

**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST AUGUST 2017**  
**THE EDUCATION FELLOWSHIP TRUST**  
**(A Company Limited by Guarantee)**

Smith Hodge & Baxter  
Chartered Accountants  
& Statutory Auditors  
Thorpe House  
93 Headlands  
KETTERING  
Northamptonshire  
NN15 6BL

**THE EDUCATION FELLOWSHIP TRUST**

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**FOR THE YEAR ENDED 31ST AUGUST 2017**

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**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

<b>Member</b>	The Education Fellowship Limited
<b>Trustees</b>	J E Kane R Mallows MBE (Chair) E C Mbakwe (Resigned 23 January 2017) S Thompson-Martyn (Resigned 9 March 2017) Rev Dr D Wilkinson I Harris (Appointed 21 March 2017)
<b>Chief Executive Officer</b>	J E Kane - Accounting Officer
<b>Senior Management Team</b>	J Davenport - Executive Principal E Rowe - Chief Operating Officer S Robinson - Principal Finance Officer
<b>Company Secretary</b>	S Robinson
<b>Principal and Registered Office</b>	The Old Dairy Grange Road Islip KETTERING NN14 4JB
<b>Company Registration Number</b>	07848783 (England and Wales)
<b>Independent Auditor</b>	Smith Hodge & Baxter Chartered Accountants & Statutory Auditors Thorpe House 93 Headlands Kettering Northamptonshire NN15 6BL
<b>Bankers</b>	Barclays Bank plc PO Box 885 Matlock House Histon Cambridge CB24 9DE
<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ
<b>Subsidiary undertakings</b>	The Education Fellowship Trading Limited Wrenn Astro Limited Wrenn Astro Trust

## **THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

### **TRUSTEES' REPORT** **FOR THE YEAR ENDED 31ST AUGUST 2017**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2016 to 31 August 2017. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The trust operates seven primary academies and two secondary academies in Northamptonshire, a primary academy and a secondary academy in Wiltshire and a secondary academy in Windsor and Maidenhead. Its academies have a combined pupil capacity of 8,011 and had a roll of 6,030 in the academy census of January 2017.

The Fellowships' academies continue to develop their staff to enable them to deliver sustainable education and take their academies to outstanding.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Constitution**

The Education Fellowship Trust ("the Multi Academy Trust" or "the MAT") was incorporated as The Education Schools Trust, a company limited by guarantee, on 15 November 2011. By resolution of the members it changed its name to The Education Fellowship Trust on 11 September 2012. The Multi Academy Trust is not registered with the Charity Commission as it is an exempt charity which is regulated by the Education Funding Agency in accordance with a Master Funding Agreement with the Department for Education.

The Education Fellowship Trust is known and operates as The Education Fellowship.

The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of The Education Fellowship Trust are also the Directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

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

#### **Trustees' indemnities**

In accordance with normal commercial practice the MAT has purchased insurance to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business.

#### **Method of recruitment and appointment or election of new Trustees**

The MAT is governed by its Trustees. All appointments of the Trustees to the Board of Trustees are made by the Education Fellowship Limited and are ratified by the Board of Trustees, in accordance with the Trustees Handbook.

In addition, under the Articles of Association with the Department for Education, the Secretary of State for Education has the power to appoint Trustees.

#### **Policies and procedures adopted for the induction and training of Trustees**

Induction is given to all new Trustees which gives the necessary information about the MAT, its mission statement, strategic objectives, and history. Induction includes explaining the Articles of Association, principles of good governance, the Trustee's role, the skills and qualities required and involvement in strategic planning. Trustees are made aware of guidance available from the Department of Education as to their responsibilities.

#### **Organisational structure**

The Trustees meet regularly to manage the MAT's affairs. Such meetings are minuted and records kept indefinitely.

The day to day management of the MAT is the responsibility of the Senior Management Team led by the Chief Executive Officer, Johnson E Kane.

The Senior Management Team will seek guidance and challenge on a number of functions from the Academy Advisory Board (AAB). Each AAB reviews academy plans, strategy and targets. The running of each academy is delegated to its Principal within the policy, timeline and guidance set by the Senior Management Team.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Organisational structure (continued)**

Trustees are briefed regularly by the Senior Management Team on educational and other fellowship academy matters – through a combination of briefings at trustees' meetings, visits to academies and individual meetings. This year saw considerable managed change to both our Senior Management Team and Board of Trustees. Due to our schools being transferred and given notice of termination of our funding agreement, additional pressures have been placed on our senior management team with 4 key members being engaged in the process. This clearly is representing problems particularly as our transition date has slipped considerably.

This year the academy trust has developed a portfolio of policies, procedures and governance which more than fulfils the requirements of the ESFA and has been approved by them.

The Trustees at the end of this year are:

Rachel Mallows MBE DL (Chair) is a Northamptonshire business woman with over 30 years experience in delivering training, coaching, mentoring and business support. The Mallows Company holds the bronze Investors in People award, is a Matrix accredited company, and also holds the Positive about Disability award. Rachel is responsible for delivering the National Careers Service contract in the Wellingborough area, and is actively involved with many local charities. She was awarded the MBE for her Services to Business and Entrepreneurship in the Queen's 90th Birthday Honours List.

Rev Dr David Wilkinson is currently Principal of St John's College and Professor of Theology at Durham University. His academic work as both a scientist and a theologian has been translated into the popular media through writing, lecturing, radio and television broadcasting.

Irene Harris worked in senior management capacity for Bedford Council for most of her career. She has been a Chair of Governors at a large secondary school as well as Chair of Governors at Warwick Primary school and brings that considerable experience in her role as a Trustee.

Johnson Kane (Chief Executive Officer) leads the Executive Board, the Executive Team, all Principals and staff, and is accountable for the performance of all academies. Johnson started his training at John Lewis and was their youngest ever appointed senior manager. He went on to be appointed by the Government to the Board of BAA to help oversee the first major privatization, creating BAA plc. He has also been the CEO of major retail chains, Venture Capital Bank, and advisor to the UK's top 100 CEOs. He leads on lecturing on senior leadership skills.

**Arrangements for setting pay and remuneration of key management personnel**

During the year the Board of Trustees have set the pay and remuneration of the MAT's key management personnel, reviewing equivalent benchmarks within the sector. In endeavoring to cut costs the review of Senior Executives salaries decided on no salary increase regardless of merit.

**Related Parties and other Connected Charities and Organisations**

The MAT owns 100% of the issued share capital of The Education Fellowship Trading Limited, a dormant company incorporated in England and Wales, and Wrenn Astro Limited, a company incorporated in England and Wales. The MAT is also the sole member of Wrenn Astro Trust, a dormant company limited by guarantee and incorporated in England and Wales.

The Trustees also consider that the following companies are related parties by virtue of common Directors, common senior management or direct membership of the MAT or its Trustees:

The Education Fellowship Foundation	-	common senior management
The Education Fellowship Limited	-	common Directors, Academy Trust Sponsor and sole member of The Education Fellowship Trust
The Education Fellowship Staff Trust	-	a common Trustee

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The objects of The Education Fellowship Trust are:

- to advance for the public benefit education in the United Kingdom, by establishing, maintaining, carrying on, managing and developing schools, colleges and academies as centres of excellence in education for all offering a broad curriculum with a strong emphasis on, but in no way limited to either one, or a combination of the specialism(s) specified in the relevant Master Funding Agreements; and
- to promote, for the benefit of the inhabitants of the areas in which the Academies are located and the surrounding areas, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants; and
- to advance the MAT's values which influence behaviour and actions and are set out below:
  - Integrity
  - An entrepreneurial spirit
  - To truly care about colleagues and students
  - Embrace individuality
  - Empower the people around you
  - Inspire trust
  - Live relentlessly and uncompromisingly by the Fellowship's values

**Academy Mission**

The MAT will place learning through engagement at the core of its academy mission.

**Objectives, strategies and activities**

The Department for Education and Ofsted conducted visits at many of the MAT's academies during the year and have fully acknowledged that the new Senior Management Team are making a significant impact on the MAT's academies. There is demand, pace, challenge, support and a singular focus on improving outcomes for our pupils. The precision and purpose of plans, teaching reviews, learning walks, regular meetings with Principals and robust three-monthly review procedures (which are in synergy with AAB meetings and reporting structures) is creating the required change in all the academies.

The Senior Management Team has been developed and skills re-aligned in accordance with the new Strategic Plan 2015-2018 to assist the Chief Executive Officer. Despite major issues our strategic plan is still on target.

Five of our Northamptonshire Academies are in the top IDACI areas of high deprivation and the MAT recognises that this should not be a barrier to educational achievement. However, the three-year Strategic Plan from 2016 outlines that in order to provide sustainable change, without discarding those children and students who do not reach floor targets, requires time and good quality teaching.

The main objective of 2017 was therefore to continue to advance the education of the students, which is a principal aim and priority of the MAT. This led the focus on recruitment of good teachers, NQTs and support staff alongside the development of teacher development programmes and peer reviews and monitoring between the Academies.

**Public Benefit**

The trustees have regard to the Charity Commissions guidance on public benefit Section 4 of the Charities Act 2011. The Trustees ensure that the MAT's activities are undertaken in line with the charitable objects and aims.

**Disabled employees**

Lifts, ramps, disabled toilets and enlarged door widths have been installed to enable wheelchair access to all the main areas of the academies. The policy of the MAT is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**OBJECTIVES AND ACTIVITIES (continued)**

**Equal opportunities**

The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The MAT aims to establish equal opportunity in all areas of its activities, including creating a working environment in which the contribution and needs of all people are fully valued.

