. The Trust's Risk Management Statement is available on its website and its approach to risk is outlined below. However, in the context of Value for Money the methodology for ensuring that the quest for savings does not prejudice the quality of service is as follows:
 - a. Monthly review of trust wide risk by the operations group captured in the Trust Risk Register which is owned by the CEO and Programme Director

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

- b. Annual review of Academy Principals' opinion of the services provided by the Trust (in Dec 2015 over 90% of TEFAT principals believed that the services they received from TEFAT were better than those provided when they were LA maintained schools)
- c. Consultation on all 'Trust wide' procurement exercises with all Academy Principals
- d. Comprehensive internal Audit Programme developed with our external partners QED

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 2016 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 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the TEFAT Board.

Risk and control framework

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

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

The Elliot Foundation Academies Trust

GOVERNANCE STATEMENT

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint for each academy an Assurance Officer or Responsible Officer service to provide the TEFAT Board with independent oversight of the financial reporting and wider internal controls vested in the management and overseen by the Board, at both Head Office and individual Academies. A new Assurance Officer programme was successfully completed in the summer term 2015-16. There were two Assurance Officers covering all 22 schools. A consolidated report on all the schools and one for each individual school was submitted to the Board on 16th December 2016. Each report covered the following areas; Governance, Accounting, Cash Management, Budgeting, Income, Purchasing, Payroll and Fixed Assets. The Assurance Officer reviews have not yet included Head Office.

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

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

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

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

Review of effectiveness

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

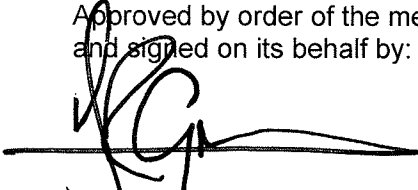
- the work of the senior managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework;
- Assurance Officer reviews completed within the year
- the work of the external auditor;
- the financial management and governance self-assessment process and the processes described above; and
- the specific work of National Audit Office and EFA officials relating to TEFAT.

The Elliot Foundation Academies Trust

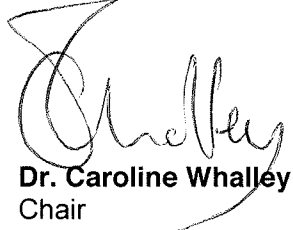
GOVERNANCE STATEMENT

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 16th December 2016 and signed on its behalf by:



Hugh Greenway
CEO & Accounting Officer



Dr. Caroline Whalley
Chair

The Elliot Foundation Academies Trust

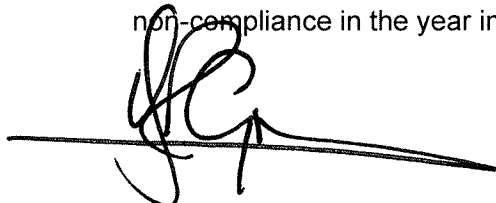
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

Statement on regularity, propriety and compliance

As accounting officer of TEFAT I have considered my responsibility to notify the Trust Board and the Education 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 2015.

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

A handwritten signature in black ink, appearing to be 'HG', written over a horizontal line.

Hugh Greenway
Accounting Officer
16th December 2016

The Elliot Foundation Academies Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Statement of trustees' responsibilities

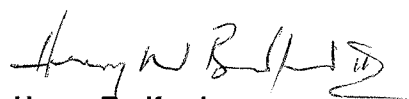
The Trustees of TEFAT are also the directors of the charitable company (for the purposes of company law) and are responsible for preparing the Trustees' Report, including the Strategic Report, and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015
- 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 16th December 2016 and signed on its behalf by:



Henry Bedford
Trustee

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

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

We have audited the financial statements of The Elliot Foundation Academies Trust for the year ended 31 August 2016 on pages 31 to 56. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and the Academies: Accounts Direction 2015/6 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 Trustees' Responsibilities set out on page 28, the trustees (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 2016 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 2015/6 issued by the Education Funding Agency.

The Elliot Foundation Academies Trust

NOTES TO THE FINANCIAL STATEMENTS

Opinion on other requirement of the Companies Act 2006

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

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;
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

HANNAH CATCHPOOL (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London, EC4A 4AB

Date.. 23 December 2016

The Elliot Foundation Academies Trust

Statement of Financial Activities (Including Income and Expenditure Account)

For the year ended 31 August 2016

Company no. 08116706

	Notes	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2016 £'000	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Year ended 31 August 2015 £'000
Income									
Donations & Capital Grants	2	-	113	463	576	0	177	534	711
Transferred upon conversion	26	484	(2,231)	9,255	7,508	194	(625)	9,110	8,679
Charitable Activities									
Funding for the academies trust's educational operations	5	-	41,789	-	41,789	0	35,063	0	35,063
Other trading activities	3	2,252	-	-	2,252	1,755	0	0	1,755
Investments	4	6	-	-	6	7	0	0	7
Total Income		2,742	39,671	9,718	52,131	1,956	34,615	9,644	46,215
Expenditure on:									
Raising Funds		2,299	220	-	2,519	1,741	147	0	1,888
Charitable activities									
Academy trust's educational operations	7	242	42,092	1,425	43,759	316	36,082	1,432	37,831
Total Expenditure	6	2,541	42,312	1,425	46,277	2,057	36,229	1,432	39,718
Net income/ (expenditure)		201	(2,641)	8,293	5,854	(102)	(1,614)	8,212	6,496
Gross transfers between funds	16	-	(347)	347	-	-	38	(38)	-
Other recognised gains and losses									
Remeasurement of defined benefit pensions obligations	16,24	-	(9,003)	-	(9,003)	0	(290)	0	(290)
Net movement in funds		201	(11,991)	8,640	(3,149)	(102)	(1,866)	8,174	6,206
Reconciliation of funds									
Total funds brought forward	16	2,547	(12,512)	42,615	32,649	2,648	(10,646)	34,441	26,443
Total funds carried forward		2,748	(24,503)	51,255	29,500	2,547	(12,512)	42,615	32,649