**Employee involvement**

The academy trust supports and has developed the ethos of co-ownership for all those who work and learn within the Education Fellowship and that is clearly defined as all employees and pupils.

**STRATEGIC REPORT**

**ACHIEVEMENTS AND PERFORMANCE**

The Education Fellowship was restructured and re-launched in 2014 to deliver an excellent education to children of all backgrounds. The Fellowship is committed to supporting every child to achieve their potential and to have access to a high quality education in order to raise aspirations and their life opportunities.

In order to achieve this, the MAT works with each individual Principal to develop a programme of personalised support covering leadership, management, data systems, pupil tracking, educational technology, performance management, impact analysis and continuous professional development. This programme is delivered by a range of key specialists within the team. In the past two years the MAT has taken action in all of its academies to replace Principals and senior leaders. The new Principals, under the leadership of the Chief Operating Officer (COO), are effecting transformation in all the trust's academies in line with the three year plan of sustainable Progress leading to improved Outcomes.

The MAT has focused this year on recruitment and training of teachers. A series of recruitment events, liaison with appropriate Universities and regional bodies has led to an improved position in relation to staffing for the end of the academic year. Nick Hall, who joined from Teach First East Midlands, developed the MAT's own cadre of Fellowship Exceptional Teachers who are being trained and incentivised to work across the Trust.

The MAT is expecting to achieve further value for money from economies of scale as pupil numbers increase. The internal audit programme of financial management, including value for money, across the MAT has revealed further opportunities for cost effective practice. The Finance centralisation process continues but had been stalled in this academic year through inadequate broadband at our rural head office.

We have external support from Winchester College and Radley College; they have brought expertise in leadership and quality teaching and above all a different sustainable mind-set.

Each academy is monitored through regular challenge visits by the COO and CEO and the three-monthly reviews to gauge, monitor and target its journey towards outstanding in line with the Three Year Strategy.

Although we have received some disappointing Ofsted results during the year, all Academies can demonstrate progress for their children, particularly for those who have been with the Academy since the MAT's leadership.

**KEY PERFORMANCE INDICATORS**

**Primary academies**

***Blackthorn Primary School***

Since the OFSTED report in June 2016, Blackthorn Primary School has received two further HMI monitoring visits and continues to make progress. The June 2017 report states:

- The principal is deeply committed to improving the quality of education for the pupils at the school. She continues to be the driving force behind any improvements that are being made.
- Immediately following the last monitoring visit, the principal set about improving standards of behaviour across the school, by raising the expectations that staff have of the pupils. She ensured that all staff were able to implement the school's behaviour policy
- TEFT has continued to provide support through its education support team. These individuals have helped to improve the quality of teaching.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**KEY PERFORMANCE INDICATORS (continued)**

**Primary academies (continued)**

***Blackthorn Primary School (continued)***

A significant and continuous package of support has been provided by The Education Fellowship during 2016/17, not least in ensuring that the quality of teaching, learning and assessment in KS2 and Year 6 in particular is robust. Members of the TEF Education Support Team have been given responsibility by the Trust in liaison with the Principal to demonstrate impact in this area. The KS2 results are testament to this work.

At Key Stage Two the percentage of pupils achieving ARE in Reading, Writing and Mathematics rose 17 percentage points from 26% in 2016 to 43% in 2017. This 17% increase is more than double the National increase this year, within a cohort that was significantly below National on entry to school. This clearly demonstrates enhanced progress. Individual subject areas also demonstrated significant improvements. Reading attainment improved by 13% in 2017 to 57%; Writing improved 23% to 63% and Mathematics improved 16% to 53%. These results are on the right trajectory for sustainable school improvement and have been achieved through well-structured and well communicated processes, improving teaching and effective intervention.

***Olympic Primary***

Following disappointing outcomes in 2016, the Principal, staff, AAB and The Education Fellowship have worked hard together, to continue the journey of raising standards across the school. Much of this work was recognised in the OFSTED report of June 2017 where although the school remained as Requires Improvement overall, Personal Development, Behaviour and Welfare as well as Early Years were recognised as 'Good'. The following aspects were highlighted as particular strengths:

- The headteacher and other leaders have established a calm and purposeful ethos, which means that pupils are ready to learn.
- Leaders and staff are strong role models for key values of caring and respect. Pupils behave well across the school day, and show understanding and courtesy to each other.
- There are examples of good teaching and phonics is well taught. Pupils enjoy their learning, because topics interest and engage them.
- Safeguarding of pupils is effective. Pupils say they feel safe. Parents have a high level of confidence that their children are safe and well looked after.
- Governance has strengthened considerably recently, with a clear commitment to the school and its community.

Unfortunately, this report came too early in the school year to reflect the significant improvement in attainment at Key Stage Two. In 2017, 35% of students achieved the combined (Reading, Writing and Mathematics) expected standard; an improvement of 14 percentage points from 2016. Olympic have had a particular emphasis on Reading and Maths this year following significant improvements in writing in 2016. This focus showed impact with 47% of Year 6 students achieving the expected standard in Reading and 49% achieving the standard in Maths. This is an increase on 2016 of 14% and 11% respectively. Whilst recognising that these improvements are from a low base the upward trend is becoming established.

***Pembroke Park***

In June 2016 the school received a 'Good' OFSTED judgement with the report citing "Leadership provided by the head teacher and senior leaders is impressive. Improvements to pupils' progress, the quality of teaching and pupils' behaviour are striking."

The success story at Pembroke Park continues with a 100% increase in Key Stage Two combined data from 25% in 2016 to 50% in 2017. Across the vast majority of headline figures at Key Stage One and Key Stage Two improvements have been demonstrated, with Maths at Key Stage One now being in line with the 2016 National figure. Reading at Key Stage Two was highlighted as a weak point in 2016, and although still behind the increase of 19% from 31% (2016) to 50% (2017) mean that the gaps between subjects are closing and all are shifting closer to the National figures. Whilst recognising that there is still work to do, an improvement of 25 percentage points vs a National improvement of 8 percentage points should certainly be noted.

The OFSTED report recognised the Early Years provision at Pembroke Park to be outstanding, yet even here standards continued to improve. In 2016 76% of pupils reached Good Level of Development and this was increased to 82% in 2017, well above the National figure. Pupils attending Pembroke Park, many of whom have additional needs, are receiving a good quality of education.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**KEY PERFORMANCE INDICATORS (continued)**

***Primary Academies (continued)***

***Risdene Academy***

2016/17 was a disappointing year for Risdene Academy in terms of Key Stage Two results and an OFSTED report in January 2017 that identified the school as Requires Improvement in Early Years and Behaviour, Welfare and Safety and Inadequate in all other areas. However in the report, the new Principal and the additional leadership provided by the Education Fellowship Trust are recognised as having impact.

- The new Principal, who started in September, has brought about much-needed clarity of vision for staff. Staff, parents and pupils are very supportive of new leaders.
- The overall proportion of pupils achieving a good level of development in early years is above average across all areas of learning.
- The rigorous implementation of a new policy is helping to improve pupils' behaviour.

In 2017 the results across Key Stage One and Key Stage Two remained broadly in line with those in 2016, although there were larger discrepancies in EYFS, Year 1 Phonics and Key Stage Two writing. Addressing a fall of 7% in the combined (Reading, Writing and Mathematics) scores at Key Stage Two must be an area of focus in the academic year 2017 – 2018.

During the academic year 2016 – 2017 there were significant curriculum and staffing issues at the school and although the new Principal has made significant progress on addressing these areas this did not impact on the outcomes for the pupils at the end of the academic year.

***Ruskin Junior School***

The OFSTED inspection in July 2016 rated the school Inadequate. The Principal who took up post in September 2016 quickly compiled an accurate and effective Statement of Action with the support of the Trust.

At the monitoring visit in March 2017 HMI concluded that: *Leaders and managers are taking effective action towards the removal of special measures.* HMI also highlighted the following improvements:

- The new principal is improving the school considerably. She is making her expectations clear to all staff, and has quickly earned their respect, along with that of pupils and parents.
- Leaders' process for appraising the quality of staff is now more effective.
- The modelling by senior leaders of higher expectations of what pupils can achieve is beginning to drive up the quality of teaching.
- Teachers' overall expectations of pupils' behaviour have improved considerably.
- Along with an impressive improvement in pupils' use of ambitious vocabulary since the start of the academic year, pupils' spelling ability has begun to develop.
- The school has received support from the multi-academy trust before and since the last inspection. This has allowed leaders to plan improvement actions more effectively and ensure that leaders are clear on the impact they want, as well as the timescales.

The Key Stage Two combined (Reading, Writing and Mathematics) result was 39% an increase of 10% on 2016. Attainment improved across the curriculum. At 71% the Writing standard is broadly in line with National figures and Reading and Maths increased by 9% and 13% respectively. Whilst recognising that these results are still too low, the systems and processes that the Principal and her team have put in place are improving provision across the school.

At a school that is ranked 9<sup>th</sup> in Northamptonshire for deprivation (IDACI 2015) engagement is crucial. Pupils and parents are increasingly engaged with the school with 89% of parents identifying that the school is well led and managed via Parent view.

***Thorplands Primary School***

The appointment of the new Principal in September 2016 has made a significant in-year impact. Thorplands continues to be ranked 2<sup>nd</sup> highest for deprivation in Northamptonshire primary schools (IDACI 2015), however, despite this there were significant improvements in attainment in 2016/17.

The overall Key Stage Two combined (Reading, Writing and Mathematics) figure of 46% is a 17% increase from 29% in 2015/16. Key Stage Two Maths results were in line with the National figure at 75% an increase of 29% from 2016. There were significant improvements in Writing which at 71% was within 5% of National; in Reading the gap between the national and school attainment narrowed from 30% in 2016 to 14% in 2017.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**KEY PERFORMANCE INDICATORS (continued)**

***Primary Academies (continued)***

***Thorplands Primary School (continued)***

A similar positive story is present at Key Stage One. 86% of Year 1 students and 100% of Year 2 students achieved the Phonics benchmark and all areas improved on 2016 data. Within this Reading demonstrated the greatest improvement from 70% in 2016 to 82% in 2017, in relation to the 2016 National figure of 74%.

The new Principal has also made significant positive impacts to the school beyond the data. Teaching and learning is very strong and the overhauled curriculum, monitoring and tracking procedures have aided more accurate and specific intervention and subsequently rapid improvements across the school. Attendance continues to be above National.

The Academy received a visit from OFSTED in July 2017 and was rated 'Good'.

The report highlighted:

- Good teaching and accurate assessment ensure that pupils who are currently in school make good progress in key stages 1 and 2.
- Children in the Reception class love the exciting range of activities and enjoy discovering things for themselves. They make good progress from their starting points.
- Pupils' behaviour is good. Their attendance is above the national average. Pupils feel safe and cared for well.

***Warwick Academy***

The OFSTED inspection in the summer of 2016 rated the school as Requires Improvement. An HMI monitoring visit in November 2016 identified that senior leaders and governors *are* taking effective action to tackle the areas requiring improvement identified in order to become a good school. Within the report the HMI recognised the role the new Principal had played and the improved role of the Trust:

- You have introduced more rigour to the performance management of staff, which previously was weak
- The significant improvements to pupils' behaviour that have been secured since the section 5 inspection have resulted in a calmer, more orderly environment than before.
- The early years provision is much improved. You have provided the direction and support that staff needed.
- Governors monitor the school's improvement plans effectively and are able to do so because the plans set out clearly the actions leaders are taking, their intended impact and how this will be measured in the short term and over time.
- Leaders from the Trust are now, rightly, taking a more 'hands-on' approach to supporting the school.

This effective relationship between school, Principal, AAB and Trust resulted in positive impact on data. Standards at Key Stage Two continue to be too low overall, but there is an improving trend. The overall Key Stage Two combined score increased to 36% from 22% in 2016. This increase was largely due to the improvements in Maths which had a particular focus. Here, the number of students reaching ARE increased from 32% in 2016 to 47% in 2017. Smaller improvements were also forthcoming in Reading and Writing.

Key Stages One outperformed Key Stage Two. Key Stage One data demonstrates significant improvements to a level where all elements are now above the 2016 National figures (in brackets): Reading 76% (74%), Writing 69% (65%) and Maths 79% (73%). EYFS has also shown an improving picture from 64% Good Level of Development in 2016 to 72% in 2017 – now above the 2016 National figure.

***Windmill Primary School***

The positive progress at Windmill continues. The Principal and the strong leadership team, have driven this and they alongside the AAB and The Education Fellowship have worked together to create a culture that provides excellence for all students.

The attainment of students across all areas reflects this. At Key Stage Two the combined (Reading, Writing and Mathematics) score was 11% above National and was an improvement of 18% on the school's 2016 result (which was also above National). Reading (8%) and Maths (10%) demonstrated significant in-school improvements from 2016. At Key Stage One all areas improved, with all aspects being well above the 2016 National figures: Reading 76%, Writing 83% and Maths 83%. Windmill Primary is a model of best practice and the continual desire to improve.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**KEY PERFORMANCE INDICATORS (continued)**

*Secondary Academies*

**Rushden**

Following a monitoring visit in May 2017 the HMI concluded that; *Leaders and managers are taking effective action towards the removal of special measures.*

- The principal has a clear vision for improvement and extremely high aspirations for pupils in the school.
- [Leaders] have put in place an appropriate and achievable action plan, detailing clear and specific targets to address all areas identified as in need of improvement at the time of the last inspection.
- Staff and pupils report that behaviour has improved considerably since the last inspection, and pupils report that their lessons are better as a result.
- Higher expectations and improvements in pupils' behaviour and the quality of teaching mean that current pupils are beginning to make greater progress than in recent years.

At Key Stage Four results in English and Maths were at national expectations for 4+ and accelerated progress had been made from 2016 to 2017. The legacy of wrong curriculum choices continues to have an impact on Progress 8 scores.

**Wrenn**

Following a monitoring visit in May 2017 the HMI concluded that; *Leaders and managers are taking effective action towards the removal of special measures.*

- Following the inspection, the Principal swiftly put in place an appropriate school action plan, focused on key groups. Leaders now regularly review and evaluate all their actions to ensure that they are having a positive impact on improving pupils' outcomes.
- Leaders have refined the school behaviour policy and raised expectations for behaviour in lessons.....[Students] all agreed that behaviour has improved since the last inspection.
- Focused whole-school actions on the key groups identified at the last inspection: disadvantaged pupils, the most able and boys. Leaders have provided additional training to support staff in these areas.

The school has unvalidated evidence that improvements in performance for Attainment 8 and Progress 8 measures, when compared to 2015/16, would indicate that Wrenn Academy is the most improved in the county and in the top 2.8% of most improved schools in the country for 2016 -2017. Their analysis also shows that Wrenn is in the top 18% of school performance for Progress 8 in the country.

**Desborough**

Desborough College continues strongly on its journey of school improvement.

The headline figures for 2017 demonstrate that the College is broadly in line with expectations; Progress 8 = 0.05 and Attainment 8 average per pupil score was 47.39 more than 5% above national. The percentage achieving a standard pass in English and Maths was 76%. School analysis is that their performance is in the top 6% of all schools nationally for progress made by boys in English and Maths.

The College continues to develop curriculum and personal development opportunities, creating significant local partnerships to facilitate the work of the school.

**Clarendon**

Clarendon is currently rated 'Good' by Ofsted.

The headline figures for the College in 2017 are: Progress 8 was -0.17 and Attainment 8 was 4.13. The Progress 8 measure for the school improved in 2016-17 and the school is at national average for Progress 8. Going forward the aim is to improve the score to 0 in 2017-18. Maths was the best performing subject and Maths leaders have been encouraged to spread the good practice of their teaching approach to other subject leaders.

The new Principal who started in July 2017 has implemented changes to the processes at the school in order to improve progress and outcomes for pupils.

**GOING CONCERN**

The Board of Trustees have notified the Department for Education that they wish to terminate their funding agreement and transfer all of its academies to new sponsors. These transfers are still to take effect and no final completion dates have been set. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**FINANCIAL REVIEW**

**Financial report for the year**

Most of the MAT's income is obtained from the Education Funding Agency (ESFA)/Department of Education (DfE) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA/DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The MAT also receives grants for fixed assets from the ESFA/DfE. In accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, funds are received from various activities carried out to generate funds, such as any running costs of the academies not met by restricted grants. Any surplus is carried forward as an unrestricted fund in the balance sheet.

During the year ended 31 August 2017, total revenue expenditure was £36.98 million (2016: £36.63 million) and total incoming funds from the DfE and other sources were £34.74 million (2016: 35.54 million).

At 31 August 2017 the net book value of tangible fixed assets was £97.23 million (2016: £98.11 million) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were exclusively for providing education and the associated support services to the pupils of the MAT.

**Financial position**

The academy trust held fund balances at 31 August 2017 of £88.34 million (2016: £85.84 million), comprising £87.82 million (2016: £85.03 million) of restricted funds and £0.52 million (2016: £0.80 million) of unrestricted funds. The restricted pension reserve is currently in deficit of £10.84 million (2016: £14.53 million). This deficit relates solely to the actuarial assessment of Local Government Pension Scheme and future contribution rates have been agreed taking this deficit into account.

**Land and buildings**

The Trustees consider that value of the land and buildings were not significantly different from their market value. It should be noted that these are primarily held under leases which are not available as collateral and the MAT is therefore unable to borrow funds against them.

**Reserves policy**

The Trustees review the reserve levels of the MAT regularly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

It is the policy of the Trustees to maintain free reserves at a level to ensure that all management and administrative costs can be met throughout the next financial year.

The Trustees have determined that, at the current time, with the uncertainty over the timing of the transfer of all academies to other sponsors and the deficits experienced in recent years, it is prudent to try to maximise the level of reserves carried. The MAT's current level of free reserves (total funds less amounts held in restricted funds and amounts held as fixed assets) is £0.52 million (2016: £0.80 million).

Tangible fixed assets are all held for use by all existing academies. The purpose of the restricted funds is set out in Note 18.

**Investment policy**

The academy trust does not hold any investments other than its subsidiary companies and cash at bank. The Trustees transfer available funds to an interest-bearing deposit account in order to maximise the returns available. The total income from these investments during the year was £9,011 (2016: £18,551). The CEO reviews investment opportunities every six months to ensure the best interest rates are achieved.

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Risk management**

The Trustees have a risk management strategy which comprises;

- (a) A review of the major risks to which the Trust is exposed at each board meeting, in particular those relating to the operational element of each academy and the finances of the Trust and academies.
- (b) The establishment of systems and procedures to mitigate those risks identified.
- (c) The implementation of procedures designed to minimise any potential impact on the MAT should those risks materialise, is the responsibility of the Executive Team.