The Elliot Foundation Academies Trust

Balance Sheet

As at 31 August 2016

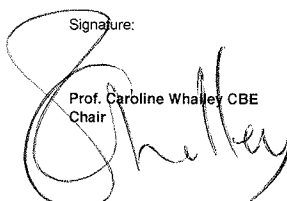
Company no. 08116706

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Intangible Fixed Assets	12		3		9
Tangible Assets	13		51,247		42,606
Current assets					
Debtors	14	2,375		2,135	
Cash at bank and in hand		<u>4,833</u>		<u>3,804</u>	
		7,208		5,939	
Current Liabilities					
Creditors: Amount falling due within one year	15	<u>(3,644)</u>		<u>(2,685)</u>	
Net current assets			<u>3,564</u>		<u>3,254</u>
Total assets less current liabilities			<u>54,814</u>		<u>45,868</u>
Net Assets excluding pension liability			<u>54,814</u>		<u>45,868</u>
Defined Benefit Pension scheme liability	24		(25,314)		(13,219)
Total net assets			<u>29,500</u>		<u>32,649</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16		51,255		42,615
General fund	16		811		706
Pension reserve	16		<u>(25,314)</u>		<u>(13,219)</u>
Total restricted funds			<u>26,752</u>		<u>30,102</u>
Total unrestricted income funds	16		<u>2,748</u>		<u>2,547</u>
Total funds			<u>29,500</u>		<u>32,649</u>

The financial statements on pages 31 to 56 were approved by the trustees and authorised for issue on 16 December 2016 and signed on their behalf by:

Signature:

Prof. Caroline Whalley CBE
Chair



The Elliot Foundation Academies Trust

Statement of Cash flows

For the year ended 31 August 2016

		Year ended 31 August 2016 £'000	Year ended 31 August 2015 £'000
	Notes		
Net cash flow provided by/(used in) operating activities	19	881	(958)
Investing activities			
Interest received		6	7
Purchase of tangible fixed assets		(800)	(949)
Purchase of intangible assets		(6)	(10)
Capital grants from DfE/EFA		463	534
Cash flows from investing activities	20	(337)	(418)
Financing activities			
Cash transferred in on conversion (note 21)	21	484	194
Cash flows from financing activities		484	194
		1,029	(1,181)
Change in cash and cash equivalents in the reporting period	22	1,029	(1,181)
Cash and cash equivalents at 1 September		3,804	4,984
Cash and cash equivalents at 31 August		4,833	3,804

1 Statement of Accounting Policies

General Information

The Elliot Foundation Academies Trust (TEFAT) is a charitable company. The address of TEFAT's principal place of business is given on page 4. The nature of TEFAT's operations are set out in the Trustees' Report.

Basis of Accounting

The Financial Statements of TEFAT, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP(FRS102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

First Time adoption of FRS 102

These financial statements are the first financial statements of TEFAT prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of TEFAT for the year ended 31 August 2016 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015.

Reconciliations to previous UK GAAP for the comparative figures are included in note 27.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Conversion to an Academy trust

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

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 26.

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 collectively carry forward prudent revenue reserves as at 31 August 2016. Those individual schools which have a deficit carry forward reserve position are addressing this issue by delivering appropriate cost saving plans.

Incoming resources

All incoming resources are recognised when the trust has entitlement to the funds, the receipt is probable 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 relevant funds on the balance sheet. For grants provided to fund fixed assets, this includes the net book value of assets acquired.

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

Capital grants are recognised as voluntary income on a receivable basis to the extent there is entitlement, unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund

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 probability of receipt.

Donations

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

Other income

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

Interest receivable

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

Donated services and gifts in kind

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

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

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure of Raising funds

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

Charitable activities

These are costs incurred on the trust's educational operations including allocated support costs and costs relating to governance of the academy trust apportioned to Charitable activities

All resources expended are inclusive of irrecoverable VAT.

Intangible fixed assets

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

Purchased computer software licenses 33% straight line

Tangible fixed assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at costs and depreciated over their expected useful economic life. The related grants are credited to a restricted fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities. A full years' depreciation is charged in the year of acquisition/purchase.

Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

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.

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 projected unit method. As stated in note 24, 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 in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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

Actuarial Gains and Losses are recognised immediately in other recognised gains and losses

Defined contribution scheme**Head office Pension Scheme**

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

1. Statement of Accounting Policies (continued)

Fund Accounting

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

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.