**Financial risk management objectives and policies**

Financial risk management is managed by the Head Office Finance Department who act as the company's treasury function ensuring that surplus funds are deposited so as to maximise interest receivable.

A large proportion of the MAT's costs relate to staff costs which are relatively fixed each year. There is a risk that a significant drop in grant income may lead to an inability to cover such costs at one or more of the academies.

The Trustees and Executive Team aim to keep abreast of proposed changes to Government and other funding streams and these are taken into account when preparing medium term financial forecasts for each academy.

**Principal risks and uncertainties**

The Trustees consider the following items are the principal risks facing the MAT:

**Financial**

- Fluctuating student numbers year on year impact directly on funding received from the Education Funding Agency. This, along with continuing change of instability in the formula for determining the funding at a county and national level, creates uncertainty around future income. This makes effective budgeting more challenging.
- The defined benefit pension scheme liability stands at a deficit of £10.839 million at 31 August 2017. Funding this deficit may lead to increased employer contributions from the academies. Ultimately the funding of the pension scheme required by the Government in certain circumstances may not be sustained by the MAT. If claims for underfunding arise in unexpected circumstances these may have to be met by the Department for Education.

**Other financial risks**

- Credit risk - the MAT is able to pay its suppliers in accordance with agreed credit terms; however, the deficits experienced by the MAT in recent years has increased the pressure on the reducing levels of cash reserves. Therefore credit risk is considered to be medium risk.
- Cash flow and liquidity risks - The cash flow profile of funding received from the Education and Skills Funding Agency does help to reduce the cash flow and liquidity risks; however, with some academies continuing to spend at a level in excess of their income, it is only by pooling the cash resources of all academies that the MAT retains a positive cash flow and liquidity. Cash flow and liquidity risks are considered medium risk and this level will not reduce until all academies within the MAT are able to function within their own financial means.

**PLANS FOR FUTURE PERIODS**

The academic year 2016/17 is the mid-point in the three year strategy to sustainable outcomes for all our pupils. This year, having supported our Academies towards raised aspirations for teachers; greater collaboration to understand 'good' and 'outstanding' teaching and the Teachers' Cadre, under the leadership of Nick Hall, we are moving forward with a programme where all Fellows understand and can articulate their impact on improving children's progress and attainment. The MAT continues to support individual initiatives within each Academy, in line with our modus operandi to tailor our support to the school community needs and to offer a range of centralised support.

The Trust made the decision to hand back all schools to the DfE for rebrokerage. This decision was communicated in the joint statement below. Our aim as a Trust for 2017/18 is to continue our work of improving children's progress and attainment during the transition year. We are seeking to work in close collaboration with the Department and potential sponsors so that the transition is seamless for our staff and pupils.

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**PLANS FOR FUTURE PERIODS (continued)**

*'In the best interest of pupils, staff, parents and local communities, The Education Fellowship Trust (TEFT) has requested and is organising with the Department for Education (DfE) to transfer all 12 academies to new sponsors. TEFT has been in discussion with the DfE for some months and this decision was made following a review of financial constraints, the educational performance of some of the academies and the alignment of values. TEFT are working closely with the DfE to ensure a smooth and timely transfer.'*  
(March 2017)

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19<sup>th</sup> December 2017 and signed on the board's behalf by:

R Mallows MBE – Trustee

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**Scope of Responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer ("CEO"), as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Education Fellowship Trust and the Secretary of State for Education. He is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 9 times during the year.

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a Possible</b>
J E Kane	9	9
R Mallows MBE DL (Chair)	9	9
E C Mbakwe (Resigned as a trustee on 23 January 2017)	3	3
S Thompson-Martyn (Resigned as a trustee on 9 March 2017)	3	5
Rev Dr D Wilkinson	8	9
I Harris (Appointed as a trustee 21 March 2017)	3	4

**Governance review**

Throughout the year the Trustees have developed a portfolio of policies, procedures and governance which more than fulfils the requirements of the ESFA and have been approved by them. The trustees, under the direction of the senior management team, review all policies and procedures on an annual cycle.

**The Finance & Audit Committee**

The Finance and Audit Committee was formally empowered by a Resolution of the Board of Trustees and will consider matters relating to the financial performance and stability of the trust, and reports directly to the Board of Trustees.

The main responsibilities of the Finance and Audit Committee are:

- Reviewing individual academy's performance against agreed upon budgets and monitoring progress towards achieving a balanced budget for the academy trust as a whole.
- Making recommendations to the Board of Trustees concerning the financial affairs and policies of the academy trust.
- To ensure that internal controls and systems are adequate, effective and efficient.
- Periodically review the statement on internal control and make appropriate recommendations to the board.
- Advise the governing body on the appointment, reappointment, dismissal and remuneration of the external auditors, ensuring that additional services which are undertaken remain compatible with audit independence and objectivity.
- Monitor the effectiveness of the external auditors.
- Agree the annual programme of the review of financial controls, transactions and risks.
- Consider the report of the internal audit team and auditors and if appropriate, advise the board of material control issues.
- Monitor the implementation of agreed audit recommendations.
- Ensure that all allegations of fraud and irregularity are appropriately investigated and control weaknesses are addressed.
- Recommend the annual financial statement to the governing body for approval.
- Review the annual Value for Money Statement.
- Review and approve all lease arrangements.
- Reviewing the committee's membership and effectiveness on an annual basis to ensure that it has the appropriate skills and relevant experience.

The Finance and Audit Committee has not formally met during the year ended 31 August 2017. All matters relevant to this committee have been considered by the full Board of Trustees.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**The Finance & Audit Committee (continued)**

*While under FNTI and while our schools are re-brokered the ESFA have acted as our finance and audit committee as they have approved all expenditure over £500 and reviewed monthly accounts split by Academy, which are also reviewed by the Trustees.*

**Review of Value for Money**

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

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

- Consolidation of the HR operation, providing a saving of £50k in the year.
- Restructuring of the Educational team, saving in excess of £150k per year.
- Since notifying the DfE that the trust wished to hand over all of its academies to alternative sponsors we have endeavoured to cut cost both in Head Office and in our academies. Every order for expenditure from our budgets over £500 must be approved by the CEO.

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Education Fellowship Trust for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

**The Risk and Control Framework**

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

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

While under FNTI and while our schools are under re-brokerage the ESFA have effectively acted as our finance and audit committee as they have approved all expenditure over £500 and review monthly management accounts prepared by a third party independent of the academy trust and the trust's independent auditors. These monthly management accounts are also reviewed by the trustees.

The board of trustees considered that in view of the impending re-brokerage no further internal checking was required during the year in addition to those processes noted above.

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31ST AUGUST 2017 (continued)**

**Review of Effectiveness**

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

- ESFA review of financial management and governance;
- the work of the external auditor;
- the work of the Senior Management Team within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of the development and maintenance of the system of internal control by the Senior Management Team and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 19<sup>th</sup> December 2017 and signed on its behalf by:

R Mallovs MBE  
Trustee

J E Kane  
Accounting Officer

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31ST AUGUST 2017**

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

I confirm that I and the academy trust 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 2016.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

J E Kane  
Accounting Officer

19<sup>th</sup> December 2017

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

The Trustees (who act as governors of The Education Fellowship Trust and are also Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction issued 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 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 19<sup>th</sup> December 2017 and signed on its behalf by:

R Mallows MBE  
Trustee

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF THE EDUCATION FELLOWSHIP TRUST  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**Opinion**

We have audited the financial statements of The Education Fellowship Trust (the 'academy trust') for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

**Basis for opinion**

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

**Material uncertainty related to going concern**

We draw attention to note 1 in the financial statements, which indicates that the academy trust has requested to terminate its funding agreement and transfer its academies to new sponsors. Once this process is fully complete the academy trust would not be able to continue as a going concern. As stated in note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

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

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

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF THE EDUCATION FELLOWSHIP TRUST  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

**Responsibilities of Trustees**

As explained more fully in the Trustees' responsibilities statement set out on page 17, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
OF THE EDUCATION FELLOWSHIP TRUST  
FOR THE YEAR ENDED 31ST AUGUST 2017**

- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ian Chown (Senior Statutory Auditor)  
for and on behalf of Smith Hodge & Baxter  
Chartered Accountants & Statutory Auditors  
Thorpe House  
93 Headlands  
KETTERING  
Northamptonshire  
NN15 6BL

21<sup>st</sup> December 2017

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY  
TO THE EDUCATION FELLOWSHIP TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY  
FOR THE YEAR ENDED 31ST AUGUST 2017**

In accordance with the terms of our engagement letter dated 12 October 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Education Fellowship Trust during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Education Fellowship Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of The Education Fellowship Trust's funding agreement with the Secretary of State for Education dated 8 October 2013 and 28 March 2014 and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessment of the interim audit work and reliance placed upon this work for the review of internal control procedures
- As part of our external audit procedures further testing of the internal control procedures has been carried out in the following areas:
  - Sample test of delegated authority procedures
  - Enquiry and review of transactions with connected persons
  - Review of governance procedures including inspection of Trustee and relevant Board minutes
  - Sample test of procurement procedures
- Communication with the accounting officer

**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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant  
Smith Hodge & Baxter  
Chartered Accountants & Statutory Auditors  
Thorpe House  
93 Headlands  
KETTERING  
NN15 6BL

21<sup>st</sup> December 2017

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

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

		Restricted					
		Unrestricted	Pension	Restricted	Fixed	Total	Total
	Notes	Funds	Reserve	General	Asset	2017	2016
		£000s	£000s	Funds	Funds	£000s	£000s
<b>INCOME AND ENDOWMENTS FROM:</b>							
Donations and capital grants	2	79	-	-	1,006	1,085	1,357
Charitable activities:							
Funding for the academy trust's educational operations	3	179	-	32,572	-	32,751	33,162
Other trading activities	4	897	-	-	-	897	997
Investments	5	9	-	-	-	9	19
<b>Total</b>		<b>1,164</b>	<b>-</b>	<b>32,572</b>	<b>1,006</b>	<b>34,742</b>	<b>35,535</b>
<b>EXPENDITURE ON</b>							
<b>Charitable activities</b>							
Academy Trust's educational operations	7	972	1,056	34,018	939	36,985	36,632
<b>Total</b>	6	<b>972</b>	<b>1,056</b>	<b>34,018</b>	<b>939</b>	<b>36,985</b>	<b>36,632</b>
<b>Net income/(expenditure)</b>		192	(1,056)	(1,446)	67	(2,243)	(1,097)
<b>Transfers between funds</b>		(478)	-	1,446	(968)	-	-
<b>NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		<b>(286)</b>	<b>(1,056)</b>	<b>-</b>	<b>(901)</b>	<b>(2,243)</b>	<b>(1,097)</b>
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on defined benefit pension schemes		-	4,750	-	-	4,750	(5,166)
<b>Net movement in funds</b>		<b>(286)</b>	<b>3,694</b>	<b>-</b>	<b>(901)</b>	<b>2,507</b>	<b>(6,263)</b>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		804	(14,533)	-	99,565	85,836	92,099
<b>Total funds carried forward</b>	18	<b>518</b>	<b>(10,839)</b>	<b>-</b>	<b>98,664</b>	<b>88,343</b>	<b>85,836</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**BALANCE SHEET AT 31ST AUGUST 2017**

	Notes	2017 £000s	2016 £000s
<b>FIXED ASSETS</b>			
Tangible assets	12	97,229	98,110
Investments	13	-	-
		<u>97,229</u>	<u>98,110</u>
<b>CURRENT ASSETS</b>			
Stock	14	7	8
Debtors	15	1,622	1,939
Cash at bank and in hand		2,779	2,389
		<u>4,408</u>	<u>4,336</u>
<b>LIABILITIES</b>			
Creditors: Amounts falling due within one year	16	(2,430)	(2,027)
		<u>1,978</u>	<u>2,309</u>
<b>NET CURRENT ASSETS</b>			
		<u>1,978</u>	<u>2,309</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		99,207	100,419
Creditors: Amounts falling due after more than one year	17	(25)	(50)
		<u>99,182</u>	<u>100,369</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
		99,182	100,369
<b>DEFINED BENEFIT PENSION SCHEME LIABILITY</b>	28	(10,839)	(14,533)
		<u>88,343</u>	<u>85,836</u>
<b>TOTAL NET ASSETS</b>			
		<u>88,343</u>	<u>85,836</u>
<b>FUNDS OF THE ACADEMY TRUST</b>	18		
Restricted funds:			
Fixed asset fund		98,664	99,565
General fund		-	-
Pension reserve		(10,839)	(14,533)
		<u>87,825</u>	<u>85,032</u>
Total restricted funds		87,825	85,032
Unrestricted income funds		518	804
		<u>88,343</u>	<u>85,836</u>
<b>TOTAL FUNDS</b>			
		<u>88,343</u>	<u>85,836</u>

The financial statements on pages 22 to 45 were approved by the Trustees and authorised for issue on 19 December 2017 and are signed on their behalf by:

R Mallows  
Trustee

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

	Notes	2017 £000s	2016 £000s
<b>Cash flows from operating activities:</b>			
Net cash provided by/(used in) operating activities	22	(1,168)	(1,085)
Cash flows from investing activities	24	1,558	871
Cash flows from financing activities	23	-	(25)
		=====	=====
Change in cash and cash equivalents in the reporting period		390	(239)
		=====	=====
Cash and cash equivalents at 1 September 2016		2,389	2,628
		=====	=====
Cash and cash equivalents at 31 August 2017	25	2,779	2,389
		=====	=====

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES**

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

**Basis of Preparation**

The financial statements of the Academy Trust, which is a mixed multi-Academy Trust operating seven primary academies and two secondary academies in Northamptonshire, a primary academy and a secondary academy in Wiltshire and a secondary academy in Windsor and Maidenhead. is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling (£)

The Education Fellowship Trust meets the definition of a public benefit entity under FRS 102. The Academy Trust is a charitable company, limited by guarantee, incorporated and domiciled in England. The address of the registered office is The Old Dairy, Grange Road, Islip, and Kettering, NN14 4JB.

**Preparation of Consolidated Financial Statements**

The financial statements contain information about The Education Fellowship Trust as an individual charitable company and do not contain consolidated financial information as the parent of a group. In the trustees' opinion the results of the subsidiaries are not material to an understanding of the Academy Trust's financial statements as in accordance with S405(2) of Companies Act 2006 and 19(1)(a) of the Charities (Accounts and Reports) Regulations 2008.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Going Concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

In March 2017 the Trustees informed the Department for Education it wished to terminate its funding agreement and transfer all of its academies to new sponsors. Until this process is fully complete the Academy Trust will continue to be fully funded and continue to operate. Once all of the academies have been transferred out of the Academy Trust to new sponsors the Academy Trust will cease to operate, the timing of which is not certain. The Trustees have concluded that these circumstances represent a material uncertainty that cast doubt upon the trust's ability to continue as a going concern.

Notwithstanding the above, the Trustees have prepared the financial statements on a going concern basis as a definite final completion date has not formally been set.

If the Academy Trust was no longer to be accounted for as a going concern, adjustments would be required to the carrying value of assets, provision would also be required for the future liabilities arising as a consequence of the Academy Trust ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

**Income**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Income (continued)**

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Donated goods, facilities and services**

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

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

Upon some of the academies' conversions the Academy Trust entered into 125 year leases with Northamptonshire County Council, Wiltshire County Council and Windsor and Maidenhead Council for some of the Academy Trust's land and buildings. The rental charge under these leases is a peppercorn. Substantially all the risks and rewards incidental to ownership are assumed by the Academy Trust and therefore the leases are treated as finance leases and the assets capitalised and depreciated over the period of the leases, in accordance with the tangible fixed assets accounting policy below.

**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 expenditure 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 on Raising Funds**

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

• **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Tangible Fixed Assets**

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than assets subject to PFI agreements (see below), at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	0.8% of cost
Long leasehold land and buildings	over the period of the 125 year lease
Property improvements	10% of cost
Fixtures and fittings	25% of cost
ICT equipment	33% of cost
Motor vehicles	33% of cost

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.

Long leasehold land and buildings and other tangible fixed assets totalling £3,548,200 have been provided and are maintained by a third party under a PFI agreement with Northamptonshire County Council. The Academy Trust has entered into a 25 year lease agreement with Northamptonshire County Council to reimburse that local authority for the major part of its commitment under its PFI agreement. During the year ended 31 August 2017 maintenance of premises and equipment includes £119,423 (2016: £122,380) in respect of payments to the local authority under this agreement. The long leasehold land and buildings were introduced into the financial statements at insurance values, being the Trustees' estimate of their current market value at 31 August 2014. Due to the nature of the maintenance element of the PFI agreement no depreciation is considered necessary in respect of these assets over the term of the agreement. Once the agreement expires, these assets will be depreciated in accordance with the Academy Trust's existing accounting policy for tangible fixed assets.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

**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.

**Provisions**

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Investments**

The Academy Trust's shareholdings in the wholly owned subsidiaries The Education Fellowship Trading Limited and Wrenn Astro Limited are included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of a valuation exceeds the benefit derived.

**Leased Assets**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Financial Instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's parent company and wholly owned subsidiary are held at face value less any impairment.

**Stock**

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

**Taxation**

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

**Pension Benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The Academy Trust also operates a defined contribution pension scheme. Contributions payable to this scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Fund Accounting**

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

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

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

Restricted pension reserve funds represent the Academy Trust's share of the assets and liabilities of the Local Government Pension Scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Critical accounting estimates and areas of judgement**

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

*Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, 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 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**2. DONATIONS AND CAPITAL GRANTS**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s	£000s	£000s
Capital grants	-	1,006	1,006	1,260
Other donations	79	-	79	97
	<hr/>	<hr/>	<hr/>	<hr/>
	79	1,006	1,085	1,357
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The income from donations and capital grants was £1,085,000 (2016: £1,357,000) of which £79,000 was unrestricted (2016: £97,000) and £1,006,000 restricted fixed asset fund (2016: £1,260,000),

**3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s	£000s	£000s
DfE/ESFA grants				
General Annual Grant (GAG)	-	28,594	28,594	29,069
Other DfE/ESFA grants	-	2,411	2,411	2,403
	<hr/>	<hr/>	<hr/>	<hr/>
	-	31,005	31,005	31,472
	<hr/>	<hr/>	<hr/>	<hr/>
Other Government grants				
Local authority grants	-	1,217	1,217	1,105
	<hr/>	<hr/>	<hr/>	<hr/>
Other income from the academy trust's educational operations	179	350	529	585
	<hr/>	<hr/>	<hr/>	<hr/>
	179	32,572	32,751	33,162
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The income from funding for the academy trust's educational operations was £32,751,000 (2016: £33,162,000) of which £179,000 was unrestricted (2016: £100,000) and £32,572,000 was restricted (2016: £33,062,000).