Financial Instruments

The academy trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the academy trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Critical Accounting Estimates and areas of judgment

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

Critical accounting estimates and assumptions

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

The fair value of the leasehold interests transferred to the trust are assessed by qualified surveyors, based on sector knowledge and experience and the prevailing market conditions.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations & Capital Grants

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA capital grants	-	-	463	463	534
Surplus transferred upon conversion	484	(2,231)	9,255	7,508	8,679
Other Donations	-	113	-	113	177
	<u>484</u>	<u>(2,118)</u>	<u>9,718</u>	<u>8,084</u>	<u>9,390</u>

3 Other trading activities

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Hire of facilities	83	-	83	22
Catering	335	-	335	296
Breakfast and after school club	235	-	235	220
Uniform	65	-	65	49
Sales of goods and services	21	-	21	11
Consultancy services	300	-	300	163
Other Income	1,214	-	1,214	994
	<u>2,252</u>	<u>-</u>	<u>2,252</u>	<u>1,755</u>

4 Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
Short term deposit interest	6	-	6	7
	<u>6</u>	<u>-</u>	<u>6</u>	<u>7</u>

5 Funding for the academies trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE/EFA revenue grant				
General Annual Grant (GAG)	-	36,605	36,605	30,417
Start Up Grants	-	75	75	25
Other DfE/EFA grants	-	1,748	1,748	1,480
	<u>-</u>	<u>38,429</u>	<u>38,429</u>	<u>31,922</u>
Other Government grants				
Local Authority / Other	-	3,360	3,360	3,141
	<u>-</u>	<u>3,360</u>	<u>3,360</u>	<u>3,141</u>
	<u>-</u>	<u>41,789</u>	<u>41,789</u>	<u>35,063</u>

6 Expenditure

	Staff Costs £'000	Non Pay Expenditure Premises £'000	Other Costs £'000	Total 2016 £'000	Total 2015 £'000
Expenditure on Raising Funds	348	-	2,169	2,517	1,888
Academy Trust's educational operations					
Direct costs (note 7)	30,016	-	2,570	32,584	27,638
Allocated support costs (note 7)	4,043	2,220	4,915	11,178	10,069
	<u>34,407</u>	<u>2,220</u>	<u>9,654</u>	<u>46,279</u>	<u>39,594</u>

Net income/(expenditure) for the year include:

	Total 2016 £'000	Total 2015 £'000
Amortisation	12	22
Depreciation	1,413	1,410
Operating leases rentals	47	47
Fees payable to RSM UK Audit LLP(formerly Baker Tilly UK Audit LLP) and its associates for	-	-
- current year audit	77	72
- prior year's audit	-	100
- other services	3	23

The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2016

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7 Charitable Activities

	Total 2016 £'000	Total 2015 £'000
<i>Direct costs</i>	32,584	27,638
<i>Support costs</i>	11,178	10,068
	<u>43,762</u>	<u>37,706</u>
<i>Allocated support costs</i>		
Support staff costs	4,043	3,504
Depreciation	1,413	1,410
Amortisation	12	22
Technology costs	95	59
Recruitment and support	114	60
Maintenance of premises and equipment	745	536
Cleaning	422	311
Rent & Rates	205	162
Energy costs	562	531
Insurance	246	222
Security and transport	92	83
Catering	8	7
Legal and professional fees	1,743	1,863
Bank interest and charges	1	1
Other finance cost - pension finance cost	572	342
Other support costs	774	701
Governance Costs	131	253
	<u>11,178</u>	<u>10,068</u>

8 Staff

a. Staff costs

Staff costs during the year were:

	Total 2016 £'000	Total 2015 £'000
Wages and salaries	27,333	23,079
Social security costs	1,938	1,495
Pension costs	4,582	3,556
	<u>33,852</u>	<u>28,130</u>
Supply Staff costs	535	547
Staff restructuring costs	19	115
	<u>34,407</u>	<u>28,792</u>

b. Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £19,046.05 (2015: £114,978). One non-statutory/non-contractual payment exceeded £5,000 individually, and was for £9,000.

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:

The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2016

Company no. 08116706

8 Staff (continued)

	Total 2016 No.	Total 2015 No.
Charitable Activities		
Teachers	328	280
Administration and support	575	499
Management	71	67
	<u>974</u>	<u>846</u>

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

	Total 2016 No.	Total 2015 No.
£60,001 - £70,000	9	7
£70,001 - £80,000	6	5
£80,001 - £90,000	6	3
£90,001 - £100,000	-	-
£100,001 - £110,000	3	2
£160,001 - £170,000	<u>1</u>	<u>-</u>

20 of the above employees participated in the Teachers' Pension Scheme (2015: 16). During the year ended 31 August 2016, pension contributions for these staff amounted to £221,717 (2015: £167,021). 3 (2015: 1) of the above employees participated in the Local Government Pension Scheme, pension contributions amounted to £14,105 (2015: £0). 3 (2015:nil) of the above employees participated in the defined contribution scheme, pension contributions amounted to £1,464.00 (2015: £nil).

Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £828,460 (2015:1,086,265)

9 Central Services

The management charge is 5% of General Annual Grant income which for 2015-16 amounts to £1,604,334 (2015: 1,521,550). In 2016/17 the TEFAT Board is committed to keeping the management charge at 5% due to funding cuts

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

Total	<u>5%</u>
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Management Charge Per School

	£'s
Billesley Primary School	108,340
Claremont Primary School	50,622
Croft Academy	52,260
Elm Road Primary School	42,625
Eyrescroft Primary School	56,053
George Betts Primary School	94,153
Greenside Primary School	53,267
Highlees Primary School	81,627
Hillingdon Primary School	111,576
John Locke Academy	25,174
Kinfgs Rise Academy	62,636
Lena Gardens Academy	51,996
Milfield Primary School	39,965
Nene Infants	41,683
Parkfield Primary School	86,584
Pinkwell Primary School	197,082
Rammoth Primary School	47,667
Rough Haye Primary School	76,185
Shireland Hall Academy	120,660
Shirestone Academy	53,871
The Hyde Primary School	98,345
Tiverton Primary School	50,953
	<u>1,604,334</u>

10 Related Party Transactions - Trustees' Remuneration and Expenses

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

Hugh Greenway, CEO, received remuneration of £165,000 in 2016 (2015 : £143,079) and accruing retirement benefits of £4,700 in 2015/16, (2015: Nil).

No other trustees were paid expenses for their role as trustees (2015:£nil).

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

11 Trustees' and Officers' Insurance

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

This insurance is covered by Risk Protection Arrangement (RPA) which is provided by the Department for Education. The RPA covers the entire insurance needs for the Trust. The payment made to the RPA in 2015/16 was £178,172 (2014/15 : £157,632).

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Notes to the financial Statements

For the year ended 31 August 2016

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12 Intangible Fixed Assets

	Computer Software £'000	Total 2016 £'000
Cost		
At 1 September 2015	66	66
Additions	6	6
At 31 August 2016	72	72
Amortisation		
At 1 September 2015	57	57
Charged in year	12	12
At 31 August 2016	69	69
Net book values		
At 31 August 2016	3	3
At 31 August 2015	9	9

13 Tangible Fixed Assets

	Leasehold Land and Buildings £'000	Furniture and Equipment £'000	Computer Equipment £'000	Total 2016 £'000
Cost				
At 1 September 2015	44,455	223	409	45,086
Additions	9,877	24	154	10,055
Transfers	0			-
At 31 August 2016	54,332	246	563	55,141
Depreciation				
At 1 September 2015	2,200	88	192	2,481
Charged in year	1,191	54	168	1,413
At 31 August 2016	3,391	142	360	3,894
Net book values				
At 31 August 2016	50,940	104	203	51,247
At 31 August 2015	42,253	134	218	42,606

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

- The taking up of a leasehold on land buildings for Claremont Primary School for £1.8m over a term of 30 years
- The taking up of a leasehold on land buildings for Millfield Primary School for £3.8m over a term of 67 years
- The taking up of a leasehold on land buildings for Eyrescroft Primary School for £2.3m over a term of 35 years
- The taking up of a leasehold on land buildings for Elm Road Primary School for £1.4m over a term of 44 years

14 Debtors

	Total 2016 £'000	Total 2015 £'000
Trade Debtors	260	83
Prepayments	398	365
VAT Recoverable	290	243
Accrued Income	1,426	1,444
	2,375	2,135

The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2016

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15 Creditors: Amounts Falling due within one Year

	Total 2016 £'000	Total 2015 £'000
Trade Creditors	1,385	862
Other taxation and social security	604	433
EFA creditor: Abatement of GAG	0	88
Other creditors	599	538
Accruals and deferred income	1,056	764
	3,644	2,685
Deferred income	Total 2016 £'000	Total 2015 £'000
Deferred income at 1 September	446	530
Resources deferred in year	605	446
Amounts released from previous years	(446)	(530)
Deferred income at 31 August	605	446

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

16 Funds

	Balance at 1 September 2015 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses and Transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant (GAG)	352	36,605	(36,342)	0	615
Pension reserve	(13,219)	(2,231)	(861)	(9,003)	(25,314)
Start Up Grant	(0)	75	(75)		(0)
Other DfE/EFA grants	355	5,108	(4,921)	(347)	195
Voluntary Income	(0)	113	(113)	0	(0)
	(12,512)	39,670	(42,313)	(9,350)	(24,504)
Restricted fixed asset funds					
DfE/EFA capital grants	1,726	463	(79)	347	2,457
Capital expenditure from GAG	(61)	0	(108)	0	(169)
Inherited fixed assets	40,949	9,255	(1,237)	0	48,966
	42,615	9,719	(1,425)	347	51,255
Total restricted funds	30,103	49,388	(43,738)	(9,003)	26,750
Unrestricted funds					
Unrestricted funds	2,547	2,743	(2,540)	0	2,748
Total unrestricted funds	2,547	2,743	(2,540)	0	2,748
Total funds	32,649	52,131	(46,278)	(9,003)	29,500

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 2016. A transfer of funds represents the amount of revenue income spent over and above the capital funding received by schools in the purchase of fixed assets.

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

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

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

The 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 Elliot Foundation Academies Trust

Notes to the financial Statements

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Company no. 08116706

16 Funds (continued)

The voluntary income fund represents free reserves available for general disbursement by the trust.