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**4. OTHER TRADING ACTIVITIES**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s	£000s	£000s
Lettings and other rent	181	-	181	196
Nursery income	309	-	309	496
Other income	407	-	407	305
	<u>897</u>	<u>-</u>	<u>897</u>	<u>997</u>

The income from other trading activities was £897,000 (2016: £997,000) of which £897,000 was unrestricted (2016: £997,000) and £Nil was restricted (2016: £Nil).

**5. INVESTMENT INCOME**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s	£000s	£000s
Bank deposits	9	-	9	19

Investment income was £9,000 (2016: £19,000) of which £9,000 was unrestricted (2016: £19,000) and £Nil was restricted (2016: £Nil).

**6. EXPENDITURE**

	<b>Staff Costs</b>	<b>Non pay Expenditure</b>		<b>Total 2017</b>	<b>Total 2016</b>
	£000s	<b>Premises</b>	<b>Other Costs</b>	£000s	£000s
Academy's educational operations:					
Direct costs	22,998	939	2,539	26,476	26,048
Allocated support costs	5,127	2,880	2,502	10,509	10,584
	<u>28,125</u>	<u>3,819</u>	<u>5,041</u>	<u>36,985</u>	<u>36,632</u>

Expenditure was £36,985,000 (2016: £36,632,000) of which £28,125,000 was staff costs (2016: £27,685,000), £3,819,000 was premises (2016: £3,465,000) and £5,041,000 other costs (2016: £5,482,000).

**Net income/(expenditure) for the period includes:**

	<b>2017</b>	<b>2016</b>
	£000s	£000s
Fees payable to auditor - audit	25	24
- internal audit	-	5
- other services	18	39
Depreciation	939	977
Operating leases rentals - other leases	136	129
Stocks recognised as an expense	211	105

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**6. EXPENDITURE (continued)**

Included within expenditure are the following transactions

	Total £	Individual items above £5,000	
		Amount £	Reason
Gifts made by the trust (4 staff long service awards)	1,000	N/A	N/A
Unrecoverable debts	32,139	6,108	See explanation below

Explanation for individual unrecoverable debts above £5,000:

Clarendon Academy raised invoices over and above what was due from a customer for the services provided by the academy, therefore provision has been made in full to correct this error in the accounting records.

	Total £	Individual items Reason/ nature	
		Amount £	
Ex-gratia payment	2,750	2,750	In lieu of reduction in role / salary as part of restructure

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2016, being delegated authority or approval from the Education and Skills Funding Agency.

**7. CHARITABLE ACTIVITIES**

	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s
Direct Costs - educational operations	26,476	26,048
Support Costs - educational operations	10,509	10,584
	<hr/>	<hr/>
	36,985	36,632
	<hr/>	<hr/>
	<b>Total 2017</b>	<b>Total 2016</b>
	£000s	£000s
<b>Analysis of Support Costs - educational operations</b>		
Support staff costs	5,127	5,481
Premises costs	2,880	2,488
Other support costs	2,445	2,528
Governance costs	57	87
	<hr/>	<hr/>
<b>Total support costs</b>	<b>10,509</b>	<b>10,584</b>
	<hr/> <hr/>	<hr/> <hr/>

Expenditure on charitable activities was £36,985,000 (2016: £36,632,000) of which £972,000 was unrestricted funds (2016: £1,051,000), £1,056,000 was restricted pension reserve (2016: £580,000), £34,018,000 was restricted general funds (2016: £33,452,000) and £939,000 restricted fixed asset funds (2016: £1,549,000).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**8. STAFF**

<b>a. Staff costs</b>	<b>Total 2017 £000s</b>	<b>Total 2016 £000s</b>
Staff costs during the year were:		
Wages and salaries	20,869	21,075
Social security costs	1,782	1,582
Operating costs of defined benefit pension schemes	4,102	3,807
Apprenticeship levy	43	-
	<hr/>	<hr/>
	26,796	26,464
Supply staff costs	1,134	1,152
Staff restructuring costs	195	69
	<hr/>	<hr/>
	28,125	27,685
	<hr/> <hr/>	<hr/> <hr/>

**b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £10,277 (2016: £56,380). Individually the payments were £10,277, (2016: £25,000, £10,000, £5,472, £5,472, £5,000, £4,000 and £1,436)

**c. Staff numbers**

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

	<b>2017 No.</b>	<b>2016 No.</b>
<b>Charitable Activities</b>		
Teachers	363	376
Administration and support	599	585
Management	12	12
	<hr/>	<hr/>
	974	973
	<hr/> <hr/>	<hr/> <hr/>

**c. Staff numbers**

The average number of persons employed by the Academy Trust during the year expressed as full-time equivalents was as follows:

	<b>2017 No.</b>	<b>2016 No.</b>
<b>Charitable Activities</b>		
Teachers	339	332
Administration and support	351	333
Management	11	11
	<hr/>	<hr/>
	701	676
	<hr/> <hr/>	<hr/> <hr/>

**d. Higher paid staff**

The number of employees whose emoluments exceeded £60,000 was:

	<b>2017 No.</b>	<b>2016 No.</b>
£60,001 - £70,000	13	12
£70,001 - £80,000	3	2
£80,001 - £90,000	2	1
£90,001 - £100,000	2	2
£100,001 - £110,000	3	1
£110,001 - £120,000	1	1
£120,001 - £130,000	1	-
£160,001 - £170,000	1	1
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**8. STAFF (continued)**

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £413,000 (2016: £1,110,000).

**f. Staff restructuring costs**

	<b>2017</b>	<b>2016</b>
	£000s	£000s
Ex-gratia payments	3	-
Compulsory redundancy costs	182	13
Non-statutory/non-contractual severance payments	10	56
	<u>195</u>	<u>69</u>

**9. CENTRAL SERVICES**

The Academy Trust has provided the following central services to its academies during the year always with Academy improvement being the priority:

- Business support – finance;
- Marketing and media;
- Human resources;
- Digital technology;
- Education and Academy improvement: Academy leadership and standards;
- Teaching, learning and curriculum;
- Lifelong learning, including 14-25 development;
- Academy building and resource management; and
- Supporting and facilitating professional development.

An agreement with each Academy is to ensure that the proper elements and commitments are in place to provide consistent support and delivery to academies by The Education Fellowship. The goal of this agreement is to obtain mutual agreement for service provision between The Education Fellowship and its academies.

The trust charges for these services on the following basis:

- flat percentage of income at 5% of GAG

The actual amounts charged during the year were as follows:

	<b>2017</b>	<b>2016</b>
	£000s	£000s
Desborough College	166	156
Ruskin Academy	60	54
Warwick Academy	77	72
Blackthorn Academy	86	93
Rushden Academy	227	234
Clarendon Academy	224	234
Pembroke Park Academy	34	42
Thorplands Academy	50	52
Olympic Academy	81	80
Windmill Academy	49	47
Risdene Academy	65	65
Wrenn Academy	296	309
	<u>1,415</u>	<u>1,438</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**10. RELATED PARTY TRANSACTIONS – TRUSTEES’ REMUNERATION AND EXPENSES**

One Trustee has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive Officer only received remuneration in respect of the services he provides as CEO and not in respect of his role as a Trustee.

The value of Trustees’ remuneration and other benefits was as follows:

Johnson E Kane (CEO and Trustee):		
Remuneration	- £165,000 - £170,000	(2016: £160,000 - £165,000)
Employer’s pension contributions	- £Nil	(2016: £Nil)

During the year ended 31 August 2017, expenses in respect of: travel and subsistence, stationery, ICT and communications, totalling £5,126 (2016: £6,312) were reimbursed to 3 Trustees (2016: 1 Trustee).

Other related party transactions are set out in note 29.

**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 Trust business. The insurance provides cover up to £1,000,000 aggregate liability in any one year and the cost for the year ended 31 August 2017 was £2,737 (2016: £2,650). The cost of this insurance is included in the total insurance cost.

**12. TANGIBLE FIXED ASSETS**

	<b>Freehold land and buildings £000s</b>	<b>Leasehold land and buildings £000s</b>	<b>Improvements to property £000s</b>	<b>Fixtures &amp; fittings £000s</b>	<b>ICT equipment £000s</b>	<b>Motor vehicles £000s</b>	<b>Totals £000s</b>
<b>COST</b>							
At 1 September 2016	12,817	87,692	322	580	33	10	101,454
Additions	-	-	-	29	29	-	58
	_____	_____	_____	_____	_____	_____	_____
At 31 August 2017	12,817	87,692	322	609	62	10	101,512
	_____	_____	_____	_____	_____	_____	_____
<b>DEPRECIATION</b>							
At 1 September 2016	317	2,500	32	452	33	10	3,344
Charge for year	102	673	32	122	10	-	939
	_____	_____	_____	_____	_____	_____	_____
At 31 August 2017	419	3,173	64	574	43	10	4,283
	_____	_____	_____	_____	_____	_____	_____
<b>NET BOOK VALUE</b>							
At 31 August 2017	12,398	84,519	258	35	19	-	97,229
	=====	=====	=====	=====	=====	=====	=====
At 31 August 2016	12,500	85,192	290	128	-	-	98,110
	=====	=====	=====	=====	=====	=====	=====

Leasehold land and buildings include £3.548 million (2016: £3.548 million) of assets subject to PFI agreements which have not been subject to depreciation. The legal owner of the leasehold buildings under the 25 year PFI agreement is Northamptonshire County Council. The legal owners of the remaining leasehold land and buildings, which are held under 125 year leases at peppercorn rents, are Northamptonshire County Council, Wiltshire County Council and Windsor and Maidenhead Council.