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 2016 £'000	Balance at 31 August 2015 £'000
Fund balances at 31 August 2016 were allocated as follows:		
Billesley Primary School	86	39
Claremont Primary	90	0
Croft Academy	29	104
The Elliot Foundation Academies Trust	186	(75)
Elm Road Primary School	59	0
Eyrescroft Primary School	(61)	0
George Betts Primary Academy	145	82
Hillingdon Primary Academy	75	273
Highlees Primary School	253	279
Kings Rise Academy	223	290
Lena Gardens Primary School	(42)	79
Millfield Primary	279	0
Nene Infant and Nursery School	325	369
Parkfield Primary School	25	126
John Locke Academy	33	-23
Greenside Primary School	254	111
Pinkwell Primary School	449	199
Rough Hay Primary Academy	165	282
Ramnoth Junior School	115	70
Shireland Hall Primary Academy	141	228
The Shirestone Academy	216	204
The Hyde School	346	378
Tiverton Primary Academy	170	239
Total before fixed assets and pension reserve	3,559	3,253
Restricted fixed asset fund	51,265	42,615
Pension Reserve	(25,314)	(13,219)
	29,500	32,649

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

Analysis of academies by cost:

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

	Teaching & Educational Support Staff Costs £'000	Other Support Staff £'000	Educational Supplies £'000	Other Costs (Excluding Depreciation & Amortisation) £'000	Year ended 31 August 2016 £'000	Year ended 31 August 2015 £'000
Billesley Primary School	2,197	222	126	659	3,205	3,035
Claremont Primary	905	52	72	221	1,250	0
Croft Academy	854	83	71	285	1,293	1,261
The Elliot Foundation Academies Trust	0	789	17	1,282	2,088	2,084
Elm Road Primary School	742	53	27	164	986	0
Eyrescroft Primary School	994	158	41	190	1,373	0
George Betts Primary Academy	1,528	155	119	424	2,227	2,329
Hillingdon Primary Academy	2,223	314	89	395	3,021	2,741
Highlees Primary School	1,440	187	65	300	1,991	1,944
Kings Rise Academy	1,112	129	112	427	1,780	1,557
Lena Gardens Primary School	896	124	20	382	1,422	1,320
Millfield Primary	658	71	26	189	945	0
Nene Infant and Nursery School	1,026	97	26	273	1,422	1,355
Parkfield Primary School	1,625	143	71	342	2,180	2,203
John Locke Academy	675	82	43	200	1,000	816
Greenside Primary School	920	96	69	198	1,283	586
Pinkwell Primary School	3,898	338	87	653	4,976	5,719
Rough Hay Primary Academy	1,346	149	105	394	1,994	1,771
Ramnoth Junior School	794	111	30	173	1,107	1,132
Shireland Hall Primary Academy	2,212	166	146	616	3,140	2,682
The Shirestone Academy	850	101	47	305	1,303	1,326
The Hyde School	1,975	108	73	529	2,684	2,427
Tiverton Primary Academy	856	88	34	342	1,322	1,186
LGPS pension cost	289	-	-	572	861	687
	30,016	3,819	1,515	9,504	44,854	38,161

The Elliot Foundation Academies Trust

Notes to the financial Statements

For the year ended 31 August 2016

Company no. 08116706

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2015 are represented by:

	Unrestricted Funds £'000	Restricted General funds £'000	Restricted Fixed Asset Funds £'000	Balance at 31 August 2016 £'000	Balance at 31 August 2015 £'000
Tangible Fixed Assets	-	-	51,247	51,247	42,606
Intangible Fixed Assets	-	-	3	3	9
Current assets	5,564	1,839	5	7,208	5,939
Current liabilities	(2,816)	(627)	-	(3,444)	(2,685)
Pension scheme liability	-	(25,314)	-	(25,314)	(13,219)
Total net assets	2,748	(24,503)	51,255	29,500	32,649

18 Financial Commitments

Operating Leases

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

	Total 2016 £'000	Total 2015 £'000
Other		
Expiring within one year	9	21
Expiring within two and five years inclusive	56	13
	65	34

19 Reconciliation of Net Income to Net Cashflow from Operating Activities

	Total 2016 £'000	Total 2015 £'000
Net income for the reporting period	5,854	6,621
Amortisation (note 12)	12	22
Depreciation (note 13)	1,413	1,410
Capital grants from DfE and other capital income	(9,718)	(9,644)
Cash transferred in on conversion (note 21)	(484)	(194)
Interest receivable (note 4)	(6)	(7)
Defined Benefit pension cost less contributions payable (note 24)	289	345
Defined Benefit Pension finance income (note 24)	572	342
Defined benefit pension scheme obligation inherited (note 26)	2,231	625
(Increase)/decrease in debtors	(240)	680
Increase/(decrease) in creditors	959	(1,157)
Net cash provided by/ (used in) operating activities	881	(958)

20 Cash Flows from Investing Activities

	Total 2016 £'000	Total 2015 £'000
Interest received	6	7
Purchase of tangible fixed assets	(800)	(949)
Purchase of intangible assets	(6)	(10)
Capital grants from DfE/EFA	483	534
Cash balance transferred on conversion (note 21)	484	194
Net cash inflow from investing activities	148	(223)

21 Cash Transferred on conversion to an Academy

	Total 2016 £'000	Total 2015 £'000
Cash balance transferred on conversion (note 26)	484	194
	484	194

22 Analysis of Changes in Net Funds

	At 1 September 2015 £'000	Cash flows £'000	At 31 August 2016 £'000	At 31 August 2015 £'000
Cash in hand and at bank	3,804	1,029	4,833	3,804
Current asset investments	-	-	-	-
	3,804	1,029	4,833	3,804

23 Members' Liability

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

24 Pension and similar obligations

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

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 related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions were payable to the schemes as follows at 31 August 2016 and are included within other creditors:

	Balance at 31 August 2016	Balance at 31 August 2015
	£	£
Teachers' Pension Scheme	263,964	222,455
Local Government Pension Scheme	216,747	164,444
	<u>480,711</u>	<u>386,899</u>

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2014). The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are: • employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%) • total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million • an employer cost cap of 10.9% of pensionable pay will be applied to future valuations • the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%. The new employer contribution rate was 14.1% until 1 September 2015, when it was increased to 16.48% (including a 0.08% administration fee), with an employer cost cap of 10.9% of pensionable pay. The employer contribution rate will be payable until next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the year amounted to £2,230,153 (2015: £1,581,518).

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

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £2,503,000 (2015: £2,206,000), of which employer's contributions totalled £1,971,000 (2015: £1,630,000) and employees' contribution totalled £532,000 (2015: £577,000). The agreed rates for future years are 10.8 - 24.8 per cent for employers and between 5.5 - 6.8 per cent for employees.

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

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

	West Midlands £'000	Barnet £'000	Hammersmith & Fulham £'000	Hillingdon £'000	Cambridge- shire £'000	Islington £'000	Total £'000
2016							
Fair value of plan assets	4,934	2,269	742	2,392	2,092	92	12,521
Present value of funded defined benefit obligations	(14,286)	(5,795)	(2,640)	(6,341)	(8,592)	(181)	(37,835)
Deficit in schemes	(9,352)	(3,526)	(1,898)	(3,949)	(6,500)	(89)	(25,314)
Amounts recognised in the statements of financial activities							
Current service cost	740	268	140	510	562	40	2260
Net interest cost	229	62	40	94	145	2	572
Total	969	330	180	604	707	42	2832
2015							
Fair value of plan assets	3,580	1,034	542	1,508	1,054	38	7,756
Present value of funded defined benefit obligations	(9,528)	(2,434)	(1,619)	(3,965)	(3,375)	(54)	(20,975)
Deficit in schemes	(5,948)	(1,400)	(1,077)	(2,457)	(2,321)	(16)	(13,219)
Amounts recognised in the statements of financial activities							
Current service cost	569	192	84	515	369	29	1,758
Net interest cost	212	49	29	87	81	1	459
Total	781	241	113	602	450	30	2,217

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND

Principal actuarial assumptions

	2016	2015
Rate of increase in salaries	3.75%	4.14%
Rate of increase for pensions in payment/ inflation	2.00%	2.4%
Discount rate for scheme liabilities	2.20%	4.0%
Inflation rate (CPI)	2.00%	2.4%

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

	2016 Years	2015 Years
Retiring today:		
Males	23.1	23.0
Females	25.8	25.2
Retiring in 20 years:		
Males	25.3	25.6
Females	28.1	28.0

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	2,930	2,139
Government bonds	342	266
Other bonds	422	361
Property	391	304
Cash/liquidity	317	180
Other	532	330
FAIR VALUE OF ASSETS	<u>4,934</u>	<u>3,580</u>

The actual return on the scheme assets was £749,000 (2015: £148,000).

Amounts recognised in the statement of financial activities:	2016 £'000	2015 £'000
Current service cost	740	569
Net interest cost	229	212
Total operating charge	<u>969</u>	<u>781</u>

24 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

WEST MIDLANDS PENSION FUND (continued)

Changes in present value of defined benefit obligations

	2016	2015
	£'000	£'000
At 1 September	9,528	8,349
Upon conversion	-	-
Current Service Cost	740	569
Interest Cost	381	342
Actuarial losses	3,702	366
Contribution by members	186	175
Benefits paid	(251)	(225)
Losses on curtailments and settlements	-	2
Liabilities assumed / (extinguished) on settlements	-	(50)
At 31 August	14,286	9,528

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

	2016	2015
	£'000	£'000
At 1 September	3,580	3,089
Upon conversion	-	-
Interest income	153	130
Return on plan assets (excluding net interest on the defined pension liability)	595	18
Contributions by employer	671	441
Contributions by members	186	175
Benefits paid	(251)	(225)
Settlement risks received / (paid)	-	(48)
At 31 August	4,934	3,580

BARNET PENSION FUND

Principal actuarial assumptions

	2016	2015
Rate of increase in salaries	3.53%	4.5%
Rate of increase for pensions in payment/ inflation	2.10%	2.7%
Discount rate for scheme liabilities	2.00%	4.0%
Inflation rate (CPI)	2.00%	2.7%

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

	2016	2015
	Years	Years
Retiring today:		
Males	22.1	22.1
Females	24.3	24.4
Retiring in 20 years:		
Males	24.1	24.2
Females	26.6	26.8

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

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,724	696
Other bonds	522	331
Cash/liquidity	23	7
TOTAL FAIR VALUE OF ASSETS	2,269	1,034

The actual return on the scheme assets was £394,000 (2015: £2,000).