In the opinion of the Trustees, at 31 August 2017 the market value of freehold and long leasehold land and buildings was in excess of its carrying value. The Trustees believe that the cost of quantifying the difference would exceed any benefit from doing so and therefore consider that this is not practicable.

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**13. FIXED ASSET INVESTMENTS**

**COST**

At 1 September 2016 and at 31 August 2017

**Shares in group  
undertakings  
£**

3

**NET BOOK VALUE**

At 31 August 2017

3

At 31 August 2016

3

The investments are shown in the balance sheet at cost. The Trustees have not prepared group accounts as they are of the opinion that the results of the subsidiaries are not material to an understanding of the Academy Trust's financial statements in accordance with Section 405(2) of the Companies Act 2006 and 19(1)(a) of the Charities (Accounts and Reports) Regulations 2008.

The Academy Trust's investments at the balance sheet date in the share capital of companies include the following:

**The Education Fellowship Trading Limited (Registered number: 08267070)**

Country of incorporation: England and Wales

Nature of business: dormant

Class of share:	% holding	31 August 2017 £	31 August 2016 £
Ordinary	100		
Aggregate capital and reserves		1	1
Loss for the year		-	-

**Wrenn Astro Limited (Registered number: 04199412)**

Country of incorporation: England and Wales

Nature of business: Letting of sports facilities

Class of share:	% holding	31 August 2016 £
Ordinary	100	
Aggregate capital and reserves		9,319
Profit for the year		496

A summary of the last results for the year ended 31 August 2016 and the balance sheet position as at 31 August 2016 is shown below:

	2016 £000s
Turnover	58
Expenditure	(58)
Profit on ordinary activities before tax	-
Taxation	-
Retained profit for the year	-
Retained profits brought forward at 1 September 2015	9
Retained profits carried forward at 31 August 2016	9
Current assets	40
Current liabilities	(31)
Called up share capital	-
Profit and loss account	9
Shareholder's funds	9

The results for the year ended 31 August 2017 are not yet available. However, the company's activity for the year and net assets position at the end of the year are not expected to be significantly different from those as at 31 August 2016.

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**13. FIXED ASSET INVESTMENTS (continued)**

**Wrenn Astro Trust (Registered number: 08757876)**

Country of incorporation: England and Wales

Nature of business: Company limited by guarantee and dormant since incorporation on 1 November 2013

**14. STOCK**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Catering provisions and uniform	7	8

**15. DEBTORS**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Trade debtors	199	191
VAT recoverable	585	272
Prepayments and accrued income	828	1,461
Other debtors	10	15
	<u>1,622</u>	<u>1,939</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Trade creditors	873	725
Amounts owed to group undertakings	38	39
Taxation and social security	473	473
Other creditors	143	185
Accruals and deferred income	903	605
	<u>2,430</u>	<u>2,027</u>

Included within other creditors is £50,000 due to Northamptonshire County Council in respect of part of a deficit inherited by the Academy Trust from a local authority predecessor school on conversion. £25,000 was due on 1 March 2017 but remains unpaid at 31 August 2017, and £25,000 is due on 1 March 2018.

<b>Deferred income</b>	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Deferred income at 1 September 2016	174	560
Resources deferred in the year	276	174
Amounts released from the previous year	(174)	(560)
	<u>276</u>	<u>174</u>

At the balance sheet date the Academy Trust was holding funds received in advance for:

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Universal Infants Free School Meal grants re 2017/18	114	102
Trips	97	26
Other income	65	46
	<u>276</u>	<u>174</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Other creditors	25	50
	<u>25</u>	<u>50</u>

Other creditors comprise amounts due to Northamptonshire County Council in respect of part of a deficit inherited by the Academy Trust from a local authority predecessor school on conversion. The debt at 31 August 2017 is repayable on 1 March 2019.

**18. FUNDS**

	<b>Balance at</b>				<b>Balance at</b>
	<b>31 August</b>	<b>Incoming</b>	<b>Resources</b>	<b>Gains, losses</b>	<b>31 August</b>
	<b>2016</b>	<b>resources</b>	<b>expended</b>	<b>and Transfers</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	28,594	(30,040)	1,446	-
Other DfE/ESFA grants	-	2,411	(2,411)	-	-
Other restricted general funds	-	1,567	(1,567)	-	-
Pension Reserve	(14,533)	-	(1,056)	4,750	(10,839)
	<u>(14,533)</u>	<u>32,572</u>	<u>(35,074)</u>	<u>6,196</u>	<u>(10,839)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	1,982	1,059	(135)	(970)	1,936
Other government grants	84,925	(53)	(700)	-	84,172
Other funding	12,658	-	(104)	2	12,556
	<u>99,565</u>	<u>1,006</u>	<u>(939)</u>	<u>(968)</u>	<u>98,664</u>
<b>Total restricted funds</b>	<u>85,032</u>	<u>33,578</u>	<u>(36,013)</u>	<u>5,228</u>	<u>87,825</u>
<b>Total unrestricted funds</b>	<u>804</u>	<u>1,164</u>	<u>(972)</u>	<u>(478)</u>	<u>518</u>
<b>TOTAL FUNDS</b>	<u>85,836</u>	<u>34,742</u>	<u>(36,985)</u>	<u>4,750</u>	<u>88,343</u>

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

Restricted General Funds include unspent General Annual Grant (GAG), which must be used for the normal recurring costs of the Academy Trust together with other restricted general funds. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31st August 2017.

During the year a transfer of £970,000 was made from restricted fixed asset funds to restricted general funds (GAG) in respect of repair and maintenance projects funded from capital income. In addition, a transfer of £478,000 was made from unrestricted funds to restricted general funds in respect of expenditure in excess of General Annual Grant income in the year.

Restricted Fixed Asset Funds represent resources which have been applied to specific capital purposes imposed by the funder together with cash resources still to be expended.

Restricted Pension Reserve Funds represent the Academy Trust's share of the assets and liabilities of the Local Government Pension Scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**18. FUNDS (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2017 were allocated as follows:

	<b>Total £000s</b>
Desborough College	(1,149)
Ruskin Academy	357
Warwick Academy	417
Blackthorn Academy	734
Rushden Academy	653
Clarendon Academy	(727)
Pembroke Park Academy	(238)
Thorplands Academy	331
Olympic Academy	582
Windmill Academy	146
Risdene Academy	66
Wrenn Academy	(1,357)
Central services	703
Total before fixed assets and pension reserve	518
Restricted fixed asset fund	98,664
Pension reserve	(10,839)
	<b>88,343</b>

The following academies are carrying deficits on these funds:

<b>Academy</b>	<b>Deficit £000s</b>	<b>Explanation</b>
Desborough College	1,149	<p>Having made the decision to hand back our academies in March 2017, the timeline issued by the DfE gave transfer of academies by end of 2017. With subsequent ongoing delays with the DfE process the timeline now indicates completion of transfer of academies by (estimated) July 2018. These delays will impact on our finances and result in additional costs including the ongoing legal and financial work. This will mean additional central funding which was not budgeted for based on the initial timelines given by the DfE. These delays are outside the control of the Trust. The budgets set going forward are within the planned reduction to reduce these deficits and return them to surplus, thus enabling them to repay their loans to the central funds. In case of Clarendon this deficit included considerable redundancy costs, but the academy is budgeted to break even in 2017/18. With Pembroke Park this deficit arose from the financial cost of doubling the physical size of the school due to the local authority estimating a doubling of pupil numbers. This increase in pupils has not occurred despite assurances from the local authority. All of the above is now subject to changes resulting from the transfer of the academies out of the academy trust over the next 12 months.</p>
Wrenn Academy	1,357	
Clarendon Academy	727	
Pembroke Park Academy	238	

**NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31ST AUGUST 2017**

**18. FUNDS (continued)**

**Analysis of academies by cost**

Expenditure incurred by each Academy during the year was as follows:

	<b>Teaching and Educational Support Staff Costs £000s</b>	<b>Other Support Staff Costs £000s</b>	<b>Educational Supplies £000s</b>	<b>Other costs (excluding Depreciation) £000s</b>	<b>Total £000s</b>
Desborough College	2,810	541	215	574	4,140
Rushden Academy	3,369	709	113	917	5,108
Clarendon Academy	3,923	476	160	1,016	5,575
Ruskin Academy	682	247	38	249	1,216
Warwick Academy	1,186	116	34	356	1,692
Blackthorn Academy	1,124	334	29	358	1,845
Thorplands Academy	1,084	272	60	280	1,696
Pembroke Park Academy	892	158	29	213	1,292
Olympic Academy	1,105	252	89	248	1,694
Windmill Academy	860	165	22	232	1,279
Risdene Academy	940	251	40	234	1,465
Wrenn Academy	4,710	987	142	896	6,735
	<u>22,685</u>	<u>4,508</u>	<u>971</u>	<u>5,573</u>	<u>33,737</u>
Central services	313	619	1	1,376	2,309
<b>Academy Trust</b>	<u><u>22,998</u></u>	<u><u>5,127</u></u>	<u><u>972</u></u>	<u><u>6,949</u></u>	<u><u>36,046</u></u>