Amounts recognised in the statement of financial activities:

	2016 £'000	2015 £'000
Current service cost	268	192
Net interest cost	62	49
Total operating charge	330	241

Changes in present value of defined benefit obligations

	2016 £'000	2015 £'000
At 1 September	2,434	2,114
Upon conversion	828	0
Current Service Cost	268	192
Interest Cost	120	86
Actuarial losses/(gains)	2,086	(1)
Contribution by members	61	45
Benefits paid	(2)	(2)
At 31 August	5,795	2,434

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

	2016 £'000	2015 £'000
At 1 September	1,034	832
Upon conversion	514	0
Interest income	58	37
Return on plan assets (excluding net interest on the defined pension liability)	336	(39)
Contributions by employer	268	161
Contributions by members	61	45
Benefits paid	(2)	(2)
At 31 August	2,269	1,034

24 Pension and similar obligations (continued)

Local Government Pension Schemes (continued)

HAMMERSMITH AND FULHAM PENSION FUND

Principal actuarial assumptions

	2016	2015
Rate of increase in salaries	4.10%	4.5%
Rate of increase for pensions in payment/ inflation	2.30%	2.7%
Discount rate for scheme liabilities	2.20%	4.0%
Inflation rate (CPI)	2.30%	2.7%

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

	2016 Years	2015 Years
Retiring today:		
Males	22.9	22.8
Females	25.3	25.2
Retiring in 20 years:		
Males	25.2	25.1
Females	27.7	27.6

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	373	306
Government bonds	-	38
Other bonds	-	45
Property	40	26
Cash/liquidity	42	14
Other	287	113
TOTAL FAIR VALUE OF ASSETS	742	542

The actual return on the scheme assets was £52,000 (2015: £6,000).

Amounts recognised in the statement of financial activities:	2016 £'000	2015 £'000
Current service cost	140	84
Net interest cost	40	29
Total operating charge	180	113

Changes in present value of defined benefit obligations

	2016 £'000	2015 £'000
At 1 September	1,619	738
Upon conversion	0	826
Current Service Cost	140	84
Interest Cost	65	41
Actuarial losses/(gains)	786	(88)
Contribution by members	30	18
At 31 August	2,640	1,619

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)****HAMMERSMITH AND FULHAM PENSION FUND (continued)**

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

	2016 £'000	2015 £'000
At 1 September	542	216
Upon conversion	0	235
Interest income	25	12
Return on plan assets (excluding net interest on the defined pension liability)	27	(6)
Contributions by employer	118	67
Contributions by members	30	18
At 31 August	742	542

HILLINGDON PENSION FUNDPrincipal actuarial assumptions

	2016	2015
Rate of increase in salaries	3.10%	3.57%
Rate of increase for pensions in payment/ inflation	2.10%	2.7%
Discount rate for scheme liabilities	2.07%	3.8%
Inflation rate (CPI)	2.10%	2.7%

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

	2016 Years	2015 Years
Retiring today:		
Males	22.7	22.7
Females	24.7	24.7
Retiring in 20 years:		
Males	24.3	24.3
Females	26.9	26.9

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,387	874
Other bonds	598	347
Property	288	197
Cash/liquidity	119	90
TOTAL FAIR VALUE OF ASSETS	2,392	1,508

The actual return on the scheme assets was £320,000 (2015: £34,000).

Amounts recognised in the statement of financial activities:

	2016 £'000	2015 £'000
Current service cost	510	515
Net interest costs	94	87
Total operating charge	604	602

24 Pension and similar obligations (continued)**Local Government Pension Schemes (continued)****HILLINGDON PENSION FUND (continued)****Changes in present value of defined benefit obligations**

	2016	2015
	£'000	£'000
At 1 September	3,965	3,191
Upon conversion	0	44
Current Service Cost	510	515
Interest Cost	161	131
Actuarial losses/ (gains)	1,590	(29)
Contribution by members	115	113
At 31 August	6,341	3,965

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

	2016	2015
	£'000	£'000
At 1 September	1,508	893
Upon conversion	0	10
Interest income	67	44
Return on plan assets (excluding net interest on the defined pension liability)	253	(11)
Contributions by employer	449	459
Contributions by members	115	113
At 31 August	2,392	1,508

CAMBRIDGESHIRE PENSION FUNDPrincipal actuarial assumptions

	2016	2015
Rate of increase in salaries	4.10%	4.57%
Rate of increase for pensions in payment/ inflation	2.10%	2.7%
Discount rate for scheme liabilities	2.07%	3.8%
Inflation rate (CPI)	2.10%	2.7%

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

	2016 Years	2015 Years
Retiring today:		
Males	22.5	22.5
Females	24.5	24.5
Retiring in 20 years:		
Males	24.4	24.4
Females	26.9	26.9

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	1,569	778
Other bonds	314	159
Property	146	85
Cash/liquidity	63	32
TOTAL FAIR VALUE OF ASSETS	2,092	1,054

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

The actual return on the scheme assets was £286,000 (2015: £12,000).

Amounts recognised in the statement of financial activities:	2016 £'000	2015 £'000
Current service cost	562	369
Net interest cost	145	81
Total operating charge	707	450

Changes in present value of defined benefit obligations

	2016 £'000	2015 £'000
At 1 September	3,375	2,843
Upon conversion	2,111	0
Current Service Cost	562	369
Interest Cost	201	113
Actuarial losses/(gains)	2,228	(21)
Contribution by members	115	71
At 31 August	8,592	3,375

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

	2016 £'000	2015 £'000
At 1 September	1,054	713
Upon conversion	194	0
Interest income	56	32
Return on plan assets (excluding net interest on the defined pension liability)	230	(20)
Contributions by employer	443	258
Contributions by members	115	71
At 31 August	2,092	1,054

ISLINGTON PENSION FUNDPrincipal actuarial assumptions

	2016	2015
Rate of increase in salaries	3.65%	3.95%
Rate of increase for pensions in payment/ inflation	2.00%	2.2%
Discount rate for scheme liabilities	2.20%	4.0%
Inflation rate (CPI)	1.90%	2.2%

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

	2016 Years	2015 Years
Retiring today:		
Males	22.6	22.5
Females	25.3	25.2
Retiring in 20 years:		
Males	24.8	24.7
Females	27.6	27.5

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

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

	Fair value at 31 August 2016 £'000	Fair value at 31 August 2015 £'000
Equities	51	20
Other bonds	19	8
Property	14	6
Cash/liquidity	8	4
TOTAL FAIR VALUE OF ASSETS	92	38

The actual return on the scheme assets was £7,000 (2015:£0).