**19. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2017 are represented by:

	<b>Unrestricted Funds £000s</b>	<b>Restricted Pension Reserve £000s</b>	<b>Restricted General Funds £000s</b>	<b>Restricted Fixed Asset Funds £000s</b>	<b>Total Funds £000s</b>
Tangible fixed assets	-	-	-	97,229	97,229
Fixed asset investments	-	-	-	-	-
Current assets	518	-	2,455	1,435	4,408
Current liabilities	-	-	(2,430)	-	(2,430)
Non-current liabilities	-	-	(25)	-	(25)
Pension scheme liability	-	(10,839)	-	-	(10,839)
Total Net Assets	<u>518</u>	<u>(10,839)</u>	<u>-</u>	<u>98,664</u>	<u>88,343</u>

**20. CAPITAL COMMITMENTS**

	<b>2017 £000s</b>	<b>2016 £000s</b>
Contracted for, but not provided in the financial statements	-	-

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**21. FINANCIAL COMMITMENTS**

At 31 August 2017 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Amounts due within one year	123	113
Amounts due between one and five years	278	247
Amounts due after more than five years	101	139
	<u>502</u>	<u>499</u>

**Academy with Private Finance Initiative (PFI)**

Blackthorn Academy joined the Academy Trust on 1 December 2012. Its main academy building was financed under a PFI arrangement which also provides services to the academy, including cleaning and maintenance. The academy pays an annual amount, partly based on pupil numbers, which runs until 2037. In the year ended 31 August 2017 £119,000 (2016: £122,000) of costs relating to this have been recognised in expenditure.

**22. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(2,243)	(1,097)
Adjusted for:		
Depreciation (note 12)	939	977
Capital grants from DfE and other capital income	(1,006)	(1,260)
Interest receivable (note 5)	(9)	(19)
Defined benefit pension scheme cost less contributions payable (note 28)	744	242
Defined benefit pension scheme finance costs (note 28)	312	337
(Increase)/decrease in stock	1	5
(Increase)/decrease in debtors	(284)	39
Increase/(decrease) in creditors	378	(309)
<b>Net cash provided by/(used in) operating activities</b>	<u>(1,168)</u>	<u>(1,085)</u>

**23. CASH FLOWS FROM FINANCING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Repayment of borrowing	-	(25)
<b>Net cash provided by/(used in) financing activities</b>	<u>-</u>	<u>(25)</u>

**24. CASH FLOWS FROM INVESTING ACTIVITIES**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
Dividends, interest and rents from investments	9	19
Purchase of tangible fixed assets	(58)	(646)
Capital grants from DfE/ESFA	1,565	1,165
Capital grants from others	42	333
<b>Net cash provided by/(used in) investing activities</b>	<u>1,558</u>	<u>871</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**25. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>At 31 August 2017 £000s</b>	<b>At 31 August 2016 £000s</b>
Cash in hand and at bank	2,779	2,389
<b>Total cash and cash equivalents</b>	<b>2,779</b>	<b>2,389</b>

**26. CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means, of any asset for which a Government capital grant was received, the Academy Trust is required, either to re-invest the proceeds, or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State for Education.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State for Education or the Academy Trust serving notice, the Academy Trust shall repay to the Secretary of State for Education sums determined by reference to:

- (a) the value at that time of the Academy Trust's sites and premises and other assets held for the purpose of the Academy Trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State for Education under the Funding Agreement.

**27. MEMBERS' LIABILITY**

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

**28. 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 Barnett Waddingham (Royal County of Berkshire LGPS) and Hymans Robertson LLP (Northamptonshire and Wiltshire County Councils LGPS). Both are multi-employer defined benefit schemes.

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

Contributions amounting to £Nil (2016: £9,862) were payable to the schemes at 31 August 2017 and are included within creditors.

In addition to the above two schemes, some employees are members of a defined contribution SIPP scheme. Contributions amounting to £22,917 (2016: £18,333) were payable to this defined contribution SIPP scheme at 31 August 2017 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**28. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Teachers' Pension Scheme (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published 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 (pension currently in payment and the estimate cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £2,082,000 (2016: £2,004,000).

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £1,530,000 (2016: £1,520,000) of which employer's contributions totalled £1,222,000 (2016: £1,205,000) and employees' contributions totalled £308,000 (2016: £315,000). The agreed contribution rates for future years are 16.6% to 26.3% for employers and 5.5% to 12.5% 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.

**Principal Actuarial Assumptions**

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Rate of increase in salaries	2.7% to 4.2%	4.1%
Rate of increase for pensions in payment/inflation	2.4% to 2.7%	2.1% to 2.3%
Discount rate for scheme liabilities	2.5% to 2.6%	2.0% to 2.2%
Inflation assumption (CPI)	2.4% to 2.7%	2.1% to 2.3%
Commutation of pensions to lump sums - Pre April 2008 service	50%	50%
- Post April 2008 service	50% to 75%	50% to 75%

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**28. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

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

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
<i>Retiring today</i>		
Males	22.1 to 23.0	22.3 to 22.9
Females	24.2 to 25.1	24.3 to 26.2
<i>Retiring in 20 years</i>		
Males	23.9 to 25.2	24.0 to 25.2
Females	26.1 to 27.4	26.6 to 28.5

**Sensitivity Analysis**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	<b>At 31 August 2017</b>	<b>At 31 August 2016</b>
Discount rate + 0.1%	(627,000)	(607,000)
Discount rate - 0.1%	627,000	607,000
Mortality assumption + 1 year increase	730,000 - 1,171,000	689,000
Mortality assumption - 1 year decrease	(730,000 - 1,171,000)	(689,000)
CPI rate +0.1%	508,000	359,000
CPI ate -0.1%	(508,000)	(359,000)

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

	<b>Fair value at 31 August 2017 £000s</b>	<b>Fair value at 31 August 2016 £000s</b>
Equities	9,642	7,648
Bonds	2,093	1,974
Property	1,172	1,021
Cash	455	220
Other assets	85	187
<b>Total market value of assets</b>	<b>13,447</b>	<b>11,050</b>

The actual return on scheme assets was £300,000 (2016: £334,000).

<b>Amounts recognised in the statement of financial activities</b>	<b>2017 £000s</b>	<b>2016 £000s</b>
Current service cost	(1,965)	(1,447)
Interest income	244	334
Interest cost	(556)	(671)
<b>Total operating charge</b>	<b>(2,277)</b>	<b>(1,784)</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**28. PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme (continued)**

**Movements in the present value of defined benefit obligations were as follows:**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
At 1 September	25,583	16,922
Current service cost	1,965	1,447
Interest cost	556	671
Employee contributions	308	315
Actuarial (gain)/loss	(3,874)	6,393
Benefits paid	(252)	(165)
	<hr/>	<hr/>
<b>At 31 August</b>	<b>24,286</b>	<b>25,583</b>
	<hr/> <hr/>	<hr/> <hr/>

**Movements in the fair value of Academy Trust's share of scheme assets:**

	<b>2017</b>	<b>2016</b>
	<b>£000s</b>	<b>£000s</b>
At 1 September	11,050	8,135
Interest income	244	334
Actuarial gain/(loss)	876	1,227
Employer contributions	1,222	1,205
Employee contributions	308	315
Benefits paid	(252)	(166)
Administrative expenses	(1)	-
	<hr/>	<hr/>
<b>At 31 August</b>	<b>13,447</b>	<b>11,050</b>
	<hr/> <hr/>	<hr/> <hr/>

**29. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

**Control**

Throughout the whole year, The Education Fellowship Limited ("TEFL"), a private company limited by shares, was the sole member of The Education Fellowship Trust and therefore the immediate controlling party. The ultimate controlling party of The Education Fellowship Trust is The Education Fellowship Staff Trust, for which Sir Ewan W Harper and Johnson E Kane (Trustee) act as Trustees and are considered to be the persons with significant control.

**Transactions**

During the year The Mallows Company (Bozeat) Limited, a company owned and controlled by R Mallows, Trustee, charged The Education Fellowship Trust £Nil (2016: £17,450) in respect of leadership coaching. At her appointment as a trustee on 1 July 2016 the coaching contract ceased. Meeting room expenses of £90 (2016: £Nil) were recharged to The Mallows Company (Bozeat) Limited during the year.

During the year part of the land and buildings leased by the Academy Trust at its head office, and surplus to its operating requirements, were leased to Johnson Kane's son. The rental received in the year totalled £5,563 (2016: £Nil) and exceeded the cost of rental to the Academy Trust over the same period.

**THE EDUCATION FELLOWSHIP TRUST (REGISTERED NUMBER: 07848783)**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31ST AUGUST 2017**

**29. RELATED PARTY TRANSACTIONS (continued)**

Creditors include the following balances due to related parties:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wrenn Astro Limited (subsidiary)	9,462	10,000
The Education Fellowship Limited (parent company)	28,849	28,849
	<u>          </u>	<u>          </u>

Debtors include the following balances due from related parties:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
The Mallows Company (Bozeat) Limited	90	-
The Education Fellowship Foundation (common control)	350	350
The Education Fellowship Trading Limited (subsidiary)	275	275
	<u>          </u>	<u>          </u>

The amount owing to the Academy Trust by The Mallows Company (Bozeat) Limited at 31 August 2017 has subsequently been settled.