Amounts recognised in the statement of financial activities:

	2016 £'000	2015 £'000
Current service cost	40	29
Net interest cost	2	1
Total operating charge	42	30

Changes in present value of defined benefit obligations

	2016 £'000	2015 £'000
Upon conversion	54	0
Current Service Cost	40	29
Interest Cost	2	1
Actuarial losses	60	5
Contribution by members	25	19
At 31 August	181	54

Movements in fair value of plan assets

	2016 £'000	2015 £'000
Upon conversion	38	0
Interest income	0	0
Return on plan assets (excluding net interest on the defined pension liability)	7	0
Contributions by employer	22	19
Contributions by members	25	19
At 31 August	92	38

25 Related Party Transactions

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

One Trustee, Hugh Greenway was engaged as an employee during the year to August 2016. Details of relevant payments are included in note 10.

Marianne Linden is the mother in law of the Managing Director, Hugh Greenway, and she was employed as Office Manager for The Elliot Foundation Academies Trust for the year to August 2016. She was paid a total of £30,166.05 (2015:£36,454). There was £nil outstanding as at 31 August 2016 (2015:£nil).

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

26 Conversion to an Academy Trust**ELM ROAD PRIMARY SCHOOL**

On 1 November 2015 Elm Road 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 Cambridgeshire County Council for £Nil consideration.

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

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

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	1,400,000	-	-	1,400,000
School budget surplus	102,392	102,392	-	-
LGPS pension deficit	(408,000)	-	(408,000)	-
Net assets/(liabilities)	1,094,392	102,392	(408,000)	1,400,000

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

EYRESCROFT PRIMARY SCHOOL

On 1 December 2015 Eyrescroft Primary School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to The Elliot Foundation Academies Trust from the Cambridgeshire County Council for £Nil consideration.

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

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

Voluntary income analysis:

	TOTAL £	Unrestricted funds £	Restricted general fund £	Restricted fixed asset funds £
Tangible fixed assets:				
Leasehold land and buildings	2,290,000	-	-	2,290,000
School budget surplus	17,395	17,395	-	-
LGPS pension deficit	(1,047,000)	-	(1,047,000)	-
Net assets/(liabilities)	1,260,395	17,395	(1,047,000)	2,290,000

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MILLFIELD PRIMARY ACADEMY

On 1 December 2015 Millfield 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 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	Restricted	Restricted
	£	funds	general	fixed
		£	fund	asset
			£	funds
				£
Tangible fixed assets:	3,810,000			3,810,000
Leasehold land and buildings	-	-	-	-
School budget surplus	251,158	251,158		-
LGPS pension deficit	(462,000)	-	(462,000)	-
Net assets/(liabilities)	3,599,158	251,158	(462,000)	3,810,000

CLAREMONT PRIMARY ACADEMY

On 1 March 2016 Claremont 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 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	Restricted	Restricted
	£	funds	general	fixed
		£	fund	asset
			£	funds
				£
Tangible fixed assets:	1,755,000			1,755,000
Leasehold land and buildings	-	-	-	-
School budget surplus	105,632	105,632		-
LGPS pension deficit	(314,000)	-	(314,000)	-
Net assets/(liabilities)	1,546,632	105,632	(314,000)	1,755,000

During the year a further £7.9k school budget surplus was also received from Hammersmith Local Authority with regards to Greenside Primary School.

27 Explanation of transition to FRS 102

It is the first year that TEFAT has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income for the comparative period reported under previous UK GAAP and SORP 2015 are given below:

RECONCILIATION OF NET INCOME

	31 August 2015 £'000
Net income previously reported under UK GAAP	6,621
Change in recognition of LGPS interest cost	(125)
Net income reported under FRS 102	<u>6,496</u>

Under previous UK GAAP the trust recognised an expected return of defined benefit plan assets in expenses. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in expenses. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to increase the debit to expense by £125,000 and decrease the debit in other recognised gains and losses in the SoFA by the equivalent amount.

Purchased computer software costs have also been reclassified as intangible fixed assets from tangible fixed assets.

There has been no impact on the level of reserves reported by the trust as at 31 August 2015 or 1 September 2014 as a result of the transition to FRS 102.

The Elliot Foundation Academies Trust

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 2015/6, 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 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Elliot Foundation Academies Trust and the EFA in accordance with the terms of our engagement letter dated 9 November 2013. Our work has been undertaken so that we might state to The Elliot Foundation Academies Trust and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Elliot Foundation Academies Trust and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Elliot Foundation Academies Trust'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 2015, 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 2015/6. 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 2015 to 31 August 2016 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 2015/6 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.

The Elliot Foundation Academies Trust

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

RSM UK Audit LLP

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Date... 23 December 2016